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SHIFTS IN MARKET EXCHANGE TRANSACTIONS IN THE NOWADAYS MARKETING

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Abstract

The paper deals with shifts in the nature of market exchange transactions caused by the emergence of virtual market, and empowered by the new generation of internet allowing for multi-channel interactions between providers of products and services and their consumers. In particular, the digital technology enabled an active engagement of consumers within the virtual market. As a result, consumers have adopted new roles of co-creators, communicators and providers discovering possibilities of the alternative forms of market exchange transactions especially within the sharing economy practices. This led to the parallel use of several market exchange modes, including C2C and C2B. The hybridization of economy with an increased role of consumers suggests an overwhelming trend in the nowadays marketing significantly changing the nature of current market exchange transactions.

Keywords

Marketing, market exchange transactions, virtual market, consumers

Introduction

Marketing has been defined as "*the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return*" (Kotler and Armstrong, 2008, p. 5). Thus, a market exchange transaction lies at the core of marketing. Nowadays, marketing has become a significant dimension of any field offering a value to get another value in return. Although the practice of marketing has been known for millennia, the term "marketing" started to be used for describing commercial activities of buying and selling products only in the late 19th century. In the first half of the 20th century the marketing was implemented mainly within the industrial production of tangible goods. It gradually passed through 3 consecutive stages:

- The production concept focused on manufacturing, efficiency and economy of scale;
- The product concept centred on product quality, performance and innovative features;
- The selling concept characterized by an increased sales effort often involving aggressive selling techniques.

These three stages represented the so called "inside-out" marketing orientation (from product – to market), in which the marketing effort started inside the company with the product, and only afterwards the offering was placed out on the market. However, in the 60s of the 20th century, hand in hand with a growing market saturation, the marketing optic shifted towards the "outside-in" orientation (from market – to product). The marketing effort started on the market by exploring customers' needs, wants and behaviour, while the product was designed only afterwards based on the market analysis. Marketing research techniques have been developed, and used to anticipate consumer behaviour before the product was even produced. Moreover, in this period academics and professionals began to explore the role of marketing in diverse sectors of the economy outside the industrial production and business. A pioneer paper by Philip Kotler and Sidney J. Levy named "Broadening the Concept of Marketing" published in Journal of Marketing (1969) highlighted the need of a broader consideration of marketing functions in non-business sectors. The authors defended this proposal on several grounds (Kotler, 2015):

- Marketing helps practitioners in non-commercial sectors become more successful in pursuing their goals;
- The marketing field can benefit by recognizing new issues and developing new concepts that can be brought back to and can offer insight into commercial marketing practice;
- By expanding its territory, marketing can gain more attention and respect for what it can produce.

In the 70s of the 20th century the societal marketing concept emerged with the ambition to deliver value to consumers in a way that maintains or improves both consumers and the society's well-being. Societal marketing later embraced the sustainable marketing perspective with important consumerism and environmental concerns. The environmental branch has evolved into green marketing nowadays. Starting in the 90s of the 20th century, a new stage of marketing – the relationship marketing – was born, and has been considered as the most important concept of modern marketing until now. The concept was further labelled as Customer Relationship Management (CRM) and characterized as the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

The turn of the millennium was marked by the development of internet, emergence of a virtual market and the birth of digital marketing. Technological advances enabling the mass expansion of accessible communication devices among consumers and the emergence of diverse e-commerce platforms moved marketing into a new digital age. In the first decade of 2000s, social media have entered the game, bringing new opportunities of an easy access to diverse markets worldwide. The co-existence of the physical and virtual markets enabled the parallel use of several marketing channels (physical retail stores, web sites, mobile applications, etc.) and has led to omni-channel marketing.

At the same time, the above mentioned evolutionary stages influenced the very essence of marketing – the nature of market exchange transactions. Especially, the establishment of the virtual market empowered by the new generation of internet (Web 2.0) opened new possibilities for an active engagement of customers. Consumers were no longer just passive recipients of the market offering of businesses and organizations but they started to be its co-creators (one-to-one marketing), communicators (customers' reviews) and even providers (sharing economy).

The aim of the paper is to discuss shifts in market exchange transactions caused by the emergence of virtual market, and empowered by the new generation of internet allowing for multi-channel interactions between providers of products and services and their consumers. Hybrid market transactions shall be identified highlighting an increased role of consumers in the market exchange process.

Virtual market and the empowered role of consumers

The major improvement of Web 2.0 against Web 1.0 has been the possibility of internet users (consumers) to publish their own content and the interactivity with other users (consumers). As a result, the role of users (consumers) significantly shifted from passive receivers of the content to active content creators. The first wave of user-generated contents occurred in the context of social media. Therefore they have been also labelled as "consumer generated media". In fact, the emergence of social media has been probably the most visible manifestation of the mentioned Web transition. The main differences between the functionality of Web 2.0 in comparison to Web 1.0 are listed in the table 1.

Tab. 1 Differences between Web 1.0 and Web 2.0

	Web 1.0	**Web 2.0**
Content	The owner is mostly a content creator	Active participation of visitors in the content creation (user-generated content)
Interaction	To the necessary extent	Discussions, chats, social profiles, etc.
Updates	Corresponding to the possibilities of an owner.	The web becomes a living organisms, there may be many content creators
Community	Passive visitors without interactions	An individual is a part of a broader community
Personalization	There is no implicit personalization	The creation and use of social profiles of visitors

Source: Adapted from Frey, 2008, p. 29.

Accordingly, it was also within the environment of social networks where people adopted the practice of "sharing" as a part of their on-line behaviour. In the first stage internet users were sharing their personal matters like information about relationships, events, memories, pictures, etc. (Facebook), photos and videos (Instagram, YouTube), opinions (blogs), knowledge (Wikipedia, Investopedia), files (Uložto) and others. Soon, the business sector followed the new trend and started to use social media as an additional promotional tool in marketing. In parallel, various professional networks (e.g. LinkedIn, Research Gate) were introduced. These moves anticipated the extension of social networking from the private sphere into the business and professional environment.

In the second stage people discovered the economic potential of publishing user-generated content on-line with a perspective of promising business transactions. In that moment, the idea of "peer-to-peer economy" (Sundararajan, 2014) was born. This phenomenon further received several other names, among which the "collaborative consumption" (Botsman and Rogers, 2010) and "sharing economy" (Gobble, 2017) have been most frequently used. The "sharing economy" has been understood as an economic and social system that relies on the concept of shared-use of physical and human resources (Lamberton and Rose, 2012). The term is believed to be first used by professor Lawrence Lessig in 2008 (Stephany, 2015), and explained as a "collaborative consumption made by the activities of sharing, exchanging, and rental of resources without owning the goods" (Lessig, 2008, p. 143). Hamari et al. (2015, p. 1) add a technological dimension and defines sharing economy as "the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services".

Yet, for exchanging products and services among consumers, specific on-line mechanisms enabling market exchanges including a money transfer were needed. These mechanisms constituted digital platforms enabling also the reduction of transaction costs. Due to this fact some authors prefer to name the new phenomenon as the "platform economy" (Chandler, 2016), instead of the "sharing economy". Some even speak about the "software-platform-driven-revolution" (Munger, 2016, p. 394) pointing out an economic activity in which web platforms facilitate peer-to-peer exchanges of diverse types of goods and services (Aloni, 2016, p. 1398).

According to Hamari, Sjöklint and Ukkonen (2015, p. 4) the on-line platforms act merely as economical-technological coordination providers, which do not necessarily have control over the content distributed, exchanged and coordinated. Nevertheless, Ertz, Durif and Arcand (2016, p. 3) emphasize that the internet and technological developments represent the lion's share of the developments that gave rise to collaborative consumption. In this respect John (2013, p. 4, 6-13) highlights the "digitalism of collaborative consumption" and distinguishes between the technology enabling collaborative consumption (social networks and digital platforms used to create communities around collaborative consumption) and that driving collaborative consumption (reproduction of social behavior in online and offline situations).

Market exchange transactions in the nowadays marketing

According to Sundararajan (2013) the peer-economy marketplaces are inventing an entirely new asset-light supply paradigm, which enables the disaggregation of physical assets in space and in time, creating digital platforms that make these disaggregated components amenable to pricing, matching, and exchange. Hamari et al. (2015) mapped over 250 digital peer-to-peer platforms and identified several types of market exchange modes including sharing, new purchase, second-hand purchase, renting, donating, swapping, and lending or borrowing. Some platforms facilitated multiple types of activities. These were grouped into two main categories of services: access over ownership and transfer of ownership. However, it was possible that the platform facilitated both modes of exchange. According to Tajtáková (2018, p. 2217) most sharing economy platforms operate as regular businesses using the on-line platform as a marketing channel.

In this regard, Sundararajan (2014, p. 2) identified three main players constituting the new hybrid business model: (a) the platforms (person-to-person marketplaces which facilitate the exchange of goods and services between peers, (b) the entrepreneurs (individuals or small businesses that supply goods and services in these marketplaces, and (c) the consumers (individuals who demand – buy, rent, consume). Both the entrepreneurs and the consumers are often referred to as "peers" (P2P). In the exchange process the payment from the peer-consumer to the peer-entrepreneur is mediated by the platform, which often charges a commission to one or the other trading party.

Munger (2016, p. 394) argues that the traditional market exchange model is changing in two ways: The first change is from owning to renting, and the second change is the ability to transact peer-to-peer (C2C/ P2P) instead of business-to-consumer (B2C). Barbu et al. (2018) distinguished three framework business models of the sharing economy presented in the relevant literature:

- *Access-based business model* – "Surplus capacity" business model based on underutilized resources, consolidated on the principle of access to various goods and services through an online platform;
- *Marketplace/platform economy* – Customer relationships on the marketplace are automated via a platform, the operator of the marketplace platform facilitates access to transaction;
- *On-demand service provider* – Customer-focused service activities offered by persons or companies are deployed via a platform.

From the marketing perspective the sharing economy practices represent a hybrid market model of peer-to-peer exchanges taking place on the virtual market via digital platforms with a predominant use of online marketing techniques (Tajtáková, 2016). Sundararajan (2013) considers this "reengineering" of consumption to be a natural consequence of the ongoing consumerization of digital technologies. Moreover, Ertz, Durif and Arcand (2016, p. 2) believe that collaborative consumption has a potential of changing the orientation of the marketing discipline. Similarly, according to Belk (2014) collaborative consumption constitutes a set of "disruptive" marketing exchange practices which has to be approach from a different perspective than a traditional marketing.

In this respect, Ertz, Durif and Arcand (2016, p. 2) advocate the adoption of a macroscopic view, more specifically, the adoption of an *Aggregate Marketing System* (AMS). The AMS encompasses more players – besides marketers – taking into account also the role of consumers and government (table 2). The rising role of consumers appears to be central within the new collaborative consumption market model.

Table 2 depicts new market exchange configurations in which the well-known B2C, B2B exchanges are now complemented by the emerging C2C, but also other transactional modalities moving goods more efficiently on the market. While a certain number of such exchanges involve new goods (B2B, B2C, B2G, G2B, G2C or G2G), others are uniquely associated with used or "pre-owned goods" (C2B, C2C, C2G). CC exchange schemes can be found in each exchange configuration, making it a prevalent element of the Aggregate Marketing System (Ertz, Durif and Arcand, 2016, p. 8).

Tab. 2 Market exchange configurations

Aggregate Marketing System	Organizations	Customers	Government
Organizations	B2B e.g. chemical leasing scheme	B2C e.g. marketer-managed bike-sharing scheme	B2G e.g. marketer-managed official car fleet management
Customers	C2B e.g. trade-in programs	C2C e.g. classified ads / auctions websites	C2G e.g. government sponsored used car trade-in programs
Government	G2B e.g. high-tech equipment leasing	G2C e.g. public auction blocks	G2G e.g. forestry equipment leasing

Source: Ertz, Durif and Arcand, 2016, p. 8.

Throughout the gradual penetration of collaborative consumption into consumers' everyday life we can also observe the impact of the new phenomenon on the behavior of traditional businesses, notably in the area of services. In particular, the emergence of a parallel use of several exchange modes within one company is evident. For instance, taxi drivers work for a traditional taxi service company, but they are also registered with Uber or Bolt. Thus, in practice they accept clients via two exchange modes at the same time – B2C and C2C. Similarly, online intermediaries in tourism accommodation industry (e.g. Booking.com) enlarged their product portfolio by including apartments owned by individual consumers or small entrepreneurs. Instead of competing with CC platforms they have prevented the competition by offering similar service like them (e.g. Airbnb). As a result, they apply both B2B and C2B exchange modes at the supply side of the supply chain.

Thus, the "hybridization" of market exchange transactions and the coexistence of several market exchange modes at the same time suggest a move towards the omni-channel marketing perspective. In addition, the growing role of consumers as co-creators, communicators and providers highlights the new position of consumers within the nowadays market exchange processes.

Conclusion

The nowadays marketing is characterized by a growing role of consumers in market exchange transactions. This is due to the technological advances enabling the active engagement of consumers within the virtual market. Consumers have adopted new roles of co-creators, communicators and even providers discovering new possibilities of market exchange transactions especially within the sharing economy pracrices. Some authors consider this phenomenon as an emerging consumer culture (Botsman and Rogers, 2010; Cohen and Kietzmann, 2014), while the others highlight a new exchange market model (Belk, 2014; Sundararajan, 2014; Ertz, Durif and Arcand, 2016). Nevertheless, most of the studies published in this area predict significant economic and societal changes connected with the emergence of C2C and C2B market exchange modes. To conclude, the hybridization of economy with an increased role of consumers represents an overwhelming trend in the nowadays marketing changing the nature of current market exchange transactions.

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