Service-Dominant Logic: Premises, Perspectives, Possibilities

Naples Forum on Service
Ischia, Italy
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Stephen L. Vargo, Shidler Distinguished Professor
University of Hawai‘i at Manoa

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University of Arizona
Goods-Dominant Logic Model: Value Production and Consumption
A Partial Pedigree For S-D Logic

- Core Competency Theory
- Resource-Advantage Theory
- Network Theory
- Consumer Culture Theory
- Relationship Marketing
- “Services” Marketing
- Experience Marketing
- Theory of the firm
- Service-Dominant Logic
Key S-D Logic Publications

Invited Commentaries on “Evolving to a New Dominant Logic for Marketing”

The Four Service Marketing Myths: Remnants of a Goods-Based, Manufacturing Model

Service-dominant logic: continuing the evolution

Why “Service”?

Evolving to a New Dominant Logic for Marketing
## S-D Logic Article Citations

<table>
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<tr>
<th>Description</th>
<th>Google Scholar (ISI)</th>
<th>Approx.</th>
<th>2004 JM Only</th>
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<td>1800 (600)</td>
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<td>Country of Origin = US</td>
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Impact of S-D Logic

Marketing Theory
http://mtq.sagepub.com/

The nature and processes of market co-creation in triple
leveraging insights from consumer culture theory and ser
Lisa Perelatoza and Jenny Mish
Marketing Theory 2011:11:9
DOI: 10.1177/1470593110393710
The online version of this article can be found at
http://mtq.sagepub.com/contents/

Towards a service-dominant professional identity
An organisational socialisation perspective
Maria Åkeresson and Per Skålén
Service Research Center, Karlstad University, Karlstad, Sweden

Abstract
The study examines how professional identity is constucted and
consolidated through social interactions.

SD professional identity

WMG Innovative Solutions
WMG Service Systems Research Group
Working Paper Series

Branding in B2B markets: insight service-dominant logic of m
David Ballantyne and Richard J. Varey (2008), issue on the Service-Dominant Logic of Market
Marketing Science (JAMIS), 36:1, pp. 11-14.

A Service-Dominant Logic for Management Education: It’s Time
ROBERT C. FORD
University of Central Florida

Even though services dominate the U.S economy and figure prominently in others
developed economies, principles for the effective provision of service experiences see little
attention in conventional management education. We provide an argument for what it
means to formed a service-dominant logic for management education. It is organized into
these parts. The first reviews the current state of the management discipline’s coverage in
our research and teaching of the unique challenges and opportunities in managing services.
The second details serves key differences in managing services that are either
occasionally neglected in traditional courses. The third offers some suggestions

Entrepreneurship: Service-Dominant Logic in Green Design and Healthcare

glynn K. Callaway, David D. Dobrzynowski
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glynn@utoledo.edu, David.Dobrzynowski@roockets.utoledo.edu

The service-dominant logic of value creation. Service-dominant logic (SDL) poses a new paradigm for
marketing education and argues that service is a true basis for understanding customer
satisfaction perspective, as opposed to a goods-oriented perspective, argue that the process of parvising
value and creating value for customer and provider is a key element of the service-dominant
perspective. This perspective is based on the idea that the value of a service is determined by the
interaction between the service provider and the customer. The SDL framework suggests that
value is created through the exchange of service experiences, which are created through
the interaction between the service provider and the customer. This framework is supported by
evidence from a wide range of industries, including healthcare, hospitality, and retail.

In this paper, we will discuss the key principles of SDL and the implications for
entrepreneurship and green design. We will also provide case studies to illustrate
how SDL can be applied in the context of green design and healthcare.

Service-dominant logic and resource the
Eric J. Arrowoll

2 of the Acad Manag (2006) 36(2) 25-34

Brief Report

S-D logic: insights into the management of services

Irene Ng
Glen Parry
Laura Smith
Roger Mather
Gerard Briscoe

Gordon Institute of Management Development, 99 Dean's Park, Harpenden, Herts, AL5 2SB

A Service-Dominant Logic for Management Education: It’s Time
ROBERT C. FORD
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Service-dominant logic and resource the
Eric J. Arrowoll
Impact of S-D Logic

Tourism Marketing in an Era of Paradigm Shift
Xiang (Robert) Li and James F. Patrick

The present article synthesizes the latest discussion on the future paradigm of marketing. Three alternative marketing perspectives are discussed: relationship marketing, the network approach, and the service-dominant logic. Additionally, their relevance to the field of tourism marketing is highlighted. It is revealed that tourism marketing researchers have started to echo the new marketing thoughts, although in-depth conceptual exploration is still lacking. Finally, the implications of these new marketing conceptualizations on tourism search, practices, and teaching are discussed, and it is concluded that the present tourism marketing research could be improved by putting more emphasis on strategy research and we prefer not to acknowledge, or which we ignore on a fairly regular basis,” and part of the “reflect gaps in our theoretical understanding.”

Concurrent with the growth of tourism marketing’s flourishing development of generative and beyond technical issues, marketing research has analyzed traditional marketing premises and justifications of marketing’s existence. Montgomery (1999), and the future of

Other Topics

Sales and Marketing

The current issue and full text archive of this journal is available at www.emeraldinsight.com/1757-8518.htm

Marketing Theory
http://mtq.sagepub.com/

Research Directions and Opportunities: The Perspective of Complexity and Engineering
Gall, Francesco Polose, Firmiano Di Natale, Heike Löhler, Sue Halliday
Marketing Theory published online 3 April 2012
DOI: 10.1177/1470593111428519

Initiation of business relationships in service-dominant settings
Bo Edvardsson a, Maria Holmblad a, Tore Strandvik a

Co-creating logistics value a service-dominant logic perspective
Attef Yazarlana, Ilan Manu and Stephen M. Sward
Department of Management, The University of North Denmark, Aalborg, Denmark

An expanded and strategic view of discontinuous innovations: deploying a service-dominant logic
Stefan Michel, Stephen W. Brown and Andrew S. Gallar

Tourism Management 12 (2011) 267–274

Tourism Management
Journal homepage: www.elsevier.com/locate/tourman

Progress in Tourism Management
Aspects of service-dominant logic and its implications for tourism
Examples from the hotel industry
Gareth Shaw a, Adrian Bailey a, Alan Williams a

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Service-Dominant Logic – Exposing CPA Australia’s K-Strategy
14 July 2008

Service-Dominant Logic (S-D Logic) is an important new mindset in business. The fundamental premise of S-D Logic is that organizations, markets, and society are fundamentally co-created by exchange with the marketplace. When the service-market is exposed to the competition of knowledge, it is not simply a question of whether a company can be the best, but of whether the consumer can be satisfied with the service. Thus, service is exchanged for the attachment of knowledge, and services are sold as a service.
Impact of S-D Logic
An Extended Pedigree for S-D Logic

Service-Dominant Logic

- Business Ecosystems
- Stakeholder Theory
- Service Science
- Market Practices and Performances
- New Institutional Economics
- Human Ecology
- Social Network Theory
The grand **aim of all science** is to cover the **greatest number of empirical facts** by logical deduction from the **smallest number of hypotheses or axioms**.

Einstein
A Continuing Journey...

PREMISES

PERSPECTIVES

POSSIBILITIES
## Core Foundational Premises: The Axioms of Service-Dominant Logic

<table>
<thead>
<tr>
<th>Premise</th>
<th>Explanation/Justification</th>
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<tr>
<td>FP1</td>
<td><strong>Service</strong> is the fundamental basis of exchange.</td>
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<tr>
<td>FP6</td>
<td>The customer is always a co-creator of value</td>
</tr>
<tr>
<td>FP9</td>
<td>All economic and social actors are resource integrators</td>
</tr>
<tr>
<td>FP10</td>
<td><strong>Value</strong> is always uniquely and phenomenological determined by the beneficiary</td>
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Value Co-creation through Resource Integration & Service Exchange

- Market-facing Resource Integrators
- Private Resource Integrators
- Public Resource Integrators

Resource Integrator (individual, family, firm, etc.)

- Economic Currency
- Social Currency
- Public Currency

Service

New Resources

Value
Micro Exchange Embedded in Complex (Eco)Systems of Exchange
Resource Integration & Service-for-service Exchange within Service-ecosystems

Resource Integrator/Beneficiary ("Firm")

Resource Integrator/Beneficiary ("Customer")

Institutions

Resource Integrators
The Structure and Venue of Value Creation: Institutions & Service Ecosystems

Institution

• “any structure or mechanism of social order and cooperation governing the behavior of a set of individuals within a given human community.”
  
  (Stanford Encyclopedia of Social Institutions)

Service Ecosystem (S-D logic)

• relatively self-contained, self-adjusting systems of resource-integrating actors connected by shared institutional logics and mutual value creation through service exchange.
Resource Integration & the Structuration of Service Ecosystems

Resource Integrators

Institutions

Micro

Meso

Macro

S-D Logic
The Core Moving Parts & Processes of Service-Dominant Logic

Value Co-creation

- Service ecosystems
  - Nested and interlocking

- Generic actors

- Institutions

- Resource Integration

- Service Exchange
  - Coordinated through
“Hip-Pocket” S-D Logic

Components & Perspectives

Societal:
National, Global, etc

(Sub)culture:
Brand, Market, "industry, etc

Exchange
B2C, B2B, C2C, etc
Intra- and Intercultural Translation

CONTEXT 1

- macro
- meso
- micro

Vertical Translation; Structuration

CONTEXT 2

- macro
- meso
- micro

Horizontal Translation:

Vertical Translation; Structuration
Rethinking. Reframing, and Reconciling from an S-D Logic Perspective

- **Economic (and social) Actors**
  - From Bs and Cs to generic A(ctor)s
- **Markets**
  - From a priori to imagined, created, institutionalized, and performed
- **Market-ing**
  - From functional area to essential function of the firm (actor)
  - From marketing mix to value co-creation
- **Value**
  - From a property of output to a co-created outcome
- **Strategy**
  - From prediction and control to effectuation
- **Technology**
  - From exogenous variable to service-provision mechanism
- **Role of Information Technology**
  - From tool to a transformation in value creation processes
- **Innovation**
  - From invention to designing systems for value co-creation
A MACRO VIEW OF VALUE CO-CREATION
From the Individual to Market-Based Co-Creation

Source: Ridley 2010
Cost of Light in Hours Worked

The Price of Light: Hours of Work per 1000 Lumen Hours

Years Before Present

Labor Price of Light
World Life Expectancy

Years of Life Expectancy

Date
Exponential Growth of Computing for 110 Years

Moore's Law was the Fifth, not the First, Paradigm to Bring Exponential Growth in Computing
Value Co-creation: Growth in Prosperity through Collaboration

S-D Logic

Growth in Prosperity through Collaboration

INDIVIDUAL INSTITUTION ARENA

TRAJECTORY
ACCESS

ATTRACTION

ACHIEVE

PROSPERITY

SURVIVAL

THE BIG SHIFT

STOCKS ————> FLOWS

Navilani Studio, Palo Alto, California, and Lahaina, Hawaii

The Power of Pull
How Small Moves, Smartly Made, Can Set Big Things in Motion
John Hagel III, John Seely Brown, and Long Shorten
The Drivers of Increasing Returns to Scale

- Property rights
- Scientific rationalism
- Capital markets
- Fast/efficient communications
- Competition
- Consumer society
- Work ethic
- Health
- Large-scale production

Specialization and exchange

Rules and Laws

Science and Language
Meso

Macro

Micro

Rules and Laws

Science and Language

Specialization and exchange

= Institutions → Practices

Integrating

Normalizing

Representing

Value co-creation Practices

Adapted from Kjellberg and Helgesson 2007
Some Current Research Issues

- The role of institutions and ecosystems in:
  - Innovation
  - Technology
  - Market making
- Value co-creation in multi-stakeholder
- Bridging S-D logic and practice:
  - Midrange theory
- Market-theory development:
  - Grand theory: "theory of the market"
The Journey Continues…

Release date: November 2013
Thank You!

For More Information on S-D Logic visit:

sdlogic.net

We encourage your comments and input. Will also post:
• Working papers
• Teaching material
• Related Links

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