

Chapter 1 – Introduction

1.1. The Significance of Appropriate Conceptualisations of Product, Good and Service

The concepts of product, good and service are central to the field of marketing. This thesis explored how the marketing field conceptualised product, good and service. It looked to build on existing understandings to develop deeper, more fully realised conceptualisations that would aid marketing practitioners and academics in understanding the nature of product, good and service and through that generate better marketing action.

Many senior marketing academics have noted the need for such exploratory research. Christopher Lovelock (2000 p.146), when asked what direction he would like to see services marketing take in the future replied that “services marketing must get away from simplistic definitions.” “We need to create new conceptual frameworks for the services world of the 21st century, bury concepts that are no longer useful.” Later Lovelock (2000 p.147) went on to say that there needs to be “greater research emphasis on defining and understanding service consumption, exploring the nature and durability of service benefits.”

Evert Gummesson (2000 p.121), when asked the same question replied that we needed to “see services as part of a value offering and go a step further to consider the interdependence between goods and services and to find a more adequate terminology”. “We need to look at the whole offering or better the value that is created. In services this

clearly must be done through both production and consumption. But we lack the concepts. We do not know what services are, nor do we know what goods are in a more generic sense.” He goes on to say that “we need a generic theory of value-creating offerings”.

Parsu Parasuraman (2000 p.3) also noted that there was a gap between services marketing theory and managerial practice and that this needed to be addressed. “A better understanding of what product is would be a good way to start.”

It was of no surprise that senior marketing academics pinpointed better conceptualisations of core concepts as the basis for the future development of the discipline. Conceptualisations played a critical part in the development of new knowledge. On a general level, Shelby Hunt (1991 p.76) argued that “a major task of science is to explain phenomena which constitute its basic subject matter” and in this way “explanations play a crucial role in scientific inquiry.” Bagozzi (1986 p.79) argued that the “nature and quality of knowledge are formally dependent on theory construction.” According to Toulmin (1966), the purpose of framing a problem utilizing theory was to help explain phenomena that could not be explained before, while Engel, Kollat and Blackwell (1991) took this to the next level by arguing that the lack of standardised variable categories made it difficult to compare and integrate research findings.

This thesis addressed these theoretical issues in marketing at the level of metalanguage or conceptualisations of core constructs. Metalanguage represented frames of reference, sets of ideas and outlooks that were generally used in viewing things (Zaltman, Lemasters and Heffring 1982). According to Zaltman et al (1982 p.21) frames of reference served as a “lens or filter and an evaluating device between events and our interpretation of those event” and served several important functions. They “provide orientation, they determine conceptualisations of problems and they determine possible solutions”. “Metalanguage within theory construction, represented a set of tools that facilitated the diagnosis of marketing problems and aided in the development and evaluation of solutions.” (Zaltman et al 1982 p.19). They created a clarifying effect that acted to draw together what was

known or done on a less fully aware basis (Zaltman et al 1982 p.18). In this way concepts represent, identify and recognise. Zaltman et al (1982) argued that through theoretical development of metalanguage valuable understandings would be developed more quickly leading to better predictions and more effective control.

However, an important aspect of metalanguage was that it was continually evaluated and altered to deal with limitations in either its conceptualisation or applicability (Zaltman et al. 1982). Zaltman et al (1982) argued that an effective challenge could either be symbiotic (mutually beneficial) in nature building on the old to create a more meaningful new, or dialectical (conflictual) in nature, looking to replace old with new by providing alternative, plausible explanations for the same phenomena. In this way the definitions of marketing were in constant renewal responding to limitations in their application and conceptualisation.

While the importance of theory and concepts had been widely espoused in the marketing literature, the criticism of a lack of adequate theory development was also a common theme. Barksdale (1983) argued that there had been a lack of concern about the theoretical side of marketing. According to Rohit Deshpande (1983), marketing research had tended to focus on hypothesis testing rather than on theoretical development. This view was echoed by Leone and Shultz (1988) who argued that there was a great deal of empirical research but very little was generalisable. Subsequently, they argued, there was very little knowledge of marketing phenomena. Fisk, Brown and Bitner (1993), when discussing the development of the services marketing discipline, also noted that while the early stages of the discipline's development were characterised by theoretical development, the later stages were largely characterised by a lack of it. Burton (2001) argued that things have not developed substantially since the mid 1980s when there was a spate of books and articles on the need for marketing theory.

This all suggested that theory and metalanguage construction were critically important to the development of marketing, however, there had been very little of it and this was particularly true for the constructs of product, good and service.

This thesis tackled this important conceptual topic, exploring the nature of product, good and service as constructs in themselves and in relation to each other. This was done in a symbiotic rather than dialectic way, looking to develop a relationship between old and new rather than a conflicting one that looked to replace one with the other.

This exploration was divided into three sections, an exploration of the goods and services constructs and then in a more general sense, the nature and characteristics of products. It was the aim of the study, however, to go beyond the exploration of individual aspects of product, instead looking to integrate them into a unified understanding. In this way, it aimed to generate unifying power, to connect previously unconnected items. According to Kuhn (1970 p.207) “a discipline moves from pre-paradigm to “normal science” when an individual or group develops a new conceptualisation that accounts for the phenomena and synthesizes the previously scattered approaches”.

By its very nature, however, such an exploration was, in the terms of Shelby Hunt (1991), discovery rather than justification. Its role was to generate research hypotheses rather than to evaluate them. Hunt (1991) noted two types of discovery routes, one inductive in nature the second deductive. Hunt (1991) argued that while marketing theorists generally advocated an inductive route such a route was largely untenable. This was because “speculation and a priori hypothesis creation is an absolutely essential part of any systematic procedure of theory discovery and creation” (Hunt 1991 p.19). This deductive route was characterised by Hunt (1991) as speculation, leading to assumptions, leading to hypothetical model, leading to deduced generalisations. It was in this second, deductive sense, that the re-conceptualisations were approached within this study.

1.2. An Examination and Re-conceptualisation of the Goods and Services Constructs

Present understandings of what goods and service are were explored, together with criticisms of the conceptualisations that were evident in the literature. From there, Hunt's (1991) criteria for the evaluation of classifications were used to further critique such conceptualisations. From this critique several problematic dimensions of existing conceptualisations were identified. These formed the basis for the development of reconstructions of the good and service components of product.

1.2.1. Present definitions/understanding of services and goods

One of the characteristics of the literature regarding goods and service definitions was that there was no one commonly accepted definition of them (McGuire 1999, Zeithaml and Bitner 2003) and that over time services had been defined in "subtly different ways" (Zeithaml and Bitner 2003 p.3). For example, Zeithaml and Bitner (2003 p.3) defined services as "deeds, processes and performances" in a broad sense and in a more specific sense as "all economic activity whose output is not a physical product or construction, is generally consumed at the time it is produced and provides added value in forms that are essentially intangible concerns of its first purchaser". Kotler (2000 p.428), however, defined service as "an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything."

A number of authors have noted that services were generally defined in reference to their differences to tangible goods (Gabbott and Hogg 1994, McGuire 1999). In this way, many of the devices used for characterising goods and services were not definitional at all but rather categorical focusing instead on the characteristics of goods and service. In the absence of definitional devices these generic differences between goods and services were examined as representative of the understanding of what goods and services were.

Perhaps the most popular characterisation of goods and services was that services are intangible and goods are tangible. Hoffman and Bateson (2002), together with Zeithaml and Bitner (2003), for example, argued that intangibility was the key determinant of whether a product was a good or a service. Three other characteristics were generally identified as differentiating services from goods. These dated back to Adam Smith (1776) and included the inseparability of production and consumption. That is, services were often consumed as they were being produced. In addition, services were said to be heterogeneous in that because of the involvement of the consumer in the production process, all products were inherently different from each other. The last of the differentiating characteristics related to their inability to be stored. Services were said to be perishable in this sense. It should be noted, however, that while these characteristics were of profound importance in the development of the discipline, caution had been advised in their use recently, due to their generalised nature (Lovelock 2000, Gummesson 2000).

Other commentators characterised services as acts, deeds, efforts or performances and goods as objects or things (McColl-Kennedy 2003, Zeithaml and Bitner 2003, Fisk, Grove and John 2003). However, as Hoffman and Bateson (2002 p.4) argued “the distinction between good and service is not always perfectly clear.” Since the 1980s there had been recognition that rather than being dichotomous, goods and services were ends of a continuum of intangibility. That all products were made up of tangible and intangible elements, that what we thought of as services were primarily intangible acts or performances and goods as primarily tangible objects or things. Few attempts, however, had been made to further explore what was meant by service/good. One exception to this, however, had been put forward by Christian Grönroos (1998) who argued that goods were the output of production and that services were processes and that in effect people consumed the process when they consumed a service.

1.2.2. Problems with goods and service conceptualisations

Zeithaml and Bitner (2003 p.3), in discussing the definition of goods and services argued that the “variety of definitions of services can often explain the confusion or disagreements people have when discussing services”. On a more specific level it has already been noted that there was some concern not only about the variety of definitions but also about the nature of the definitions that were used. This was not a new concern. Numerous services marketing scholars have lamented the lack of an adequate definition. A review of the literature reveals that a deeper understanding of what a service was has eluded researchers (Grönroos 1998). Rathmell (1966) was perhaps the first to draw attention to the difficulties in service definition, arguing that an understanding of services was not clear. Grönroos (1978, 1983), Lovelock (1980), and Cowell (1980) all lamented the lack of an adequate definition of services. Lovelock (1980 p.73) stated: "Much of the debate since the mid-sixties has concerned the search for agreement on a definite statement of what is different about the services product."

While numerous commentators have lamented the lack of adequate service and good definitions, little attention had been paid to the problems with the existing definitions or in re-conceptualising these constructs.

1.2.3. A critique of present conceptualisations of good and service

To address the limitations in the conceptualisations of good and service and from there to offer re-conceptualisations of these metalanguage constructs, the present understandings of good and service were evaluated using Shelby Hunt's (1991) criteria for classifications (see figure 1.2.1.). This was an appropriate analytical tool for this purpose given that goods and services were generally defined in reference to each other and in this way were generally viewed as classifications of products.

Figure 1.2.1. Hunt' critertia for the evaluation of classifications

1. Does the schema adequately specify the phenomena to be classified?
2. Does the schema adequately specify the properties or characteristics that will be doing the classifying?
3. Does the schema have categories that are mutually exclusive?
4. Does the schema have categories that are collectively exhaustive?
5. Is the schema useful?

(Source: Hunt, 1991)

Whilst numerous definitions of goods and services exist, for the purpose of this exercise the commonly accepted understanding of them as intangible acts or deeds for services and tangible objects or the output of production for goods was used.

Using Hunt's (1991) criteria for classifications, a number of potential difficulties with the definitions were identified. By characterising goods as tangible/objects/output of production and services as intangible processes in effect the classification was found to fail Hunt's (1991) criteria on a number of levels. Firstly, the properties or characteristics that did the classifying were not adequately specified (criterion 2). In defining goods as objects, it was in effect defining them as the output of production (Grönroos 1998). Services, however, were defined as the process/act of production itself (Grönroos 1998). Given that both goods and services could be argued to contain both processes and outcomes there were, however, no criteria contained within the definition that identified which products should be viewed in terms of their output and which in terms of their process.

Secondly, the categories were found not to be mutually exclusive (criterion 3). Either group could be viewed in terms of the other criteria, in which case the distinction between goods and services disappeared. For example, steel producers could be viewed in terms of their output, that is steel, or in terms of their process, that is, they were producing steel for people who did not want to produce it themselves. Alternatively, a

restaurant could be viewed in terms of the process, in which case it was a service or in terms of its output, in which case under the existing conceptualisation, it could be regarded as a good. If I bought a ready-made chair from a shop it would be a good. If I had a furniture maker make me one I would be purchasing a service. McGuire (1999 p.54), for one, hinted at this when she argued that “the same product can be defined alternatively as a good or a service depending on how it is consumed”. In effect, it was argued that goods and services had been arbitrarily assigned to categories based on some criteria not contained in the definition. That is, marketing was not assigning products to goods and service categories based on consistent criteria. Goods were all those products marketers choose to view in terms of output. Services were all those products marketers choose to view in terms of process.

1.2.4. The basis for a re-conceptualisation of good and service constructs

In using such analysis to guide a re-conceptualisation of good and service a symbiotic approach where present knowledge and understanding of goods and services was used to drive the reconstruction was adopted, rather than an dialectical approach where existing understandings were rejected. In this respect, the utility of the present understanding of goods and services was acknowledged. This included that all products were made up of good and service components. While the tangibility of a product could be argued not to differentiate between the good and service component in any real sense, it, together with the other differential characteristics, had been in use and of use for centuries (see Adam Smith 1776). The logical place to look for a greater understanding of what they were, therefore, was in what underlay their physicality/non physicality. In this respect, the study looked to explore, and from there determine and articulate, the criteria that determined when a product was viewed in terms of the process of production and when in terms of the output of production.

In line with these parameters a conceptual model that addressed the major weaknesses identified was developed. This model looked to develop an understanding of good and service which not only articulated when a component of a product should be seen as a process or service and when in terms of an outcome or a good component, but went further to identify the relationship between good and service within a framework recommended by Gummesson (2000), that is, within the context of the exchange with explicit recognition of the role that both producer and consumer played in the value generating process. The nature of each type of product component was explored in order to develop frameworks to aid the management of products through a greater understanding of the good and service components.

1.3. An Examination and Re-conceptualisation of Product

1.3.1. Present definitions/understandings of product

The second aspect of product that the thesis explored related to the broader, more general notion of what a product was. A review of the literature highlighted that little explicit work had been undertaken in marketing on what a product was. Most of the studies of product contained within refereed marketing journals approached the issue from a Structural Interactionist perspective, looking to explore the meaning of product to the consumer. Kleine and Kernan (1991) summarised the conclusions of this research as saying that meaning was not inherent in an object itself, rather it was developed through an interaction between individual, object and context. It was “inherently symbolic, subjective, psychological and perceptual” (Kleine and Kernan 1991 p.311).

Soloman (1983) argued, however, that apart from these few studies, little had been written on what product was. Saren and Tzokas (1998) went on to argue that much of the discussion of product in marketing was contained within popular textbooks. To gain an understanding of how product was viewed in marketing, a review of how it was defined

or dealt with in major textbooks was therefore undertaken. Cunningham (2003) argued that textbooks played a significant role in knowledge creation and dissemination and had been a profound influence in shaping frameworks that were used throughout an academic or practical marketing career.

A review of some of the major marketing management textbooks indicated a number of things. Firstly, that there was no one commonly accepted definition of product but rather multiple understandings of product. So, for example, Peter and Donnelly (2004 p.82) defined product as “the sum of the physical, psychological and sociological satisfactions the buyer derives from purchase, ownership and consumption.” McCarthy, Perreault and Quester (1997 p.728) defined it as “need-satisfying offerings of a company”. They went on to elaborate that what a company was really selling was satisfaction. Kotler, Brown, Adam and Armstrong (2003 p.8) defined it as “anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need”. While similarities existed, the wording generally differed. However, while differences existed in the wording of what a product was there was some commonality in what was understood by the term product. Product was generally defined in terms of the provision of attributes that are potentially need satisfying.

The second thing that a review of major textbooks indicated was that the discussion was generally confined to a few sentences, insufficient space, according to Saren and Tzokas (1998), to explore the subtleties or underlying nature of the phenomena. The one exception to this trend was provided by Kotler’s (2000) concept of the augmented product. Whilst such an understanding of product was contained in a textbook, Cunningham (2003) argued that Kotler’s textbooks had strong academic integrity in that they were frequently cited in academic papers. That Kotler’s textbooks had become the standard of comparison for most other textbooks in marketing management and that their incorporation of leading edge scholarly research and Kotler’s ability to translate these into models “give it unprecedented practical relevance” (Cunningham 2003 p.203). Kotler’s notion of the augmented product was a good example of this point in that it incorporated what was understood about product and presented that in a model which had

significant practical utility. It is for this reason also that Saren and Tzokas (1998) used it as the benchmark of marketing knowledge on product. In the absence of more dedicated literature on product, a review of Kotler's augmented product was argued to be a valid way to discern, in a practical sense, what product meant within marketing.

1.3.2. A Critique of the Present Understanding of Product

One of the important implications of the analysis of Kotler's augmented product was that it showed that marketing had a more sophisticated understanding of product than was evident through work undertaken on it explicitly and reported through refereed journals. This could be attributed to the influence that other related areas of marketing and other disciplines have had on its conceptualisation. Such areas included exchange, value, utility, consumption and production. Stern (1979) identified this general trend also when he commented that many of Kotler's theories were only hypotheses drawn from a variety of other disciplines.

The influence that other areas had on the conceptualisation of product in marketing had a number of implications for this study. Firstly, to gain a thorough understanding of what was meant by product in marketing, a review of these influences was necessary. Secondly, there were theoretical problems with borrowing from other disciplines that needed to be acknowledged and compensated for in any proposed re-conceptualisation.

1.3.3. The problems with borrowing

It had been argued in the literature that marketing's unique domain was in respect to the facilitation of exchange (Alderson 1957, Bagozzi 1975, Kotler and Turner 1993, Houston 1994, Arndt 1983). This meant that the conceptualisation of product, from a marketing perspective, should be undertaken within that context. However, other disciplines were interested in the phenomena for other reasons. Zaltman et al (1982) argued that the

difference between disciplines often lay in the point of view from which they viewed the same subject. Marketing's reliance on borrowing insights from other disciplines therefore meant that product had not been systematically conceptualised within a marketing-specific context. Zaltman et al (1982) argued that marketing had its own specific concerns and that therefore it was best that they should develop their own body of theory to explain it. Leone and Schultz (1988 p.159) argued that marketing had "borrowed from other disciplines without examining deeply enough the nature of the debt", while Halbert (1965 p.15) argued that "even the most thorough and adequate borrowing from other disciplines in terms of content and technique will not serve to advance the development of marketing science if an adequate theoretical and conceptual approach does not become available." A review of the literature in the areas of consumption, production, utility, value and exchange indicated that while there were important insights that could be gained as to the nature of product, it was true that none of these areas explicitly focused on product within an exchange context.

The lack of dedicated work on product within marketing, together with the dangers and limitations of borrowing extensively from other disciplines to help define product, meant that there was strong justification in systematically examining product from a marketing perspective, first to identify whether such conceptualisations were significantly comprehensive and secondly to guide any re-conceptualisations that such a review may have indicated were warranted. That is, there was justification in developing a marketing orientated understanding of product that took into account both producer and consumer perspectives.

Richard Lutz (1979 p.4) alluded to this when he stated "it has been extremely unfortunate that the vast bulk of theory based behaviour research in marketing has been on consumer behaviour. If we truly believe that exchange is the fundamental building block of marketing then we have virtually ignored the behaviour of the party selling to the consumer." Gummeson's (2000) comments, reported at the beginning of the chapter,

reflected this concern but more specifically with respect to product, good and service. Gummesson (2000 p.121) stated that “We need to look at the whole offering or better the value that is created. In services this clearly must be done through both production and consumption”.

This trend was evident with respect to how product was defined. A review of marketing definitions of product, examples of which have been reported previously, highlighted that most definitions of product focused extensively on the need that it satisfied reflecting the emphasis on consumer behaviour and its debt to consumption research. Product as defined as need satisfaction did not effectively deal with the producer nor did it explicitly recognise the exchange within its conceptualisation. In effect, the discipline’s reliance on borrowing from other disciplines had resulted in a narrow conceptualisation of product which reflected the research emphasis of the disciplines from which it was borrowed.

1.3.4. Re-conceptualising product within a marketing context

A review of the literature relating to product from marketing and related disciplines identified one area in particular that related to the nature of product within a marketing context but which was not articulated in a marketing understanding of product. The work on consumption and production, from both the marketing and related disciplines highlighted that products were not need satisfying in themselves. They were, in effect, inputs into a consumer’s household production process. Consumers used products, often in association with other tools and materials, to realise the need satisfying potential of the product. A product’s value lay with its potential utility. Utility theory indicated, however, that value was determined not only by the need that was satisfied by a product but also by whether a person could use the product. That is, regardless of the need that a product promised to satisfy, it was of no value if the consumer did not have the capabilities to use that product. However, it was recognised that different consumers had different capabilities, different skills, different access to tools and different access to other materials needed to realise the potential of the product. This meant that different

consumers would require different features in a product to meet the same need. That is, a product could have the same need satisfying potential but have different features which related to their different capacity to realise that potential. In effect, products had features that influenced and determined its use. This suggested that products had a dimensionality beyond their need satisfying potential that related to how it interfaced with the consumer's capabilities. This dimensionality was not captured by standard definitions of product which focused nearly exclusively on the need that it satisfied. That is, product had tended to be conceptualised around the outcome of the need satisfying process, need satisfaction, while ignoring the process of satisfying that need and it was this dimension that was of particular importance to producers.

This dimension was then explored to ascertain its nature and characteristics with the aim of being able to explicitly acknowledge it within an understanding of product. A model of product was developed that took into consideration the role of both the producer and consumer in the need satisfying process. It looked to widen the conceptualisation of product beyond the outcomes that products produced and emphasized what the producer did for the consumer rather than just what the consumer hoped to get out of the process.

The two components of product addressed in the thesis were then reconciled under one conceptualisation which illustrated the relationship of the two to each other. In this respect it satisfied the need to clearly identify the relationship between different components of what products were.

1.4. Testing the Utility of the Re-conceptualisation

Marketing is a practical discipline. This meant that the value of an extended conceptualisation of product lay in its usefulness to marketers. With this in mind, a test of the usefulness of this model was the main focus of the empirical study of the thesis.

Utilising a case study methodology the proposed model was tested by three practicing marketers to determine whether it helped them to understand the marketing situation better through a better understanding of what it was that a consumer was buying and whether that understanding aided in the development of useful marketing practices.

The nature of social constructions were such that the empirical study did not address whether practitioners thought of product, good and service in the way that the model conceptualises them but rather whether the reconstructions were of utility to them. This was because it was possible that such a re-conceptualisation was novel and people did not think that way. What was important was not whether people thought that way but whether the reconstruction was of utility to them and whether novel and useful insights were generated by it. This was consistent with the deductive approach advocated by Hunt (1991).

Three senior marketing practitioners, all with degrees in business, were asked to provide a report on a marketing problem they had been unable to solve. The author of this thesis then analysed the marketing problem from the perspective of the new conceptualisation. The respondents were then asked whether the analysis generated greater understanding of the problem and from there useful and novel solutions. Given the seniority and high level of marketing education each respondent had attained, it was an assumption of the study that standard marketing thought would have been applied to the problem but that the problem still remained thereby representing the edge of the utility of standard marketing thought. Any new insight and solution to the problem could then be argued to be the result of the new conceptualisation. It was recognised that significant limitations were evident with this approach, particularly in respect to how much of the state of the art marketing techniques that the practitioners utilised. However, given the deductive nature of the study, it was particularly difficult to test what amounts to the utility of viewing things differently. It was also true that such a re-conceptualisation was in effect an analytical tool and like most tools it was likely to be true that most conclusions could be gained in other ways. The value of the tool lay in its systematic attention to new

dimensions of the phenomena, drawing together previously unconnected issues and through that creating an understanding that was greater than the sum of parts. This meant that, regardless of whether the conclusions could be gained in other ways, the tool was of utility if it aided that process.

1.5. The nature of the interpretation and discussion

An interpretation of the results was then undertaken. There were two primary dimensions to this interpretation. The first was an evaluation of the face validity of the theoretical development. To what extent had the re-conceptualisations addressed the criticisms of past conceptualisations as well as the aims articulated by senior marketers as to what such a conceptualisation should address?

From there an evaluation of the utility of the re-conceptualisations was undertaken. This focused heavily on the utility of the re-conceptualisation as a tool to develop a unified marketing approach to such issues as segmentation, product development and management, competitive analysis, adoption of innovation and promotion. Not only was the power of the model as a tool to develop unified programs evaluated but also the implications of the model for how the individual marketing functions are viewed were explored for the model as a whole as well as the good and service and level of completion components.

Once this had been addressed, concluding comments, which reconciled the results and interpretations with aims, were presented. From there further desirable research to explore the many untested aspects of the model and results were identified.

Chapter 2 – Literature Review

2.1. The Role and Importance of Theory

Theory is critical to the development of any discipline (Hunt 1991). Hunt (1991) argued that theories were important “because of their practicality, their utility for decision making coming from their inherent ability to explain and predict”. Since theory was concerned with systematic explanation it played a critical role in science and knowledge (Hunt 1991). Theories increased scientific understanding through providing a “systematised structure capable of both explaining and predicting phenomena” (Hunt p.49). Boumol (1984) argued that the main reason for using theory was to help explain things that could not be explained before. Since facts were silent, theory must be developed to describe their workings. As one of the key roles of theory was to explain the phenomena that constituted its basic subject matter (Hunt 19991 p.76) the nature and quality of knowledge was dependent on theory development (Bagozzi 1986). In this way, theoretical “inquiry is active rather than passive, directed rather than determined, selective rather than reflexive (Mokiva and Evans 1984 p.170)

2.1.1. The role and nature of metalanguage

Underlying theory were the basic building blocks of metalanguage or constructs. Shelby Hunt (1991) argued that a formalized theory was made up of a formal language system consisting of definitional constructs and classifications. The definition represented rules of replacement in that it stood precisely for some phenomena and was a focal point that established a relationship between the focal terms and other terms. Classifications, although not in themselves theoretical, also played a fundamental role in the development

of a discipline by organising phenomena into groups that were then “amenable to systematic investigation and theory development” (Hunt 1991 p.177). The two worked together to first define what the phenomena was and then to specify its relationship to other concepts within a larger theoretical network (Hunt 1991). Engel, Kollat and Blackwell (1991) agreed that definitions and classifications played critical and interrelated roles in theory development. They argued, for example, that the lack of standardised definitions and categories made it difficult to compare and integrate research findings.

Shultz (1970) argued that constructs represented a “stock of knowledge”, a set of commonsense constructs made up of such things as theories, ideas, values and attitudes that shaped perception and aided people in their interpretation of experience, to achieve inter-subjective understanding and to coordinate actions. These represented typifications that made it possible to account for experience and render things and events recognizable (Schutz, 1970). Shultz (1970) argued that people naturally typify and that language was central in transmitting these typifications and meaning.

Baumol (1984) argued that meaningful discussion was only possible where the connotation of a word was the same for all those who used it. In a similar vein to this, Zaltman et al (1982) argued that metalanguage represented a set of tools that facilitated the diagnosis of a problem and provided the basis for the development of a solution. In this way, concepts represented and facilitated identification and recognition (Zaltman et al 1982). Metalanguage provided a clarifying effect by drawing together what was known and done on an informal basis. The development of effective metalanguage aided theory development, therefore, by developing understandings of the component phenomena more quickly, enabling predictions and more effective control (Zaltman et al 1982). Effective theory development, argued Sheth and Garrett (1986), was a consequence of its simplicity and richness which in turn was determined by construct development. In this way a lot of phenomena could be explained with the use of a few well constructed constructs.

Metalanguage, however, represented frames of reference which were sets of unspoken assumptions and expectations which acted as decision rules that were used to view things through (Zaltman et al 1982). Zaltman et al (1982 p.21) argued that such frames of references “serve as a lens or filter and evaluation device between events and our interpretation of those events”. However information could change our frames of reference and such changes may alter the way that events were perceived. For this reason it was important in theory development and in understanding the phenomena of any discipline that such frames of reference or the way that central constructs were viewed were challenged and evaluated. As Churchman (1983 p.173) argued “no one process nor parameter provides a complete nor adequate framework for explaining knowledge. Likewise no one conventional explanation seems to capture the breadth or robustness of inquiry.”

Guba and Lincoln (1989) argued a similar line, that constructions attempted to make sense or interpret experience and as such were self-sustaining and self-renewing (Guba and Lincoln 1989). They were usually of a shared nature sometimes as “disciplined constructions” that were collective and systematic attempts to come to common agreement about the nature of phenomena (Guba and Lincoln 1989. p71).

Constructivists believed that social realities were not fixed but rather changed, either as a process of sophistication or as other social realities change around them (Guba and Lincoln 1989; 1998). Constructs were therefore products of their social and historical environments. In this way “they do not exist outside of the persons who create and hold them, they are not part of some objective world that exists apart from their constructors” (Guba and Lincoln 1989. p143). Humans relied on concepts to define and classify. Unfortunately, our definitions and classifications displaced what they stood for in our experience and as such there were always much that our concepts failed to express (Guba and Lincoln 1989). In this way, while culture gave us meaning and therefore

understanding that we could share, such a meaning also acted to limit our understanding (Lincoln and Guba 1985). By imposing a meaning it excluded alternative aspects of meaning (Lincoln and Guba 1985). Implicit in this was that constructions were not necessarily neutral. They came into being to serve particular interests.

Phenomenologists argued that the use of language to communicate everyday reality meant that it could be seen to construct as much as to convey meaning (Holstein and Gubrium 1998). A word not only stood imprecisely for things but also acted as a barrier between the person and their experience of objects. That is, as the constructivists believed, constructs, as communicated through language, acted to limit understanding as much as they portrayed a common one. In this way, while all shared constructions were of value some could be seen as “malconstructions” in that they were “incomplete, simplistic, uninformed, internally inconsistent or derived by inadequate methodology” (Guba and Lincoln 1989 p143).

Guba and Lincoln (1989) argued that such constructions were challenged when one became aware of new information that conflicted with the held construction or where there was a perceived lack of sophistication in the construction to deal or make sense of new information or other social realities (Guba and Lincoln, 1989). Zaltman et al (1982) argued similarly that the “generative” capacity of theory was its ability to challenge ways of looking at phenomena, it was the capacity to challenge the guiding assumptions of the culture, to raise fundamental questions regarding contemporary social life, to foster reconsideration of that which was taken for granted and thereby to furnish new alternatives for social action. Theory was challenged, according to Kuhn (1970), when there was a build up of anomalies in the old paradigm or conceptualisation. This was similar to Mowen’s (1984) process of retroduction where the identification of anomalies led to the clarification of other phenomena. These anomalies may become evident through the empirical testing of a theory, from the observation of an unexpected event or from an observation that did not fit into existing categories. The scientist then attempted to explain the anomalies through speculation. Zaltman et al (1982) argued that such a challenge would result in either a symbiotic (mutually beneficial) relationship between

old and new or a dialectical (conflicting) one by providing an alternative plausible explanation. Similarly, the re-conceptualising of metalanguage could display unifying power, connecting previously unconnected items or heuristic power suggesting new directions for research.

As re-conceptions were merely alternative constructs that were then shared, it was therefore logical to presume that re-conceptions were first deduced and then shared, if and when that new conception was of greater use to those that were interested in the phenomena. Therefore a deductive stance to theory development was appropriate. Hunt (1991) argued a similar point. While marketing theorists generally advocated an inductive route of hypothesis testing, Hunt (1991) argued that this approach was untenable. Instead Hunt (1991 p.19) advocated a deductive approach of “speculation and a priori hypothesis generation”. In the development of metalanguage, Shultz (1970) argued that because of the self-sustaining and self-renewing nature of social construction, to study it the observer needed, in the words of Husserl (1970), to bracket or set aside one’s taken-for-granted view of it. “All ontological judgements about the nature and essence of things and events are suspended. The observer can then focus on the ways in which members of society themselves interpretively produce the recognizable, intelligible forms they treat as real” (Holstein and Gubrium 1998, p.137.) That is, by bracketing out the present conception of what product was, the underlying assumptions of that definition or understanding could be examined and the source of any deficiencies evident in their use could more easily be recognised. Once the sources of deficiencies were recognised, a re-conception of how consumers approached product could be developed, even if consumers could not articulate that through language.

2.2. Theory Development in Marketing

While the importance of theory and construct development was a common theme in the marketing literature, the criticism of a lack of adequate development of theory in marketing was also common. Hunt (1991 p.5) argued that the “need for creating more theories and better theories in the field is great”. Such a recognition of the importance of theory development to marketing had been discussed repeatedly in the marketing literature by such authors as Mowen (1984), Halbert (1965), Hostiuck and Kurtz (1973), Hunt (1991), and Barksdale (1984).

This lack of adequate theory development in marketing was, however, still a common theme. Len Berry (2000) recently argued that in the field of services marketing a wide gap existed between the theory that managers needed and that which was available to them and that academics too often did not focus on new knowledge. Parsu Parasuraman (2000) agreed, stating that there was a gap between services marketing theory and practice. Parasuraman (2000) argued that a good place to start in the development of better services marketing theory was in a better understanding of product.

Numerous reasons have been put forward to explain the lack of theoretical development. Burton (2001) argued that one of the reasons for the lack of theory development in marketing was that it went against the norms of the discipline in that marketing was overwhelmingly rooted in applied research. Sheth (1967) noted that there were insufficient connections between theoretical structures and extant empirical research in marketing. Rohit Deshpande (1983) and Gronroos (1997) have argued that one possible contributing factor to the lack of theory development was that marketing theorists had ignored the meta-theoretical implications of a reliance on a single normative paradigm. This meant that marketing science had grown more rapidly in the area of hypothesis testing than in the development of new explanatory theories. Wind (1979 p.6) argued that “an examination of the marketing literature of the last decade suggests a predominance of empirical studies and very few conceptual papers proposing new concepts or theories”. Leone and Schultz (1984) similarly argued that there was a great deal of empirical

research but very little was generalisable and because of that, marketing had very little knowledge of marketing phenomena. They went on to argue that the major problem with definitions in particular was that there was a lack of conformity in methodologies and therefore definitions of what was appropriate to consider evidence for generalisations.

Zaltman et al (1982) took a different perspective on why there was little theory development. They argued that while theory development in marketing was very important it was risky because it required doing before knowing. Bagozzi (1986 p.106,107) also touched on a similar theme, arguing that the irony in theory development was that as theorizing and modeling became more explicit “so to will it become more vulnerable to criticism’. However, he argued that only then would marketing push their knowledge “ to a plane truly reflective of the interplay between theory and data which is after all our only valid window on reality in the marketplace” (Bagozzi 1986 p.107)

Richard Lutz (1979) identified a further factor which he argued had contributed to a deficiency in marketing theory. Lutz (1979) argued that the vast bulk of theory-based research in marketing was based on consumer behaviour. He argued that if the exchange was the focus of marketing then this concentration on the consumer had resulted in a bias towards an understanding of the consumer at the expense of the producer.

This touched on another commonly identified reason for inadequate theory development in marketing, that being the predominance of borrowing theoretical constructs from other disciplines. The problem of borrowing had been evident for some time in marketing (Mowen, Robertson and Ward 1973, Mittelstaedt 1971) Mowen (1984) argued that marketing was often a theory shopper rather than theory developer. Similarly, Leone and Shultz (1984) argued that marketing had borrowed without exploring deeply enough the nature of that debt. Murray, Evers and Swinder (1995) also argued that indiscriminant borrowing from other disciplines had been counterproductive by misleading researchers in their attempt to understand marketing phenomena.

Zaltman et al (1982) argued that the reason why borrowing was problematic was because two disciplines that studied the same phenomena often had different points of reference. Marketing had their own special problems and therefore needed to develop their own body of theory to explain it. Halbert (1965) argued a similar line stating that it was seldom the case that a theoretical structure in one area could be directly applicable to another. However, the use of other discipline's theories had not been dismissed totally. Zaltman (1999) and Firat (1997), for example, argued that while borrowing was a significant problem in marketing theory development that some of the most interesting developments in marketing have been found at the boundaries between one discipline and another studying the same phenomena. While there were two sides to the issue of borrowing, Leone and Shultz (1984) argued that to proceed in the development of theory, marketing needed to take into account the influence of borrowing, identify gaps in understandings and identify ways to close those gaps.

The preceding review of the literature on marketing theory indicated that while theoretical development was important to marketing more could be undertaken and that this lack of marketing theory may well have implications for how central constructs of the disciplines were understood. Any deficiency in marketing theory, in particular at the metalanguage level, would necessarily impact significantly on the discipline as a whole for theoretical development underpins what was known about the discipline and profoundly influenced the discipline's ability to explain and predict.

2.3. Goods and Service Constructs

Goods and service are two constructs central to marketing. In particular, the growth of the services marketing academic field since the mid 1980s and their continued dominance of the economy had led many organisations who traditionally would be regarded as goods based companies to declare themselves service orientated organisations (Fisk, Brown and Bitner 1993, Gronroos 2001). Given the growing importance of the services marketing field, a clear understanding of what a service and therefore good was became important.

As noted above, conceptualisations of key constructs form the basis of theory development which in turn influenced practical application in the field. Given the youth of the field, theory development was particularly important. While there was a need for clear understanding about what goods and services were, in practice there was a deal of criticism in the literature about how, in particular, services had been conceptualised. Given the importance of clear understandings of the good and service constructs for theory development and practice, together with the criticism leveled at present conceptualisations, a thorough examination and re-conceptualisation of the good and service constructs where appropriate was justified.

2.3.1. Identified concerns

Evert Gummesson (2000), when asked what directions he would like to see services marketing take in the future, identified a better understanding of goods and services as being amongst the most important. He argued that the discipline did not know what services were, nor what goods were. He went on to argue that the distinction between good and service had become a burden, that goods and services were often substitutes. Christain Gronroos (2000) had argued a similar line, that goods and services should not be kept apart anymore. While the field of Services Marketing has advanced to the point that most organisations now recognised service as a component of their product, still an understanding of what service was had alluded the field (Gronroos 1998). Parsu Parasumraman (2000) also noted that a better understanding of what services were should be driven out of a better understanding of what product was. Christopher Lovelock (2000), when asked what direction he thought the services marketing field should take in the future, also pinpointed the issue of what was understood as a service as being particularly important. He argued that services marketing needed to “get away from simplistic definitions expressed in pseudoscientific language” (Lovelock 2000 p.145).

Such criticism of the way that good and service have been conceptualised was not recent however. Rathmell (1966) was perhaps the first to draw attention to the difficulties in service definition arguing that an understanding of services was not clear. Gronroos (1978; 1983), Lovelock (1980), and Cowell (1980) all lamented the lack of an adequate definition of services. Lovelock (1980 p.73) stated: "Much of the debate since the mid-sixties has concerned the search for agreement on a definite statement of what is different about the services product."

Since that time no improvement has been evident (Gronroos 1997). Ward (1993 p.91) wrote: "While reading the literature one gets a strong impression that what constitutes a service remains undefined". Gronroos (1987) noted no improvement in the situation while Gummesson (1987) argued that the definitions of services were not clear and that there was a lack of clarity with existing ones.

2.3.2. Multiple understandings

One of the characteristics of marketing's understanding of goods and services had been that there were multiple definitional devices in use and it was this variety that had both been an indicator and source of confusion. Laroche, Bergeron and Gontalan (2002) argued that it was the variety of definitions in use that caused a good deal of the confusion and disagreement surrounding service. Zeithaml and Bitner (2003 p.3), also note this, stating that "the variety of definitions can often explain the confusion or disagreement people have when discussing services." They themselves define services in two ways. Initially, services were defined as "deeds, processes and performances" (Zeithaml and Bitner 2003 p.3). They then went on to alternatively define them as "all economic activity whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms that are essentially intangible concerns of its first purchaser". Christopher Lovelock (2001 p.4) similarly argued that "various definitions of services exist" and then went on to list four separate ones.

1. A service is any act, performance or experience that one party can offer to another; one that is essentially intangible and does not result in the ownership of anything.
2. Services are economic activity that provides time, place and form utility, while bringing about change in, or for, the recipient of the service.
3. Services deliver help, utility or care, an experience, information or other intellectual content and the majority of the value is intangible rather than residing in any tangible object.
4. Something that may be bought or sold but cannot be dropped on your foot.

Other writers also note this confusion (McColl, Callaghan and Palmer 1998, Baron and Harris 1995, Gronroos 2000).

2.3.3. Common definitional devices

While there was a large degree of confusion as to what a service and good was there were a number of commonly used definitional devices. It should be noted that many of these were not definitions in themselves but rather categorical in nature. Shelby Hunt (1991) argued that classificational schemata were not theoretical in themselves but rather most theoretical constructions contained classificational schemata as components. In the absence of clear definitions of good and service these have been extensively used within the services marketing field. A number of authors have noted that services were generally defined in terms of their differences to goods (Gabbott and Hogg 1994, McGuire 1999). A review of these commonly communicated differences would therefore provide an overview of how good and service were viewed within the marketing literature. Such an overview would also aid in the analysis of what was the underlying problem with the way goods and services had been conceptualised.

Intangibility

Perhaps the most common and oldest understanding of services was that they were intangible. Services marketers had always worked off a definition or understanding of services as intangible. This understanding of service could be traced all the way back to Adam Smith (1776) who identified it as one of four characteristics of services that differentiated them from goods. The others being heterogeneity, inseparability of production and consumption and perishability. The working definition of services as intangible was taken up by early marketers such as Converse (1936) and Alexander, Surface and Alderson (1953). Converse (1936 p.17) wrote “we may think of services as those things which we buy that are not tangible goods”. Alexander, Surface and Alderson (1953 p.43) again “services may be defined as intangible.” Bateson (1977 p.121) stated that “services by their very nature are physically intangible” while Zeithaml and Bitner (2003) went as far as to identify intangibility as the critical goods-service distinction from which all other differences emerge.

Intangibility Continuum

As more attention was paid to the field analysts realised, however, that not all services were of the same level of intangibility and that a service’s level of tangibility affected the way that it could or should be marketed. That is, services could be placed on an intangibility continuum where the location of the service on the continuum would provide meaningful insight into how it should be marketed. Not only could you put services on such a continuum but also goods could be placed on the same continuum. That is, it became apparent that dividing products up into goods and services was a false dichotomy. That, in fact, all goods had some service component and all services had some tangible component. That is, products were made up of goods and service components.

Rathmell (1966, p.33) was perhaps the first to propose such a definition, suggesting a “goods-services continuum with pure goods at one extreme and pure service at the other.” Shostack (1977, 1981, 1982) argued that the traditional dichotomy of goods and services was unhelpful in that it did not recognise that both goods and services contained tangible and intangible components and to address this proposed the intangibility continuum. Kotler (1991) proposed a variation on the theme by proposing a four-category classification with totally tangible/intangible and major service/good accompanied by a minor service/good.

Object/Act or Process

Defining goods as objects and services as acts or processes was a further common definitional method. Under this type of definition, goods were defined or described as an object while a service was an act, process or performance. So, for example, Gronroos (1980 p.36) defined services as “activities and not things”, Zeithaml, Parasuraman and Berry (1985 p.33) stated, services were “performances, rather than things” and Lovelock (2001) argued that service was an act or performance offered by one party to another. The AMA 1988 definition of services included the following: “services as a term is also used to describe activities performed by sellers and others which accompany the sale of a product”.

Gronroos (1998) proposed a further variation on this theme when he described goods as the output of production and services as a process. He argued that with services the process was consumed as well as the outcome of that process and that therefore services were characterised by the consumption of the process whereas with goods it was characterised by the consumption of the outcome only.

Other distinguishing characteristics of services have also been used in a quasi definitional sense to explain what services were through a comparison of how they differed from goods. These devices were profoundly important in the early years of the services marketing fields, though lately caution in the use has been advised (Lovelock 2000).

Inseparability of Production and Consumption

The second distinguishing characteristic of services identified by Adam Smith (1776) was the inseparability of production and consumption. This referred to the circumstance of some services where the product was produced and consumed at the same time. That is, it was being consumed as it was being produced. This was evident in such services as hairdressing and restaurants as well as more business orientated services such as accountancy and banking. The consumption of the haircut or accounting service was inseparable to its production. One of the more important implications of this was that the consumer was involved in the production process. The implication of this being that service quality was more difficult to control and that it was more difficult for the consumer to evaluate the product as it had not as yet been produced. It also meant that the service provider was often responsible for the consumption environment which had a large impact on satisfaction.

One other consequence of this was that often the consumer was a co-producer. Consumers were involved in the production and were important in terms of determining the characteristics of the production. Co-production, as it was termed, had become an increasingly important concept in particularly relationship management (Wikstrom 1996, Davidow and Malone 1992, Gronroos 1990, Gummesson 1991, 1993, Pine 1993). The idea of co-production, particularly in a relationship management sense, was that this co-production led to a relationship that was longer and more valuable than the traditional

transactional exchange (Wikstrom 1996). This was due to the deeper relationship that would be developed which in turn led to an ability to acquire more and better knowledge as to what the consumer really wanted and how their needs could be satisfied (Wikstrom 1996). In addition, deeper interaction emerged which led to improved creativity on both sides (Wikstrom 1996).

Heterogeneity

As the consumer was involved in production as a co-producer it was a consequence that all such services were heterogeneous. That is, no two of such services were the same. This may be the result of the interaction of producer and consumer resulting in customisation or just that the influence of the consumer as co-producer resulted in heterogeneous products. Heterogeneity had implications for quality control and evaluation.

Perishability

This refers to the situation resultant from the consumer needing to be present to produce a service. This meant that services could not be pre-produced and stored and therefore inventorised. Once an opportunity for a service encounter has gone, such as the plane takes off, the opportunity for the service production has perished. This had implications for demand management.

2.3.4. The significance of the differential characteristics to the field of services marketing

These distinguishing characteristics have been widely used in services marketing to better understand the distinctive nature of services and from there how they should be marketed (Ward 1993). The importance of these distinguishing characteristics in fleshing out an

understanding of what a service component of a product was could be gauged by their impact on the services marketing literature. From 1963, when Regan began to investigate the four characteristics, until 1993 when research on them had largely run its course, 105 studies had directly addressed at least one of these four unique features of service (Edgett and Parkinson 1993).

Not only were they heavily researched but they were also very influential in services marketing thinking. Berry and Parasuraman (1993) identified the most influential papers written in the field of services marketing. Through the ranking of articles by services marketing academics, together with the review of the most cited works, fifteen services marketing articles were identified. An analysis of those fifteen articles revealed that eleven of the fifteen articles directly addressed and supported one or more of the four concepts. Sixteen of the eighteen authors or co-authors of those fifteen articles had written articles directly supporting one or more of the concepts. Finally, the eleven papers, which directly addressed one or more of the differentiating features, had been cited 332 times up until 1993.

While the significance of such differentiators was profound in the early years of the study of services, their generalised nature had been a source of some criticism lately. Lovelock (2000) identified the use of them as a significant issue for the future of the services marketing field. He argued that “at worst, such blanket statements are wrong-headed and misleading, because they are simply untrue for certain types of services” (Lovelock 2000 p.145). Similarly, Gummesson (2000) dismissed them with the exception of simultaneous production and consumption. He argued that services could be tangible, standardised and could be stored. Gronroos (1998) also dismisses them as simplistic generalisations.

2.4. The Underlying Problem with Good and Service Constructs

It was evident that there were significant problems in the way that services and goods had been conceptualised. The importance of metalanguage to theory and its profound effect on the depths and quality of knowledge in a field implied that such problems could be expected to have negatively affected theoretical and practical development in the services marketing field in particular, and marketing in general. While numerous services marketing scholars had been vocal with respect to identifying that there were problems, none of these articulated the underlying reason for those problems. Nor, with the exception of Gronroos (1998), have they proposed new ones to address these concerns. They did, however, provide guidance as to the direction that such re-conceptualising should take. Lovelock (2000 p.146) argued that the field needed to “shed old and outdated frameworks such as IHIP in light of critical thinking and new information”. Gummesson (2000 p.121) provided clearer guidance stating that (we need to) “see services as part of a value offering and go a step further to consider the interdependence between goods and services and to find a more adequate terminology”. He went on to argue that “We need to look at the whole offering or better the value that is created. In services this clearly must be done through both production and consumption. “We need a generic theory of value-creating offerings”. Parsu Parasuraman (2000 p.165) also argued that the field of services marketing could be advanced through closing the gap between services marketing theory and managerial practice stating that “A better understanding of what product is would be a good way to start.”

These last two comments placed the debate in a wider context. They argued for not only a clearer understanding of goods and services but also a clearer understanding of their relationship to each other and, at a higher level, their relationship to the notion of value creation and product in general. That is, to understand services and goods, a clear understanding of product was required which included goods and services and articulated their relationship to each other and to product in general. This meant that goods and services should be conceptualised not only in themselves but as categories of products.

2.4.1. A critique of present conceptualisations of good and service

Senior marketing academics have identified that the future of any reconstruction of good and service should be tied to an understanding of their relationship to each other and to their relationship to product in general. As services and goods were generally characterised in terms of categorical differences, in the absence of true definitions these differences needed to be evaluated to help discern the basis of the confusion.

Hunt (1991) argued that classificational schemata played a fundamental role in theory development of any discipline. This was because they systematically group phenomena thereby facilitating investigation and theory development. Engel, Kollat and Blackwell (1991) argued that in marketing, particularly consumer behaviour, there was a lack of standardised classificational schemata. The preceding review would confirm this trend with respect to good and service classificational/definitional devices.

Hunt (1991 p.177) poses the question “if having a variety of non-standard classificational schemata for the same phenomena was dysfunctional, how does one select the best classificational schema ... how can one differentiate the good classificational schema from the bad?” In answering this question Hunt (1991) proposed five criteria for the evaluation of classificational schemata (see Figure 2.4.1.). In an endeavour to determine the conceptual basis for the problems in the constructs of good and service, as identified in the literature, these criteria were used to evaluate goods and service classificational criteria. In doing so, the commonly utilised understanding of good as the tangible output of production (Gronroos 1998) and services as intangible acts or process were used as representative of the most commonly used definitional devices in the services marketing field.

Figure 2.4.1

Hunt identified five criteria for the evaluation of classificational schemata

1. Does the schema adequately specify the phenomena to be classified?
2. Does the schema adequately specify the properties or characteristics that will be doing the classifying?
3. Does the schema have categories that are mutually exclusive?
4. Does the schema have categories that are collectively exhaustive?
5. Is the schema useful?

(Source: Hunt 1991)

When the commonly conceptualised bases of service/goods were evaluated using Hunt's (1991) criteria for classifications, a number of potential difficulties with the definitions were apparent.

By characterising goods as tangible/objects/output of production and services as intangible processes, in effect the classification failed Hunt's (1991) criteria on a number of levels. Firstly, the properties or characteristics that would do the classifying were not adequately specified (criterion 2). Hunt (1991 p.186) suggested that the question to ask with respect to this criterion was "are these properties the appropriate properties for classificatory purposes" and or were different properties used throughout the schema. In defining goods as objects, it was in effect defining them as the output of production (Gronroos 1998). Services were defined as the process/act of production itself (Gronroos 1998). It could be argued, however, that both processes and outcomes were evident for both goods and service. There were, however, no criteria contained within the definition that identified which products should be viewed in terms of their output and which in terms of their process. This suggested that there were inconsistent criteria being used to classify. The question became, which should be viewed in terms of their process and which in terms of their output?

The commonly used definition of goods and services also failed the third criterion of Hunt (1991) in that it did not result in mutually exclusive categories. As all products contained process and output, under the existing definitions, all products could be a good or a service. In addition, viewing goods and services in terms of their intangibility, it has been argued in the literature that not all outputs were tangible. Lovelock (2000), Gronroos (1998) and Gummesson (2000) all pointed out that some goods were intangible and some service components were tangible and that therefore intangibility was an invalid criterion to differentiate goods from services. Where either group could be viewed in terms of the other criteria, the distinction between goods and services disappeared. For example, steel producers could be viewed in terms of their output, that is steel, or in terms of their process, that is, they were producing steel for people who did not want to produce it themselves. Alternatively, a restaurant could be viewed in terms of the process, preparing a meal and facilitating an experience, in which case it was a service, or in terms of its output, the meal, in which case it could be defined as a good. Even a service with an intangible output such as accounting could be seen in both ways. Either accountancy could be seen in terms of the output, finished accounts or in terms of process, doing the accounts. McGuire (1999 p.55), for one, hinted at this when she argued that “the same product can be defined alternatively as a good or a service depending on how it is consumed”. Gummesson (2000) argued that goods and services were often substitutes.

In effect, goods and services have been arbitrarily assigned to categories based on some criteria not contained in the definition. That is, marketing was not assigning products to goods and service categories based on consistent criteria. Goods were all those products marketers choose to view in terms of output. Services were all those products marketers choose to view in terms of process.

2.5. The Way Forward

While it could be argued that one of the reasons for the confusion in the way that goods and services were conceptualised was that inconsistent criteria had been utilised resulting in non mutually exclusive categories, such definitional devices had been in and of use since 1776. This suggested that a symbiotic approach to re-conceptualisation of these constructs should be taken. The logical place to start was with what was already known. Given this, the question became why were services viewed in terms of their process and goods in terms of their output? If all products involved processes and outputs, when should attention be focused on their processes and when on their outcome? Of course, this raised the additional issue of, given that both involve processes and outcomes, was this an appropriate criterion to classify products on?

2.6. Goods and Services Within a Wider Perspective of Product

As noted, the constructs of good and service were inextricably linked to the notion of product. In order to understand their relationship to each other they needed to be viewed as categories of product, which meant that their relationship to product needed to be explored and articulated. The above analysis indicated, however, that the relationship of good and service to product was not clear. At present, all that was articulated was that all products contained some good and service elements. That the good element was the tangible output of production and the service element related to the process itself and that these were problematic criteria to categorise on. This concern was consistent with the comments of Parsu Parasuraman (2000) who argued that a better understanding of product was the place to start any clearer understanding of goods and services from. Gummeson (2000) also argued that goods and services needed to be viewed within a wider value creation context.

A review of the literature on product indicated, however, that this lack of articulation about the relationship of good and service to product was consistent with a lack of articulation about what product was in general. Little conceptual work had been undertaken with respect to product and subsequently marketing's understanding of product was limited and heavily influenced by understandings borrowed from other disciplines (Soloman 1983, Saren and Tzokos 1998). Kotler (1972) argued, however, that marketing theory was predicated on the role of the product. Given the importance of product to the marketing discipline as a whole, together with its role in understanding goods and services, there was strong justification in a thorough review of product in itself. Such a review would include an overview of what work had been undertaken on product in marketing to date. From there the limitations of that work would be identified and the literature from marketing and other disciplines would be examined to provide guidance as to the direction that any re-conceptualisation should take. From there a re-conceptualisation of product would be presented. Such a re-conceptualisation would address any identified weaknesses in such a way that allowed the relationship of goods and services to be reconciled with it. In this way, an overreaching understanding of product could be developed which included an understanding of what goods and services were, an understanding of what product was and articulated the relationship between good and service and between good and services and product.

2.7. The Marketing View of Product

2.7.1. The Symbolic Interactionalists' view of product

While Saren and Tzokos (1998) and Solomon (1983) argued that there have been few attempts to clarify what a marketing product was beyond what was contained in textbooks, a few authors, including themselves, have explicitly addressed the question of what a marketing product was. These authors utilised the Symbolic Interactionalist approach to better understand the objects of consumption. These included Csikszentmihalyi and Rochberg-Halton (1981), Friedmann (1986), Golden, Albert and

Betak (1989), Warner (1959). Kleine and Kernan (1991) summarised the conclusions of this research as meaning was not inherent in an object itself, rather it was developed through an interaction between individual, object and context. It was “inherently symbolic, subjective, psychological and perceptual”(Kleine and Kernan 1991 p.312). “Individuals respond to their interpretation of the product not to the literal product. In this way, meaning pre-conceptions of an object may differ across individuals and across situations for the same individual” (Kleine and Kernan 1991 p.312).

In examining how consumers used products to structure their social reality and self concept, Soloman (1983) argued that products were not just a satisfaction of a need but in cases created that need. That in some cases the product helped define the consumer. In this way, the causal linkages between product and behaviour were bi-directional. As was argued in the majority of the literature, products were a strategic or communicative tool consumed to satisfy a need but in other circumstances the products “set the stage for role performances, that behaviour was matched to a certain role by a set of products” (Soloman 1983 p.322). Products with ascribed social meaning may be used in a broad sense to facilitate role performance in that they increased the probability of portraying the behaviour patterns appropriate to that role. This suggested that products should not be looked at in isolation but rather within what Soloman (1983) termed the product constellation. That is, the objects and processes that a product was used in conjunction with, defined the nature of that product.

One recent marketing extension to the Symbolic Interactionist perspective of product was the work of Saren and Tzokos (1998). Saren and Tzokas (1998) argued that products were consumed for their symbolic meaning but that the meaning of it was not merely a result of the interaction of buyer and object but also the interaction of supplier and object and buyer and supplier.

The buyer/object interaction was characterised by the buyer's view of the expected advantages. These expected advantages were not inherent in the product but rather were a negotiated interpretation of the object (Saren and Tzakos 1998). In addition, these advantages were only relevant to the buyer in relation to present anticipated needs,

capabilities and objectives. That is, the meaning ascribed to a product would differ from individual to individual. Influential in this meaning was the product's protocol or its relationship to other objects. Such a protocol was made up of the context of consumption and the physical, technical and communicated performance characteristics (Saren and Tzakos 1998).

The buyer's interpretation of the product was also influenced by the buyer/supplier interaction. In this way, the characteristics, strengths and weaknesses of the supplier influenced the buyer's interpretation of the product. Products were not interpreted by buyers based only on the functional characteristics of the product. The supplier's characteristics were important in the consumer's interpretation. In this way, characteristics were seen to be part of the "total offer".

Finally, the consumer's view of the product was influenced by their assumptions as to the relationship between the supplier and the object. While these were generally hidden from the buyer they were none the less important and may take the form of concerns over environmental impact of production, treatment of staff, the safety of production methods and the ethical conduct of their business practices. While these assumptions generally remain dormant, when they come to light and they contradicted these assumptions the consumer's perception of the product was altered by them.

While the Structural Interactionalists provided valuable insight into how consumers attributed meaning to products, it was not a comprehensive marketing understanding of product. The central nature of exchange to marketing meant that product was more than what meaning the consumer ascribed to it. Product was of importance to producers because they assembled the characteristics of the offering, some of which did not relate to

the meaning ascribed to it by the consumer. As Gummesson (2000) argued, product must be viewed from the perspective of both producer and consumer within a context of exchange and value creation. Structural Interactionalists viewed product from the perspective of the consumer and meaning creation but did not address the producer or exchange explicitly.

Saren and Tzokos (1998) and Solomon (1983) argued that, despite the importance of product to marketing, very few attempts had been made to answer what was meant by product. Sarens and Tzokas (1998) argued that much of the debate on what a product was, had been contained in popular textbooks by such authors as McCarthy and Kotler. Cunningham (2003) argued, however, that textbooks played a significant role in knowledge creation and dissemination and had been a profound influence in shaping frameworks that were used throughout an academic or practical marketing career. The lack of dedicated work on product, together with the role that textbooks played in knowledge creation and dissemination in general, meant that a review of how the major marketing textbooks dealt with product was likely to be the best overview of how product was viewed in marketing.

2.7.2. A textbook understanding of product

A review of the definitions contained in marketing textbooks indicated that it was not possible to provide a standard textbook definition of product. Peter and Donnelly (2004), for example, defined product as “the sum of the physical, psychological and sociological satisfactions the buyer derives from purchase, ownership and consumption.” McCarthy, Perreault and Quester (1997, p.271) defined it as “Need-satisfying offerings of a company”. They went on to elaborate that what a company was really selling was satisfaction. Solomon and Stuart (2003 p.231) defined product as “A tangible good, service or idea or some combination of these that satisfies consumer or business customer needs through the exchange process”. Kotler and Armstrong (1999 p.238) defined it as “anything that can be offered to a market for attention, acquisition, use or consumption

that might satisfy a want or need”. While similarities existed the wording often differed. However, while differences existed in the wording of what a product was, there was some commonality in what was understood by the term product. Product was generally defined in terms of the provision of attributes that were potentially need satisfying. In defining product in this way it could be argued that these definitions had a bias towards the consumer at the expense of the producer. While the central importance of exchange to marketing implied that product be viewed from the perspective of both producer and consumer within a context of value creation and exchange, such definitions, as reported above, clearly defined them in terms of the potential outcome of a consumption process. There was no explicit recognition of the producer nor the exchange, nor value creation, but rather the value to the consumer that was delivered by a product as a result of consumption.

However, such definitions were generally articulated in a line or two and for this reason did not provide much detail as to what the characteristics of a product were (Saren and Tzokas 1998). On a broad level it could also be seen that such understandings did not provide much guidance as to the relationship of good and service to product. That is, while they were used as definitions, they may not have represented how marketing viewed product and particularly how marketing should view product either. While there were very few elaborations of what product was in the marketing literature, Kotler’s (2000) Augmented Product was an exception. In this respect, Kotler’s (2000) Augmented Product represented the most articulated understanding of what product was to marketing. An analysis of Kotler’s (2000) Augmented Product would therefore provide as good a framework as any for an analysis of what was presently viewed as marketing product. Saren and Tzokas (1998), themselves, used it as the basis of their critique of what a product was understood to mean. This review of Kotler’s (2000) Augmented Product would, however, be supplemented by deeper understandings of aspects of product drawn from other marketing sources.

2.7.3. The Augmented Product

Kotler (1972) attempted to incorporate all the different aspects of product, as marketers understood them, into what he termed the augmented product. Originally three levels (Kotler 1972), Kotler (1988) expanded it to five levels and conceptualised it as five concentric circles. This was similar to Levitt's (1969) notion of the Total Product Concept which similarly had numerous levels of meaning including core or generic, the expected, the augmented and the potential. In the middle of Kotler's (2000) conceptualisation were the core product benefits. This was what the consumer was buying the product for. What benefits did it provide? For a car its core benefit may be transportation and or prestige. This aspect of product related to utility. Kotler (2000) made it clear that this sort of utility related to satisfactions, that a woman buying lipstick was buying hope or pleasure. Other textbooks defined product in a similar way arguing that it was a bundle of need satisfying attributes (Assael, Reed & Patton, 1995, Lambin 1997, McCarthy and Shapiro 1983). Still others argued that what the consumer was buying were benefits (Pride & Ferrell, 1997, Bagozzi, Rosa, Celly, Coronel 1998). While the terminology differed from benefits, to satisfaction, to utilities, marketers generally agreed that what the consumer was buying related to its utility. However, as Bagozzi et al (1998) argued, those benefits need not be confined to functional utility. They could also include experiential needs and have a rational, emotional and moral dimension. In this respect, products could have social and psychological benefits and correspondingly costs. Koschnick (1995), in the Dictionary of Marketing, also identified functional, social and psychological benefits or utilities. Products could satisfy psychological needs with respect to the self and identify.

In the second circle, Kotler placed the basic product, which represented the features of the product such as the physical characteristics, packaging and product design.

In the third circle, Kotler placed the expected product, which included the attributes that consumers generally expected from the product. These included the attributes and conditions that the buyer would normally expect when purchasing.

The fourth circle represented the augmented product characteristics. This was the extended aspect of product that could be best described as value adding. In this, Kotler placed service, relationships, brand, installation, delivery and credit as examples. This aspect of product was also sometimes referred to as the peripheral product (Baker 1999). Kotler (2000) suggested that this aspect of the product was there to differentiate the product offering from the competitor's product offering. He argued that competition within many markets took place primarily at the augmented product level because most companies could successfully build a product at the expected product level. Levitt (1969) also argued that competition was now focusing on what companies could add to their output in the form of packaging, services, customer advice, delivery and other things that people value. Often, customer service and brand image, as examples, were seen to provide additional benefits (Baker 1999). The notion of augmented or peripheral attributes were originally seen as add ons to the basic product but later as their benefit became more evident they were seen within a wider notion of total product offering (Baker 1999). In this way, product was seen as everything that a consumer receives in an exchange (Koschnick 1995).

The inclusion of brand, service and relationships within the augmented product demonstrated an important dimension of marketing product. It demonstrated that marketing took a consumer focus when viewing product. It demonstrated that in effect, marketing views product as being that which was of value to consumers in the exchange rather than that which was exchanged. What was of value to the customer need not be functional or necessarily related to the final need they wished to satisfy. Its value may be symbolic. In all cases, however, it related to what meaning the consumer placed on what was provided to them at the exchange as a whole rather than merely what was exchanged.

The fifth circle represents potential product, which included "all the possible augmentations and transformations the product might undergo in the future" (Kotler, 2000 p.395).

In this model Kotler (2000) captured the essence of how product was viewed within marketing, including the work of the Structural Interactionalists. Product was primarily the benefits the consumer sought. It was also its physical characteristics and its extended, augmented nature.

The implications of the Augmented Product for how product is viewed

There were a number of important implications of marketing's understanding of product as encapsulated by Kotler's augmented product. It demonstrated that the relationship of good and service to product was not well understood or articulated in marketing's understanding of product. Services were conceptualised as a potential aspect of the augmented product used to differentiate a product. While it was not explicitly stated, services could be the product itself in which case the elements of the five levels would apply to it. Both understandings of service did not specify its relationship to good within the overarching framework of product. Therefore, the relationship of good to service and good and service to product was not well captured by the notion of augmented product or the work of the Structural Interactionalist which did not address the issue at all.

A second implication of the review of augmented product was that marketing had a more sophisticated understanding of product than was evidenced through work undertaken on it explicitly and reported through refereed journals. This could be attributed to the influence that other areas of marketing and other related disciplines' work. As noted, borrowing from other disciplines had its advantages, however, it also had its disadvantages. Primary amongst these was that other disciplines had their own frames of reference through which they viewed a phenomena. These needed to be acknowledged and taken into consideration in their use. The second implication was that because other disciplines had their own focus, aspects of product important to marketing may not have been included. If there were aspects of product idiosyncratic to marketing, non critical borrowing from other disciplines would not identify nor address them. This meant that the heavy borrowing from other disciplines, together with the lack of dedicated and

rigorous marketing attention to product may well have resulted in an incomplete marketing conceptualisation of product. For example, it has already been noted that the definition of product in popular marketing textbook concentrated on defining product in terms of psychological satisfactions. This understanding was reflected in the first circle of augmented product. These clearly took a consumer perspective. However, it was generally argued that marketing's primary focus was the exchange (Alderson 1957, Bagozzi 1975, Kotler and Turner 1993, Houston 1994, Arndt 1983). In this context it could be seen that most definitions of product, together with the work of the Structural Interactionalists focused extensively on the need that it satisfied reflecting the emphasis on consumer behaviour and its debt to consumption research. Richard Lutz (1979 p.4) alluded to this tendency to focus on the consumer at the expense of the producer in conceptualising marketing constructs when he stated "it has been extremely unfortunate that the vast bulk of theory based behaviour research in marketing has been on consumer behaviour. If we truly believe that exchange is the fundamental building block of marketing then we have virtually ignored the behaviour of the party selling to the consumer". Product, as defined as need satisfaction, does not take the producer in mind nor does it explicitly recognise the exchange within its conceptualisation. In effect, the discipline's reliance on borrowing from other disciplines has resulted in a narrow conceptualisation of product which reflected the research emphasis of the disciplines from which it has borrowed. This was, however, just one example of the potential influences of borrowing on the marketing conceptualisation of product. Given product's importance to marketing and the role that metalanguage played in theory development in general, this may well have been significant for a range of marketing actions.

The combination of the importance of the construct of product to marketing theory and action in general together with its importance to an effective understanding of goods and services in particular, meant that product was a central construct to marketing and so needed to be conceptualised in an effective and marketing orientated way. The lack of rigorous attention to the construct within the marketing literature, together with the extensive borrowing from other disciplines meant that there were strong grounds for believing that product, as a marketing construct, may be malconstructed. The

concentration on the benefits delivered to consumers through exchange, at the expense of an understanding of product within an exchange and value producing context, confirmed biases in the conceptualisation of product and gaps in marketing's understanding of product that needed to be addressed. The nature and extent of such gaps were not evident at present. A detailed review of the literature was required to ascertain the extent of borrowing, its effect on the conceptualisation of product and possible gaps in the conceptualisation that could be addressed through the re-conceptualisation of marketing product. Such a review served a number of functions. By examining the literature of such areas as exchange, it would provide a detailed understanding of the marketing context within which any re-conceptualisation should be placed within. By viewing associated work in the areas of consumption, production and utility it would highlight the debt that marketing's view of product owed other work in the area. In doing so it formed the basis for its critical evaluation enabling its contribution to be placed within the marketing context developed. In addition, the review of such areas could also highlight other issues that should be taken into consideration in the development of such an understanding. While there were dangers in borrowing from other disciplines there were also strong arguments for doing so in a critical manner.

To accommodate these processes a section at the end of each subject area addressed these issues. Firstly, those implications which were consistent with present conceptualisations of marketing product were identified. These were outlined in order to gain some appreciation of what had been borrowed. The literature review also identified other issues that were of relevance to marketing product but which were at present not overly explicit. Where evident, these were identified and the implication for the re-conceptualisation of product discussed. Thirdly, in areas where the literature suggested that there was some relevance to marketing product but which had not been conceptualised within the present understanding were identified and their implications discussed. These represent the gaps in the conceptualisation of product which would need to be addressed through the process of re-conceptualisation. While legitimate debate could focus on whether these

implications were implicit or unaccounted for it was not an important argument because, in the end, both types needed to be made explicit in any marketing understanding of product. For this reason both types of implications were grouped under the heading of, implications not explicit in the present understanding of product in marketing.

2.8. Literature Review of Associated Disciplines

2.8.1. A review of the exchange literature

Work within and outside of marketing on exchange has been profoundly important with respect to the development of a marketing understanding of product. Many researchers have argued that marketing was about understanding and facilitating exchange (Alderson 1957; Bagozzi 1975, Kotler and Turner 1993, Houston 1994, Arndt 1983). Bagozzi (1975, 1979) argued that exchange was marketing's niche. While there existed well developed notions of exchange in economics, sociology, psychology and anthropology no other discipline claimed it as its central focus, its fundamental subject matter. Marketing's interest in exchange necessarily focused its attention on product, that which was produced and that which was consumed. Product was of central interest because it was what both producer and consumer had in common. For this reason marketing was in the unique situation of being interested in product from the perspective of production, or what was the nature of that which was exchanged, and consumption, or what was the nature of what was consumed.

The Nature of Exchange

Bagozzi (1979 p.434) states that exchange was "a transfer of something tangible or intangible, actual or symbolic between two or more social actors resulting in a variation in individual or joint outcomes, experiences or actions." These actors took part in the transfer act to maximize their utility. In this way, exchange was assumed to be the result

of unmet needs (Houston and Gassenheimer 1987). Houston and Gassenheimer (1987) argued that the driving force behind exchange was need satisfaction, stating that “We express it as the realization of utility where a utility function is a description of what “commodities” were used to satisfy needs”. The nature of exchange could be further explored through a review of the conditions of market exchange. In order for an exchange to take place, Bagozzi (1975) argued that certain conditions needed to be met. There had to be at least two parties, each party had something that might be of value to the other party, each party was capable of communicating and delivery, each party was free to accept or reject the offer and each party believed it was appropriate or desirable to deal with the other party.

Non Marketing Exchange Literature

Such a view of exchange as Bagozzi (1975, 1979) argued drew extensively from both the economic literature of resource allocation and social exchange theory emanating from sociology and anthropology. Economic’s interest in exchange was primarily one of examining resource allocation in determining production and distribution (Houston and Gassenheimer 1987). In respect to resource theory, exchange was a mechanism for the transfer of both tangible and intangible resources between entities to achieve goals (Hall 1992, 93, Collis and Montgomery 1995). In this way, producers sought to maximize profits while consumers sought to maximize utility (Gronhaug 1999). Karl Menger (1871), in his chapter on the Theory of Exchange, described exchange as two people adjusting their assortments of goods by exchange, and thereby increasing their joint utility. In such circumstances each transaction was seen to be relatively discrete, independent of other transactions.

From a social exchange perspective, exchange was viewed as the link between problem and solution and so essential to the functioning of society (Anderson, Challagalla and McFarland 1999). Blau (1964) argued that social exchange related to voluntary actions by individuals that were motivated by the returns they were expected to bring. In this

way, exchange took place in a societal context between social actors (Gronhaug 1999) and resulted from the performance of interaction rituals where the individual formed and held expectations about the other. This meant that exchange needed to be seen within the perspective of the acting person within an acting group.

In addition to market exchange, the social exchange perspective identified two other types of exchange, reciprocal and redistributive modes of exchange (Polyanyi 1957). Reciprocal exchange involved the exchange of gifts between reciprocal partners for mutual benefit. Part of that reciprocity was the obligation, often implicit, to give and receive gifts (Pandya and Dholakia 1992). The reciprocal nature of this symbolic act bound the individuals and group together. Marketers such as Banks (1979), Belk (1979) and Davis (1992) have all utilised this mode of exchange to help explain gift giving from a consumer behaviour perspective.

Redistributive exchange operated within a hierarchical group structure and related to exchanges where a centralized decision maker distributed allocations (Pandya and Dholakia 1992). Often this was manifested in a sharing behaviour. Governmental and mutual organisations such as cooperatives and credit unions demonstrated some of characteristics of this type of exchange and demonstrated its relevance to marketing.

While Bagozzi (1975, 1979) acknowledged the social aspect of exchange and drew on social exchange theory to develop his marketing as exchange argument, he acknowledged that it was primarily focused on market exchange. One of the implications of this was that it tended to view exchanges as transactional and in this way discrete (Hirshman 1987). Hirshman (1987) argued that this was because Bagozzi (1975, 1979) drew heavily on Homans' (1961) theory of social action that was formulated on the basis of abstract or singular exchange resources. Critics of this argued that exchanges could be relational as well as or rather than transactional.

The Relationship Marketing literature therefore provided additional insights into the nature of exchange that were important in any conceptualisation of product.

Relationship Marketing

The Relationship Marketing literature began to emerge in the 1980s and 1990s as a response to the transactional view of exchange. Critics of the transactional marketing conceptualisation of exchange argued that it focused largely on the relationship between customer and the product (Smith and Higgins 2000). The object was to sell product by satisfying customer wants more effectively and efficiently than the competitor. The success of such an approach was often viewed in terms of sales within a fairly short term perspective, demand was seen as atomistic, and that the buyers and sellers were independent actors where the exchange was a series of independent and discrete transactions (Hakansson 1982, Moller and Wilson 1995).

Another criticism of the transactional approach was that it was in fact counter to actually meeting customer needs (O'Malley and Patterson 1998). Gronroos (1989) argued that the marketing mix had a production orientation by focusing on the customer as someone to whom something was done, not for whom. Authors such as Hakansson (1982), working within an industrial rather than consumer context, saw the nature of exchange in a different way to the transactional approach characteristic of the field. Hakansson (1982) saw limited actors who developed long term relationships and that these relationships were embedded in broader networks (Ford 1980, Hakansson 1982, Hakansson and Snehota 1990). The increased interest in the service sector highlighted the role of interaction in high contact services. Services marketers began borrowing interpersonal relationship theories from the industrial marketing context to better understand the nature and consequences of such contact. (Anderson and Narus 1990, Crosby and Stephens 1987).

The recognition and establishment of relationships with consumers was seen to move marketing away from long term manipulation to a clearer understanding of the consumer, the development of a bond and inevitably more focused satisfaction of their needs. In this way, it emphasised trust, mutuality and long term commitment.

While there was a growing body of literature which proclaimed relationship marketing as the new marketing paradigm (Sheth 1996, Gronroos 1994), other authors have been critical (Barnes 1994, 1995, Fournier, Dobscha and Mick 1998, Hibbard and Iacobucci 1998). Empirical research has shown that there was little evidence that trust, commitment, mutuality of interest or respect actually exist in the consumer market. Other criticism centred on what were regarded as less than impressive results.

Conclusion on marketing exchange and its implication for product

The literature on exchange has important implications for how product should be viewed within marketing. As outlined at the beginning of the section these implications will be divided into two sections representing implications of the literature for marketing product that were:

1. Explicit in marketing's understanding of product
2. Relevant to marketing's understanding of product but at present not explicit

Explicit implications for how product should be viewed

Firstly, if marketing was about the facilitation of exchange then product became a central construct of the discipline.

The study of exchange also highlighted that products must be of value to the consumer for an exchange to occur. This meant that a producer must view product from the perspective of the consumer if they were to deliver a product that would be exchanged.

From this came the recognition that if this was the case then product became all that the consumer received of value in the exchange. One way to view product in this respect was as a potential solution to a problem. An understanding of the nature of the problem and how a product addressed that problem was therefore important.

The relationship marketing literature also indicated that product needed to be viewed in a wider context than a transactional exchange and that more than functional attributes were important to the consumer.

Non explicit implications for how products should be viewed

While marketing was primarily interested in market exchange and relationships, the literature identified other forms of exchange that had potential implications for how product was viewed. While there had been some work on these forms of exchange in a consumer behaviour context by such authors as Belk (1979), the significance for product remained implicit. Redistributive exchange, for example, was of relevance to such products as were produced by mutual organisations and reciprocal exchange had implications for products within a gift giving context.

One of the more important implications of exchange to come out of the literature was that product should be viewed from the perspective of both producer and consumer. A review of the definitions of product within the marketing literature arguably demonstrated that present understandings of product were heavily orientated towards the meaning of a product to the consumer, specifically the psychological satisfaction that a product delivered through consumption. This was supported by the literature on relationship marketing which identified the transactional exchange paradigm as being overly concentrated on the relationship of the customer and the product (Gronroos 1989, Smith and Higgins 2000). This strongly suggested that any reconstruction of product should have as its point of focus both producer and consumer within a context of exchange and value construction, as was argued by Gummesson (2000).

2.8.2. A review of the value and utility literature

One of the key aspects of the product that was highlighted by an examination of exchange was that products must be of value. Underlying the concept of value was the notion of utility. An exploration of value and utility was therefore an important component of any understanding of what a marketing product was.

Value, in an economic sense, had two distinct meanings, exchange value and use value. Houston and Gassenheimer (1987) argued that a product's exchange value was derived from the market place, as presented in price, and its use value was derives from its use or consumption. That is, value was linked to potential for use and the potential for exchange (Homans 1961).

Other researchers, however, have categorized value in other ways. Bagozzi (1975) separated value into utilitarian and symbolic, that is, it was functional or that its value lay in the product's symbolic meaning. Alderson (1957) took yet another perspective. He argued that value could be divided into behaviour that was a means to an end and other behaviour that was an end in itself. That is, there was value in not only the satisfaction of the need but also the act which led to that satisfaction. Bagozzi (1975) took this further by suggesting that there was potential value not only in the outcome but in the consequences of action and in the experiences surrounding the exchange. So for example, the exchange may not take place but there was value in the process as, for example, would be the case where someone bid on an item on ebay but were not successful.

Alderson (1957) liked to use the term potency when talking of value or utility. He argued that a product had potential, that rather than viewing the exchange as resulting in immediate gratification, that what was exchanged rather had the potency to satisfy at some later time. In this way, the product's exchange value lay in its potency with respect to the consumer's assortment. Houston and Gassenheimer (1987) argued that this lead to the conclusion that the utility or value of a product was only actualized when it was put into use, before that time it represented potential, that its value was derived through consumption. In this sense there were two types of value, that derived from the consumption of the product and that derived from having it in storage, or as Alderson (1957) argued, having it in their assortment. This led on to the notion of stored or inventorised verses actual value.

For Post modernist's, however, value was determined by consumption. It was the consumption or desire for consumption represented in sign value that afforded the object its value (Baudrillard 1988). For sociologists, value was tied to meaning and meaning was tied up with consumption. That is, economists assigned value to the product while others assigned value to consumption.

For much of the literature on value, however, the notion of value was tied up in the notion of utility. Adam Smith (1776 p.28) linked value to utility arguing that use value expressed "the utilities of some particular object. Jevon's (1871) argued that the cornerstone of the theory of utility was value and that value depended entirely on utility. Dixon (1990) also links utility to value, arguing that as marketing adds to the utility of the product and thereby adds value.

Utility

The Ambiguity of Utility

While utility was a key economic construct, researched and developed over centuries, what was meant by the term was somewhat ambiguous. Black (1987) argued that in economics it was most frequently used to mean desiredness. This meaning he argued could be traced back to Gershom Carmichael's 1724 edition of Pufendorf's *De Officio Mominis et Civis Iuxta Naturalem*. However, he noted that in everyday usage and as represented in the Oxford English Dictionary, utility meant usefulness or fitness for a purpose. Kellner (1994), writing in the encyclopedia of economics, also noted the ambiguity in meaning of utility within the economic literature. This was ascribed to a number of factors. Jeremy Bentham (1789), whom he credited with its popular introduction, used the term in a political sense, as the basis of utilitarianism. Bentham (1789) himself blamed the ambiguity on the French who chose the word utility. He commented that it was an unfortunately chosen word. In French there was no corresponding word for usefulness. Kellner (1994) argued, however, that it was the ordinary English usage of the word where it covered both usefulness and satisfaction of needs that created the ambiguity. Bentham (1789), in an attempt to overcome the

ambiguity defined utility as “a feeling of the mind.” Vilfredo Pareto in 1896 again attempted to address the ambiguity in the terms arguing that “utility” should be used to describe a product’s usefulness, or properties of the product to produce pleasure and use the term “ophelimity” to denote the subjective pleasure.

Developments in the Understanding of Utility

While there remained ambiguity with respect to what was meant by utility, a brief review of its development was undertaken to gain greater insight into its nature. Dixon (1990 p.338) argued that it was the Medieval Scholarmen who “give utility its primacy of position in economic analysis.” St Augustine in the sixth century held that price depended on the good’s usefulness to men, while Pierre de Olivi (1248 – 1298) asserted that one aspect of the value of a product was “according to how it is more or less pleasing to our will to have it in our possession. In this way one person considers a commodity, which appears inferior to another, very much to be appreciated” (Dixon 1990 p.338).

Bentham (1789) furthered the notion of utility suggesting a four-point measurement of pleasure and pain. He argued that utility was also subjective, based primarily on differences in wealth. So, for example, a simple meat pie was of greater value or utility to a poor person than it was to a rich one. Ferdinando Galiani (1728-1787) was also an early contributor to the utility literature asserting that pleasure was the basis of price and that only satisfactions were purchased. By the beginning of the nineteenth century at least, products were generally viewed by economists as having utility and that utility was subject to the individual needs and circumstances of the consumer (Stigler 1950).

Marginal utility analysis advocated by such economists as Marshall (1890) added to the sophistication of utility by highlighting that utility was not absolute, that the value a person put on a product depended upon their needs and wants at that specific point in time. That it was not only subjective in terms of differing people, as Bentham (1789) had argued, but for the same person under different conditions. For example, the first glass of

water had greater utility than the seventh for a thirsty person. Hicks (1976) argued that a major factor in the development of marginal utility was that rather than being based on production and distribution it was instead based on exchange. That is, utility began to take on a perspective formed in an understanding of consumption rather than just production.

While this developmental stage largely defined utility as it was seen today in economics, it did not address the relationships between the individual's utility function and the demand function (Black 1987). Marshall's (1890) *Principle of Economics*, however, went some way to reconciling these. In it market value had been effectively integrated with an analysis of supply and cost in order to explain normal values. In doing so it provided for a consistent theory of consumer behaviour expressed in terms of utility.

In the 1930s, however, economists became increasingly uncomfortable in the measurement of utility (Black 1987). Criticism centred on what were viewed as dubious psychological assumptions related to the nature of the drive for utility. To address this Hicks and Allen (1934) used a technique of indifference curves developed by Edgeworth (1879) to present a theory of consumer behaviour involving ordinal comparisons of satisfactions. From there Samuelson (1947) introduced his theory of revealed preference where consumer behaviour was treated solely on the basis of revealed preferences (Black 1987). In this Samuelson (1947) showed that a standard theory of consumer behaviour could be constructed without any overt reference to utility (Georgescu-Roegen 1994). Samuelson (1947) argued that consumer demand could be made only through asking consumers about their preferences. This was, however, not the end of the use of utility in economics.

In the 1950s and 1960s a group of economists shifted their attention away from utility itself to specifying how utility was manifested in the nature of products. Lancaster (1966) talked explicitly of utility and products in arguing that people were not buying the good as a whole entity but that utility was related to specific characteristics of the good, that people bought the good because specific characteristics of the good were need satisfying.

In this sense, Lancaster (1966) defined characteristics as the "technical properties of goods". These properties were objective however, their utility was subjective. That is, everyone responded to the characteristics differently. Similar notions were advanced by Quandt and Baumol (1966), Ironmonger (1972), Theil (1952) and Hicks (1956), though it was Lancaster's (1966) work that was to be the most influential in an economic definition of goods.

The Role of Value and Utility in Marketing Product

The literature on value and utility has important implications for how product should be viewed within marketing. As outlined at the beginning of the section these implications have been divided into two sections representing implications of the literature for marketing product that were:

1. Explicit in marketing's understanding of product
2. Relevant to marketing's understanding of product but at present not explicit

Explicit implications for how product should be viewed

The utility literature indicated that products needed to be of utility to a consumer for an exchange to take place. Further, that utility related to the attributes of a product rather than the product as a whole. The utility of a product was relative to each individual and their specific circumstance. This implied that there was no objective product, rather that consumers determined value based on their own circumstance and that therefore product needed to be viewed by the producer from the perspective of the consumer.

Non explicit implications for how products should be viewed

An implication of the value and utility literature for how product should be conceptualised and which was not explicitly recognised in marketing understanding of product was the view expressed by Alderson (1957) that the value of a product lay in its potential for use. This implied that products were not need satisfying in themselves but rather their value was determined by the relationship of a product to the rest of the assortment and was determined through its use in the consumption process. As noted, product was generally defined in terms of outcomes. This suggested that more explicit recognition of a product's relationship to other products within an assortment should be included within any re-conceptualisation of marketing product.

One additional and related issue highlighted by the review of the utility literature which was not explicitly articulated within present marketing understandings of product was that utility related not just to psychological satisfactions but also fitness for use. Alderson (1957) also touched on this point when arguing that value could be divided into two, that which was an end in itself and that which was a means to an end. A review of the marketing understandings of product indicated that product was nearly always defined in terms of psychological satisfaction or the outcome. This suggested that the development of a marketing specific understanding of product needed to take into consideration that the utility or value of a product was determined by both the need that was satisfied together with its ability to be used.

2.8.3. A review of the consumption literature

While there was not a lot of work done explicitly on product there was a voluminous literature on the associated area of consumption. A review of this literature should provide insight into the nature of product from the perspective of the consumer which could be modified to fit within marketing's understanding of product.

Consumption was of interest to a number of disciplines beyond marketing including sociology, anthropology, psychology and economics. Much of what marketing understood of consumption had been heavily influenced by research in these related areas.

Classical Models of Consumption

The classical models of consumption derived from economics and were based around utility theory and the market economy. In these models the consumer exerted pressure on the suppliers through their choice, buying what they perceived to be of utility. In this way the market served the consumer through the mechanism of competition. Consumers maximized utility whilst minimizing cost. These models focused almost exclusively on cost and utility and except in a couple of notable exclusions (Veblen 1899, Mason 1981), ignoring non utilitarian factors (Firat & Dholakia 1998, Hogg and Mitchell 1996). Later, critics argued that these oversimplified the consumption experience by assuming that needs were in the nature of the human and not in some way constructed (Firat and Dholakia 1998).

Veblen(1899), however, differed from this perspective. Veblen (1899) looked at the consumption patterns related to differing social classes and argued that lower classes emulated the consumption pattern of higher classes and that commodities and consumption defined social positioning (Gottdiener 1995, Firat and Dholakia 1998). In this way he moved away from the view of consumption being driven by a rational individual to one where it was collective or class driven.

Whilst Marx never wrote explicitly on consumption, Marxist scholars characterised it as being class based as well. They argued that capitalists control what was being consumed through their control over what was being produced, that the patterns of consumption in society were determined by the realization and accumulation of capital (Black 1987). Economists responded to this critique of the market system by arguing that consumption

was determined by the conditions and relations of production but that it was the creative entrepreneur responding to consumers needs that determine that (Black 1987). Gaibraith (1960), however, differed to the other economists on this point, arguing that it was the producer who determined the process of need formulation, that corporations created the need for their products, that supply created its own demand. This was achieved through their access to the resources and media of society. In this way it was the corporations that were defacto social planners of society. Galbraith (1960) believed that consumers served the industrial system by consuming their products and that consumer demand was influenced by the relationship that the products had with one another, that some products necessitated and facilitated the adoption of others (Gottdiener 1995). That is, products come with a system of their own.

Whilst debate along these lines continued in the economic and political economy literature, other social scientists took a different perspective to it, attacking the issue from the perspective of meaning. Simmel (1957) argued that consumption was the process by which human beings become cultivated, that is acquired their culture. It was through consumption that people acquired much of their values and experiences regarding life and being. It was the consumption process that enabled the consumer to attach meaning to the object.

Barthes (1967), on the other hand, viewed consumption as a symbolic code. While it satisfied needs, it was more importantly embedded in cultural and symbolic structures, in systems of symbolic meaning. In this way, satisfaction could not be separated from the symbolic meaning of the product and consumption activities. Baudrillard (1988) argued that consumption was an important determinant of socio-economic relationships in society. Consumption experiences, together with material structures, represented a symbolic hierarchy that in turn determined consumption choices. It was these structures that in turn determined classes and distinctions in society. That is, social classes were determined by the consumptive pattern of people with similar material structures.

McCall and Simmons (1982), however, argued that collections of products and patterns of consumption activities were taken by society as defining social roles. Solomon and Assael (1987), provided a marketing application of this in developing a consumption constellation which had as its basis the patterns of products, brands and consumption activities “associated with a social role”

It was because of this concentration on structure that Baudrillard (1988) as well as Simmel (1957) were regarded as structuralists. In their view societal structures played a large part in determining the consumption, preferences, tastes and styles of society.

Post Modernist Views of Consumption

Reacting to the structuralist stances on consumption, post structuralist or post modernist authors viewed consumption differently. Post modernists rejected the modernist view that had consumption in a subservient role (Firat and Dholakia 1998). Consumption, in this world view, was viewed as the defining of the meaning and value of a product (Firat and Dholakia 1998). It was the consumption or desire for consumption represented in sign value that afforded the object its value.

Firat and Dholakia (1998) argued that, from a consumer research perspective, four conditions of post modernism’s perspective on consumption could be used to best understand it, hyperreality, particularism, fragmentation and symbolic behaviours.

Hyperreality

This aspect of post modernism was most closely associated with Baudrillard (1988) who argued that humans constructed their own reality and that therefore these realities were a product of their imagination. This world of self referential signs constituted in their mind a hyperreality. According to Baudrillard (1988), consumption consisted of the exchange

of signs. Within this view of consumption, consumers were continually constructing and then consuming a simulated environment made up of hyperreal objects, symbols and space. Reality had no absolute or essentialist basis but rather was constructed as a narrative from the symbols of their own context (Firat and Dholakia 1998). In this way, it was signs and symbols rather than the more narrow economic understanding of use value that was important in understanding the objects of consumption, products.

Particularism

Particularism referred to the post modernist view that different cultures responded to the same needs in different ways because they had different world views. This meant that the products of cultures were not universal across place and time and instead related to that particular context only. When cultures interacted, consumption was synergistic rather than universal, each treating the consumption experience in their own way consistent with their own world view. This implied that the meaning ascribed to the objects of consumption was socially and culturally determined and could change over time. So an old car would have a different meaning now than when it was first produced and that the meaning ascribed to that car differed from one culture to another.

Fragmentation

This notion referred to the individual as well as the collective. In fragmentation the self was not a unified construction but rather was fragmented into many. (Firat and Dholakia 1998). The self was in a constant redefinition through their relationships with people and products. This offered a view of consumption at odds with the modernistic perspective as encapsulated by the economic model. Under the economic model the consumer was assumed to have a unified self and unified meaning, that needs were derived from human nature that were stable, universal and given (Firat and Dholakia 1998). Consumption in this world view was aimed at satisfying consumer needs that were logical, organised and obvious to the producer and consumer. Post modernists argued that this was just not the

case. Consumer behaviour varied across space and time and so there were no consistent patterns (Firat and Dholakia 1998). The consumer lived in the present and mixed and utilised the symbols as they saw fit at that time (Firat and Dholakia 1998). Once the consumer went beyond substance to symbols and entered the world of narrative, no boundaries existed (Firat and Dholakia 1998). All was possible. It was this world of endless possibilities and constant change that post modernists argued marketers worked within, constantly sending messages of change and possibilities to consumers. In this respect products were symbols, packages of change that were viewed within that specific cultural and consumptive context (Firat and Dholakia 1998). They became objects of desire, due in part to the symbolism of promise and change, they symbolised a better life, pleasurable and more exciting (Firat and Dholakia 1998).

Symbolic

Post modernists believed symbols created meaning and consumers negotiated consumption via meaning. Those meanings were provided by culture and media and were in a constant state of change. The meaning of product was therefore also was in constant change.

Post modernists such as Firat and Dholakia (1998) believed that it was through what they consumed and the process of construction of the consumer's consumption experience that they laid claim to their identities and signaled to the world their worth and identity. People judged individuals, their status and their value in society by what they saw that individual consume. In this way, by representing themselves to the world as what and how they consume, they consumed the self. Products were a way of producing one's life. Within this perspective consumption moved from one of destruction to one of construction. Post modernists argued that the division of production and construction was

arbitrary. In every act of production there was consumption and in each act of consumption, production (Firat and Dholakia 1998). For the post modernist, consumption came to be regarded as the value producing process. It was the context which determines the meaning of what was signified by the sign or symbolic (Firat and Dholakia 1998).

Post modernists also believed that all products, even if they were produced with a specific function in mind, were only arbitrarily connected to that function (Firat and Dholakia 1998). In this way the product broke free from the meaning ascribed to it by the producer. This was because consumers acquired the product for the images that it represented and these images were only partially constructed on the functional need that it met. A single object was capable of presenting multiple images both to the consumer themselves and between other groups (Firat and Dholakia 1998).

Consumption and the Self. Psychological Perspectives

Consumption has also been addressed from a psychological perspective. Of key interest to psychologists was the role of consumption in the individual's identity or self. McCracken (1990) argued that consumers utilised products to, among other things, construct notions of the self. Dittmar (1992) argued that identity was formed at the individual-society interface. Hogg and Mitchell (1996) argued that as consumption was also located at the individual-societal interface, there was a strong link between consumption and identity. Dittmar (1992) argued a similar line, that identity, self and consumption were socially constructed and therefore linked. Central to this argument was the assumption that the self concept was of importance to the individual and that they would enhance and protect it through their behaviour. Hogg and Mitchell (1996), taking a Symbolic Interactionist approach, argued that the self was enhanced or protected through the consumption of goods as symbols.

Other Marketing Orientated Approaches to Consumption

From a marketing perspective, Holt (1995) argued that consumption and the research done on it could be classified into four categories, consuming as experience, consuming as integration, consuming as classification and consuming as play.

Consumption as experience

This type of research looked at consuming as a psychological phenomena which resulted in differing emotional states. Hollbrook and Hirschman (1982) pioneered this form of research while other authors such as Belk, Wallendorf, and Sherry (1989), Celsi, Rose and Leigh (1993) produced work that Holt (1995) argued bore its influence.

Consumption as integration

This research examined how consumers acquired and manipulated an object's meaning and in doing so acquired access to an object's symbolic properties. Integration worked in two directions. Those practices where the consumer integrated the product's properties into their own identity (Belk 1988) and those where the consumer altered their own self concept to match the institutional defined identity (Soloman 1983). Work by Belk (1988) on self extension processes, Mc Cracken (1986) on personalized rituals and Belk et al (1989) on sacralizing practices were examples of this type of consumption research.

Consumption as classification

This type of research included all that which focused on consumption as a process where objects classified their consumers. These practices were designed to build affiliation and to enhance distinction. Consumers classified themselves or others through the shared

meaning of objects that they utilised (Levy 1959; McCracken 1986). So, for example, people who owned and rode Harley Davidson motorcycles may feel an affiliation with others that rode Harley Davidson motorcycles and may use that ownership as a means to, at least partially, define themselves and those others.

Consumption as play

Holt (1995) argued that this body of research looked at how consumers used consumption objects to play and through that experienced it in the other senses outlined above. Holt (1995) suggested that this area was as yet underdeveloped being restricted to a few studies by himself, Arnould and Price, (1993) and Sherry (1990).

Notions of Product to be Drawn from the Study of Consumption

The literature on consumption had important implications for how product should be viewed within marketing. As outlined at the beginning of the section these implications will be divided into two sections representing implications of the literature for marketing product that were:

1. Explicit in marketing's understanding of product
2. Relevant to marketing's understanding of product but at present not explicit

Explicit implications for how product should be viewed

A key implication of the literature on consumption for how product should be viewed by marketing was that the meaning of a product for the consumer was determined by consumption. That meaning, however, was varied. It could be functional and relate to how the attributes of the product worked to satisfy their need. The meaning could also be symbolic and relate to how the consumer used it to make sense of the world on an

individual or group basis. Individually, products could be used to define and communicate notions of the self. As notions of self could alter with context, meaning of product also could alter. That is, the meaning of product was relative to the role that the consumer wanted it to play in defining and communicating notions of their self to the outside world. Products could also be seen to have meaning on a societal level, defining and or determining social and status groupings and perhaps determining power structures.

Non explicit implications for how products should be viewed

The review of the literature highlighted that consumption could be viewed as production, the production of the self or of satisfaction in general. This implied that product needed to be viewed from the perspective of production also. As argued, marketing conceptualisations of product had tended to focus on the consumer's outcome rather than or in addition to the process that led to that outcome. This had implications for how marketing should view product. This implied that product needed to be viewed in terms of not only the outcome that was desired but also from the perspective of being a component of a production process and what its nature was within that.

2.8.4. A review of the production literature

If a review of the consumption literature provided insight into product from the perspective of the consumer, then a study of production should have provided insight into the nature of product from the producer's perspective. Given that one of the major criticisms of marketing product so far articulated was that it tended to overly emphasize the meaning of product to the consumer, underplaying the perspective of the producer, then a review of the production literature was particularly important in the development of a marketing understanding of product. Shaw and Pirog (1997) provided support for this view. They argued that on the whole the implications of the work on production had

been largely overlooked in the marketing literature. In addition, if consumption could be viewed as a production process then a wider examination of what was meant by production would be beneficial in understanding marketing product from the perspective of the consumer as well.

Most of what has been written on production came from the economic and political economy literature. For this reason it focused on the producer rather than the consumer. While this was largely the case other disciplines had also touched upon the subject matter.

Economic View of Production

The study of production has been one of the core intellectual concerns of economics (Black 1987). In an economic sense production was concerned with the relationship of input to output within the context of profit maximization. Quesnay (1759), however, conceptualised consumption and production as a single circular process. In this way he argued that consumption was the ultimate end of production. Production determined consumption and consumption was the necessary condition for production.

The work of Marx (1859) also brought new and wider meaning to the term production. Marx (1859) saw production as essentially a social process and therefore its meaning went beyond the narrow economic perspective. Marx (1859) argued that men produce the conditions of their material life and in so doing they were determined by production, what was produced and importantly how it was produced. These patterns then constituted the structure of society and determined their intellectual and material way of life. Marx (1859) also saw production as a circular activity where production, distribution, exchange and consumption became the components and determinants of that circular motion.

In later years the neoclassical economic theories of production focused on the demand and supply function of production. Integral to this was the technical constraints that influenced the range of production processes available to the producer and the make-up of the markets where the transaction would take place. Other economists took a view of production much more explicitly within the context of utility. For example, Sloan and Zurcher (1970 p.348) in the Dictionary of Economics define production as “the process of increasing the capacity of goods to satisfy human desires or of rendering services capable of satisfying human desires”

Other Views of Production

As the review of consumption indicated, various scholars had alternative views of production. Gailbraith (1960) believed that production determined social patterns in society, that producers through production were the defacto social planners of society. Other authors such as Potter (1959) and Packard (1957) have argued that it was the corporations through what they produce that controlled consumer tastes. Post modernists also had their own view of production and its relationship to consumption. As outlined, post modernists viewed the separation of the two as arbitrary, as a false dichotomy, that the two were the same thing. That in production there was consumption and in consumption there was production.

This was similar to what two economic researchers, Muth and Becker argued. Muth (1966) and Becker (1965) extended the conceptualisation of production beyond the exchange and conceptualised it within the household. Muth (1966), in his article "Household Production and Consumer Demand Functions", argued that commodities purchased in the market should be viewed as inputs into the consumer's production of goods in the household. This implied that the utility of a product was determined by the nature of the consumer's household production. Further, that the consumer purchased products with the needs of their household production in mind.

Becker (1965) argued a similar line. He argued that utility was realised by the combination of good and time on the part of the consumer. That goods were not of utility in themselves but needed to go through added production by the consumer, which then "enter into their utility functions" (Becker 1965 p.495). In this way, the consumer was both a "producing unit and a utility maximiser". One consequence of this view of product was that production and consumption were integrated from the perspective of the consumer. Rather than production being separated from consumption, as most economic thought held at that time, consumption of a product was part of a consumer's production process. The implication of this being that production and consumption was the same thing viewed from different perspectives. Household production was consumption if viewed from the perspective of the producer and production if viewed from the perspective of the consumer.

In viewing product and production in this way, Becker (1965 p.495) saw products as service flows or as he stated "services yielded by the goods".

Marketing's View of Production

One of the earliest contributions to the marketing literature on production was made by Wroe Alderson (1957). Alderson (1957) described the household as an organised behaviour system which was a goal seeking, input-output processing centre. From this perspective products needed to be viewed in terms of the assortment of other products that it would be used in conjunction with.

Shaw and Pirog (1997) developed this argument further in their four stage model of household behaviour. In a similar way to Alderson (1957), Muth (1966) and Becker (1965), Shaw and Pirog (1997) saw the household as an organised behaviour system that processed inputs into outputs in order to achieve need satisfaction. By viewing it within this context they differentiated between buying outputs and consuming outputs. Purchase of products could be conceptualised as buying output while satisfaction was the output of

consumption. The lack of distinction between the two in the classical models of consumption, they argued, represented a fundamental problem for marketing because it obscured the way that satisfaction was obtained from the purchase of products. That is, products were not need satisfying in themselves but required further production on the part of the household unit in order to realise that need satisfaction. Shaw and Pirog (1997) summarised the work of Muth (1966) and Becker (1965) arguing that what they had developed was a three stage model of consumption/production which included the process of purchasing, home production and finally consumption. Under this conceptualisation a household combined the inputs of time, effort and market goods in home production to generate an intermediate output which in turn was an input into the consumption activity that generates satisfaction. Shaw and Pirog (1997 p.12) went further developing a four stage model. In addition to the three stages described above they included employment activity that provided the capital with which to buy the market goods which were then transformed by household production to produce satisfaction. Common to all household production, within this model, were the inputs of time, effort, information and capital or “the stock of products and services generated in prior periods” (Shaw and Pirog 1997 p.12). Capital, in this sense, included such durables as tools and entered the household production process as raw materials or “semi-finished goods”. The lack of capital, time and information inputs could lead to a trade-off process where inputs created by the household production process could instead be bought as outputs of the purchasing process. A household could buy the labour of others instead of doing it themselves.

One further contribution by a marketer to the production literature was the work of Donald Dixon and his marketing as production argument. Dixon (1990) took the Sloan and Zurcher (1970 p.348) definition of production which was that production was “the process of increasing the capacity of goods to satisfy human desires or of rendering services capable of satisfying human desires” and argued that under that

conceptualisation of production, marketing was production. Basic to this argument was that as marketing added value through the provision of such utilities as place and time then by definition marketing was production. By taking this line Dixon (1990) took an economic view of production and attempted to place marketing within it.

Product Implications From Production

The literature on production had important implications for how product should be viewed within marketing. These important implications were all presently unaccounted for in marketing's understanding of product.

Non explicit implications for how products should be viewed

There were a number of important issues that could be drawn from the study of production that aided in a deeper understanding of marketing product. Primary amongst these was that for marketing, product must be viewed from the perspective of the producer as well as the consumer. How products were produced and the physical and intangible nature of the attributes as well as what need they satisfy was important. To marketing, the nature of production, with respect to products, was as important as the need they satisfy. While this was no doubt understood in marketing, it was not explicit in definitions or understandings of product, which, as already noted, could be argued to have a consumer bias.

The study of production also drew important implications for how product was viewed by the consumer that were not explicit in marketing's understanding of product. The work of Shaw and Pirog (1997), Alderson (1957), Becker (1965) and Muth (1966), together with the Post Modernist movement, highlighted that the consumption process could be viewed as a production process as well. That consumers used the product to produce their need satisfaction. This suggested that consumers used products as inputs into their own production processes. Shaw and Pirog (1997) argued that on the whole the implications

of such work on production had been largely overlooked in the marketing literature. The implication of this for marketing's view of product was that there was no clear recognition or articulation of how products were used to satisfy needs. This supports the criticism that marketing had a view of products as being what they were used for rather than how they were used.

The implications of the production literature suggested that in understanding product a perspective wider than the exchange was necessary. It was necessary to view it in terms of how it was produced and how it was used by the consumer to satisfy their needs. It also implied that product should not just be viewed in terms of the outcome the consumer desires. It needed to be viewed in terms of the process that led to that satisfaction.

2.8.5. A summary of marketing product

A review of the literature served a number of purposes. It had been argued that while there had been little written explicitly on product within the marketing literature, that marketing did have a discipline specific and relatively sophisticated understanding of product. This understanding was the result of borrowing from other disciplines or areas of marketing. While borrowing had its benefits it also had its disadvantages, primarily as a result of the different perspectives that other disciplines or areas of marketing brought to the phenomena. Because of this, a critical review of the influence of borrowing was required in any marketing specific conceptualisation of product. The literature review articulated explicitly what could be taken from other areas with an interest in product. The combination of the different perspectives also provided guidance as to how these individual influences should be evaluated with respect to the development of a marketing notion of product. From that came an identification of factors that should be taken into consideration but had not in the borrowing process. This provided guidance as to what explicitly needed to be addressed in the re-conceptualisation of marketing product.

Outlined next is a summary of what the literature suggests should be taken into consideration in the development of a marketing specific understanding of product. It included aspects that were at present explicit as well as implicit in marketing's understanding of product as well as those areas where gaps were evident. It represented an overview of the factors as a whole that needed to be taken into consideration.

The exchange literature suggested that an understanding of product should take both producer and consumer into consideration. A review of the definitions of product used in marketing indicated that, generally speaking, product was viewed primarily from the perspective of the meaning attached to product by the consumer, specifically, the outcome that they desired through consumption. Lutz (1979) argued that this was common in marketing theory, that the dominance of consumer behaviour tended to focus attention on the consumer at the expense of the producer. Any conceptualisation of marketing product should therefore look to explicitly recognise both. This view was supported by comments by Gummesson (2000) who argued that both producer and consumer should be taken into consideration in the development of an understanding of goods and services within the overarching framework of value creation.

The exchange literature also highlighted that product should be viewed in terms of value or utility. The utility literature suggested that such value was relative to the individual and could alter based on their circumstances. This suggested that the meaning of product needed to be consumer focused and defined in terms of what the consumer got out of the exchange. The consumption literature suggested that such value may be functional or symbolic, that the meaning of product related to how the product was used by the consumer. In some cases the product was used on an individual level to define the self or at a group level to define society or to place the individual within society or the group. Lancaster's (1966) work also suggested that value was linked to individual attributes rather than the product as some whole. This, together with the relativity of value, suggested that products should be viewed as all that the consumer receives through

the exchange that was of value to them. This corresponded to the notion of the augmented product and could include the relationship as product attributes. It also suggested that such marketing functions as distribution and communication, where they were of value to the consumer, should fall within the notion of the product offering.

The utility literature also highlighted that value related to not only the psychological satisfactions that could be obtained through consumption but also to the ability to use the product. While utility related to usefulness, it could be argued that a review of the definitions of products indicated that product was generally defined in terms of the psychological satisfactions that the product potentially provided through consumption, ignoring that aspect of utility that related to fitness for use. Similarly, in viewing products in terms of solving a problem, how products solved problems as well as the problem they solved was important in any understanding.

This bias was further supported through a review of the production and consumption literature. Numerous authors from marketing and other disciplines have identified that products should not be viewed just in terms of the outcome they provide. These authors suggested that products should also be viewed in terms of being inputs into a production process, that production and consumption was the same process and that it was the exchange which determines what aspect was viewed from the producer's perspective as production and what aspect was viewed from the consumer's perspective as consumption or the production of satisfaction. The review of marketing definitions of product indicated that, at present, product was viewed in terms of outcomes and not in terms of its role in a process. A marketing conceptualisation of product should therefore take both process and outcome into consideration.