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Customer Service in the IT/Social Media Marketing Era: Reverting to a Zero-sum Game

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Customer Service in the IT/Social Media Marketing Era: Reverting to a Zero-sum Game

Introduction/Abstract

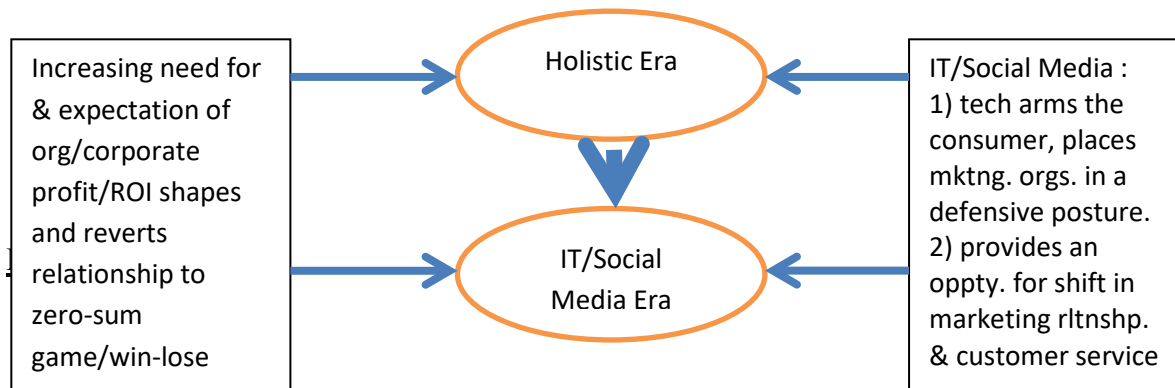
During the past 10-15 years marketers and consumers have increasingly pondered and discussed if customer service has improved or declined. During this time we've experienced the great marketing power of IT and social media but have also heard and/or shared many "horror stories" of poor customer service in a changing marketplace. Which is true? Has customer service declined, improved, and/or merely changed? The answer is simply, "YES - all of the above". However, the key challenge, for both consumers and marketers, is not so much a "yea vs. nay" determination, but to better examine the what, why, and how of this change – to well understand the circumstances that underlie the shifts in customer service as well as the opportunities and risks that lie in front of it as we go forward in time and technology. This theory paper attempts to examine what transitions have occurred in the customer service relationship and environment during the past 10-15 years as the equilibrium of power and relationship between marketing organizations and customers has shifted during the current IT/Social Media-based marketing era - to consider what has changed, why and how it has changed, and what the future may hold for it as well.

Background

To fully understand the recent shifts in customer service, we must first put them in perspective and context by looking at its progression over time. Advertising and marketing/sales have always been about selling products in order to make money; this is reasonable, normal, and expected. Also natural is that selling has always been accompanied by some degree of "let the buyer beware"; caveat emptor has always existed as well, and informed consumers have always been aware of and accepted it as part of the juxtaposition of marketing organizations and the consumer. Nevertheless, from the beginning of the simple trade era of marketing up through the holistic marketing area of relationship and network marketing we experienced an increasing progression in customer service towards a "marketing" (vs. "production") mentality and a win-win relationship.

However, during the last 10-15 years, key changes or "shifts" have occurred in technology that have combined with increasing expectations of and toward (marketing) organization profits and ROI to "change the playing field" regarding the nature and definition of customer service. More specifically, the onset and prevalence of IT/Social Media has replaced the Holistic Marketing era and provided an opportunity to change the balance of power and information between the marketing organization and the consumer. The emergence of technical leverage has combined with the perpetuation of business organizations' need, insistence, and expectation of increasingly high profits/ROI to shift customer service and marketing from a holistic win-win mentality and era into a new more adversarial era characterized by a more win-lose relationship and "production mentality".

Figure 1: Transition from Holistic Era to IT/Social Media Era



This basic reversion and shift in nature and relationship is modeled in Figure 1, and also captured in the progression of marketing’s role and eras’ seen in Table 1 below; a number of its utilized terms are first defined and clarified:

- Marketing mentality/focus: Focus and intent is upon satisfying the consumers’ wants/needs.
- Production mentality/focus: Focus is on satisfying the marketing organization’s wants/needs
- New (marketing) paradigms: Relationship marketing, network marketing, social marketing, corporate social responsibility (CSR) & “green”/environmental
- Win-Win: A perspective where both parties/sides can win or gain in a negotiation/collaboration (collaborative in nature)
- Win-Lose: A zero-sum game; one can gain/win only by another’s losing/loss in a negotiation/confrontation (confrontational and adversarial)
- Zero-sum game: A win-lose perspective or mentality

Figure 2: Marketing’s Era Progression Over Time

Marketing Era	Time Period	Power/	“Production” vs. “Marketing” Mentality
Simple Trade	Pre- Industrial	Negotiate	Production & barter focused
Production Era	Industrial era	Prod. Org.	Production focused; cheap & avail. (Model T)
Sales Era	1940s & 50s	Cav Empt.	Production-Sales focused (Tin Men)
Mkt. Dept. Era	1960s	WW/WL	Production & marketing mentality/focus
Mkt. Org. Era	70s, 80s, 90s	Win-Win	Marketing mentality/focus
Holistic Mktng	90s, mid-2000s	Win-Win	Marketing mentality/focus & new paradigms
IT/Social Media	Mid-2000s →	Win-Lose	Production & marketing focus & paradigms

Table 1 indicates and reiterates that with the advent of the current IT/Social Media era that the customer relationship/service pendulum has swung back away from the progressive win-win and marketing mentality/focus that was achieved in the Marketing Company/Org. era and experienced during the Holistic Marketing era, and towards a win-lose and production- oriented mentality. But what experiential evidence causes and/or supports this claim and/or contention?

Evidence of win-lose and zero-sum game behaviors and techniques by marketing orgs

Clearly and admittedly we have seen and can recognize that during the Social Media/IT era of Marketing that the consumer has gained leverage regarding the prevalence and speed of consumer information regarding, pricing, competition, word-of-mouth experiences/testimonies, and product features and offers; consumers today well access and utilize this information masterfully. However, along with this gain, consumers also have experienced a myriad of negative IT/system-based techniques from marketing organizations that offset this gain; these experiences and exposures include:

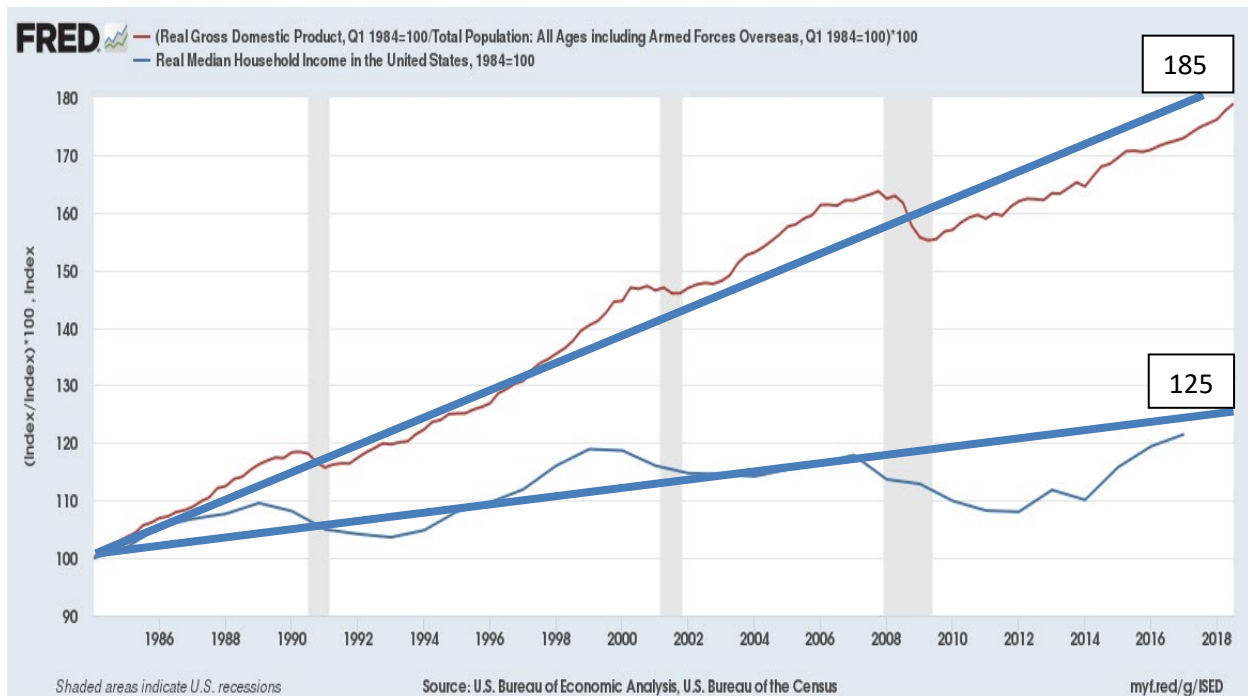
- Customer service reps (CSRs) are a front-line of “defense” to reduce costs, issues/claims
- Customer service reps with minimal training, knowledge, and authority to resolve issues
- Systems that are either complex and/or confusing that to frustrate and/or deter consumers
- Inability to reach a human CSR for resolutions/issues
- Systems algorithms set up to lure and sell to consumers via confusion or tech errors
- Inability to review products or sites without providing information and/or signing up
- Payments and billing issues only handled systematically and/or online
- Lack of phone and or home address information for corporations and CSRs
- Categorical requests or warnings of distributed use of personal consumer information
- I-phone calls to sell and/or collect beyond/outside blocking limits
- Etc.

But why has this happened? What about the nature of IT and social media and/or its timing has created this shift or swing? Normally we expect technology to eventually and/or ultimately leverage economic situations into a win-win situation; the leverage that technology provides normally allows both/all economic parties to ultimately benefit and gain. However, thus far, after 10 years of time in the IT/Social Media era of marketing, customer service still seems to be approached from a win-lose and zero-sum game perspective. Why during the advent of the IT/Social Media era of marketing, despite the gains on the consumer side, does it often seem like we are now/still in a tech-based “war” with the very marketing organizations that we pay and purchase service? What allowed the progressive win-win that seems to have occurred during the Marketing Company and Holistic eras to be reverted during the current IT/Social Marketing era back towards a win-lose and zero-sum game mentality and perspective? Why has technology not provided and perpetuated a progressive win-win in customer service versus this seemingly more adversarial relationship?

The Increasing Corporate Expectations for/re: Profits/ROI

The answer may well be that what has primarily caused more adversarial relationships between consumers and marketing organizations/corporations has had little to directly do with the onset of the IT/Social Media era; this timeframe may well have merely been the inadvertent or perhaps convenient or opportunistic era in which this just happens to have occurred and/or been more visible. The truth is that while the onset of IT and social media may have placed marketing organizations in a defensive position and/or provided an opportunity to change the “playing field”, that the true driver and/or catalyst for this relationship/service reversion back towards a “production”, win-lose, and zero-sum game mentality is simply and primarily the desire and expectations by corporations to experience increasingly favorable profits and ROI. Figure 1 below well shows four economic trends that that have accompanied the transition of marketing from the Marketing Company and Holistic Eras into today’s era of IT/Social Media, and that the author contends have situationally pushed marketing organizations and consumers into a more adversarial/competitive relationship and posture: 1) the increasing gap between GDP growth and average worker/consumer income; 2) the increasing gap between CEO/executive pay versus worker/consumer pay; 3) the increasing level of worker/consumer debt; 4) the increasing level of corporate profit. These four economic trends and indicators are illustrated in Figures 3-6 and their influence and impact over time illustrated in Figure 7.

Figure 3: Real GDP vs. Real Median Household Income in U.S.

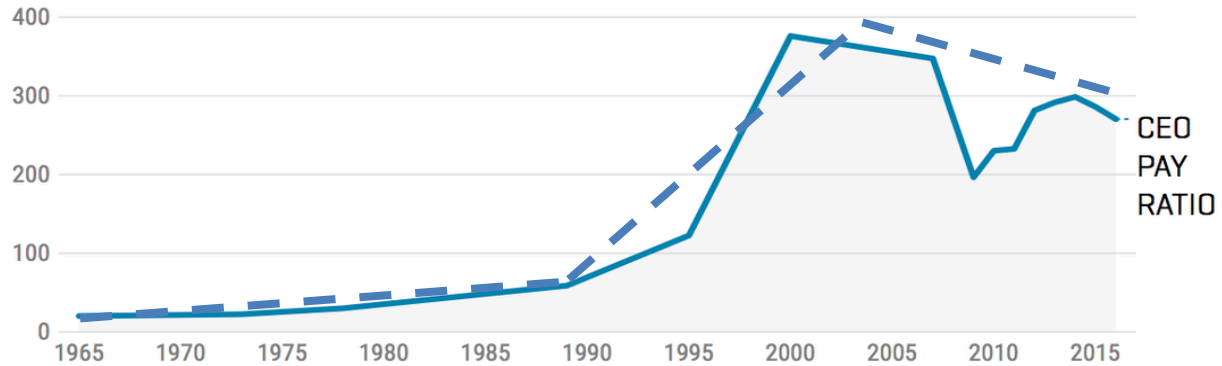


As Figure 3 below indicates, “Wall Street” and corporate America’s income has outpaced/exceeded “Main street’s”; since 1984 the “gap” has widened to almost 2X.

Figure 4: CEO-to-worker Compensation Ratio

CEO-to-worker Compensation Ratio

While 2016 CEO pay is projected to fall slightly from 2015, the average CEO of a large U.S. company makes 271 times the wages of the average worker.

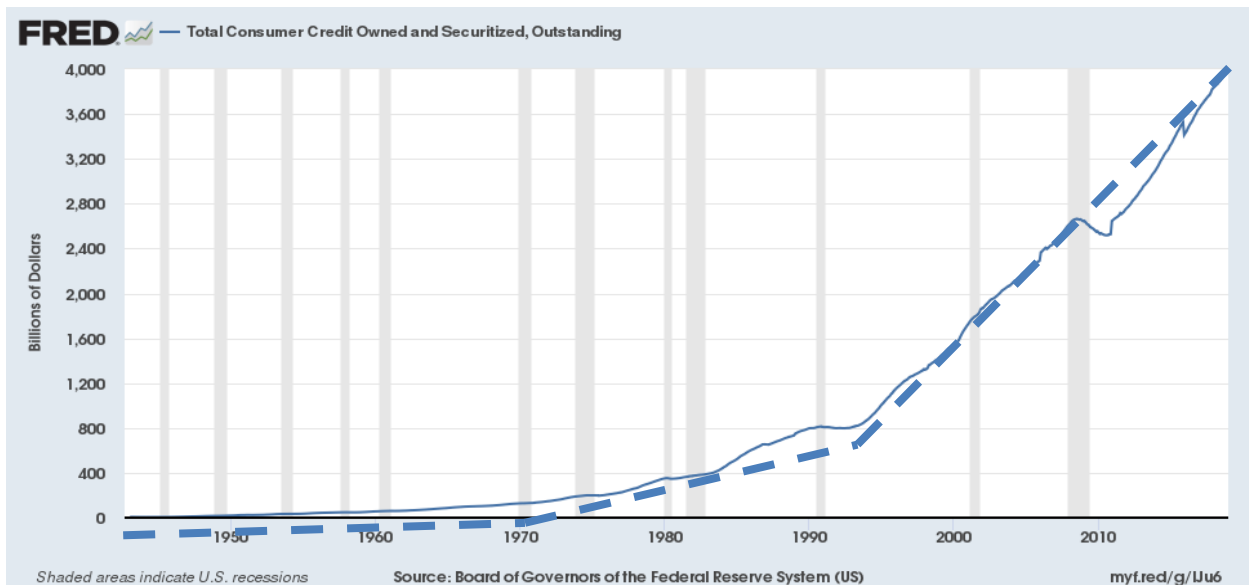


This uses the "options realized" compensation series which includes salary, bonus, restricted stock grants, options realized, and long-term incentive payouts for CEOs at the top 350 companies ranked by sales.

SOURCE: [Economic Policy Institute](#)

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Figure 5: Total Consumer Credit Owned and Securitized, Outstanding

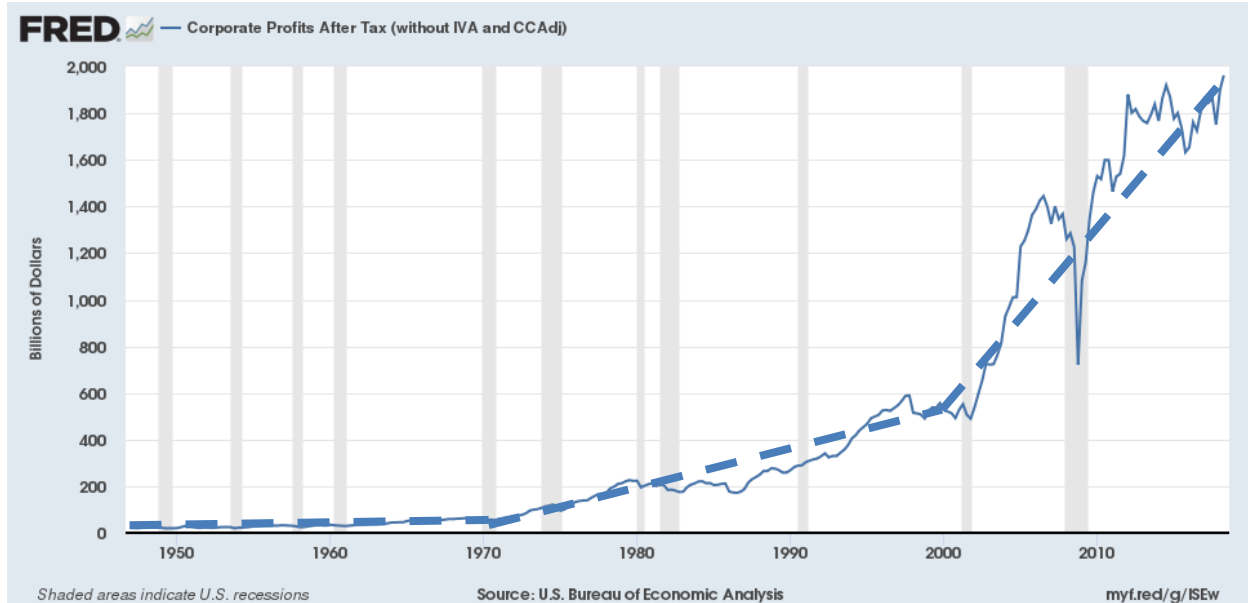


Shaded areas indicate U.S. recessions

Source: Board of Governors of the Federal Reserve System (US)

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Figure 6: Corporate Profits After Tax



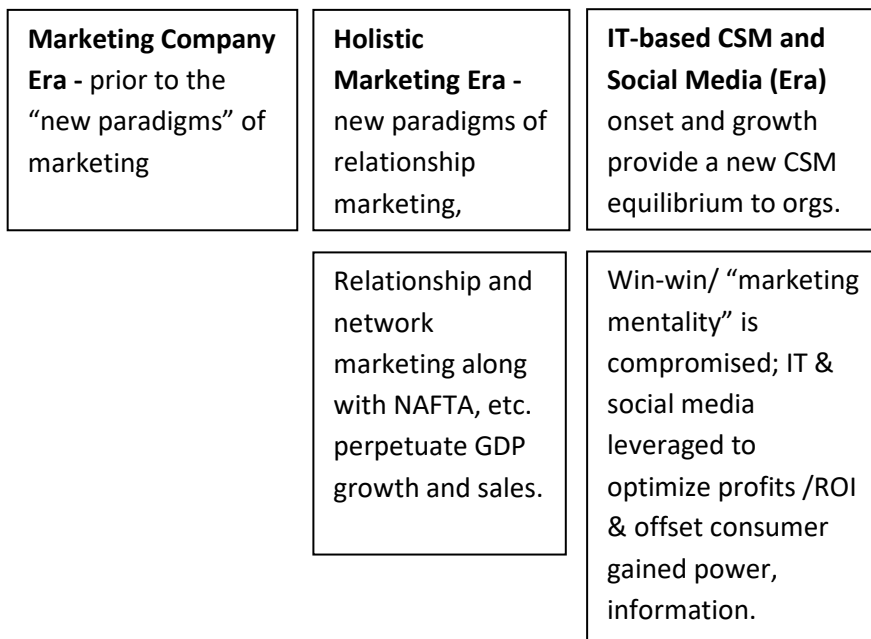
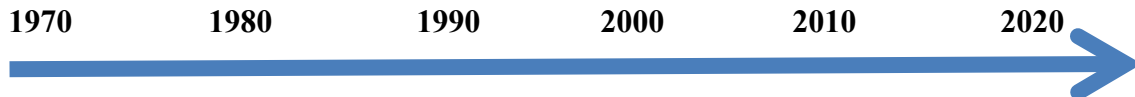
While these four economic indicators do not categorically prove or evidence a propensity or intention of marketing organizations/corporations to elevate profits by leveraging IT and/or social media based customer service, the author believes it is a reasonable situational consideration and possibility at least, and perhaps an intentional relationship-based response and juxtaposition at best. The fact is, that for whatever reason, the defensive or perhaps even offensive use of systems to combat customer service costs and enhance sales/marketing is indeed occurring, despite the fact that, in theory, a technological gain in the marketplace should result in more of a win-win than we seem to be experiencing as consumers. If true, then what does the future of customer service hold for the future in the marketing era of IT/Social Media? Can and/or will the IT/Social Media era eventually achieve a win-win perspective and relationship?

Future Implications and Projections

At the risk of sounding skeptical and/or paranoid, the author firmly believes that the trend we have and are seeing since the onset of the IT/Social Media era will perpetuate “hand-in-hand” along with the need, desire, and expectation of maximizing profits and ROI in marketing companies. Future gains in technology that impact and relate to the marketing/customer relationship are likely to be leveraged as much as possible in order to achieve continued increases in profits and ROI. Consequently, the customer service relationship will at best be one of “détente”, with both parties utilizing any and all information and techniques that they can to leverage their own respective economic objectives and positions. As long as economic pressures for high profits and ROI remain, it is questionable if any future marketing eras will again have a marketing mentality and/or win-win perspective. Caveat Emptor – “let the buyer beware” - and zero-sum game relationships are alive and well, and are unfortunately likely to remain that way.

Figure 7: Timeline of Marketing Eras and Increasing Corporate Expectations

- Since 1984 (index=100) the ratio of GDP to average consumer income has widened by 60%.
- Increasing corporate profits, ROI. Corporate profits increased % between 1980 and 2015.
- CEO-to-worker compensation ratio was 29.9-to-1 in 1978, grew to 122.6-to-1 in 1995, peaked at 383.4-to-1 in 2000, and was 295.9-to-1 in 2013.
- U.S. credit card debt has increased % since 1980



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