

Service Logic is Ecologic: Doing Less for More

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Abstract

This conceptual paper addresses the conference theme from the perspective of requisite theoretical advance in marketing thought in the face of mega-level cultural adaptation in society.

The academy is acknowledging two challenges for marketing orthodoxy that reflect and partly explain changes in the consumer environment. The emergence of service-dominant logic is a manifestation of a changing consciousness of the relationship of humans, society, and nature. Macro system thinking is also up-ending mainstream marketing thinking, to mitigate the possibility of habitat and commerce ending-up broke and broken. Both are suggestive of a future form and purpose for marketing that works to enhance community wellbeing and personal happiness within limits of ecological principles. Reformist green marketing has emerged, but we can go further. Scarcity is considered alongside marketing means and ends. Service is found to be consistent with strong sustainability. Ecological principles are applied to marketing.

Keywords: service logic, sustainability, macro marketing, ecological principles, well-being

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Introduction

This conceptual paper focuses on the necessity for theoretical development in the field of marketing in the wake of a wider and deeper ecological-based cultural adaptation in society. The theme of “doing more with less” provides a timely reminder of the dichotomy of tactical efficiency and strategic effectiveness, and provokes, for this author, a scholarly synthesis and re-view. In recognising interrelations among fields of knowledge, this provides a conceptual corrective to an over-emphasis on the technical and expedient problem-solving and marginal reform that is characteristic of the empirical-analytical justification of orthodox theory (Yadav, 2010).

The conference theme suggests recognition of a rapidly changing *consumer environment*, with implications for marketers. Affluent citizens, conversely, are increasingly living in a changing consumer society, and bringing about some of the changes. The academy is acknowledging two challenges for marketing orthodoxy that reflect and partly explain this. The emergence of the service-dominant logic is a manifestation of a changing consciousness of the relationship of humans, society, and nature. Macro system thinking is also up-ending mainstream marketing thinking, to mitigate the possibility of commerce and habitat ending-up broke and broken. Both moves are suggestive of a future form and purpose for marketing that works to enhance community wellbeing and personal happiness within limits of ecological principles. Green marketing has emerged, but we can go further. Marketing consistent with strong sustainability implies immaterial and inclusive serving of more people, and a different world to that possible by doing only more with less.

Understanding the scarcity motive

The prevailing economic model of the market is premised on scarcity, yet we have apparent abundance! The idea of unlimited economic growth arrived with, and justified, the Industrial Revolution from about 1800 onwards. Prior to that era, economic production was linked to natural growing cycles (Wrigley, 1987). There is still a widespread assumption of nature’s abundance as a material source and waste sink, yet both are finite, and wants continuously expand, rendering all means insufficient. We’ve understood the source of wealth as human labour and technology, when ignoring the natural wealth around us. Progress has been measured in terms of increasing labour productivity at the expense of resource productivity, but it is now necessary to recognise the scarcity of nature. Producing more with fewer people is good for the firm but self-defeating for society – the world is at once running out of nature whilst massively increasing the number of people!

The scarcity condition may be an insufficiency of re-source or insufficiency of access to re-source. As well, frugality (sufficiency), destitution (poverty), and scarcity (insufficiency) are not the same condition (Sachs, 1999). Frugal use of finite sources (only renewable sources are resources) can produce happiness and/or profit, but avoidance of recognising the dependence of society on nature makes it easier to exploit sources and resources in so-called lean (green) consumption. The term “scarcity” can suggest finite, non-renewable sources, or resources regenerated at a rate lower than demand, thus insufficient to satiate growing endless needs. This is compounded. With population growth and the desire for increased wealth and

unbounded wants/desires, some things seem to be scarce only because of the expectation that ends will always progress and will never be satisfied. Wilkinson (1973) argues that 'development' is a social process of adaptation to overcome resource scarcities associated with population growth and other environmental disequilibria, and that it does not necessarily improve quality of human life in the long-term. Kassiola (2003) observes that "environmental limits create the unavoidable scarcity of natural resources for human use as well as inescapable restrictions upon the safe absorption of waste products from human existence and activities" (p. 16). Thus, repoliticisation of society beyond 'market choice' must occur when abundance turns to scarcity, and moral choices are then necessary under such conditions (Kilbourne et al, 1997, Gutmann and Thompson, 1996)

Marketing means and ends

Marketing has evolved within the evolving orientation of business from a focus on production to consumption, and more recently to society's needs. Yet, there is a world of difference (or a different world!) in looking better (greener) and doing better (well-being). Consumption and production (including marketing) have reflectively discernable ends as well as means (Varey, 2010). Wealth and welfare are different ends, requiring a clearer goal. Is that to be more consumption or improved quality of life, since more isn't necessarily better? Affluence is the material condition beyond the threshold after which growth in GNP does not increase quality of life (Cobb and Cobb, 1994; Lane, 2000). Yet the value system of the individualistic "free market" is competitive mass consumption. This is fuelled by the belief that lack of spending power in a money economy is poverty, so the solution is economic growth.

There remains a widespread and pervasive (but not total) belief in the marketing discipline that enhanced quality of life comes from increasing the quantity of consumption and improving the quality of consumption (surprisingly expressed in the Editorial for the special issue on anti-consumption, *Journal of Business Research*, 2009). This displays neo-liberal commercialisation assumptions of free market competition. In the neo-liberal model of society, the corporate economy dominates the state and civil society (Large, 2010, p. 139-141). The problem for marketers in promoting the expanding sale of products is that their production is at odds with resource conservation, energy efficiency, and waste reduction – and limits to sources, re-sources, and the carrying capacity of the environment. This raises questions of what (source, re-source), how, how much, and why (value), we consume – and how to contribute to environmental and social quality? Needs are met through three related systems (Birch, 1990). The Production system (which includes distribution, i.e. marketing) consists of farming and secondary (manufactured, produced) goods. The Economic system provides the framework of arrangements in which the production system operates. The Ecological system is the life-support system. Logically, the economic system ought to conform to the production system, which ought to conform to the ecological system. So, the 'big picture' or total system question is what are peoples' needs, including but not limited to those for produced goods, and how can we manage to produce needed goods and maintain integrity of the ecological base of life and production? That's the logical point of view, but the reality is the opposite. Faulty design of the production system, driven by short-term self-interest, is imposed by the economic system, with disastrous effects on the ecological system. Producing to supply 'effective demand' (demand with purchasing power) of what affluent people want, rather than what everyone legitimately needs, creates a pathological mismatch of ecology, economics, and politics.

Service

When Adam Smith set the stage for the emergence of economic science, he assumed from his religious beliefs that it is good for humankind to dominate and exploit nature in pursuit of economic productivity. He adopted the exchange value of tangible goods as the central conception for wealth creation, departing from the then accepted notion of value-in-use (Smith, 1776; Vargo and Lusch, 2004). This was highly consistent with the emergent ‘hard science’ of the materialist belief system of The Enlightenment – an empiricist worldview that presumed that the only reality is objective, material reality.

Service-dominant logic is here understood as unified service logic, since the ultimate purpose of market exchange is service, some of which, but clearly not all, is purchased as a service appliance in material (physical) form. Here *service* means the actions of people that bring about desirable changed conditions for others, and service is exchanged for service. It is not unreasonable or demeaning to refer to this as “reciprocal serving” at a macro level, enacted with local sub-system consequences. ‘Service’ in marketing means different things. More specifically, service is misrepresented in comparison to goods (see for example the seminal contribution of Shostack, 1977). Notwithstanding, ‘service’ is routinely undervalued by continuing to assume the primacy of physicality in determining what is of value (see also Lusch and Vargo, 2006, p. 282; Vargo and Lusch, 2006; Vargo and Lusch, 2008, p.2). However, since the initial Vargo and Lusch article (2004), service has been proposed as a teleological guideline for both suppliers and beneficiaries, with goods seen as a special case of service application. This service-dominant perspective has antecedents but what concerns us here is that its logic is both inclusive and transcendent – it does not deny or devalue either material goods or immaterial services, but rather accounts for the purpose of both – the exchange of service for service (i.e. co-operation). While there is a sense of beneficial value in the meaning of service, mainstream marketing has remained largely tied to an assumed manufacturing sequence of material production and distribution, with service seen as an add-on value, an *intangible* good. This latter term carries implicitly a second tier value judgement, and is often called a ‘service product’. This confusingly suggests that service is the pre-formed outcome of production, and ignores the essential interaction of service.

Strong sustainability and marketing eco-logic

Thinking on the relationship of humans to nature has taken diverging pathways of eco-efficiency and eco-consciousness (Bosselmann, 1995), or better expressed as ecologically-modern society and risk society. These alternative pathways of societal evolution out of modern society emphasise, respectively, eco-efficiency and complex societal re-organisation (transformation) (Cohen, 1997). The post-industrial value system is focused on valuing, relating, and serving. Resource-efficient action is de-emphasised and non-renewable resources are not overused and the environment is kept healthy (Sachs, 1999). Ecological and social and economic sustainability is a balanced approach, within carrying capacity, to production and consumption.

Ecologism is a radical critique of social, economic and political practices that takes seriously propositions about the finitude of the planet (Pugh, 1996). This means that “... *the advocates of ecologism believe in extensive interference in economic, social and political institutions. In this context, sustainability requires a new (environmental) political ideology because it*

cannot, according to the advocates of ecologism, be accommodated within the inherited ideologies of capitalist liberalism, state socialism or their compromised variants. The new political ideology would have biocentrism as its significant stance, in contrast to a damaging anthropomorphism" (pp. 1-2). This fundamentally contrasts with *environmentalism*, which *"can be set within existing political ideologies. It is reformist in a pragmatic way, centring upon concerns of institutionalising environmentally relevant adaptations. Some examples of application would include conservation, pollution control, waste recycling and improvements to squatter settlements in developing countries"* (Pugh, 1996, p. 2). Green marketing is a manifestation of reformist thinking about the relationship of humans and society to nature. Greening is essentially programmatic attempts to harmonise economic advancement with environmental improvement, and provides a catalyst for innovation, new market opportunities, and wealth creation. Prosperity has been sought through green initiatives, but is often limited to "resistant adaptation", followed by "embracing environmental issues without innovating" (Fischer and Schot, 1993). In so doing, firms are largely not succeeding in rectifying externalities of industrial production (and consumption), and society needs to transcend this weak response to bring about systemic adjustments in societal organisation. An "eco-consciousness" (Speth, 2008; Bosselmann, 1995) recognises the imperative to harmonise environmental protection and socio-economic development, instead of trying to make a choice. To illustrate, consider how marketing textbook orthodoxy explains a 'purchase stages' model of consumer behaviour: need/want recognition, information search, evaluation of alternative options, purchase, *use*, *disposal* – this is presented as, de facto (without question), the means to solve life problems, thus positioning producers/sellers as the source of buyable solutions. Marketing is then understood as the organised action needed to re-identify the citizen as "consumer", meaning exchanger of money for goods and services. Anti-consumption, from this perspective, is disruptive – citizens not playing along with the rules of the consumption game in their rejection of promotional and persuasive messages and actions. The socio-ecological (sustainability) perspective importantly adds options for purchase delay or avoidance, maintenance as part of use, and considerations of post-use responsibility.

The need for radical action is fore-grounded by the concept of *strong sustainability*: "Ecologically sustainable development draws attention to environmental resources and values, and their role in both improving the well-being of the poor of this generation and maintaining the basis of future well-being" (Diesendorf and Hamilton, 1997, p. 101). Instead of supporting scale, growth and profit-maximisation as intrinsic goods and core goals of the corporation, sustainable development serves the public interest, sustainability, equity, participation and respect for human rights (Speth, 2008, p. 181-182). "Sustainability marketing" acknowledges that marketing is not amoral, and that it is operated on implicit values - the sanctity of markets, consumer sovereignty, and consumer need satisfaction. Thus marketing for a sustainable society is explicitly values driven (Belz and Peattie, 2009).

Strong sustainability can be defined as the prerequisite and foundation of any human development, requiring the preservation of the integrity of all ecosystems, the ability of the ecosystem to recover from disturbance and re-establish stability, diversity, and resilience, a human society that lives and develops as an integral part of ecosystems that have ecological integrity, and directly supported by ethics, values and worldview, in which people know that they are integral with the ecological systems of the biosphere. People thus desire the integrity of those systems (SANZ, 2009). Thus, the core condition of strongly sustainable society is societal ethics and values: citizens highly value non-material sources of happiness, don't assume economic growth necessarily creates success, affirm the deep interdependence of all people and the value of local community, operate smaller environmental footprints and

greater co-operation, and value and revere nature intrinsically, assuming responsibility for their impact on the integrity of all ecosystems in which they are engaged. For marketing this implies “market mechanisms that work to maximise community well-being and the happiness of individuals within the limits of ecological principles” (SANZ, 2009, p. 4).

The industrial order is wedded to infinite progress through technology and believes in the possibility of achieving harmony between self-interest and general welfare. This value system is increasingly outmoded, requiring a reframing of marketing. Based on Belz and Peattie (2009) and Grönroos (2007), we can conclude that marketers will become much more concerned with the appreciation of macro-level social and ecological problems, and will understand socio-ecological impacts of products at the micro level, conscious of marketing assumptions, norms and values - beyond amoral concern for competitively responding to consumer needs, growth, and exploitative profiting. Mainstream marketing will refocus on value creation in the total consumption process, away from individualistic purchase behaviour, and will substitute promotion for the creation of exchange transactions with trust and commitment in service relationships. The purpose will shift from outputs (products) to benefits understood as satisfying solutions (service), and will account for the total cost of consumption. This re-making of marketing is taking place in the emerging context of ecological principles and consciousness (Capra and Pauli, 1995, p. 6). The significance of the principles of ecology to a service-dominant logic of marketing is recognised and acknowledged. This eco-logic is tentatively embedded in the transition from goods logic to service logic, a manifestation of the post-industrial worldview and beyond. All ecosystem members are interconnected in a web of relationships (recognition of *interdependence*). Eco systems operate continual cycles of energy and resources exchange, with minimal waste, and the health of the system is dynamically maintained in balance (recognition of *ecological cycles*). Systems are dynamic with interdependent fluctuations (recognition of *flexibility*). Service activities desirably enhance conditions of well-being (recognition of *energy flow*). There is inherent interplay of competition and co-operation (recognition of suitable *partnership*). Stability depends on the degree of complexity (*diversity*). There is inherent interplay of creation and mutual adaptation (*co-evolution*). In total, *sustainability is the condition that arises from these aspects*: ecosystems organise according to these principles to maximise sustainability in a limited resource base (Hawken, 1993).

Marketing itself is understood at the macro level as constructive engagement (Schultz, 2007), consistent with the strong sustainability transcendence of the “sell more ‘green’ stuff” of the weak sustainability reformist worldview: “Connection is the overarching condition required for sustainability” (SANZ, 2009, p. 1). Ecological, needs-based “holistic marketing” (Wasik, 1996) is deeply associative, mutual, collaborative, and capable of supporting eco-consciousness and restorative sustainable consumption. Such marketing appeals to, and is being driven by, the growing community of ‘cultural creatives’ (Ray and Anderson, 2000) who seek to make the future society through transformational change, as an alternative to the Modernists’ “business as usual”. Recently, Badot et al (2007) articulated the macro level power of marketing to make society, in contrast to the limited conception of marketing as market (money) maker. The eco-nomic and eco-logic are different vocabularies – for different worldviews. Once recognised, choices become apparent.

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