Lost in transition? The human influence on marketing's emerging service-dominant logic

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ABSTRACT

The managerial implications of the service-dominant logic (SDL) of marketing are discussed in this article. In 2004, Vargo and Lusch outlined the SDL. That same year, the American Marketing Association (AMA) released a new definition of marketing based on the SDL. Because services are intimately tied to service providers (i.e., people), this paper focuses on how different types of people - customers, managers, scholars, and students – influence the SDL. Explained first is how these four groups contribute to defining marketing under the SDL. Then, the challenges employees will face as their firms adopt the SDL are discussed; managers at these firms must answer many difficult questions about how to structure their organizations. Third, the competitive dynamics of the SDL are examined; specifically, this article discusses how evolving market conditions will force the SDL to change. Last, propositions are offered that explain how the SDL is likely to change in the future.

Keywords: Service-Dominant Logic, Services Marketing, Competition, Definitions of Marketing, Marketing Management

INTRODUCTION

On March 1, 2007, Marketing News announced that the American Marketing Association (AMA) had convened a panel to review whether AMA should update its definition of marketing ("Take a Second Look," 2007). Interestingly, AMA had just announced a new definition of marketing in 2004. Dr. Bob Lusch had led the project; along with a co-author, Lusch had also delineated the rationale for a new service-dominant logic (SDL) for marketing (Vargo & Lusch, 2004). The SDL helps provide the theoretical underpinning for the 2004 definition.

A closer look at the SDL reveals that changing the 2004 definition might make sense. The SDL stresses that firms and customers jointly create value and build relationships. Customer desires are ever changing; therefore, firms must also change. Change is at the heart of the SDL. Hence, the SDL theory must also be responsive to change in order to reflect the business world's changing realities.

How do firms handle change? Business remains remarkably competitive. Even among the largest, most successful firms, failure is common. Consider the following facts: 1) 70 percent of the firms on the 1955 Fortune 500 have gone out of business; 2) 40 percent of the firms on the 1979 Fortune 500 do not exist as separate entities (Tapscott, 1996); and 3) ten of the firms in the 2000 Fortune 500 have already gone out of business (Tung, 2007).

Here, the article focuses on the SDL's dynamism. Under the SDL, marketplace change creates problems and opportunities for businesses. And people (i.e., customers) drive these changes. Managers who solve the problems brought on by change do so by a) building customer relationships and b) helping customers create value. In other words, people are not only the focus of the business; people are also the "instruments" that businesses use to provide customer service.

Three major contributions are made in this article: 1) An explanation is given for the role that people play under the SDL. The SDL places people at the center of value creation; the paper explicates the roles that customers, managers, scholars, and students play in defining marketing's boundaries and in creating customer value. 2) Explanations are given why theories, and in particular the SDL, matter to businesses. 3) The managerial implications of the SDL are examined. Given that the theory remains in its infancy, most of the work on the SDL to date has focused on "pure theory."

The SDL draws on a number of ideas that have been in the literature for some time (Day, 2004); scholars have integrated the theoretical aspects of the SDL. Drawing on the literature, the paper integrates the SDL's managerial implications. Specifically, the paper examines the SDL's impact on a) firm personnel and b) the market's competitive dynamics.

This article proceeds as follows: first is an explanation why the SDL must be relevant to managers. Second is a discussion how the SDL advocates a firm that is a) customer centered, b) flexible, and c) focused on incorporating marketing principles into firm strategy. This section includes discussion of a) how a useful theory of marketing arises and b) how scholars, customers, students, and managers all influence the boundaries of marketing. Third, the strategic implications of the SDL are explained. The article's propositions concern two issues: a) the managerial implications of the SDL and b) how changes in scholarship and practice will likely drive future changes in the SDL. Fourth, propositions that predict specific future changes in the SDL are developed. The last section briefly summarizes the paper.

ON THEORIES & DEFINITIONS

Should Scholarly Theories and Definitions Matter to Marketing Practitioners?

Scholars have long acknowledged the importance of understanding marketing's scope (cf. Kotler & Levy, 1969; Robin, 1978). Therefore, it comes as no surprise that the SDL and the 2004 AMA definition of marketing matter to academics. Theories and definitions set the boundaries of the field and help direct us toward important research questions.

But do those outside the ivory tower – the marketing practitioners - care about the boundaries of marketing? Theories also matter, or should matter, to practitioners. Research indicates that the role managers assign marketing helps predict a firm's financial performance (Hooley, Greenley, Cadogan, & Fahy, 2005; Narayanan, Desiraju, & Chintagunta, 2004; Narver & Slater, 1990). Perhaps a better question is whether one theory about marketing can be equally meaningful to academics and practitioners. Bernard (1987) posits that while marketing practitioners and scholars have many common interests, their differences are sufficient to prevent a true integration of marketing's scholarly and managerial perspectives.

Nonetheless, it is vital to try to bridge this gap. Suppose the theories proposed by marketing academics are not implemented in marketing practice. Suppose the realities of "putting out Monday morning fires" in practice make no impression on scholars. Failure to connect theory and practice poses grave risks for both scholars and practitioners. This will, in effect, create two marketing disciplines: 1) academic and 2) practical. This would cause many unpleasant consequences. First, someone other than marketing scholars will decide the boundaries of the marketing function in the firm. Scholars may not like the boundaries someone else chooses for the discipline. Second, similarly, without strong theories to guide them, marketing professionals are likely to see their strategic role diminish in favor of professionals with training in other business disciplines. Under such a scenario, marketing professionals are likely to be relegated to the lower levels in most firms (cf. Day, 1992; Webster, 1992). Third, if marketing graduates do not understand marketing's boundaries, their contributions on the job will suffer. Managers who studied marketing are likely to find that their education provides them with little influence in their firms. Scholars, in turn, would likely find the demand for a marketing degree – and the scholars' services – also diminished.

The SDL & the 2004 Definition: Is Marketing Everything?

As with most theories, the SDL did not emerge at once; Vargo and Lusch (2004) formed the SDL by integrating their views with the insights of other authors. The roots of the SDL reach back many decades. The SDL takes a "service"-oriented view of marketing's role as opposed to the "goods"-oriented view that existed before. The firm does not sell goods; it sells a need-satisfying offering.

If the firm exists to satisfy customers, it must obtain customer information. Moreover, because customers are free to change their minds, the firm must continually examine customers' desires. The firm cannot define value; the customer both defines and co-creates value (Vargo & Lusch, 2004). The customer is partially responsible for creating value and maintaining the relationship with the firm.

The firm's most important strategic tool is knowledge; the SDL posits that the business excels by providing a superior stream of customer services. The firm cannot accomplish this

without superior knowledge of the customer's desires. Under the SDL, then, every business is a knowledge-based (Evans & Wurster, 1997; Vargo & Lusch, 2004). And the flow of products is less central to the firm's future success than is the flow of information. Human beings make the SDL work. The customers help co-create value, but the firm also provides customers with value through its human resources – employees.

Finally, it is apparent that the SDL gives marketing a chance to direct the firm's strategic planning. The "real job" of the firm, is to determine customer desires and create customized offerings. Marketing's traditional role is creating contacts with customers. This puts marketers at "SDL firms" in an ideal position in to craft the firm's strategy.

Similar to the SDL, the 2004 AMA definition codifies a school of thought that developed over a number of years (Darroch, Miles, Jardine, & Cooke, 2004). Over fifty years ago, Drucker (1954) stated that marketing concerns should be paramount when creating firm strategy. Specifically, Drucker held that businesses have just one purpose – creating customers. There are, therefore, only two primary business functions: innovation and marketing. And the sole purpose of innovation is to create offerings that please customers.

The notion that marketing should provide the guiding business philosophy helped blur the distinction between strategic management and marketing. As David Packard of Hewlett-Packard famously put it: "Marketing is much too important to leave to the marketing department... In a truly great marketing organization, you can't tell who's in the marketing department" (cf. Kotler, 2002, p. 18). Others have gone so far as to suggest that "Marketing is Everything" (McKenna, 1991a).

Amidst these broader discussions about the purpose of the firm, scholars debated the precise boundaries of marketing. Throughout the twentieth century, marketing scholars often changed their perceptions of the discipline's scope (cf. Bartels, 1976; Cooke, Rayburn, & Abercrombie, 1992). The AMA adopted "official" definitions of marketing in 1948 and 1985 (Cooke et al., 1992). In 2004, AMA issued its third definition of marketing: "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" (Keefe, 2004, p. 17).

This definition has many managerial implications. First, firms must be customer centered. The definition answers the call for: "…an alternative paradigm for marketing… that can account for the continuous nature of relationships among marketing actors" (Sheth & Parvatiyar 1999; qtd. in Keefe, 2004, p. 17).

The 2004 definition also calls on strategists to build a fluid organization. Scholars have called for firms to create more fluid organizational structures (Day, 1992). By building a flexible firm, a manager can adapt to shifting customer tastes and weather change. By advocating a customer-centered, fluid firm, the SDL and the 2004 definition create a vital strategic role for marketing. Because marketing manages a firm's customer contracts, it is ideally suited to providing a firm with the customer information it needs in order to adapt to changing circumstances (Wind & Robertson, 1983).

Indeed, former AMA Academic Chair Greg Marshall commented that the 2004 definition places marketing in the center of firm strategy making: "What we have now is more strategic. Now it says that marketing is really something that makes the organization run" (Keefe 2004, p. 17). Similarly, the SDL "…challenges marketing to become more than a functional area. … it challenges marketing to become the predominant organizational philosophy…" (Vargo & Lusch 2004, p. 13).

A CAST OF THOUSANDS? THEORY DEVELOPMENT AND MARKETING'S MANY CONSTITUENCIES

Sources of Marketing Theories

Academics generally state that the theories arise from scholarship or from practice. But scholarship and practice should be tied together; events in the field should influence academia and vice versa. However, this is far from this ideal. Many theories develop simultaneously in academia and in practice; but scholars and managers are often unaware of each other's perspectives (Webster, 1992).

Further, confounding theory builders is the customer focus of the SDL. You cannot craft a service-based theory from either the ivory tower or from the shop floor if you do not understand customers' perceptions. Indeed, Prahalad (2004) states that his main objection to the SDL is that it does not sufficiently empower the customer; he suggests that the SDL should explore ways that customers can control and initiate their interactions with businesses.

Three Paths to Marketing Theory

Business theory building and dissemination can take several different paths. Figure 1 illustrates one of these paths. Figure 1 involves all of marketing's constituencies. In Figure 1, scholars have the formal responsibility for codifying new knowledge. It is likely that attempts to state formal theories of marketing will come from academics. Scholars also have the responsibility for training the next generation of marketers – the students. Students absorb what has been done before. Their influence on marketing comes later. But, without exposure to marketing (and its definition), students will not understand "what marketing is" when they graduate and become managers.

Managers apply what they have learned; these graduates determine marketing's role within the firm. But managers will also redefine the role that marketing plays in the firm. The pressure to maximize profits will cause managers at under-performing firms to adjust the marketing function at their firms. In doing so, these managers can shift the boundaries of marketing and change marketing's future.

Of the three constituencies, managers have by far the most direct contact with customers. It is only managers, then, who can implement and refine the SDL. The impact of what is happening in the field should influence scholars; scholars can then use that information to explain new theories of marketing and teach the next generation of students. So, the process continues.

Variations on this basic process are possible. For instance, it is easy to imagine a circumstance in which students play no role in theory building. The figure would look the same, except that the students would not be included and the paths connecting the students to the scholars and managers would also be gone. Such theories involve interactions between scholars, managers, and customers. It is likely that this process will predominate during the early stages of theory building. Information takes time to filter into textbooks; students may become aware of theories only years after the theories first appear.

Finally, a third process for theory building would be a scenario where neither scholars nor students play a role in theory building. The only parts of Figure 1 that would remain would

be the managers, the customers, and the connections between them. Here, managers succeed by developing theories. Such theories are usually informal and are seldom codified. This is the sort of theory building about marketing that Webster (1992) notes often takes place in industry.

Other than the customers, it is not vital that any group plays a role in building marketing theory. However, for the future of the discipline, it is vital that each constituency understands marketing theory.

AMA's mission states that the organization is dedicated to "the practice, teaching and study of marketing…" (marketingpower.com, 2007). One commentator noted that: "Under this new [2004] definition… Marketing is an organizational activity, not just something a small group of self-defined experts do" (Schultz, 2005, p. 8). Lusch clearly considers the pedagogical and managerial perspectives to be important; he and Vargo include both in their 2004 discussion of the SDL. The paper's contention, therefore, is that no general marketing theory is meaningful unless it accounts for a) the way firms use marketing in practice and b) marketing's different constituencies: consumers, managers, scholars, and students.

PROPOSITIONS: HOW THE DEFINITION MATTERS TO MANAGERS

Ideas Have Consequences (Weaver, 1948)

Scholars have not the explored managerial implications of the SDL, even though it has foreseeable consequences for the firm. Below are predictions about how the SDL will influence a) the firm's internal structure and b) the competitive dynamics in the marketplace.

Inside the Firm: How the SDL Changes Employees' Jobs

The SDL and the 2004 definition assign marketing a vital role in the firm. If marketing involves everything related to value creation and forming relationships with customers, marketing is set to play a central role in determining firm success and failure. (Given the close connection between a) the SDL and b) the 2004 definition and for the sake of simplicity, the ideas contained in both are referred to in this article as the "service-dominant definition of marketing").

As firms adopt the SDL, managers will focus on continually creating customer value by monitoring customer preferences. Strategists will adopt a marketing perspective when making key strategic decisions (Vargo & Lusch, 2004). It stands to reason that a greater percentage of top managers (P_{1A}) will become involved in marketing-related tasks. (In this article, market-related tasks mean all tasks associated with providing value to customers at present and in the future). Similarly, since strategy is the focus of top management, top managers will also devote more time to marketing activities (P_{1B}).

The notion that marketing has (or should) become strategic predates the SDL. McKenna (1991b) said, "Marketing is Everybody's Job" (p. 91). Similarly, Webster (1992) notes that the move to an organization focused on relationships requires increased workforce participation in marketing activities: "Marketing can no longer be the sole responsibility of a few specialists. Rather, everyone in the firm must be charged with responsibility for understanding customers and contributing to developing and delivering value for them. It must be part of everyone's job description and part of the organization culture" (p. 14).

P_{1A}: After firms adopt the service-dominant definition of marketing, a greater percentage of top managers will devote time to marketing activities

P_{1B}: After firms adopt the service-dominant definition of marketing, top management will devote more time to marketing activities

Scholars worry that marketing's increasingly-strategic role could be bad for marketing practitioners and scholars (Webster, 1992). Specifically, some scholars wonder whether, given the vital role that marketing is asked to play, strategic marketing functions will be subsumed under strategic management (Day, 1992). If the boundaries of marketing are broad, as the 2004 AMA definition suggests, it is inevitable that the domains of marketing and strategic management will overlap (P_{2A}).

As stated, the 2004 definition assigns marketing the role of "creating, communicating, and delivering value" plus establishing relationships with customers. Contrast that with one definition of strategic management: "that set of managerial decisions and actions that determines the long-run performance of a corporation… includes environmental scanning, strategy formulation, strategy implementation, and evaluation and control" (Wheelen & Hunger, 1995, p. 3). If strategic management is everything that determines the firm's long-run performance and marketing is everything relating to value creation and customer relationships, then there is considerable overlap between the disciplines.

Indeed, Webster (1992) predicted that a focus on customer relationships (a key component of the SDL) would blur the boundaries between business functions. "Just as the distinction between the firm and its market environment (both suppliers and customers) becomes blurred in network organizations built around long-term strategic partnerships, so do traditional functional boundaries within the firm become less distinct" (Webster, 1992, p. 10).

P_{2A}: After firms adopt the service-dominant definition of marketing, there will be increasing overlap between the domain of marketing and the domain of strategic management

An important facet of the SDL is that, compared with previous theories, the SDL and the 2004 definition focus heavily on the integration of business activities (Schultz, 2005). Webster (1992) notes that relationship marketing requires integrating many formerly disconnected perspectives. "In focusing on relationships…we are now considering phenomena that have traditionally been the subject of study by psychologists, organizational behaviorists, political economists, and sociologists" (Webster, 1992, p. 10).

Under such an expansive definition of marketing, top management cannot make all of the firm's marketing decisions. Top managers will have to decide which marketing decisions they will make (strategic decisions) and which they will delegate to subordinates (operational decisions) (P_{2B}). The implications of marketing's overlap with strategic management are critical to the future of the marketing discipline. Even if the SDL is the central philosophy underlying firm strategy, there will still be considerable uncertainty as to which personnel should make strategic marketing decisions (P_{2C}). Indeed, some fear that marketing departments could end up without a strategic role in the firm (Day, 1992).

P_{2B}: After adopting the service-dominant definition of marketing, firms will increasingly distinguish between strategic marketing tasks and operational marketing tasks

P_{2C}: After adopting the service-dominant definition of marketing, firms will increasingly distinguish between personnel who make strategic marketing decisions and personnel who make operational marketing decisions

Outside the Firm: How the SDL Influences Competitive Dynamics

"Definitions change because the environment changes or because our knowledge improves or a combination of these two reasons" (Cooke et al., 1992, p. 18). Firms, also, adopt a particular theory or definition because it serves a practical purpose; intuition reveals that a clear idea of a firm's boundaries can simplify a manager's job. Here, the "marketplace" for ideas is examined. What will happen if a firm adopts a superior customer-service theory? If a theory confers advantages to a firm, competitors will seek to obtain the same benefits for their firms.

Centering the firm's activities on its customers should allow managers to craft more appealing offerings. Customer appeal should, in turn, lead to increasing sales and profits (Day, 1999; Haeckel, 1999). Market orientation research reveals that the way firms conceive of marketing does influence firm profitability. A market orientation is "the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers, and, thus, continuous superior performance for the business" (Narver & Slater, 1990, p. 21). A market orientation, therefore, is compatible with the SDL. Research shows that adopting a market orientation predicts superior firm financial performance (Deshpande, 1999; Jaworski & Kohli, 1993; Narver & Slater, 1990).

Thus, it is predicted that firms that adopt the SDL will benefit financially (P_{3A}). Indeed, there must be measurable financial benefits if the SDL is to provide a general theory for marketing.

P_{3A}: Adoption of the service-dominant definition of marketing will be a predictor of improved firm financial performance

Superior financial performance will attract competitors in a free market. As firms adopt the SDL and focus on the customer, intuition suggests that the "SDL firms" improve their performance. Competitors will have two options: a) adopt the SDL or b) devise a superior theory that allows them to surpass the SDL.

Neither strategy is likely to be easy. Surpassing the SDL would require management to create a theory that allows the firm to produce more customer value than the SDL produces. The preceding discussion makes it plain that developing such a new theory would be extraordinarily difficult. Most firms, then, will opt for imitation. Under the SDL, an imitator needs to duplicate the market leader's ability to create value for the target consumers.

It would be quite difficult to copy a competitor's value-provision strategy. Firms construct the resources underlying value provision in an intricate, path-dependent process; because of the path dependencies, it may take years to imitate a competitor's position. Hence, a successful challenger might choose to focus on only a portion of the leader's target market.

In addition to competition, a number of other factors could cause managers or scholars to amend the SDL. Variables outside the firm can change: economic conditions, regulations, culture, customer tastes, and technologies can all alter the firm's ability to provide customer value. For instance, Rust (2004) suggests that technology made the service-driven firm (and the SDL) possible. He predicts that advances in technology will continue to change service delivery. Certainly, as time passes and conditions change, any theory will "age"; the old theory will reflect the new realities less and less. The passage of time also provides theorists with additional opportunities to refine the old theory or surpass it.

For the most part, success will spur imitation (P_{3B}). Successful imitation will begin to drive superior profits back to the market rate of return (P_{3C}). One should expect the profits from adopting the SDL to decline over time. However, given the scarcity of superior marketing skills

and the never-ending challenges in producing superior customer value, one should not expect the excess profits from superior marketing to disappear entirely.

P_{3B}: Competitors will imitate firms that profitably adopt the service-dominant definition of marketing

P_{3C}: As a greater percentage of competing firms adopt the service-dominant definition of marketing, the gains from adopting the definition will decline toward the market rate of return

As profits decline, managers and scholars will search for new ways to engage customers. At some point, there will be still another "new dominant logic" of marketing and the competitive process will begin anew (P_{3D}). Indeed, scholars suggest that, by its nature, marketing's job is to spur change (Kerin, 1992). Please see Figure 2.

Marketing's boundaries must be flexible enough to "account for the continuous nature of relationships among marketing actors" (Sheth & Parvatiyar, 1999; qtd. in Keefe, 2004, p. 17). Hence, the 2004 definition is not the final word on marketing's domain. AMA CEO Dennis Dunlap said: "It's [the definition is] something that should last a while. But logic would suggest it should be revisited maybe every five years" (cf. Keefe, 2004, p. 18). In the end, AMA waited only three years.

P_{3D}: As the returns from adopting the service-dominant definition of marketing decline to the market rate of return, innovative firms will create new definitions of marketing

EVOLVING TO A NEW, NEW SERVICE-DOMINANT LOGIC: CREATING THE FUTURE BOUNDARIES OF MARKETING

In the end, knowledge of the current state of SDL is necessary for firms seeking competitive advantage; but it is hardly sufficient. In this section, predictions about the changes in the SDL in the future are made.

Without question, the SDL and the 2004 definition encompass a very broad scope. In some ways, however, such a wide scope is at odds with the trends in industry and academia. Scholars urge executives to focus on a set of core competencies and to outsource tasks at which the organization does not excel (Prahalad & Hamel, 1990). Financial markets punish firms for straying too far from their perceived areas of expertise. Scholars also posit that a focus on core competencies provides firms with the skills needed to develop new business (Bakker, Jones, & Nichols, 1994).

It is predicted, then, that "SDL firms" will not attempt to accomplish all of the value-providing tasks. Instead, they will choose a few tasks at which they excel; working with other firms, they can then provide superior value. Meanwhile, one would expect firms that do not adopt a service-centered perspective to be less well managed; it is predicted that such firms are more likely to suffer from "strategic drift" and to focus on a wider range of tasks.

P_{4A}: Firms adopting the SDL will focus on a smaller number of value-producing activities compared with firms that do not adopt the SDL

Service has long been a cornerstone of competition for the small firm. The local "mom and pop" store cannot compete with the national chains and push down prices by purchasing in bulk or investing in expensive distribution systems. (The U.S. Government defines small-to-medium-sized enterprises (SMEs) as those firms with between 6 and 500 employees (United States Government Printing Office, 1995). The definition used in this article is slightly different; an SME is defined as any business with 500 or fewer employees).

But the small firm can provide excellent service and build relationships (Cotton & Cachon, 2007; Coviello, Winklhofer, & Hamilton, 2006). Smaller firms that adopt the SDL are predicted to concentrate on the exceptional "human-provided" services that have always been the hallmark of SMEs. The SDL will provide the entrepreneur with a mental framework to understand what type of value he or she is providing to the customers. The larger firm, meanwhile, will still be stuck with the problem of trying to standardize "human-provided" services; for the large firm, this will still be difficult.

So, larger businesses have the opposite strengths and weaknesses. They can lower costs, but their size often makes it difficult to provide consistently good service. A big part of the service focus in contemporary business, however, is driven by information technology (Rust, 2004). Technology helps the large firm customize service and, thereby, improve service levels (Bitner, Brown, & Meuter, 2000). Larger firms will rely more on information technology than will SMEs. SMEs will be less likely to have the money to buy technology, and (with fewer employees) are less likely to have the expertise to use the technology.

P_{4B}: Small-to-Medium-Sized Enterprises (SMEs) will rely on employees to implement the SDL more than will larger enterprises

P_{4C}: Larger enterprises will rely on technology to implement the SDL more than will Small-to-Medium-Sized Enterprises (SMEs)

Firms that want to implement the SDL will have to review their personnel policies. Under the SDL, firms obtain superior results only through customer service. And the customer-service providers, inevitably, are people. Under the SDL, therefore, a firm's competitive advantage rests on its people. Scholars have long noted that firms must adjust their personnel policies if they want to introduce many of the new cutting-edge theories (cf. Thorelli, 1986; Webster, 1988). Webster (1992) comments: "Given the increased importance of long-term strategic relationships with both customers and vendors, organizations must place increased emphasis on relationship management skills. As these skills reside in people, rather than in organizations, key marketing personnel who have these skills will become increasingly valuable as business assets" (p. 14).

Compare that philosophy to the headlines that one reads in the popular press. Employees are often discussed only in terms of the costs firms incur to employ them. Massive layoffs are fairly common at large firms. Only rarely will one read of the benefits employees provide through customer service. Can a business that adopts the SDL treat people this way? Surely it cannot. Research confirms that satisfied employees provide better customer service than dissatisfied employees (Snipes, Oswald, LaTour, & Armenakis, 2005). Employers, therefore, must shed their "cost only" perspective of employees if they adopt the SDL. Relationships and resources must be built by employees, and can only be built over time. Firms that adopt the SDL must make more of an effort to retain employees.

P_{4D}: Firms adopting the SDL will have higher employee retention rates compared with firms that do not adopt the SDL

The SDL emphasizes that the firm should focus on service provision. But service provision is apt to be expensive. Completely, pleasing the customer is going to cost both money and time. And some customers will not want to pay for services. Given that the SDL can place such stringent demands on firm resources, some firms will "opt out" and continue to define value in terms of low costs. At SDL firms, the focus is on the customer and providing him or her with value; at the (successful) "non adopters" the service that the firm will provide will be low cost.

It is not suggested in this article that there will be just two levels of service provision in a market: high and none. But, those firms that want to offer personalized service will have to alter

their business practices. It is striking how much this dichotomy – SDL vs. low cost – resembles Porter's generic strategies - differentiation vs. low cost (Porter, 1980). As is true of differentiation, there will be many ways to succeed at an SDL strategy – as many different ways as there are target markets. However, firms that adopt the SDL will have to do everything possible to provide value to their chosen segment. It is predicted that there will be measurable differences between SDL firms and low cost firms; these differences should include tactics such as promotions, distribution, service level, pricing, etc.

P_{4E}: There will be a sharp dichotomy in the tactics used by a) those firms that see their purpose as creating customer value and b) those that see their purpose as maintaining low costs

One of the sharpest debates among those who participated in crafting the 2004 definition was whether or not to include reference to marketing's impact on society. Many people, particularly those from outside the United States, wanted to include some reference to marketing's responsibility to society. In the end, Dr. Lusch decided that he would not include responsibility to society in the definition; he stated that such a definition would be too long and unwieldy (Keefe, 2004).

But the demands for business to be socially responsible continue to grow. Consider that over 90 percent of Fortune 500 firms now have ethics training for their employees (Barbakow, 1995). Also, legislators in the United Kingdom have proposed that the UK require every public firm to discuss ethics, society, and the environment in its annual report. Back in the U.S. shareholders filed over 350 "socially-related" resolutions in 2005 (Porter & Kramer, 2006).

A fascinating question that scholars are only beginning to answer is how firms can use social marketing as a strategy in the marketplace. Researchers posit that social marketing builds brand equity (Hoeffler & Keller, 2002). But people have only begun to understand the strategic implications of social marketing.

A focal point is that marketing practice both leads and follows marketing scholarship. Evidence suggests that customers and businesses increasingly are increasingly cognizant of social issues. The paper asserts, therefore, that the emphasis that customers and business place on social responsibility will eventually lead to changes in the accepted scope of marketing.

P_{4F}: The next generation of SDL theories will focus more on marketing's impact on society as a whole

CONCLUSION

In regard to the SDL and the definition of marketing, the journey is at least as important as the destination. And no destination is ever final. There can be no final definition of marketing any more than there can be the final society or the final customer. However, Hunt (1992) notes that one can take an active role in defining marketing; one need not passively allow others to determine the future: "But what will marketing be? What will marketing become? That is up to us, isn't it?" (p. 310). The paper echoes these sentiments. Everyone – scholars, customers, students, and managers – will contribute to the future of the discipline.

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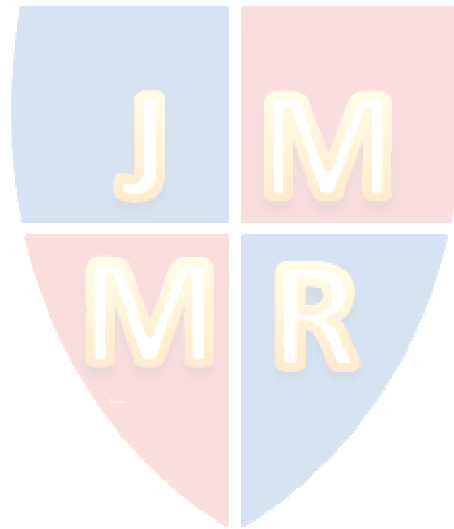   *Journal of Marketing, 47*(Spring), 12-25.

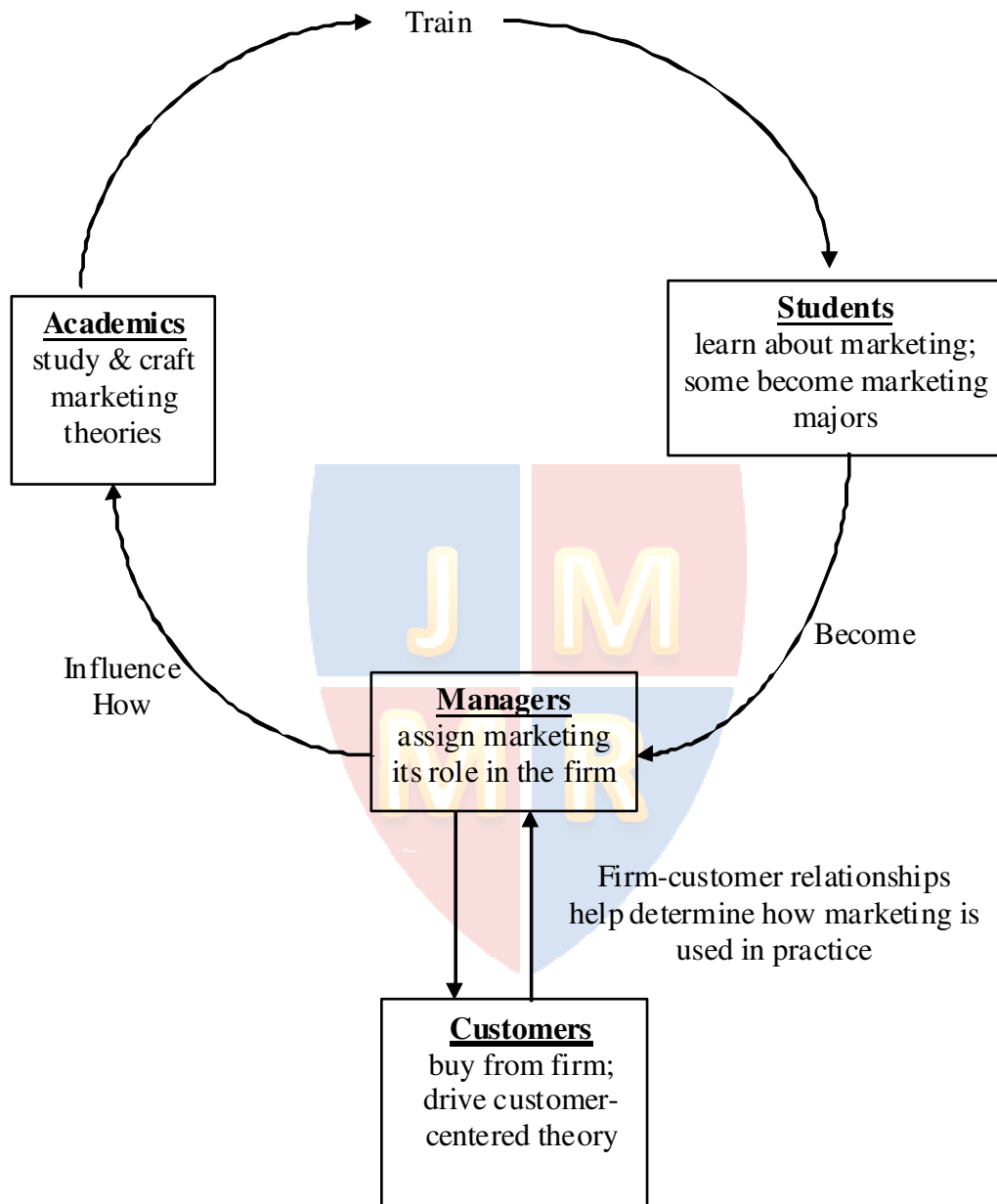Figure 1: Theory building: Academics, students, managers, and customers determining marketing's scope.

Figure 2: The scope of marketing, firm performance, and competitors response.