

## Service Transformation and Its Impact on Marketing: A Comparison Between Service Logic and Service-Dominant Logic

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### Abstract

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The purpose of this conceptual piece is to investigate the consequences of the service viewpoint within the framework of marketing. This article uncovers direct and indirect marketing consequences through a conceptual study of two ways to understanding the service perspective: Service Dominant Logic (SDL) and Service Logic (SL). Value co-creation is conceptualised by SDL as a process in which the company, customers, and other stakeholders work together to create value for the customers. The company is in charge of this strategy, and the service provider is essential to creating value. The idea of co-creation may become mired in metaphor, and the management implications of SDL are not only dependent on the service viewpoint. On the other hand, SL provides an analytical method together with the co-creation idea that has the potential to drastically transform marketing from a service standpoint. The customer is the one who drives value creation in the customer process. This research yields eleven management principles of SL, which have the potential to transform marketing through their theoretical and practical implications. Researchers and managers may focus their attention on the intricate process of value generation by using SDL. Meanwhile, SL can analyze this process at the managerial level, to derive opportunities for customer-focused and service perspectives to revolutionize marketing. The resulting analysis and principles help marketing to move beyond simply offering a value proposition and become the responsibility of the entire organization. Beyond traditional marketing, companies must adopt service-influenced marketing and instill a customer-focused mindset in all staff members. New customer-centric and service-influenced marketing strategies may be discovered by academics and managers thanks to the service viewpoint in business, which also has significant management consequences.

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### **Abstract**

*Artikel kontekstual ini bertujuan untuk mengeksplorasi dampak yang dihasilkan dari perspektif layanan dalam konteks pemasaran. Melalui analisis konseptual dari dua pendekatan untuk memahami perspektif layanan, yaitu Service Logic (SL) dan Service-Dominant Logic (SDL), artikel ini mengungkap makna pemasaran langsung dan tidak langsung. SDL mengedepankan pandangan metaforis tentang penciptaan nilai bersama, di mana perusahaan, pelanggan, dan pelaku lainnya berpartisipasi dalam proses yang menghasilkan nilai bagi pelanggan. Pendekatan ini dipimpin oleh perusahaan; penyedia layanan memainkan peran utama dalam penciptaan nilai. Implikasi manajerial SDL tidak sepenuhnya didasarkan pada perspektif layanan, dan konsep co-creation dapat terjebak dalam metafora. Sebaliknya, SL menawarkan pendekatan analitis, dengan konsep co-creation yang secara signifikan dapat merevolusi pemasaran dari perspektif layanan. Nilai diciptakan dalam proses pelanggan, dan penciptaan nilai dipimpin oleh pelanggan. Sepuluh prinsip manajerial SL yang dihasilkan dari analisis ini menawarkan kesimpulan teoritis dan praktis yang berpotensi merevolusi pemasaran. SDL dapat mengarahkan pandangan para peneliti dan manajer ke arah proses penciptaan nilai yang kompleks. Sementara itu, SL dapat menganalisis proses ini di tingkat manajerial, untuk menemukan peluang perspektif yang berfokus pada pelanggan dan layanan untuk merevolusi pemasaran. Analisis dan prinsip-prinsip yang dihasilkan membantu pemasaran untuk beralih dari sekadar menawarkan proposisi nilai dan menjadi tanggung jawab seluruh organisasi. Perusahaan perlu mengatur pemasaran yang dipengaruhi oleh layanan dan menciptakan fokus pada pelanggan di antara semua karyawan, melampaui pemasaran konvensional. Perspektif layanan dalam bisnis memiliki efektivitas manajerial yang penting dan memungkinkan para peneliti dan manajer untuk menemukan pendekatan pemasaran yang berfokus pada pelanggan dan dipengaruhi oleh layanan.*

JEL Classification: Conceptual Paper

## INTRODUCTION

The "service logic (SL)" of the service viewpoint has two main marketing implications: First, there are situations in which service providers can interact with their clients and co-produce value. Second, the initial inference is that service providers are not confined to only offering value propositions; in some circumstances, Additionally, they have direct and active control over how well their clients receive value from them. These ramifications can make marketing an organizational philosophy, not just a function, which is what makes it "revolutionary." Furthermore, they broaden the scope of marketing beyond just brand recognition and promise fulfillment to encompass the entire customer service process. Beyond the specific marketing function, consumers are present across functions, so a holistic process approach may be particularly useful for acquiring, retaining, and expanding customers—that is, marketing. The SL research stream serves as the foundation for both of these results (Gronroos, 2011; Gronroos and Ravald, 2011; Gronroos and Voima, 2013). They do not, however, agree with the suggestions put out by the second main service viewpoint, known as service-dominant logic (SDL; Vargo and Lusch, 2004, 2008a). Our goal is to demonstrate managers that the fundamental ideas of SDL are founded on a goods-oriented perspective of business, as well as to clarify some of the parallels and discrepancies between SL and SDL.

This paper's special goal is to analyse the service viewpoint on business and

marketing critically and pinpoint any resulting marketing-related issues. Our method, known as the SL approach, focuses on management and aims to enhance the usefulness of the service perspective for managers. This approach is not the same as SDL, which more often focuses on summarizing the service perspective from a societal perspective.

Since the 1970s, studies of service marketing have shown that, in contrast to traditional marketing strategies based on the logic of things and originating from a manufacturing background, services enable businesses to approach clients in fundamentally new ways. Therefore, we recognize that SL provides unique insights that are useful to all marketers.

Ten SL management concepts that summarize our service-based approach to the firm and marketing are derived from our analysis. We begin by discussing some of the ways in which SL and SDL are similar and different, then We talk about the methods used by each tradition to create values. After that, we take an analytical look at value creation and co-creation and talk about how interaction is important to comprehend the implications from a service viewpoint. We start out by talking about the significance of the value proposition before focussing on how SL affects marketing in particular.

Our ten managerial SL principles for value creation and marketing are outlined in the list below; however, we will first go over the parallels and divergences between SL and SDL before

going into the context of each concept. Ten SL-based marketing management recommendations:

1. Within the value creation scope that is closed to the service provider (customer scope), the customer, or any user, creates value in the form of use value; this value is generated by integrating new resources with existing resources and applying previously acquired knowledge and skills.
2. Value (as value in use) is created cumulatively or occasionally destroyed along the customer value development process;
3. Customers Value is viewed and defined by customers in distinctive, contextual, and experienced ways.
4. In the closed value generation scope for consumers (provider scope), businesses that function as service providers are essentially value facilitators, which create and offer potential use value for clients and other users;
5. Opportunities for cross-actor value co-creation develop when service providers are involved in customer value creation and direct interactions between participants in the value creation process are the foundation of co-creation platforms;
6. Social value creation interactions between consumers and others in their environment can occur, which influences the independent value generating process of the consumer;
7. Serving others means applying resources in a way that makes the creation of value for clients by supporting their routine activities at

physical, mental, virtual, and possessive levels;

8. The purpose of marketing is to involve service providers in customer processes such that the service acts as a facilitator to allow actors to create value in return;
9. Businesses are not limited to using value propositions to make promises because they are service providers; and
10. Businesses Through interactive marketing, companies acting as service providers may actively and directly impact the value that customers receive, by leveraging co-creation platforms. This allows them to deliver on promises made to customers and also helps build and maintain relationships with customers. In this way, marketing goes beyond its role as a traditional promise maker.

Gronroos and Voima (2011; 2013) are the sources from which these ideas were developed. We have provided the following SL glossary to assist the reader.

### **Service Logic and Service Dominant Logic**

These two approaches represent a shift in marketing and service management theory, from a product-centered logic to a service-based logic that emphasizes co-creation and collaboration between the firm and customers.

### ***Similarities and Differences***

Recognizing the value of services and the relationship between consumers

and service providers is a core objective embraced by SL and SDL. The value of marketing communication and the necessity of comprehending marketing's strategic function, rather than its functional role, has long been emphasized by service researchers (Gronroos, 1978). Vargo and Lusch (2004; see also Vargo and Morgan, 2005) merged French economist findings with service research from the 1970s Frederic Bastiat's theory of service reciprocity in markets to create a set of guiding assumptions or premises for SDL. Vargo and Lusch have made a significant contribution to marketing with the introduction of SDL, not least by piquing interest in services from a commercial and marketing standpoint among the global academic community, as outlined by Edvardsson et al. (2005), rather than simply as a product category. Prior studies carried out by French, Nordic, and American academic institutions had not explored this viewpoint.

Furthermore, there is agreement between SL and SDL in several important areas. Specifically, according to Vargo and Lusch (2008b, p. 36), SL agrees that "service is a simple, yet powerful and multifaceted construct and that service is an appropriate term, not only to characterize emerging and convergent marketing thinking, but also to accurately inform and motivate related research, practice, and public policy." In other words, despite some minor differences in definition, "service" has nearly the same meaning in SL and SDL. Both SL and SDL begin with the premise that clients (also called service users or beneficiaries) employ

resources in personalised physical, mental, or virtual practices as services that improve the quality of their life (Gummesson, 1995). Additionally, they make use of pre-existing knowledge and abilities while integrating recently acquired resources with pre-existing resources. Therefore, categories such as information, products, and service activities are meaningless and only have significance in relation to the services they offer to users. This consumer perspective is known as the user (or customer) SL in Second Life. Therefore, services in Second Life help create value by supporting and facilitating the user's daily behavior (physical, mental, virtual, and possessive). The supplier SL then provides services by assisting and supporting the practices of its clients. In the company-customer relationship, both consumers and companies can take the position of service providers because of the reciprocity of services (Gronroos, 2012). According to Vargo and Lusch (2008a), In order to provide services in SDL, one must apply specialised knowledge and skills (competencies) via performances, actions, and processes that benefit both providers and users. Ultimately, both definitions point to the same thing: in SDL, the intended effect (for one's benefit) is supporting the user's daily practices in a way that adds value creation, while in SL, the utilization of resources is implied (as described in SDL by the application of specialist knowledge) (Gronroos, 2011).

The basic notion that any resource may be utilised as a service illustrates two further parallels between SL and SDL. Resources are integrated during use or

consumption, and products or other types of resources serve as a means to realize services. These resources are resources, or more precisely, according to Zimmermann's 1951 "becoming" ontology, they become resources through the interactions between context, users, and providers, which are required to support the daily activities of users (such as consumers). The importance of inter-actor interactions for services is recognized by the French and Nordic schools (Eiglier and Langeard, 1976; Gronroos, 1978; Gummesson, 1979). These findings are further developed by SDL (Vargo and Lusch, 2011) and SL (e.g. Gronroos, 2011). Finally, a customer-oriented and relational view of services is used by both SL and SDL.

However, at least from a managerial perspective, SL also questions certain significant implications of the basic premises of SDL, which appear questionable and show some potential logical fallacies. First, according to Bastiat's (1848) theory of service reciprocity, service is the cornerstone of any firm in SDL. SL claims that this stance is constrictive because value creation—also known as value capture for providers—is more important to all parties than service. Value creation is influenced by a number of other variables besides service; therefore, for SL, value creation serves as the cornerstone of the firm, with service acting as a facilitator (Gronroos and Raval, 2011). Value creation may be a path to greater aims in life and society, but it is only a stand-in for the fundamentals of business.

Second, neither the assertion that service users and providers are always value co-creators nor the notion that the company, as a service provider, may affect customer value creation by allowing consumers to participate in the firm's process as value co-creators, which are prominent in SDL, are supported by SL (Vargo and Lusch, 2004, 2008a). It seems that the logic of goods has influenced this attitude. These two difficulties are crucial to creating a rational and managerially helpful view of business and marketing based on services, more than any other basic principle of SDL. This is due to the fact that they are the service perspective's primary marketing implications. Next, we'll talk about these two concerns.

### **The Strengths and Disadvantages of Metaphors in Value Creation and Co-Creation**

One of the four core principles of SDL states that clients are always co-creators of value. Furthermore, firms co-create value with their clients, allowing them to participate in the value creation process (Vargo and Lusch, 2008a). Some rebuttals to this statement are provided by SL (Gronroos and Raval, 2011; 2013). Specifically, SDL turns value creation into a broad and non-specific process, in which all parties involved participate in the same non-specific way as the process that ultimately produces value for consumers. Almost anything that affects the outcome is included in this expanded definition of value creation (Vargo, 2008). Furthermore, firms continue to be value creation engines because clients participate in this

process with service providers. There is no definition for value co-creation or value creation, and there are several interpretations of the term “value” (see Macdonald et al., 2011). One important value construct that describes the value assigned by consumers is value in use, which is defined as the value created or generated by users during consumption. Although not defined, other notions are implied when a firm produces or co-creates value. However, Valgo et al. (2008) note that in certain situations, the term “value in exchange” refers to the firm’s contribution of value during the process.

Theoretical or conceptual paradigms prohibit the use of the same phenomenon—value in this case—in more than one way. So why is value, a fundamental idea in SDL, treated in this way? We propose that co-creation and value creation are actually treated metaphorically by SDL. According to the Collins English Dictionary (1999, p. 928), a metaphor is “a figure of speech in which a word or phrase is applied to an object or action that it does not literally represent in order to imply a resemblance.” For example, when someone says, “That man is a lion in battle,” they do not mean that the subject is a real lion; rather, they suggest that the subject is fearless and fierce like a lion. Morgan (1986, p. 12, emphasis in original) argues that metaphors, by suggesting “ways of thinking and seeing,” can generate insights into organizational difficulties in organizational and management settings (see also Morgan, 1980). Metaphors enable groups of individuals (such as academics interested in service)

to collectively construct representations of a topic of interest and offer new insights into the reality of what is being studied (Cornelissen, 2004). (Heracleous and Jacobs, 2008). That is, metaphors can provoke thought and aid in new understandings and approaches to a phenomenon, but they are not reliable tools for predicting the overall behavior of a phenomenon. Problems arise when metaphors are confused with the reality they are intended to evoke new perspectives and ways of thinking. Furthermore, the phenomenon under study must avoid being “imprisoned by its metaphor” (Morgan, 1986, p. 605), although, in our opinion, co-creation is a prime example of this.

Value is finally created for the client according to the SDL definition of the value creation process, makes sense as a metaphor but not as an analytical conceptualization when viewed as a procedure whereby all participants jointly produce value. The consumer's utility is the result of the efforts of all stakeholders (as customers, suppliers, and other participants in the value generation process). The notion that other actors' activities affect the process and determine the value that customers receive as participants in it, becomes clearer to us when we apply the metaphor of “co-creation.” The phrase “co-creation of value” is figurative, as is the phrase “lions in battle.” Nothing in the statement implies that the terms used in the accompanying metaphor are theoretically or experimentally defined. Nor should the terms be taken literally and applied to a particular idea. The term “lion” simply suggests that the fighter has attributes somewhat similar

to a lion; it is not the same as the idea of a lion. However, the idea of "co-creating," which is theoretically described as actors creating something together through interaction, is not the same as the metaphor of "co-creating." Instead, The metaphor implies that several players participate in the process of creating value and have an impact on the end product that is generated for the customer. The metaphor also suggests that, although most discussions using According to SDL, value creation is still driven by the organisation, and while customers are often overlooked, they should still be included in the process as value-influencing actors. Therefore, the basic idea of SDL makes sense metaphorically and helps to highlight the shortcomings of traditional methods for comprehending value generation and its process, including the value chain. As a result, a perspective that extends the value constellation method presented in the management literature by Normann and Ramírez (1993) emerges. In this way, scholars and experts in the sector are duly informed by SDL about the necessity of reevaluating the entire process of creating and producing value for clients. The issue occurs when a metaphor becomes so ingrained in the world it depicts that it is mistaken for a clearly defined term.

Furthermore, according to Gronroos and Voima (2013), the SDL value co-creation metaphor says nothing about the nature and location of value and makes no inferences about the roles played by participants in the process or their contributions to "co-creating" value. However, how is it possible?

Rather of being an analytical assertion backed by a clearly defined construct, the metaphor is a language statement. In SDL writings, value in use is frequently emphasised as a fundamental value component, but it actually refers to how consumers perceive value rather than how they produce it or how the outputs of other actors influence value. For example, Macdonald et al.'s (2011, p. 671) definition of value in use, which defines it as "customer outcomes, goals, or objectives achieved through a service," makes this interpretation clear. The logic of the good influences value in use. Therefore, a challenge such as this, which states that "(the exploration of) value co-creation raises as many questions as it answers," is appropriate. For example, what exact procedures are used to create value? largely undiscussed (Vargo et al., 2008, p. 151). Researchers have found it challenging to investigate value co-creation based on SDL, or they have just substituted "value creation" and "consumer creates value" for the original terms. Using new language but not new concepts, they then studied value creation and value creation by consumers (e.g., McColl-Kennedy et al., 2012). Value co-creation was used by other writers, such Xia and Suri (2014), in place of the term "interaction."

### **Value Creation and Co-Creation Through Analysis**

Value and co-creation are two important factors that require analytical definitions, to examine the various activities throughout the process of producing value, the functions of co-creation and value creation, and the



obligations of the different process participants. The value in use is how SL defines value. Value in usage is now regarded as a legitimate and widely acknowledged concept. Because a theoretical or conceptual framework may include only one well-defined idea of value, value in use is the only concept of value that is employed in this manner. In turn, users not only choose but also create value in use. In other words, both value creators and process drivers are clients in their capacity as users.

Five thoughts on value and value creation are in order before we proceed. First, despite the fact that value is not always—or perhaps not often—created through instrumental means, Both SDL and SL refer to "value creation." Resource integration may easily lead to value creation; in fact, customer-dominated reasoning (Heinonen et al., 2013) suggests that this might even be the norm. In SL and this work, the phrase "value creation" refers to this phenomenon, without assuming anything about the source of value in use or its instrumental generation. Second, the idea of value in use must be qualified by the fact that it is usage and not context, experience, or interaction. Because of this, SL employs the phrase "value in use" while disclosing this crucial qualifier. The social and physical context in which something is utilised, among other things, determines its value in use (Edvardsson et al., 2011). If such a context exists, the degree of use value has to be modified (e.g., Gummerus and Pihlstrom, 2011). Third, use value is not something that happens all at once, but rather something that happens

gradually via cumulative consumption, unlike exchange value. According to Echeverri and Skalen (2011), there may be destructive stages in this cumulative process when the accumulated value turns negative. Thus, value can be generated constructively or destroyed. Fourth, use is not limited to physical applications. Use can take many other forms. Mental usage can happen, for instance, when someone has a dream about taking a vacation soon or recalls the trip after seeing pictures from it. Use can also refer to simple ownership, as in the case of someone who finds satisfaction in possessing a high-end car or a well-known image. Fifth, because value to the customer and value to the firm are two sides of the same coin, businesses and customers have an impact on each other's value creation (Gupta and Lehman, 2005). Helle and Gronroos (2010). Apart from the company functioning as a service provider, clients can also offer useful information to the firm on how to expand its systems and resource base. In this scenario, customers act as service providers and the firm as users and creators of value.

If the user—or any customer—is the one who creates value—that is, use value—then what role does the service provider play in this process? It is not feasible to create value. By preparing the required skills, knowledge, and other resources and then applying this knowledge to the resources used, the service provider in Second Life (SL) presents the potential use value to the user and thereby becomes a facilitator of use value (Gronroos, 2011; Gronroos and Raval, 2011; Gronroos and Voima, 2013).

Following that, the service provider takes on the roles of both an actual value facilitator and a potential value generator. From the client's point of view, exchange value and potential use value are equivalent.; both are not yet real values. The client's payment for a resource represents exchange value, but the consumer has not yet appreciated the value or use value. On the other hand, real value is what is expressed in exchange value that is meaningful to the company.

To put it briefly, users produce value according to the analytical conceptualisation of the service viewpoint, which is predicated on the notion that value for users is defined as value in use, while service providers facilitate the production of value for customers. As service delivery is based on reciprocity, businesses and clients can act as both service providers and users in this situation (Gronroos, 2012; Vargo, 2008).

### **Relationships and Value Sharing**

When analyzing value co-creation as opposed to using it metaphorically, we need to consider the following questions: What is value co-creation, how does it work, who is involved, and when does it happen? The key to answering these issues is found in the concept of interaction. In SDL, interactivity is not problematic, as is co-creation. Interaction is largely implicit in SDL. As noted, for instance, by Vargo and Lusch (2008a), clients are always co-creators of value. The claim that businesses and consumers always co-create value hides the reality that, while

“firms can offer their applied resources for value creation and collaboratively (interactively) create value after receiving a value proposition, they cannot create/deliver value independently” (Vargo and Lusch, 2008a, p. 6). Value would be an all-encompassing process if it were believed to be feasible for everything to be interaction, which is obviously not the case. It is helpful to divide interaction into two categories: direct and indirect interaction, as this will help to clarify the concept (Gronroos and Voima, 2013).

When two (or more) actors engage in direct interaction, they act simultaneously and influence each other's perceptions and behaviors through their words and actions. Thus, the processes of the two actors merge into a cooperative, dialogical shared process. Each participant in this interactive process has the direct and active ability to influence the utility that develops for the other participant (or participants). Mutually beneficial value co-creation then occurs in this cooperative, dialogical shared process. If the actors are ready to exploit the opportunity for value co-creation, for one or more actors, what occurs on the interaction platform may have an effect on how value is attained or how satisfied they are with their experience (Gronroos and Voima, 2013).

Direct interaction, however, does not always entail two parties engaging in a dialogue; it can simply happen directly between one actor and another, like a customer, as well as a knowledgeable non-human resource. Value co-creation

and collaborative efforts are made possible by interactions with technology that can, for instance, recognise and respond intelligently to a person's speech or actions, dialogical processes with individuals. Each person gains knowledge and responds immediately based on what they have learned. This exchange is also a direct exchange.

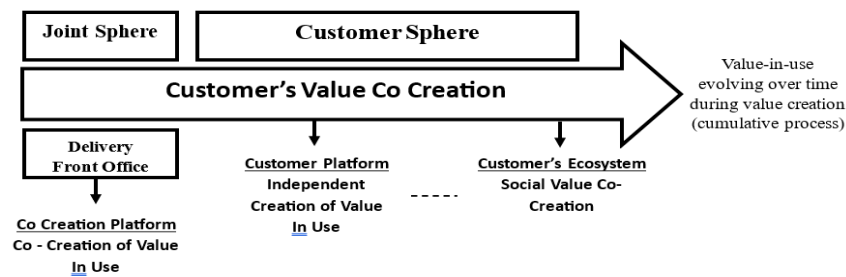
The majority of non-human resources, such as different kinds of items and systems, lack intellectual attributes in this sense. For instance, the criteria for intelligent non-human resources are not met by tangible products or IT-based systems that consistently react to user input. Clients and enterprises continue to connect through the usage of goods or resources, but there is no platform for co-creation of value. The resources that the service provider offers to the customer as a potential source of use value, such as non-intelligent products and systems, are necessary for this indirect interaction with the company or service provider. The consumer's actions determine whether use value is created or results from the usage of these resources. This value generation may be characterised as customer autonomous value creation (Gronroos, 2011).

Consequently, we must distinguish between direct and analyse all relationships as either direct or indirect and consider indirect connections from an analytical standpoint. Value co-creation can only occur on platforms formed by direct interactions between

actors, such as service providers and consumers, that enable co-creation. The creation and provision of goods and other resources by firms that the provider's responsibility throughout the whole value generating process is to only permit indirect interaction, and is not accessible to customers (and other actors). In the same context, customer resource integration activities are private to the firm and only involve indirect connections (Gronroos and Ravald, 2011).

The generation of value process consists of three circles, as illustrated in the graph (cf. Gronroos and Voima, 2013):

1. A closed provider environment in which the company's value creation contribution is to assist clients in creating value through the production and provision of resources that may aid clients in producing utility value. The company offers possible utility value.
2. Collaborative spaces where face-to-face meetings build the foundation for shared value creation. Shared value creation occurs when actors are able to use this platform.
3. Closed consumer area where clients autonomously generate value through use value. Collaborative social value creation processes are also required for independent value creation if there is direct contact between consumers and actors in the customer environment (Gronroos and Voima, 2013). Companies are not allowed to use this value creation platform (Heinonen et al., 2010, 2013).



**Figure 1.**

Value creation process: value creation and co-creation according to service logic

The figure may not accurately depict the linearity of the process. Value creation involves a wide range of interconnected domains and processes, therefore co-creation activities can take place concurrently with or even ahead of provider-sphere operations. Prior to the creation or operation that is closed to the consumer, customers can participate in the development of the service, product, or design. Direct interaction occurs during product development and cooperative design processes, which provide a platform for value co-creation. The SL service approach is indeed built on value creation if we conceptualize it this way. Because value creation is customer-driven, SL is also customer-centric.

### **Companies Able to Provide More Than Just Value Offerings.**

SDL states that businesses acting as service providers are capable of merely creating value propositions—not actually delivering value. This latter claim is at odds with data from contemporary service research. In contrast to the context of consumer goods marketing, the underlying premise of knowledge, concepts, and models related to service marketing is that service providers are not restricted

to offering value propositions; rather, the service industries are characterised by interactivity, reciprocity, and two-way influence in the service process. Thus, how service providers and clients influence each other through behavior and communication determines the value of the service delivered in this process to the client (Booms and Bitner, 1982; Eisen and Langeard, 1975; Gronroos, 1978; Gummesson, 1979, 1991; Langeard and Eisener, 1987; Lehtinen, 1983; Parasuraman et al., 1985). There is no doubt that the provider has an impact on the service and its worth to the customer. Furthermore, other clients involved in the process at the same time may have an influence (Eiglier and Langeard, 1975, 1976; Gronroos, 1978; Martin and Pranter, 1989). This study examines the enhancement of consumer usage value, even if the word "value" is not used in it.

We may wonder why SDL establishes the fundamental idea that a business cannot create value; it can only offer value propositions, meaning that a company can only influence customer value fulfillment by providing value propositions. The corporation is described as a "value delivery system" in the early work of Lannings and Michaels

(1988), who introduced the concept of value proposition. "Delivering superior value to enough customers at a low enough cost to create wealth" is the formula for gaining a competitive edge. As a result, value propositions offer a means of enhancing the value delivery system's performance effectiveness. According to the authors, "better value delivery (...) consists of two primary actions: Selecting a superior value proposition clearly and rigorously (...) Echoing the selected value proposition in every business activity of the company (...) providing or communicating the selected value to target customer groups)" (Lannings and Michaels, 1988, pp. 3, 5; underlined in original, italics added). A value proposition, according to Anderson et al. (2006), is meant to more successfully illustrate the company's offerings to customers. The theory behind this is that clients can identify value propositions that they find compelling and will choose the focus company's offering over competitors' offerings.

In addition to the indirect interaction of customers with physical products, which is a context characterized by value delivery, companies providing goods that engage in limited customer interactions can greatly benefit from the value proposition, a company-oriented and one-sided concept for effective value delivery. Consequently, the notion of value proposition is not intended for the service environment where extensive contact between clients and businesses occurs. Moreover, contrary to what is implied in SDL, the notion of value proposition concerns situations in which companies deliver value to their

clients (Anderson et al., 2006). The logic of applying the value proposition concept—which functions well in the context of goods—to the service environment has an impact on how service products are understood. In an attempt to overcome this weakness, a number of authors have reinterpreted the value proposition as co-creation (Payne et al., 2005), stating that the value proposition sets standards that must be met (Edvardsson et al., 2011; Lusch et al., 2008). However, Skalen et al. (2014) acknowledge that the value proposition idea has its drawbacks and argue that simply creating a value proposition is not enough. Instead, to ensure the realization of the projected value—which can only be achieved during interactions between the company and the customer—providers and other parties may need to take action.

Based on SDL's understanding of interaction phenomena, companies are likely limited to offering value propositions. Although producers and consumers play different roles in the goods-dominant logic, Vargo et al. (2008) point out, this is not the case in SDL. Nonetheless, the basic premise of SDL implicitly explains how producer-consumer relationships emerge as a result of this service perspective (Vargo and Lusch, 2008a, b). On the other hand, interactivity precedes the service perspective in SL. Since the start of modern service research, major schools of thought have acknowledged the existence of a broad interface between the company and its clients. In addition to being a major factor that distinguishes service marketing from

traditional goods-based methods, which are still inappropriate in the service environment, interaction serves as the basis for how services are developed for consumers (Rathmell, 1966, 1974).

### **Above and Beyond Value Proposition**

The direct contact between the processes of the actors—that is, the customer's consumption and value creation process and the company's service production process—provides the platform for co-creation of value for both parties. The platform facilitates interactive, reciprocal and mutually beneficial actions. Every party is capable of directly and actively influencing the other side's operations. As a result, the activities taking place on the platform have an impact on the utility generated for the client (or the company, or both actors).

There are several chances in the services sector for businesses to transcend the idea that they can only offer value propositions as a result of their product offerings, as demonstrated by greater knowledge of the nature of face-to-face contact. Service providers have the ability to directly and actively influence how clients perceive the business, its offerings, and their propensity to make further purchases. Any value that the service provider initially proposes—or moderates, to use the language of the value proposition—can be modified throughout the encounter. This might affect how the client views it and how much value they place on it. The greater the value in usage, the more probable it is that the customer will consider making another purchase from the

same business. If the co-creation process has a negative effect on the customer's experience and value in usage, the situation can be the reverse.

Co-creation hence affects value creation and has marketing consequences. As a result of the application of the service view in SL, which recognizes that consumers are everywhere in the company, marketing ceases to be a specialized activity and instead becomes an organizational philosophy. A specialized marketing function cannot carry out a relational strategy on its own; marketing is a customer management activity.

We are creating an entirely new marketing landscape by eliminating the restriction that businesses may only offer value propositions and realising that by adopting a service perspective, they are able to see beyond this viewpoint. According to Vargo and Lusch (2008b, p. 34), “to serve effectively (and efficiently) requires cross-functional and interorganizational integration and networks,” SDL is aware of the necessity of cross-functional cooperation. However, its fundamental principles explicitly have no bearing on marketing strategy outside of organizational or functional boundaries. According to SL, Value co-creation and interactive marketing fall outside the purview of full-time marketers, a phrase Gummesson (1991) used to describe marketing specialists frequently employed by marketing departments. Using conventional marketing models with a goods logic, one may offer a fair value proposition (such as the 4P model), where marketing is confined to

the marketing functions. However, that limitation disappears when considering things from a service perspective, such as SL. The marketing process becomes a multifunctional issue when interactive marketing performed by non-marketing staff members is incorporated into the duties of other corporate functions. The primary responsibilities of a full-time marketer include creating brand awareness and acquiring clients through value propositions and promises. By participating in a shared value creation platform, other company units assume responsibility for delivering on promises and retaining consumers, building long-term relationships with them, and realizing and upholding their brands.

## DISCUSSION AND IMPLICATIONS

While analyzing the overall social impact from a service perspective using metaphorical means may be relevant, managerially, metaphorical conversations tend to lead to conclusions influenced by the logic of goods. Taking everything into account, SDL and its overall viewpoint on value creation and co-creation provide informative information that broadens the definition of service. However, these techniques are too general to be useful in creating models that are relevant to management. More refined models with well-defined ideas are needed.

According to the logic behind services, businesses work to support and enable their clients' various activities, including ordering, paying for, setting up, using, maintaining, getting advice on possible applications, and making mistakes. They

carry out these duties in a manner that lets customers create value through their own application (Gronroos, 2011). A key component of understanding marketing is understanding how value is generated or developed for consumers. From a value-oriented, customer-centered perspective, Gronroos (2009) explains what the goal of marketing in the modern era should be: "The goal of marketing is to involve the company in the customer process to facilitate the creation of value in that process in a way that benefits both parties." In other words, the goal of marketing is to increase the company's relevance to its clients and other stakeholders.

Value creation is the term used in this article to describe the entire process by which various actors, like clients (or other users) and participants in their social networks, contribute value to consumers at the end of the process through various actions. We have come to the conclusion that, in a logical model, There may be only one concept of value and one definition of value that apply to the value-related actions carried out by participants in this value-generation process. The central notion of value in the The concept of value in use in modern literature suggests that value is created for users or emerges for them as value in use, that consumers select value in use, and that companies, as suppliers of services, must take steps to assist value in order to give value in future usage.

Potential utility cannot be realised until consumers either produce it partially via the use of resources obtained through the resource integration process, or

until they perceive real value as utility. As a result, the company basically facilitates values. We have demonstrated, however, that the processes of the actors in the value generation process combine to form a dialogic and collaborative process that creates a platform for co-creation in cases where direct interaction between actors happens (between a service provider and a customer, for example) or where one of the actors can develop the process (in a dyad or larger network, for example).

Service providers can interact with client processes to create shared value because customers are value creators (use value), not the other way around. In a mutually beneficial relationship, clients can also act as service providers and have an impact on business operations, for example, by making suggestions on how to improve current procedures (Gronroos, 2012). In such a scenario, clients participate in the firm's processes as service providers and work together to create shared value. Use value in this case depends on the environment in which the resource integration occurs; use value can come from actual, perceived, or virtual use, or it can come from the simple act of owning a resource, such as a priceless work of art.

From this conversation, we extracted a number of management SL principles that are indirectly related to marketing and directly related to value creation (see also the list explaining the 10 managerial SL principles for marketing):

1. Generating value expressed as utility value, which arises from or is created

through the integration of new resources within a value-generating scope that is exclusive to service providers, customers, and users, while combining current resources with newly acquired knowledge and skills;

2. Value is created during the course of value creation activities by customers or sometimes destroyed;
3. Customers experience value in unique, contextual, and experiential ways;
4. In a closed value generation environment for consumers, businesses acting as service providers are essentially value facilitators, developing and offering prospective value that can be utilized by customers and other users;
5. Service providers can participate in value creation for customers if a co-creation platform is available or can be built through direct interaction between actors in the value creation process, when chances for actors to co-create value arise; and
6. The interaction of co-creating social value between consumers and members of their ecosystem can have an impact on the process of independent value creation.

The main goal of marketing and business is to add value for all parties involved, and providing services is one way to do this. Our study suggests that reciprocity best described the marketing definition of promise management is a contemporary interpretation of the value proposition concept, which is by its very nature nebulous and imprecise. This definition of marketing states that marketing involves making and keeping promises,



as well as providing the means to do so (Gronroos, 2009). With its foundation in delivering value, the value proposition expression incorporates a promise-making component but neglects a promise-keeping component. Promise management, on the other hand, combines the idea of making promises with the awareness that those promises must also be kept (Calonius, 2006).

As we've seen, service providers may collaborate to co-create value with their consumers by connecting with their value creators through the usage of co-creation platforms. The extent to which future value promises are kept is determined by the customers. Thus, companies have the chance to actively and immediately impact the upholding of value promises expressed by value propositions in the SL. In terms of marketing, companies as service providers can go beyond the constraints of the goods logic, which limits marketers to making claims and providing value propositions about future indirect encounters that consumers will have with goods and other resources.

This argument suggests the following 10 SL-based managerial principles for marketing (see the list explaining the 10 managerial principles based on SL for marketing):

1. Applying resources in a way that contributes to value creation is called service value for clients by supporting their daily activities at physical, mental, virtual and possessive levels;
2. Getting service providers involved is the aim of marketing in their clients' processes to facilitate the production

of reciprocal value between the parties involved;

3. Businesses are not limited to using value propositions to make promises because they are service providers; and
4. Through direct interaction and co-creation platforms, companies acting as service providers can participate in creating value for their customers. They may actively and immediately affect value fulfilment, keep their word, and build enduring connections with customers through interactive marketing.

### **GOVERNMENTAL REPERCUSSIONS**

For management and marketing, adopting a service mindset in accordance with the SL 10 principles has important ramifications. Marketing implications, on the one hand, provide strategies for re-structuring marketing to be more credible. However, it poses significant difficulties for organizational administration.

By using SL, marketing is able to overcome the limitations caused by the logic of goods, namely the ability to provide a fair value proposition. The firm and marketing have a passive role in upholding the promise outlined in the value proposition, according to the standard marketing model. By itself, the product fulfills its promise. SL highlights the platform of co-creation of value, which is the outcome of a direct line of communication between the business and its clients, which gives the business the ability to actively and directly impact how value is created for its clients.

In this way, Beyond active promise creation and passive promise fulfilment, enterprises may engage in active promise fulfilment through their client interactions on a value co-creation platform. On a value co-creation platform, promise fulfilment activities have marketing consequences because a company's approach to active promise fulfilment affects consumers' preferences, desire to continue buying from the company, and views of the brand. For instance, at a restaurant, the promptness and attentiveness of the service staff might promote the promotion of prompt and attentive service (active promise creation), thereby actively fulfilling the promise made. As a result, customers' perceptions of the restaurant brand are likely to be satisfied and strengthened, and this will have a positive impact on their likelihood of returning. In contrast, the extent to which a promise made through active promotion of a tangible product—such as a coffee maker—is fulfilled depends on the customer's ability to use it effectively. The marketer has no direct control over how well the promise is fulfilled. Consequently, the marketer plays a passive role in honoring the promise. The firm in this case creates a co-creation platform and comes close to implementing a service perspective in its marketing if it chooses to add a call center to assist clients. Actively delivering on promises can be done if consumers actively utilize the call center, and marketing is more than just providing a value proposition in this scenario.

In conclusion, promise fulfillment is an important aspect of marketing from the consumer perspective, which is also

consistent with conventional commodity logic. However, the service perspective views promise fulfillment as an active activity, while the latter views it as a passive activity. Thus, the value that is actively co-created in direct interaction with clients (referred to as interactive marketing in the literature on service marketing) is the same as the product variable in the product logic that functions passively.

As a component of the marketing process, the value co-creation platform transcends conventional organizational boundaries. It can be present in almost all departments and organizational procedures. As a result, marketing becomes highly multifunctional, which is an organizational challenge for companies and a significant advancement for customers.

To implement SL that supports and facilitates customers' daily activities, companies must have a deep understanding of their clients' habits in addition to studying their demands. Based on customer requirement data, What companies provide might not necessarily align with what Strandvik et al. (2012) refers to as what customers require, or what consumers actually want to support their operations in a way that adds value. When used appropriately, the service perspective focuses on the client. The service perspective is also relational because of the need for customer centricity and the importance of shared interactions, which have the ability to strengthen the bond between the company and its clients and encourage their relational participation.

For marketing to function effectively as a multifunctional process, the difficulties of management organization must be overcome, especially by going beyond traditional organizational solutions. Only specialist marketing functions are usually prepared to focus on customer needs from the start; full-time marketers receive training for their role in customer management, which mostly entails executing standard marketing mix operations to establish brand recognition and make promises. Other tasks seem to have more to do rather than client management, with design, development, manufacturing, delivery, repair and maintenance, complaint handling, or invoicing. However, as we have shown, the way workers in these roles carry out their responsibilities, pay attention to what customers say, react, and future consumer purchase decisions and the development of a brand's reputation are greatly influenced by communication. For this reason, they are referred to as part-time marketers in the service marketing literature, and interactive marketing is what they do when they connect with clients on a shared value creation platform. Two problems arise when company operations other than marketing professionals do not view customer management as part of their duties or customers as an essential element of their daily lives:

1. How to set up marketing to act as a part of customer management rather than as a distinct specialised role; and
2. How to train staff members who are not in a specific marketing department to incorporate a consumer emphasis into their work.

It has long been understood that a new organisational style is necessary from a business service standpoint. This position has been characterized as organizational challenge by Gummesson (1979), organizational innovation by Normann (1984), and business-wide customer focus by Gronroos (1999). From a service perspective, management needs to recognize that customers are everywhere in the company, even if they are only fully present in a specialized role. Consumers are only partially visible to the rest of the company. Since marketing as a phenomena and customer management are not the major responsibilities of any function other than the marketing specialist function, their marketing or customer management tasks cannot fall under the scope of the marketing department.

Full-time marketers and their conventional marketing duties may still reside in a department that focusses on consumer awareness as well as the development and execution of traditional marketing initiatives. However, marketing must permeate other business divisions as a customer-focused style of thinking. The customer is the center of the company, and marketing serves as customer service. Management must find solutions to the problems of structuring marketing traditionally while embracing a service perspective. Thus, no answers have been presented in the literature on marketing and service.

The second challenge facing management as a result of the

requirement to integrate marketing as a customer focus throughout the firm is preparing workers to operate as part-time marketers and embrace the customer-focused component of their tasks. Gronroos (1999) highlights that management must view this demand for internal marketing as a strategic issue rather than a tactical endeavor. Creating a workplace climate in which workers find their work interesting and meaningful and fostering their interest in the customer-focused component of their work is a critical strategic internal marketing issue. According to Gronroos (2007), it is essential to provide employees with the appropriate knowledge base, meaningful tasks and autonomy to carry out these activities efficiently. To support empowered performance, they also require ongoing management and supervision attention and assistance, as well as information and material assistance (Gronroos, 2007). Then, tactical initiatives such as customer interaction training, internal communication, information on new initiatives, customer commitment, and may support internal marketing at this strategic level.

By taking a service-oriented approach and following SL, scholars and industry professionals may reconsider marketing as customer management and make it more pertinent to companies and customers—and eventually to boards and shareholders. However, there are pitfalls to using marketing as customer management, and these pitfalls cannot be ignored. Otherwise, marketing is likely to revert to conventional commodity logic, with a one-department organizational structure

and one specialized role focused solely on delivering the value proposition.

Finally, we suggest that it may be necessary to reconsider the definition of “marketing” in order for marketing to be successfully used as a customer management process across an organization from a service perspective. The term was first used to describe the process of client acquisition, but current difficulties extend far beyond that first stage. Most full-time marketers who hold positions as marketing specialists use this expression. Psychological resistance is common to part-time marketers as well as to entire organizations. Therefore, Gronroos (1999) suggests that an alternative term may be needed.

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