Value propositions in higher education – an S-D logic view.

Introduction
In their paper, ‘Service-dominant logic: continuing the evolution’, Vargo and Lusch (2008) portray service-dominant (S-D) logic as “a mindset, a lens through which to look at social and economic exchange phenomena so they can potentially be seen more clearly” (p. 9). As such it is a philosophical standpoint which scholars are beginning to apply in a variety of contexts. The provision of higher education in marketing is a service offered by institutions to students and as such is amenable to such an analysis. In this paper a key aspect of how the institution and the student interact with each other through the use of value propositions is explored with a view to shedding light on this key area. In so doing we hope to contribute to the improvement of higher education programmes.

Service characteristics of higher education and service-dominant (S-D) logic
The provision of higher education programmes in general can be considered as a service and one that has certain distinctive characteristics. These include a high intensity of involvement of both a ‘supplier’ (university/teaching and other staff) and a so-called ‘consumer’ of this service (the student), and a prolonged duration of delivery and interaction, often 3 years or more. These characteristics exemplify both Payne et al’s (2008, p.85) observation that, “the relationship between the provider and the customer...[is]...a longitudinal, dynamic, interactive set of experiences and activities performed by the provider and the customer” and Vargo’s (2009) argument that value creation is always a collaborative and interactive process and that service dominant logic should be seen in the context of a relationship in that value “emerges and unfolds over time” (p.375).

Since the publication of Vargo and Lusch’s pioneering article in 2004, there has been much debate surrounding S-D logic. Within this conceptualisation the notion of the value proposition and value creation are key elements. Using Vargo & Lusch’s 10 foundational premises, FP6 - the customer is always a co-creator of value, FP7, the enterprise cannot deliver value, but only offer value propositions, and FP10 - value is always uniquely and phenomenologically determined by the beneficiary, seem to be of particular relevance here.

The value proposition
The term ‘value proposition’ is in widespread use throughout marketing and many other business disciplines and although, as Ballantyne et al (2011) argue, there are a variety of perspectives, ‘value proposition’ is most commonly taken to refer to the benefits that an organization promises to deliver in return for value delivered by the customer (often a financial payment). As such it is a well established aspect of conventional marketing practice and implies that the organization will ‘deliver’ value to the customer in exchange for something of value to it. This reflects the notion of ‘value-as-exchange’. One of the beauties of S-D logic, as introduced by Vargo and Lusch, is that it invites marketers to reconsider their perspective (Gummesson, 2008) and Frow and Payne (2011) argue that this also applies to the value proposition. As Baron et al (2010) suggest, one of the attractions of S-D logic is that customers are not seen as simply passive receivers of value but “as possessors of operant resources ... that they integrate to create experiences and value” (p 254). In this sense, the consumer is not seen as a reactive ‘destroyer’ of the value (Vargo and Lusch, 2008) provided by the supplier but an active participant in the integration of resources as a part of a network of actors (Vargo and Lusch, 2011). Thus, as
indicated in FP7, the ‘supplier’ cannot deliver value as such but only offer a value proposition; it is for the user of that value proposition to co-create or ‘actualise’ the value they seek (Gummesson, 2008) - the premise of FP10. If this is true, then the organization can only offer a value proposition to the consumer which potentially has value for the customer (Ballantyne et al, 2010) and thus the value proposition “exists to facilitate the co-creation of experiences” (Payne et al, 2008, p.86). The original viewpoint of Vargo & Lusch (2004) was that a service-centred view should lead suppliers to involve customers in developing the value proposition itself. However, Ballantyne and Varey (2006) argue that, for a long term relationship between a supplier and customer to work, there must be mutually satisfactory value propositions offered by both parties; what they term ‘reciprocal’ value propositions. These then form the basis for the co-creation of value - through the reciprocal “enactment of the value propositions that buyers and sellers express” (p.344). Frow and Payne (2011) go further and argue for a wider variety of stakeholders, each offering a value proposition. From an HE perspective one may consider the student, the institution, employers and society as a whole in this context.

Looking at Figure one, students come to university with their own value proposition (of which they may or may not be aware) and this can include money, ideas and even culture. Equally, universities offer value propositions that draw on expertise in learning and teaching, research, facilities or location, fees and contacts withindustry, which may enhance the learning experience or enhance employability after university. Students are the ‘consumers’ of programmes of marketing education and as such possess operant resources (i.e. skills, capabilities, knowledge, initiative, imagination) which they integrate with the resources of the university and its staff to co-produce both experiences and their own ‘personal’ value (Baron and Harris, 2008). Through engaging in co-production activities a student will encounter opportunities to enhance their operant resources through developing understanding, acquiring skills and building knowledge,
thus they collaborate with the institution to develop and realise the potential of their reciprocal value propositions for themselves and for use beyond university.

**Actualisation of Value**

A way of helping students actualize the value implied by value propositions might be to adopt an S-D logic approach to the provision of higher education programmes as outlined by Baron and Harris (2006). They argue that what they term as a ‘new dominant logic’ (NDL) pedagogy would encourage students to participate in the course design process, thus working (as Vargo & Lusch, 2004 suggest) to develop the value proposition, as well as taking a more active part in the co-production of their learning experiences and the value actualizing opportunities that arise from this. There are implications arising from this active bringing together of reciprocal value propositions and the resources that support them and Ballantyne et al (2011) suggest a refinement of FP7 to accommodate this. Further, this is akin to Knowles (1984) and others’ arguments for ‘andragogy’ (teacher facilitated, learner-driven, active engagement with content defined at least in part by the learner).

For the student, the opportunities to actualise value (Gummesson, 2008) present themselves through the application of enhanced operant resources to generate ‘value-in-use’ at different points in time, over time and possibly in differing locations for instance in a lecture, at the end of a year, at the end of a degree, or even much later in the job market, as indicated in Figure one.

**Research**

In order to address some of the questions which arise from the previous discussion research should be undertaken. As indicated by Frow and Payne (2011), it is suggested that a mixed methods approach be adopted with a number of key stakeholders. As a starting point an undergraduate study should be devised. The rationale is the current climate where fees are being increased and this appears to be an opportune moment to ask about reciprocal value as students may become more discerning. Three significant questions may be:

1. What is the understanding of these value propositions and
2. Do institutions and students recognise that they offer reciprocal value propositions?
3. Would a mutual recognition of the idea of reciprocal value propositions lead to a change of approach of the part of institutions, or students, or both?

A study could explore potential students before they arrive at university, first years, final year graduates and alumni. A cross section of institutions and employers should be addressed.

**Concluding Remarks**

S-D logic provides us with a lens with which to examine and reflect on what we currently do and may enable us to improve the value propositions integrated by students, the institution and employers when students undertake a course of higher education and consequently the value they gain from this. The authors contend that taking a fresh look at the wider issues surrounding students and their experience of learning in higher education can indeed be informed by S-D logic (and especially the implications of FPs 6, 7 and 10). Given the gradual ‘marketisation’ of higher education, the advent of higher cost to students and rising demands for transparency of outcomes, such a re-examination may be very timely, not just for marketing education but all higher education in the UK. Will new opportunities and new solutions become apparent?
References


Ballantyne & Varey (2006) Creating value-in-use through marketing interaction: the exchange logic of relating communicating and knowing, Marketing Theory, 6, 335


