

The traditional Marketing (M) –Operations (O) interface

- Coordination and alignment of the M and O functions within and across companies
 Strategic level
 - Impact of integrating M and O functions on firm performance
 - Aligning goals and objectives of M and O
 - Integration of multiple functional areas beyond M and O
 - Strategic role of supply chain management
- Planning/Design level
 - Interrelationships product / process design; Service design
 - New Product Development
 - Demand management and capacity planning
 - Impact of pricing on demand/customer behavior
 - -Marketing decisions, demand management, and production planning
- Operational level
 - Customer experience management; Quality management

The traditional marketing-operations interface

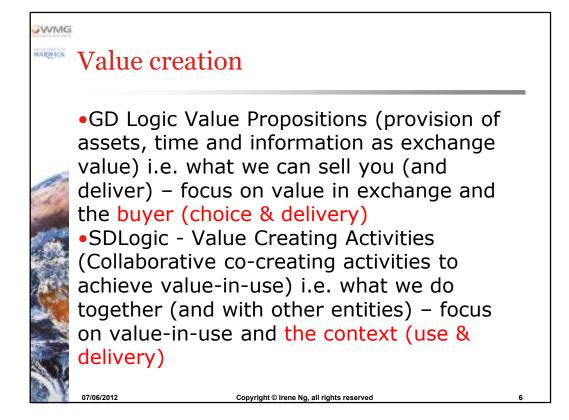
- · Interfaces for products
 - Issues are described before the product is used or consumed by the customer.
 - Very limited literature on interface issue arising from the consumption of products
- · Interface for services
 - Issues are more prominent because of the higher levels of customer intensity (i.e. co-production/consumption)
- But...
 - Is a services vs goods distinction needed when we shift the focus to context and outcomes?
 - The blurring of boundaries between operations and marketing seems applicable even when goods are involved

From G-D Logic to S-D Logic

- G-D logic (value-in-exchange) is the default logic in traditional literature
 - Scope of marketing: how transactions are managed or how the offering is developed, proposed, and sold to the customer
 - Operations: value is created in the manufacturing process and delivered when the product is transferred to the customer
 - IHIP to define and characterise "services"
 - The value of services is the reducible bundle of activities that is first exchanged and then delivered.
 - →The interface between marketing and operations is that of effectiveness and efficiency of exchanges

From G-D Logic to S-D Logic

- Literature does not provide adequate frameworks or guidance on how traditional 'products' and 'services' work together as hybrid offerings to achieve outcomes
- Little is known about how traditional interfaces might change when the firm's offering is a hybrid or a part of a connected system of entities
- · Shift to S-D Logic (value-in-use) as a novel lens to analyze value-creating systems
 - FP1: Service is the fundamental basis of exchange
 - FP6: The customer is always a co-creator of value
 - FP9: All social and economic actors are resource integrators
 - FP10: Value is always uniquely and phenomenologically determined by the beneficiary
- Business practice: markets are being created around outcomes of offerings, e.g. outcome-based contracts (OBC) of equipment-based service, outcomes of products that may be connected to other products.



Implications for the interface (1)

1. Unit of Analysis of operations management and marketing

 Combined firm-customer value-creating service system, with entities rendering their competencies i.e. service, to achieve outcomes

2. Boundaries of OM and marketing

- Shift towards the context of value-creating service system that privileges neither the material, user or technologies, but the service (competences) of the entities
- 3. Viability from Variety
 - Understand the dynamic configuration of resources contributed by both the firm and the customer that could absorb variety to achieve greater effectiveness in efficient and scalable ways

