2 THEF Marketing and the Exchange of Value

Introduction

The following four chapters locate the concept of THEF marketing within current marketing debates. Although this book offers an alternative or complementary approach to contemporary marketing theory and practice it is important to recognise that much of the literature has been motivated or has emerged from these debates. Numerous perspectives of marketing exist, and these frame the way in which we think about the nature of marketing and ultimately provide the logic and frameworks that govern practice. Each of these perspectives offers different ideas about the nature of markets and marketing, as well as the roles of marketers and consumers. In this respect it is our contention that a broadened view of marketing that is informed by an understanding of each of these perspectives will strengthen practice and afford a more nuanced and penetrating analytical framework through which to interpret the marketplace. As such, these four chapters set out to explore and define these perspectives, starting with the view that THEF marketing is based around exchange relationships.

Marketing and the exchange of value

Since its birth as a discipline, marketing has arguably been grounded in what is known as the exchange paradigm, or more lately what has been coined goods dominant logic (Vargo and Lusch, 2004, 2008). Up until recently this has been the case for both theory and practice. From the point of view of the literature, this is the most common perspective and the one that most marketing frameworks and theories originate from. The underlying feature of this perspective, which distinguishes it from those that will be discussed in the next few chapters, is how it conceives of the roles and differences between marketers and customers. Following the general logic of economic theory and how this presents the differences between producers and consumers, the exchange perspective holds that customers seek out and purchase products to experience the *value* that is built and stored in them, for either immediate or future use. In this respect marketers are instrumental in producing, communicating and delivering the value that is perceived and ultimately consumed. To complete the exchange, the customer supplies money to the company and/or advocacy about the product or brand in return. Broadly speaking, this view simply holds that marketing operates at the intersection of production and consumption and serves the marketplace by mediating supply and demand.

In effect, the key issue in play here is the concept of value, broadly defined (see Chapter 3 for a thorough examination), and how it is experienced. Accordingly, this perspective of marketing embraces the view that marketing centres on the production and exchange of value, and it is the differences between who is active in its production and consumption that is central to its logic. To summarise, in the words of Schau, Muñiz Jr., & Arnould (2009, p.30):

> "Modern marketing logic, as derived from economics, advance[s] a view of the firm and the customer as separate and discrete; the customer is exogenous to the firm and is the passive recipient of the firm's active value creation efforts."

As such, the exchange perspective is the closest approximation to the essence of marketing as defined by both the CIM (Chartered Institute of

Marketing) and AMA (American Marketing Association) and mostly underlies the definitions found in most general marketing text books. This perspective thus structures most thinking around the marketing process whereby marketers are tasked with:

1. Analysing and segmenting markets to identify opportunities for value creation;
2. Profiling customers based upon need states and personal characteristics and their potential to provide reciprocal value;
3. Efficiently allocating marketing resources in a competitive marketing context to position their products and meet the identified needs of their potential customers; and
4. Engaging in review activity to determine the success of their efforts and activity as well as the value that they have created for both themselves and their audience.

Accordingly the exchange perspective places the marketer in the privileged role of value creator and experience manager, and we will now examine this thinking to offer a more detailed view of this marketing tradition and its implications for practice

The basic idea of exchange

As inferred above, the central idea of exchange is that two or more parties come together in a transaction-orientated relationship to derive some form of sought value from the other entity. This suggests that markets are mobilised and sustained by a scarcity of goods and other resources which are deemed valuable to members of society, and that marketing relationships are constituted on the one hand by agents who are able and willing to produce and supply these goods or resources, and on the other, by people or institutions who both need or want them and are able to allocate their own resources to acquire their benefit (Kotler, 1972) So, in a very basic sense in seeking to satisfy hunger a person will exchange their money with a food producer for a form of nourishment such as a sandwich. In this example the customer may also be gaining the benefit of being able to manage the scarcity of