

“-Actor, Model, Whatever...”

- **Addressing the complexity of heterogeneous actors in studies of the value creating process.**

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Abstract:

Research employing an interactive and processual approach to marketing (*e.g. Network theory, Many-to many, Service-Dominant logic*) has, empirically and conceptually, discussed and dealt with what can be described as one of marketing theory’s fundamental “conceptual content” issues; -The complex issue of the operand/operant nature of resources in the study, illustration and understanding of value creation.

Recognizing the interactive, contextual and networked nature of value creation, and its associative impact on perceived quality and value-in-use, this paper extends this issue by addressing the operant/operand nature of the actors; -Conceptually discussing ways to theoretically and methodologically deal with the increasing complexity of heterogeneous roles and identities of the actors as resource integrators.

Prologue- Change is ever continuous...

Dealing with change and complexity is and has been an ever present aspect of both the study and managing of marketing as a value creating process. Change can, paradoxically, be said to be the only thing that is constant over time. Whether it is about producing, supplying, consuming or using products and services people have always strived for improvement to enhance different aspects of the value creation process; both in terms of proposing and actualising value-in-use. Over the last decade dealing with change has however also come to include not only “the way things are done”, but more fundamentally, “who is actually enable of doing them”.

...“Rather than talking about media producers and consumers as occupying separate roles, we might now see them as participants who interact with each other according to a new set of rules that none of us fully understands”. (Jenkins 2007)

Due to this seemingly non-traditional and heterogeneous nature of the business and consumer actors the somewhat polarised established conceptualisations of the various actors’ roles and identities have been questioned. “...We find ourselves faced with the recurring difficulty of finding the proper designation for the generic resource integrators” (Vargo & Lusch 2008). Concurrently, traditional marketing’s “conceptual content” and terminology is being challenged by an emerging call to “find new labels and phrases that help us think and conceptualize afresh”. This is based on the pervading perception that value is not something that is delivered and received or produced and depleted. “value is always uniquely and phenomenological determined by the beneficiary” (Vargo and Lusch 2008: 9). The beneficiary is hence not characteristically nor structurally “decided” similar to Emerson’s

definition stating that an actor can be both a physical person and/or a corporation (1972:61). Value is perceived to be continuously co-created and actualized throughout a network of various embedded social and business actors; making the traditional conceptual roles and identities of the various actors difficult to grasp.

Aim and purpose

The heterogeneous, operant/operand and contextual nature of resources as well the resource integrators themselves, the actors, have become ever so important to recognise. Doing so is however also followed by an increasing overall complexity when trying to deal with, and manage, the many interrelated features and networked nature of value creation and exchange (e.g. quality, value-in-use, relations, trust, commitment etc). This creates vast theoretical and methodological challenges for the currently fragmented marketing research's call to "establish a more general understanding of value creation and exchange" (Vargo& Lusch 2008). But the "facts of reality" will remain so instead of ignoring the complexity, by doing blind methodological compromises and theoretical oversimplifications we must find ways to deal with the increasing complexity, theoretically and methodologically as well as practically. (Gummesson, 2008). Being a vast and embracing task reaching well beyond the limits of this paper the purpose of the paper is, obviously not provide all the answers but, to discuss ways of contributing to a piece of the puzzle, suggesting a possible direction.

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Recognizing the interactive, contextual and networked nature of value creation, and its associative impact on perceived quality and value-in-use, this paper extends this issue by addressing the operant/operand nature of the actors; -Conceptually discussing ways to theoretically and methodologically deal with the increasing complexity of heterogeneous roles and identities of the actors as resource integrators..

Contributing to a piece of the puzzle...

The underlying reason, pervading this paper, has basically been to respond and contribute to the call for a more synchronized view of marketing theory's conceptual content. This is related to the call for more reflective studies and researchers to make use of the vast and extensive body of behavioural, structural and processual studies conducted over the years (e.g. Gummesson, 2008, Sheth et al 2004, Axelsson 2008) Throughout the centennial history of marketing it has, from time to time, been stated that the general underlying goal of all marketing research always should be to strive for a more "general understanding of value creation and exchange" (see e.g Vargo & Lusch, 2008, Hunt2005, Alderson 1960). Being a somewhat extensive and far-reaching task such an overall goal always faces the risk of blind compromises and oversimplifications when illustrating the far too dynamic and complex reality. However recent years have seen the development of a very influential *mind set* aspiring not to discount the many existing marketing streams but to bring together the rich, but fragmented, marketing research discipline. As put by Vargo & Lusch 2008:

"We contend that S D logic is a generalisable mindset from which a general theory of the market can be developed"... "S-D logic could provide the foundation for a revised theory of

the firm (and other resource-integrating activities), a theory of service systems and a revised theory of economics and society”.

Establishing a more consistent marketing theory is hence not primarily about providing “a recipe” or the “the truth” as in the idea that “making things true by once and for all verifying them”. Instead (as “there can be no truths without a conceptual scheme to express those truths”), it is more about co-creating a general understanding of the basics of value creating and exchange. This means establishing a number of basic principals regarding the conceptual content as well as the contextual structural components of marketing as a system and a network process. In line with the habitually misinterpret post-modern ideas (often represented by Foucault) it is not about creating law like claims of the real world processes per se. Instead it is about creating a system-view which assists and helps the study and understanding of the ever changing real world. According to this view the truth exists but is replaceable in terms of how we describe the fundamentals or the conceptual content of the value creating process (in this paper addressed by the conceptualization of the actor as resource integrator).

Being the instigators of both proposed and perceived value-in-use this would implicate that conceptualizing the role and identity of the different actors is related to the puzzle of understanding, for instance, quality and value-in-use aspects in the service and value creating process. As stated in Vargo and Lusch 2008, “it is not enough to merely acknowledge that the actors interact”. The main issue should hence be the perceptually and conceptually handle why, how and for what purpose they interact. Distinguishing the many roles and character the actors have in different interaction situations and contexts is therefore vital.

The actor...

In order to address the issue of the heterogeneous and operant-vs-operand nature of the actors the paper acknowledges Emerson's basic definition stating that an actor can be both a physical person and/or a corporation (1972:61). This is also similar to the definition made by Vargo & Lusch stating that both social and economic actors are to be regarded as resource integrators (2008: 7). The latter is also used as point of departure leaning on Alderson's idea of marketing being the interaction of two main behavioural systems; the household (or more contemporary put -"the social units" of consumption) and the business enterprise (more contemporary the commercial units of firms). By traditional means, put simply, it is hence an interaction of the "producing/supplying system" and "consuming/using system".

The issue of changing roles and identities is not a new issue; it has been widely discussed, especially within consumer product marketing research (mainly focusing on what is above referred to as the consuming/using system). Recent years have seen an increasing amount of literature regarding the changing role and conceptual identity of the consumer emphasising the active as well as productive aspects of consumption (e.g. Consumer Culture Theory "CCT", Consumer tribes). Similar to B2B-marketing's view of "the customer" the individual "consumer" is described as being a co-producer of products and services as well as being an activator and co-creator of value; resulting in a processual view of perceived quality and value-in-use as well as thinking in terms of relationships and commitment instead of one-way "tied down consumer" loyalty.

This stream of research is an invigorating response to the traditional and main stream established view of the consumer; a passive target that can be "trapped" and divided into controllable homogeneous masses or segments, responding to certain stimulus (based on

outdated cultural and behavioural variables such as age, nationality, ethnicity, region, social class, income etc). This somewhat outdated view of the consumer is also related to the oversimplified view that so called emotional behaviour always is equal to irrational behaviour and vice versa.

As a result dealing with the complex heterogeneity; new labels, terms and phrases have emerged which incorporates the productive and co-creative aspect of the consumer e.g “Prosumer” (Toffler 1980), “Sellsumers” (Trendwatching 2009) or “Lustomer” (ref). However, even if being a highly important part of a changed perspective it seems urgent to discuss whether these conceptualisation are applicable as generic concepts, responding to the call for “a more general understanding of value creation and exchange” (Vargo & Lusch 2008). From a theoretical and methodological point of view there is a basic potential problem of “merging” the various actors; the study and illustration of value creation and exchange does by its own nature require at least two interacting parts. Even if the same actor milks the cow in the morning (producer), transports it during the day (distributor), and drinks it in the afternoon (consumer) that actor cannot, conceptually or perceptually, be labelled a “pro-distsumer”. The reason is simply that to employ a concept such the pro-distsumer one makes the already complex reality even harder to study and understand. For instance, if you want to study the impact of mad cow decease on “the market of milk” you need to look at changes of the entire process to understand how different aspects of the value creating process have been affected. In another situation the milking actor might not be the same individual actor as the distributor or consumer. If you then have studied the “pro-distsumer” there is no way of applying any principal understandings of how a process can be affected by an appearing change. As a result there is a risk that the launching of a never ending swirl of “new but still

imprecise marketing terms” (Vargo & Lusch, 2008) instead of dealing with, adds to, the complexity when trying to study and understand the networked nature of value creation.

Additionally it seems as if the traditional view or conceptualisation of a business actor (e.g. producer, enterprise, firm, company) both in terms of structure and behaviour also has become far less homogeneous and harder to define. Vertical industrial structures of self sufficient enterprises are being more and more “replaced” by informal networks of compatible but highly heterogeneous actors, something that has been relatively overlooked in consumer marketing studies. Seemingly there is an even urgent need to find new ways of defining the actors of the “producing/supplying system”. But at the same time (referring to potential problem of launching new labels and phrases) it is important that it becomes assisting, not adding, to the handling of complexity. This issue is also somewhat linked to the increasingly frequent use of terms like “social media” to emphasise the alternative to “real media”. The recurring problem with this “labelling” is that an individual blog with 100 000 readers is, compared to an established news site having only 2000 readers, still regarded as a somewhat less legitimate media.

All and all it seems as if one of the common aspects related to the heterogeneity issue is that relationships and interactions, being a fundamental aspect of exchange and value creation, even from a consumer perspective, no longer are primarily institutional-based; as the institutions themselves by traditional definitions no longer are easy identifiable closed self-sufficient-entities. Similar to the contextual, operant/operand nature of resources; the roles and identities of the business and social actors as resource integrators are consequently not “given”. So then how do we approach the matter?

What this paper suggests is a direction to avoid the danger of getting trapped in a potential structural and terminological gridlock by launching of a never ending escalating swirl of “new but still imprecise marketing terms” (Vargo & Lusch, 2008). We suggest using a *functionalist* approach (Alderson, 1965) to assist the study and understanding of the value co-creating process and exchange network. This is done in order to enable the use of established terms but in a re-conceptualised form, re-claiming the concepts.

The market is from this approach perceptually treated as network of various value creating and -actualising *functions*, where each *function* is studied and understood in relation to the exchange network as a whole. Subsequently the actors should be identified and studied on the basis of functions and meaning within and to the system, identifying *the actors* on the basis of their '*functional identity*'. This does not imply that the market is perceived and pictured as a de-humanized structure of faceless actors, quite the opposite; The actors are, in this functionalist approach, studied and understood on the basis of their 'true nature' in relation to the marketing context in which they enact (in terms of their role and meaning to and within the value creating process and exchange network). This is also in line with Venkatesh et al arguing that; while marketing applications needs to be 'actor-centric', the study and understanding of markets and marketing as a value creating process should be 'market-centric' (translated in this paper to network-centric').

In our view the value co-creation process should hence be studied and understood based on each actors function in relation to the network as a whole; their *functional identity*. Doing so is a way to avoid getting trapped in a potential terminological gridlock of “new but still imprecise marketing terms” (Vargo & Lusch, 2008). Focusing on the actor's *functional identity*, to and within the value co-creating process and exchange network, opposed to the

actor's identity not considering the context enables the use of established and existing structural labels, terms and phrases. The functional identity might also contribute to answering the question of; interacting in what purpose and based on what aspects? Taking a functionalist approach enables a structural categorization of the exchange network based on traditional and established marketing labels such as *production, distribution or consumption*. As a result, it is possible to establish a perceptual actor structure of the various "social and economic resource integrators" involved in the value creating process, based on their functional identity. Implicit in this idea is, as indicated above, that the study and understanding of value co-creation process always is context specific and depending on the focus of the research (e.g. studying consumer behaviour from a 'market centric' perspective). By focusing on the actor's *functional identity* the behavioural aspects are not interpreted by analysing the actors' subjective inner meaning and feelings outside the context in focus. Instead behavioural aspect are studied and analyzed by relating their observable actions and interaction to and with the specific context of the value co-creation process and exchange network. For instance, when studying consumer behaviour, using the *functional identity*, the focus is on the various contextual functions related to the consumption function as a process over time (not single-handedly on the momentary emotional and psychological aspect of a single person's purchase/transaction act). Accordingly this also means rejecting the view of consumption as a value-depleting function. Instead consumption is regarded as a function equal to other vital aspects of the value creating process and the exchange network.

Adding the idea of *functional identity* accordingly facilitates the study of various marketing actor's behavioural aspects of the value creating process without necessarily involving personal psychological attributes and features. This might in return further assist the complex study of the various interactions and relationships which constitutes the value co-creating

process (the intertwined and non-linear 'steps' of social, information and economic exchange). Summing up, this paper's suggested direction to the issue addressed initially regarding "the difficulty of finding the proper designation for the generic resource integrators" is the following addition to S-D logic's FP9; "All social and economic actors are, *defined by their functional identity*, resource integrators. Getting an understanding of each actors functional identity in the overall value co-creation might also provide an answer to the question put by Vargo & Lusch (2008) regarding the issue of interaction by whom and for what purpose? These are all issues vital in order to gain a knowledge of how the various actors' contexts as "networks within the network"(Gummesson 2007) influences the actualization and creation of value, and reversely, in return gets influenced by various actors, all based on their respective functional identity. These issues are however, as mentioned, topics that are left to future studies.

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(currently incomplete- to be added and subtracted)

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