Service Dominant Logic and Consumer’s Culture: A Literature Review on Relationship Building through Value Creation

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Abstract
Marketing concepts have been evolving from its inception since this field was introduced to study the distribution mechanism of goods. A major shift came in 2004, when a new dominant logic of marketing was presented named as Service-Dominant-Logic (SDL). SDL focuses on the intangible resources, relationships and the co-creation of value, and the economic exchange that is based on service provision rather than goods. This concept has been studied in relation to other concepts in marketing and related fields. Consumer Culture Theory (CCT) refers to the family of theoretical perspectives that address the dynamic relationship between consumer actions, the marketplace and cultural meanings. In this paper, a relationship between SDL and CCT has been built by using the concept of value creation as value in use as the intersection point between the two concepts using existing literature and theoretical support.

Keywords: Service dominant logic, consumer culture theory, value creation, operant resources.
INTRODUCTION

The 19th century can be marked as an evolutionary period of marketing discipline. The focus of marketing has been shifted throughout the 19th century and up till now its evolving. Marketing has been subdivided in many different and separate fields now for instance ‘services marketing’ has been emerged as a distinct discipline. Marketing has been defined through different viewpoints and lenses from the start. The concept of marketing has gone through this progression by being defined from different perspective, that is, marketing as distribution focus; commodity focus; an institutional focus; a functional focus; a managerial focus; a social focus (Kotler, 1972); as an exchange process (Bagozzi, 1975); as promotion of social cause to create social change (Fox & Kotler, 1980); as a concept of right product, in the right place, at the right time, at the right price (Adcock, 1993); marketing as relationship marketing (Moller & Halinen-Kaila, 1997); marshaling the resources of organization to meet customer needs (Palmer, 2000); marketing management as the art and science of applying core marketing activities (Kotler, 2002).

In year 2004, a major shift in this field emerged, and the marketing concept’s debate took a new turn when a new paradigm of marketing was introduced, that changed the way the marketing was looked at and defined through different angles. Two authors named Vargo and Lusch, coined the term ‘Service Dominant Logic’ (i.e. SDL) of marketing in year 2004, which explained marketing concept in a different perspective with dominance on service provision. This concept of SDL of business gained so much importance and acceptance by most of the marketing practitioners and academicians that many of the marketing and related disciplines’ concepts are being studied by using the ‘lens of SDL’ since 2004. For instance Innovation from product, process or relationship perspective is critical to firm’s growth and profitability, due to this importance innovation, symbolic interactionism and customer value as they relate to each other and to marketing management and research has been studied through service dominant logic’s perspective (Flint, 2006); service innovation, which has been primarily studied through traditional new product development with focus on tangible goods; now a new conceptual framework to investigate the antecedents and consequences service innovation by using the service-dominant logic has been proposed (Ordanini & Parasuraman, 2010); a new perspective was introduced known as customer dominant logic (CDL), as opposed to SDL, as SDL was said to be the provider-dominant-logic, whereas service dominant logic which claims to be a customer oriented perspective, look at customers’ from provider’s or firm’s point of view, while it does not know what is customer’s own context and experience of service (Heinonen et. al., 2010); service dominant logic has been presented as a means to reframe supply chain scholarship and practice for increased relevance and impact, because the dominant thoughts of supply chain management are shifting towards the concepts of SDL (Lusch, 2011).

Service Dominant Logic, commonly known as SDL or S-D Logic, is a revolutionary concept in marketing discipline. It has changed the ‘lens’ through which marketers had seen marketing from the beginning. That is, the focus of marketing has been on tangible goods, whereas services were taken as to be an aid to the goods during the process of marketing and production (Converse, 1921). Much of the dominant logic of exchange of tangible goods has been moved towards the exchange of intangibles (Vargo & Lusch, 2004).

SDL as its name suggests, is a dominant logic based on service, but what does service means in SDL is different what is perceived by the word service or services in the business domain. SDL is a service centric approach, but in SDL service does not refer to the offerings in forms of service i.e. intangible goods. In SDL services refer to the application of specialized competencies i.e. skills and knowledge (Vargo & Lusch, 2004) to facilitate the exchange process between consumer and the business. Service in SDL does not meanservice as a residual that is it’s
not a tangible good (Rathemell, 1966); as value added services which refer to anything offered to enrich a good’s image or the specificity of service industry sector which includes services like medical, hotel, airline or education, etc. (Vargo & Lusch, 2004).

LITERATURE REVIEW

SDL being the dominant logic of marketing at the current time gained so much importance that its application and relationship with other key and emerging concepts in the field is becoming vital for the marketing field. As previously it has been stated that due to this significance of this dominant logic it has been studied with various concepts in different disciplines and in marketing too. One of the emerging interesting theory i.e. Consumer Culture Theory (CCT) in marketing, is an interdisciplinary field where macro, critical and interpretive approaches are applied to study consumer behavior’s perspectives (CCT, 2016). The term Consumer Culture Theory (CCT) was first coined in 2005 by Arnould and Thompson. CCT is not a kind of unified grand theory; rather it refers to a family of theoretical perspectives that address the dynamic relationship between consumer actions, the marketplace and cultural meanings. It’s the study of consumption behaviors and alternatives from a cultural and social perspective, as opposed to the economic and psychological perspectives (Arnould & Thompson, 2005). CCT views cultural meanings to be various and fragmented (Firat & Venkatesh, 1995) that is why culture is viewed as a combination of diverse groups and collective meanings, rather than an identical concept e.g. American culture.

In Consumer Culture Theory (CCT), the consumer culture is the main construct which refers to the social arrangement in which the relations between social resources and lived culture, and between meaningful ways of life and the symbolic and material resources upon which they depend, are mediated through the markets. The research related to consumer stimulated by this concept generally addresses the socio-cultural, symbolic, experiential and ideological aspects of consumption pattern (Arnould, 2006). CCT has advanced the consumer behavior research and knowledge by working upon four themes majorly referred as four programs of CCT. These programs are: i) consumer identity projects, ii) marketplace cultures, iii) the sociohistoric patterning of consumption, and iv) mass mediated marketplace ideologies and consumers’ interpretive strategies (Arnould & Thompson, 2005).

Consumer identity projects

CCT is concerned with the co-productive, co-constructive ways of consumers to work with marketer-produced materials, forge a coherent if diversified and often fragmented sense of oneself (Belk, 1988). Such projects include study related to personal web space, which states how consumers create a coherent self through marketer-generated materials (Schau & Gilly, 2003).

Marketplace culture

In CCT, marketplace culture studies focus on some of the most distinct features of the marketplace culture’s intersection. Traditionally peoples were considered to be the culture bearers, but in CCT consumers are seen as producers of the culture. The major underpinning question behind this program of research in CCT is: how does the emergence of consumption as a dominant human practice reconfigure cultural blueprints for action and interpretation and vice versa (Arnould & Thompson, 2005)? One of the famous studies is on the Harley-Davidson subculture that describes consumers as culture producers (Schouten & McAlexander, 1995) is the example of marketplace culture programs in CCT. Marketplace culture program is principally established upon the concepts of neo-tribes (Maffesoli, 1995).

The sociohistorical patterning of consumption

This program of CCT is related towards the institutional and social structures which influence consumer’s consumption in a systematic way, like gender, ethnicity, class and
community. In this consumers are perceived to play certain social roles and positions as they are bounded by law (Otnes, Lowrey & Kim, 1993). The key question of this program of CCT is that: what is consumer society and how is it constituted and sustained (Arnould & Thompson, 2005)? Studies related to this research stream include the study to look at the social capital and its influence in consumption choices by the consumers (Holt, 1998).

**Mass mediated marketplace ideologies and consumers’ interpretive strategies**

CCT investigates the ideology of the consumers which refers to: the systems of meaning that tend to channel and reproduce consumer’s thoughts and actions in a specific way to defend the dominate interests in society (Hirschman, 1993). The foundational questions of this CCT’s program mostly directed in every critical and media theory which lies outside the scope of consumer research. These questions include: what normative messages are transmitted about consumption, through commercial media (Hirschman, 1988)? In this program of CCT, consumers are regarded as interpretive agents who create meanings from a number of activities like consumers identity and lifestyle portrayals through mass media and advertising (Arnould & Thompson, 2005). Study related to this program include the famous study named as ‘the burning man festival’, which studied that economic and cultural globalizations influences consumer identities and ideologies and that how cultural product systems familiarize consumers towards certain kinds of identity projects and ideologies (Kozinet, 2002).

Consumer culture theory (CCT) is basically related to the consumption by the consumers. It studies different aspects of consumption, which are shaped by the experiential, social and cultural forces and hence create a unique consumption culture for the consumer; whereas culture is the unique configurations of thoughts, concepts, beliefs, norms and values which depict the behavior or lifestyle, and relations of a society or group within a society (Reeves & Baden, 2000). Culture with respect to the consumer’s consumption i.e. consumer culture can be defined as a culture where values, social status and all activities are based on the consumption of goods and services. That is what a consumer does, what does he value and how he is defined revolves around the consumption of the stuff (Grimmley, 2016).

**Value in SDL and CCT**

The common concept which is found in both of the theories i.e. in CCT and SDL is ‘Value’. Value is the word which emerges on different places in these concepts. In CCT as a ‘value’ for customer in his consumption culture, whereas in SDL the ‘value co-creation’ is used, where firm and customers are considered to be value co-creators. But what does it mean? Do they mean the same or there lie any difference? Before making any perception, the concept of value should be cleared that what this word implies in general and in these concept’s context.

**Value creation**

The term value is used in different meanings in different fields. The meanings associated with this word changes according to the context used. Value mostly conveys two types of meanings. In one instance it is used to describe the ‘worth’ of something, while in the other instance it is used to refer to some kind of ‘quantity’. Like in economics, sociology, marketing, and ethics the value refers to something of worth; whereas in mathematics, computer sciences, accounting and finance the value refers to some kind of quantity. Value is defined as the outcomes relative to costs (Porter, 2010). In economics value is a measure of the benefit which is achieved from the good or service; in marketing value is the difference between costs and benefits of a product or service according to the consumer’s evaluation.

In economics, value or utility is considered to be embedded in a product (Vargo & Lusch, 2004). As marketing is a derivative of economics’ field, so the concept of value in marketing has been the same as in the economics that is it’s embedded in a product that is tangible in nature.
Marketing’s role has been defined as the creator of time, place and possession utilities (i.e. values) in the production (Weld, 1916). The concept of utility or value is generally accepted and applied concept in the field of marketing, but it has been interpreted and used differently to convey different meaning. So sometimes it creates confusion because the researchers and academicians used the concept of value without explaining clearly that what they mean when they use the word value can mislead the analysis in studies and thus findings and theoretical groundings based on that unclear interpretation and usage of the term. Different authors have used the concept of value differently most commonly two kinds of interpretations are in use currently. These are either ‘value-in-exchange’ or ‘value-in-use’. For instance, value-in-exchange refers to the value added by the firm upon ‘the selling value’ of the product (Beckman, 1957); while value-in-use referred to the value that was considered to be the comparative appreciations of reciprocal skills or services that are exchanged to obtain utility (i.e. value) (Vargo & Lusch, 2004).

Despite of many different interpretations in different fields, the value has been an elusive concept (Woodall, 2003). Concept of value refers to the evaluation of benefits against sacrifices (Ziethaml, 1988). Value creation is a process by which the consumer as a user becomes better off in some respect (Gronroos, 2008). In SDL the value is used in the context that value is always co-created by the customer i.e. value is something which is co-created when the tangible or intangible product is used by the facilitation of the service i.e. the value-in-use. Basically, firms production process generates the potential value, while usage is generation of the real value (Gummesson, 2007), that is what is referred here as the ‘value-in-use’.

Value co-creation
Co-creation refers to the managerial initiatives or economic strategy which brings different parties (i.e. in this business context the firm and a group of customers), together in order to jointly produce a mutually valued outcome (Prahalad & Ramaswamy, 2004). Value co creation occurs when they create unique and personalized form of experiences for customers and in the form of increased revenue, market performance and learning for the organization. Co-creation of value is also defined as the joint creation of value by the company and the customer; allowing the customer to co-construct the service experience to suit their context (Prahalad & Ramaswamy, 2004). Although the concept of value has been used extensively in the S-D Logic framework based on ten foundational premises, out of which seven are related to this concept. But still there is a criticism on the meaning of value as not being clearly stated or as it has been used in SDL makes no sense, as it’s not possible to combine value creation as the creation of value in use and as value in exchange as an all-encompassing process (Gronroos, 2011). But still the value co-creation is being used with SDL as a value creation process of being value in use at the customer side. Whatever aspect of value is used, the main thing to notice is that majorly all concepts of marketing are being associated with value generation, creation, co-production or usage i.e. towards the value in any of the form.

METHODOLOGY

The two perspectives discussed above named as Service Dominant Logic (SDL) and Consumer Culture Theory (CCT) are related to each other to a great extent. If one tries to link up these two concepts there are two key underlying concepts in these two explained perspectives which creates connection between SDL and CCT. The connecting or intersecting point between these theories can be created or stated by using two concepts i.e. Value Creation and Operant Resources. This relationship can be illustrated through the following diagrams.
The points through which both of the domains intersect is the ‘Value creation as value in use’, i.e. value gained after the usage of the product or service. This intersection of these two dominant perspectives can be depicted through the following figure.

To combine SDL and CCT, value co-creation process has to be understood through the cultural lens (Pongsakornungsilp et al., 2008). As the value creation process, when viewed through cultural lens, explains that how firms gave to employ their core competencies, skills and knowledge to create the value proposition that activates operant resources of consumers i.e. their set of life projects; once consumers’ operant resources have been activated the consumers use their
operand resources i.e. money or any economic value, to achieve their social life projects (Pongsakornungsilp, 2010).

**Value exchange process**

The value creation takes place in the process of value exchange between firms and the customers. If the value exchange process between customers and firms illustrated through a diagram, putting firms on the left and consumer group on the right side, it can be visibly seen that the Value Creation as ‘value-in-use’, which is used in both SDL and CCT perspectives takes place at the consumers’ side in this value exchange process. Because in these perspectives value is used as it is gained after the consumption of the product and service.

Value exchange process in SDL is not complete without CCT, because if exchange process is explained through a two-way process where at the one side of the process is the firm or 'managers representing firms', who employ their knowledge and skills to facilitate the exchange process in creating value for consumers; on the other side of the process are 'consumers', who are users of those products or services produced by the firms. So the exchange process runs between firms and consumers. SDL is the perspective of the firms’ i.e. managerial point of view of the consumers and focuses on customers and their involvement in completing this value creation process, while CCT is the perspective of the consumers i.e. consumers’ own point of view about them. Both of the perspectives take value creation as the value-in-use concept, whereas value in use is always created at the consumers’ side after consumption, whether its SDL or CCT, it does not matter. So value in use can be the joining or intersection point for both of the theories.

From a firms’ perspective its primary operant resource is its customers, whereas the reverse is also true from the perspective of the customer. That is, the firms states that as one of many sources of operant resources, consumers draw on in attaining their life projects and in performance of their life’s roles. On the other hand, consumers act upon many firm-produced resources to perform, recover, and even to create preferred cultural schemas i.e. some of them are firm driven and some of them are customer driven (Lusch & Vargo, 2014). It will not be wrong to say that SDL is not complete or beneficiary fully if it does not utilizes CCT, because SDL’s major emphasis and most important operant resource is its consumers, and through the lens of CCT the firms can magnify the consumers’ world, its needs and wants more accurately, hence can offer real value propositions to the consumers which really matters for them a lot.
DISCUSSION

The marketing concept has been evolving since its inception as a derived field of economics and started as a field to study and understand the distribution of goods. The 19th century can be marked as an evolutionary period of marketing discipline. In this time period new marketing concepts developed and some even got so much attention that they emerged and developed as a separate sub discipline within the marketing field, for instance services marketing. Marketing has been defined from different perspective, that is, marketing as distribution focus; commodity focus; an institutional focus; a functional focus; a managerial focus; a social focus (Kotler, 1972); as an exchange process (Bagozzi, 1975); as promotion of social cause to create social change (Fox & Kotler, 1980); as a concept of right product, in the right place, at the right time, at the right price (Adcock, 1993); marketing as relationship marketing (Moller & Halinen-Kaila, 1997); marshaling the resources of organization to meet customer needs (Palmer, 2000); marketing management as the art and science of applying core marketing activities (Kotler, 2002).

A major shift in this field emerged in the year 2004, and the marketing concept’s debate took a new turn when a new paradigm of marketing was introduced, that changed the way the marketing was looked at and defined through different angles. Two authors named Vargo and Lusch, coined the term ‘Service Dominant Logic’ (i.e. SDL) of marketing in year 2004, which explained marketing concept in a different perspective with dominance on service provision. This concept of SDL of business gained so much importance and acceptance by most of the marketing practitioners and academicians that many of the marketing and related disciplines’ concepts are being studied by using the ‘lens of SDL’ since 2004.

In this paper, the relationship between Service Dominant Logic (SDL) and Consumer Culture Theory (CCT) has been studied, analyzed and built, conceptually. SDL focuses on the intangible resources, relationships and the co-creation of value; and the economic exchange is based upon service provision rather than goods, traditionally (Vargo & Lusch, 2004). Service in SDL does not mean service as a residual that is it’s not a tangible good (Rathemell, 1966); as value added services which refer to anything offered to enrich a good’s image or the specificity of service industry sector which includes services like medical, hotel, airline or education, etc. (Vargo & Lusch, 2004).

In SDL services are defined as: ‘the application of specialized competencies i.e. knowledge and skills through deeds, processes and performances for the benefit of another entity or the entity itself’. Due to this comprehension of services, the service-centric dominant logic is the reorientation of the philosophy which is equally applicable to all marketing offerings, even including those which have a tangible output in forms of physical products, in service provision process (Vargo & Lusch, 2004). To present a new dominant logic Vargo and Lusch has also introduced two kinds of resources which are essential for business, termed as: i) Operand resources, and ii) Operant resources. Operand resources are defined as the resources on which an operation or act is performed to produce an effect; whereas operant resources are defined as the resources which are employed to act on operand resources and on other operand resources and operant resources are those resources that produce effects (Constantin & Lusch, 1994).

The term Consumer Culture Theory (CCT) was first coined in 2005 by Arnould and Thompson. CCT is not a kind of unified grand theory; rather it refers to: a family of theoretical perspectives that address the dynamic relationship between consumer actions, the marketplace and cultural meanings. It’s the study of consumption behaviors and alternatives from a cultural and social perspective, as opposed to the economic and psychological perspectives (Arnould & Thompson, 2005).

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themes majorly referred as four programs of CCT. These programs are: i) consumer identity projects, ii) marketplace cultures, iii) the sociohistoric patterning of consumption, and iv) mass mediated marketplace ideologies and consumers’ interpretive strategies (Arnould & Thompson, 2005). The common concept which is found in both of the theories i.e. in CCT and SDL is ‘Value’. In SDL the value is used in the context that value is always co-created by the customer i.e. value is something which is co-created when the tangible or intangible product is used by the facilitation of the service i.e. the value-in-use.

The two perspectives discussed above named as Service Dominant Logic (SDL) and Consumer Culture Theory (CCT) are related to each other to a great extent. If one tries to link up these two concepts there are two key underlying concepts in these two explained perspectives which creates connection between SDL and CCT. The connecting or intersecting point between these theories can be created or stated by using two concepts i.e. Value Creation and Operant Resources. To combine SDL and CCT, value co-creation process has to be understood through the cultural lens (Pongsakornungsilp et al., 2008).

SDL is the perspective of the firms’ i.e. managerial point of view of the consumers and focuses on customers and their involvement in completing this value creation process, while CCT is the perspective of the consumers i.e. consumers’ own point of view about them. Both of the perspectives take value creation as the value-in-use concept, whereas value in use is always created at the consumers’ side after consumption, whether its SDL or CCT, it does not matter. So value in use can be the joining or intersection point for both of the theories. From a firms’ perspective its primary operant resource is its customers, whereas the reverse is also true from the perspective of the customer.

CONCLUSION

In this paper, the relationship between Service Dominant Logic (SDL) and Consumer Culture Theory (CCT) has been studied, analyzed and built, conceptually. The common joining point of both of the theories i.e. in CCT and SDL is ‘Value’. In SDL the value is used in the context that value is always co-created by the customer i.e. value is something which is co-created when the tangible or intangible product is used by the facilitation of the service i.e. the value-in-use, i.e. after the consumption by the consumer; whereas in CCT consumer’s consumption patterns are studied in a systematic way. It means that CCT is related to the study of that value creation which is the basis of SDL. If one attempts to join these two perspectives named as Service Dominant Logic (SDL) and Consumer Culture Theory (CCT), with a single node it will most probably appear to be the value creation from usage or consumption point of view. Because SDL revolves around understanding of the concept of value from consumer’s point of view, whereas CCT relates to the study of that value, which lies in the consumption of that good or service. Customers are the primarily considered operant resource in SDL to co-create value, but firm can also be the operant resource for the consumer (Lusch & Vargo, 2014).

Limitations and future work

The service dominant logic (SDL) has been studied through firm’s viewpoints about the customers, that is why literature lacks where the connection between SDL and CCT is established and tested properly. The studies available which has attempted to conceptualize this relationship between SDL and CCT, has not tested it empirically. So whether the established frameworks holds true in the real business setting, the data is not available in support of that. As S-D Logic is gaining prominence in marketing concept, further linkages of different concepts with SDL are needed to be studied. One of them is CCT, which has been attempted to relate it with the SDL, in this paper.

Further distinct elaboration upon operant resources in consumer culture and the value definition from customer’s point of view, is needed. Because before establishing relationships with
SDL it’s necessary to define those concepts concretely upon which foundation of these concepts is laid. Like value is a very elusive terminology used in SDL framework, and has been criticized for this vagueness too. That is why, before moving forward some key concepts needs to be clear.

In SDL a firm’s prime operant resource has been stated as the customer of the firm by Vargo & Lusch in year 2004, and it has been elaborated well by these authors and others who worked on SDL, too. But in their latest of SDL, published in year 2014, they have claimed that as customers are the prime operant resource for the firm, so is the firm is also an operant resource for the customers. This concept has also been used in this paper to illustrate two ways value exchange process between firms and consumers, but further elaboration and explanation of this statement needs to be studied. Culture is very vast topic to be covered because it is comprised of numerous elements which are not possible to be covered in a single study; and when the consumer culture has to be study it requires a lot of time and incorporations of a lot of factor related to consumer culture especially the four dimensions of CCT.

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