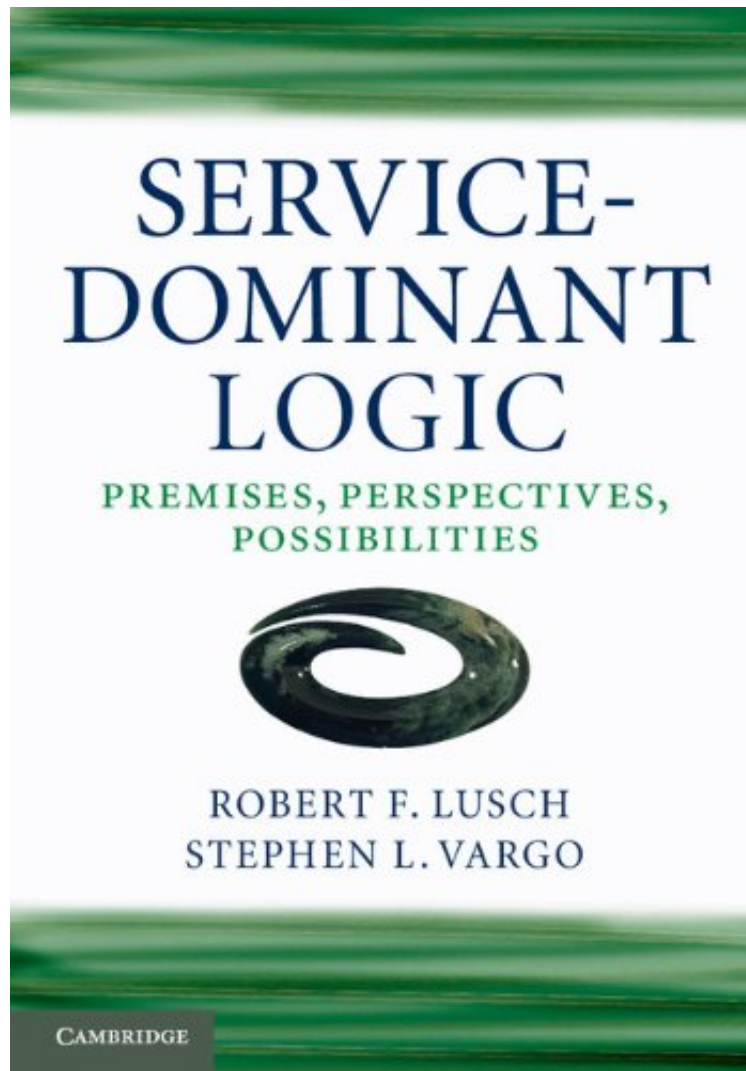


Service-Dominant Logic: Premises, Perspectives, Possibilities

Robert F. Lusch, Stephen L. Vargo
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Robert F. Lusch, Stephen L. Vargo : Service-Dominant Logic: Premises, Perspectives, Possibilities before purchasing it in order to gauge whether or not it would be worth my time, and all praised Service-Dominant Logic: Premises, Perspectives, Possibilities:

5 of 5 people found the following review helpful. Sit Down with a Pencil and a Paper!By BirudFirst a disclaimer: the first co-author (Dr. Robert Lusch) was my dissertation chair, and the second co-author (Dr. Stephen Vargo) a senior colleague ahead of me in the same program, who stood out even then because of his independent thinking. I have tried to keep my review as much objective as possible, but I do not claim that I have conquered all my biases. In 2004, Lusch and Vargo published an article in the Journal of Marketing. It was not just any article, as it attempted to reimagine the very foundations of the marketing discipline. The basic tenets of what they proposed are laid out in the

10 Fundamental Propositions (FPs) listed below.

1. Service is the fundamental basis of exchange
2. Indirect exchange masks the fundamental basis of exchange
3. Goods are a distribution mechanism for service provision
4. Operant resources are the fundamental source of competitive advantage
5. All economies are service economies
6. The customer is always a co-creator of value
7. The enterprise cannot deliver value, but can only make value propositions
8. A service-centered view is customer oriented and relational
9. All economic and social actors are resource integrators
10. Value is always uniquely and phenomenologically determined by the beneficiary

(Note: do not get discouraged by the academic terms like operant, operand, or phenomenological - the roots of the book are in the idea espoused and nourished by mostly academics so far, though the firms like IBM have landed their tacit endorsement to the movement).

Essentially, Vargo and Lusch proposed a meta-idea that in all commercial exchanges, service is exchanged for service, even when what looks like a thirsty truck driver buying a can of coke (traditionally a "good", not a service). The shift in thinking from goods-dominated perspective to service-dominated perspective is subtle but deceptively far-reaching and potent. I believe that a good book review summarizes the central thought and then provides the reader with a good idea on where the book excels and where it falters. Summarizing a book of this magnitude (not its length but the depth of ideas it contains) in an review is not possible for me (and not for lack of trying!). However, I should lay out the basic premise from an example from the first chapter of the book.

The dominant view is that the firms are primary in a given economy and their purpose is to manufacture goods and bestow them with some intrinsic value. The authors offer an alternative view, arguing that it is not about firms producing goods, rather, it is about actors exchanging service for service, integrating resources to accomplish this, and cocreating value. What is meant by "service" is applying competence. Therefore, goods are merely vehicles for exchanging this competence. The example of a fisherman and farmer is illuminating. The fisherman has developed skills for locating and catching fish from the sea. The farmer has become expert in growing grain. Therefore, when they exchange fish for grain, what they are exchanging is essentially skills for fishing for the competence in growing grain. Fish and grain are mere embodiments of these separate set of skills, and should not be the focal points of the study of this exchange, as what we witness here is an exchange of service for service. While the shift in focus from goods (fish and grain) to service (skills in fishing and farming) is subtle, the implications are profound, because now we understand the purpose of an enterprise as selling goods versus serving exchange partner's needs. Here, "services" is differentiated from "service" - the former is a term used in G-D logic to mention that which is not good (e.g., hair cutting services), while the latter is applying competence and skills to serve the needs of self or someone else.

The "So what?" Question
The question is - so what? How does this "new" perspective help us? Well, the authors are the first to mention that the idea they propose is not necessarily new, as others before them had similar thoughts which got railroaded. However, articulating the various strands of economics and marketing in a unifying framework in itself is no small contribution. As for how it helps, they maintain that the G-D logic is on the wrong footings, as it does not correspond to the real world. It is elegant and simple, but not a good approximation of reality. Further, we have all these sub-disciplines of marketing: goods marketing, services marketing, b-2-b marketing, internet marketing and they all have their quirks, and supposedly, therefore, they demand different thinking and strategies. Well, S-D logic provides a common explanation for all these "diverse" sub-disciplines. This is not trivial - ask any physicist trying to reconcile the planetary physics with the subatomic particle physics. Third, the S-D logic focuses on process (integration of resources and sharing of expertise) rather than output (manufactured goods), therefore, it attempts to capture something more dynamic, interactive, complex, and fundamental. Fourth, as the authors mention (p. 25), "strategic advantage of a firm can be recast from a logic that focuses on making better products to increase market share in existing markets to one of redefining existing markets for strategic advantage of defining and thus, creating new markets". Some may here an echo of "Blue Ocean Strategy How to Create Uncontested Market Space and Make Competition Irrelevant" arguments. In nutshell, the SDL provides a lens through which the organization of the society can be reimagined. If you do not see many applied benefits that is because this meta-thought is young, at the 30,000 feet height, and needs many theories that connect it at the ground level.

Conclusion
The book is about an idea that has root in marketing but after the 10-year period of development, goes much beyond it. The book is a rare gem - books proposing solid ideas and sweeping explanations of social/economic behaviors of humans do not come along daily. You can use this book to gain historical perspective on the development of economics from the exchange point of view. You can also use it as a supplementary textbook for your philosophy of science class in almost any business discipline. The book has a very humane approach. For example, assembly line employees lose a sense of purpose when they focus on making a toy (G-D logic) instead of providing service to the ultimate consumers (S-D logic). Authors hope to reignite this sense of purpose through application of the S-D logic. If you choose to read the book, and I hope you do, I suggest you take the author's suggestion of sitting down with a pencil as you will have many questions and ideas that will start flowing once you see the logic of economic activities as it is recast. That also means that this is not meant to be a "warm water falling on the head" sort of reading experience provided by many pop-science books. You will need to engage in the debate with the authors as they keep laying the groundwork on the pages of this book. You should also visit sdlogic.net for keeping up with the new developments. Bon voyage!

1 of 1 people found the following review helpful.
Great book that expands and clarifies S-D Logic
By NathanNH
I purchased the book thinking that since I read most of

the S-D articles I wouldn't take much away from reading this book. As a result it sat in my office for several weeks. But when I did begin reading it, I couldn't put it down. It was that insightful! The rationale of S-D Logic provided in the published journal articles is brilliant but I have often found myself yearning for more detail- specifically, examples that would allow me to better understand how this logic presents itself in the real world. Detail that often cannot be provided in journal articles due to space constraints. This book provided this and more. Despite having a strong understanding of S-D Logic before opening this book, reading this book really helped me to internalize the logic and connect it to practice and other relevant literature bodies. 1 of 1 people found the following review helpful. I highly recommend it. By Stephen Kwan An updated treatise of Service-Dominant Logic by its founders. It collected their school of thought about service (singular) in a volume. A must-read for those interested in research or just the study of service economy from micro to macro levels. I highly recommend it.

In 2004, Robert F. Lusch and Stephen L. Vargo published their groundbreaking article on the evolution of marketing theory and practice toward 'service-dominant (S-D) logic', describing the shift from a product-centred view of markets to a service-led model. Now, in this keenly anticipated book, the authors present a thorough primer on the principles and applications of S-D logic. They describe a clear alternative to the dominant worldview of the heavily planned, production-oriented, profit-maximizing firm, presenting a coherent, organizing framework based on ten foundational premises. The foundational premises of S-D logic have much wider implications beyond marketing for the future of the firm, transcending different industries and contexts, and will provide readers with a deeper sense of why the exchange of service is the fundamental basis of all social and economic exchange. This accessible book will appeal to students, as well as to researchers and practitioners.

'Lusch and Vargo's new volume is a radical innovation in marketing thinking. The volume brilliantly advances and consolidates the S-D logic initial research proposal, intriguingly suggesting an interdisciplinary scientific paradigm which will engage numerous scholars across various knowledge domains.' Sergio Barile, Professor of Business Management, University of Rome 'La Sapienza' 'In Service-Dominant Logic: Premises, Perspectives, Possibilities, Bob Lusch and Steve Vargo bring us to an elevated understanding of service as the foundation of value and exchange in modern society. The book provides in one place a compendium of existing S-D logic knowledge and, at the same time, takes us to new levels of possibilities achievable through adopting a service mindset. The book should be required reading for all students of business and society, old and young. Bravo!' Mary Jo Bitner, Professor and Executive Director, Center for Services Leadership, W. P. Carey School of Business, Arizona State University; and Editor of the Journal of Service Research 'If you are a business practitioner or academic who has been following, either casually or carefully, the development of service-dominant (S-D) logic, you should read this book, for it pulls together the foundations, structure, and implications of S-D logic for business practice and theory. If you have not been following the development of S-D logic, you should definitely read this book, for it will alert you to a transformational framework for thinking about economic activity.' Shelby D. Hunt, The Jerry S. Rawls and P. W. Horn Professor of Marketing, Rawls College of Business Administration, Texas Tech University 'This is the most seminal contribution to management and economic thinking that I have encountered during the whole of my career. Lusch and Vargo offer theory and concepts that unite the exponentially growing volume of data and research fragments from our complex modern society. Still, it is not the hard sell of yet another magic management bullet. The book should be read by everyone in management and economic disciplines: students, practitioners and politicians.' Evert Gummesson, Emeritus Professor, Stockholm University, Sweden 'Ten years ago, Lusch and Vargo turned upside down more than 200 years of economic thought, advancing the view that capabilities rather than goods are fundamental to economic exchange, and setting the stage for the emergence of a new science of service. Now they have distilled their argument to its essence in a remarkable new book that is sure to become required reading for service scientists everywhere.' Paul P. Maglio, Professor of Technology Management at the University of California, Merced and Editor-in-Chief of Service Science 'Service-Dominant Logic: Premises, Perspectives, Possibilities draws together nearly two decades of pioneering work and thought leadership by the authors. This scholarly and provocative text provides a penetrating analysis of the new discipline of service science. It combines groundbreaking research, deep insight and practical models and is an essential read for both reflective practitioners and students.' Adrian Payne, Professor of Marketing, Australia School of Business, University of New South Wales 'Two thirds of the world's population still live on less than two dollars per day. To start changing this, we need to understand this huge segment of society not as passive aid recipients and consumers (Goods Dominant Logic), but as innovative entrepreneurs constantly co-creating solutions to survive in their daily life (Service-Dominant Logic). The base of the pyramid is a rich, living laboratory where actor-to-actor collaboration integrating scarce resources for value co-creation in complex subsistence ecosystems is rooted and practiced every day; where people are SDL Natives. This definitive book by Lusch and Vargo provides us with the ultimate platform to better understand the complexities and opportunities of a service-dominant culture.' Javier Reynoso, Service Management Research Chair, EGADE Business School, Mexico 'Service-dominant logic has been widely accepted as a leading theory and thinking framework for service sciences and engineering. It is now entering

the consciousness of business leaders and practitioners: in multiple disciplines in business research and technology development, service-dominant logic is becoming part of the standard vocabulary and its relevance to practice is even more prominent as the data- and analytics-driven economy is emerging. Written by the pioneers who defined and framed the theory and applications of service-dominant logic, this monograph is a must read for researchers and practitioners alike.'

Daniel Dajun Zeng, Professor in Management Information Systems, Eller College of Management, University of Arizona; Research Faculty, Chinese Academy of Sciences; and Editor-in-Chief of IEEE Intelligent Systems

About the Author
Robert F. Lusch is the James and Pamela Muzzy Chair in Entrepreneurship at the Eller College of Management, University of Arizona. He is past editor of the Journal of Marketing and Chairperson of the American Marketing Association. Professor Lusch's research focuses on marketing strategy and theory with a major focus on the service-dominant logic of marketing. He is the recipient of many awards including the 2013 AMA/Irwin Distinguished Marketing Educator Award.

Stephen L. Vargo is a Shidler Distinguished Professor and Professor of Marketing at the University of Hawai'i at Manoa. Prior to entering academia, Professor Vargo had a career in entrepreneurial business and consulted with many corporations and governmental agencies. Professor Vargo's primary areas of research are marketing theory and thought, and consumers' evaluative reference scales. He has been awarded honorary professorships and has held visiting positions at many leading universities worldwide and is the recipient of major awards for his contributions to marketing theory and thought.