



S-D
Logic

Service-Dominant Logic: A New Logic for Business

**Interdisciplinary Research Perspectives
for the Shared Economy**

University of Bayreuth
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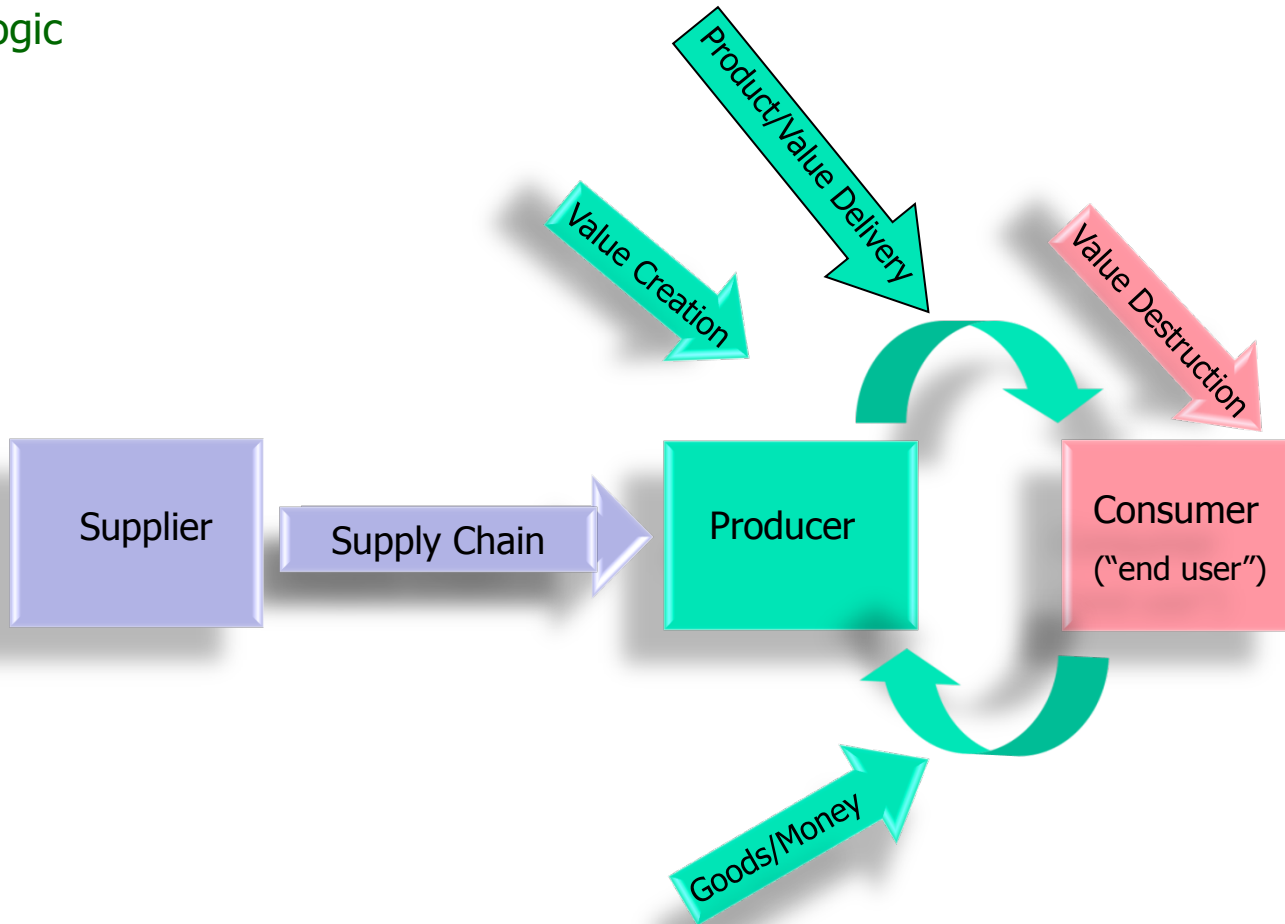
The Importance of the Right Logic

- Without **changing our pattern of thought**, we will not be able to solve the problems we created with our current pattern of thought
 - Albert Einstein
- The greatest **danger** in times of turbulence is not the turbulence: it is to **act with yesterday's logic**.
 - Peter F. Drucker
- The main power base of paradigms may be in the fact that they are **taken for granted** and not explicitly questioned
 - Johan Arndt
- What is **needed** is not an interpretation of the utility created by marketing, but a marketing **interpretation of the whole process creating utility**.
 - Wroe Alderson

Goods-Dominant Logic Model: Value Production and Consumption



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Rethinking Goods and Service(s)

Wrong Thinking about Goods: **Good are not why we buy goods**

- **Service** (benefits) they provide
- **Intangibles** (brand, self image, social connectedness, meaning)
- **Inputs** into holistic **experiences**

Wrong Thinking about Service: **"Services"** Stated as types of Goods

- Value-enhancing **add-ons** for **goods**, or
- A particular (somewhat inferior) **type of good**: intangible output

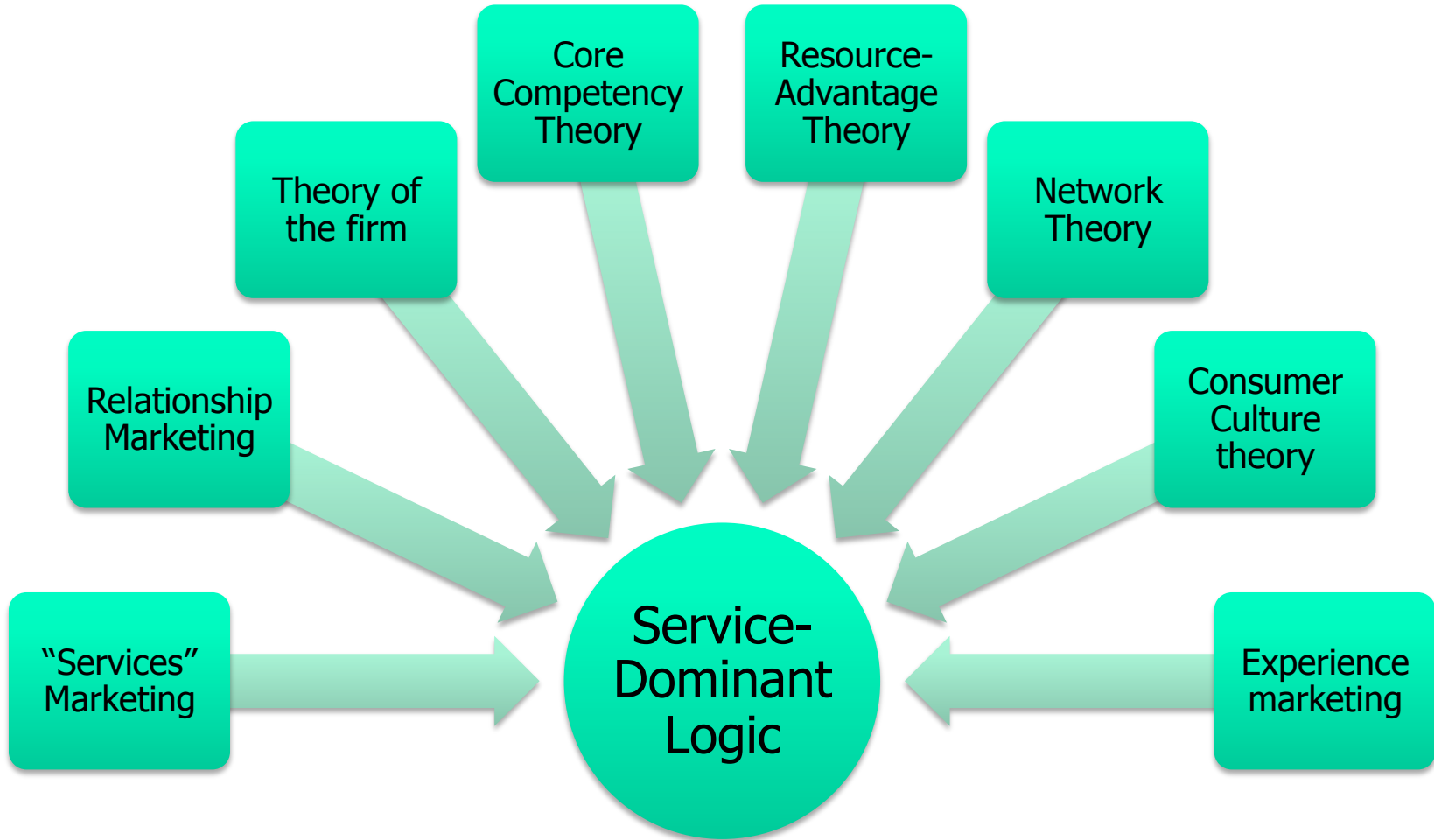
Right thinking About **Service**

- Service is a **process**, not a unit of output
 - **Using** one's resources for **another's benefit**
- **Goods** are **delivery mechanisms** for **service**
- **Customers** are not "end users"
 - just **other service providers** (employees, parents, CEOs, etc.)



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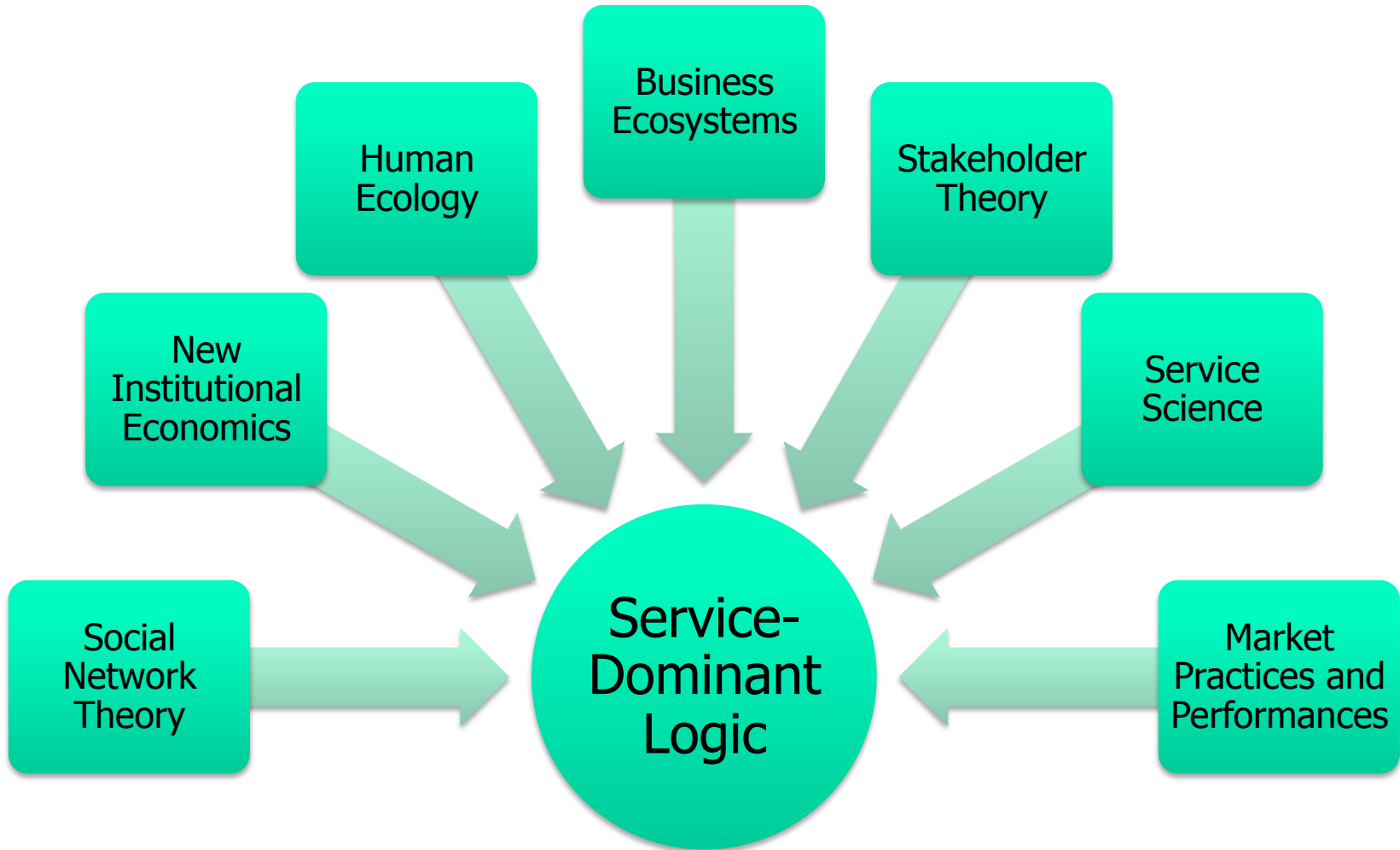
A Partial Pedigree For S-D Logic





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An Extended Pedigree for S-D Logic





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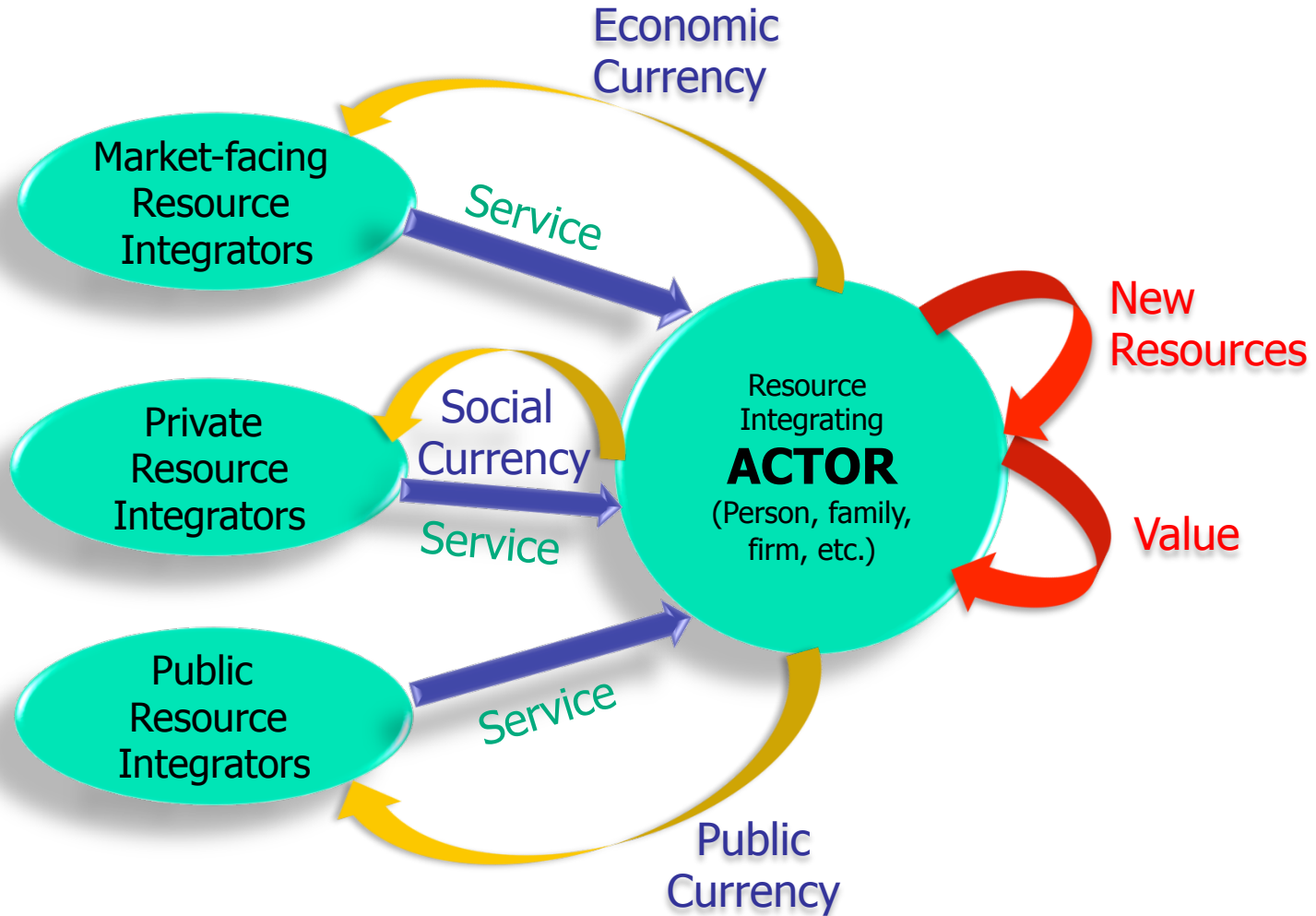
Axioms of Service-Dominant Logic

Premise		Explanation/Justification
A1	Service is the fundamental basis of exchange.	The application of operant resources (knowledge and skills), "service," is the basis for all exchange. Service is exchanged for service.
A2	Value is always cocreated by multiple actors, including the beneficiary	Implies value creation is interactional and combinatorial.
A3	All economic and social actors are resource integrators	Implies the context of value creation is networks of networks (resource-integrators).
A4	Value is always uniquely and phenomenological determined by the beneficiary	Value is idiosyncratic, experiential, contextual, and meaning laden.
A5	Value cocreation is coordinated through actor-generated institutions and institutional arrangements	Institutions provide the glue for value cocreation through service-for-service exchange

Value Co-creation through Resource Integration & Service Exchange



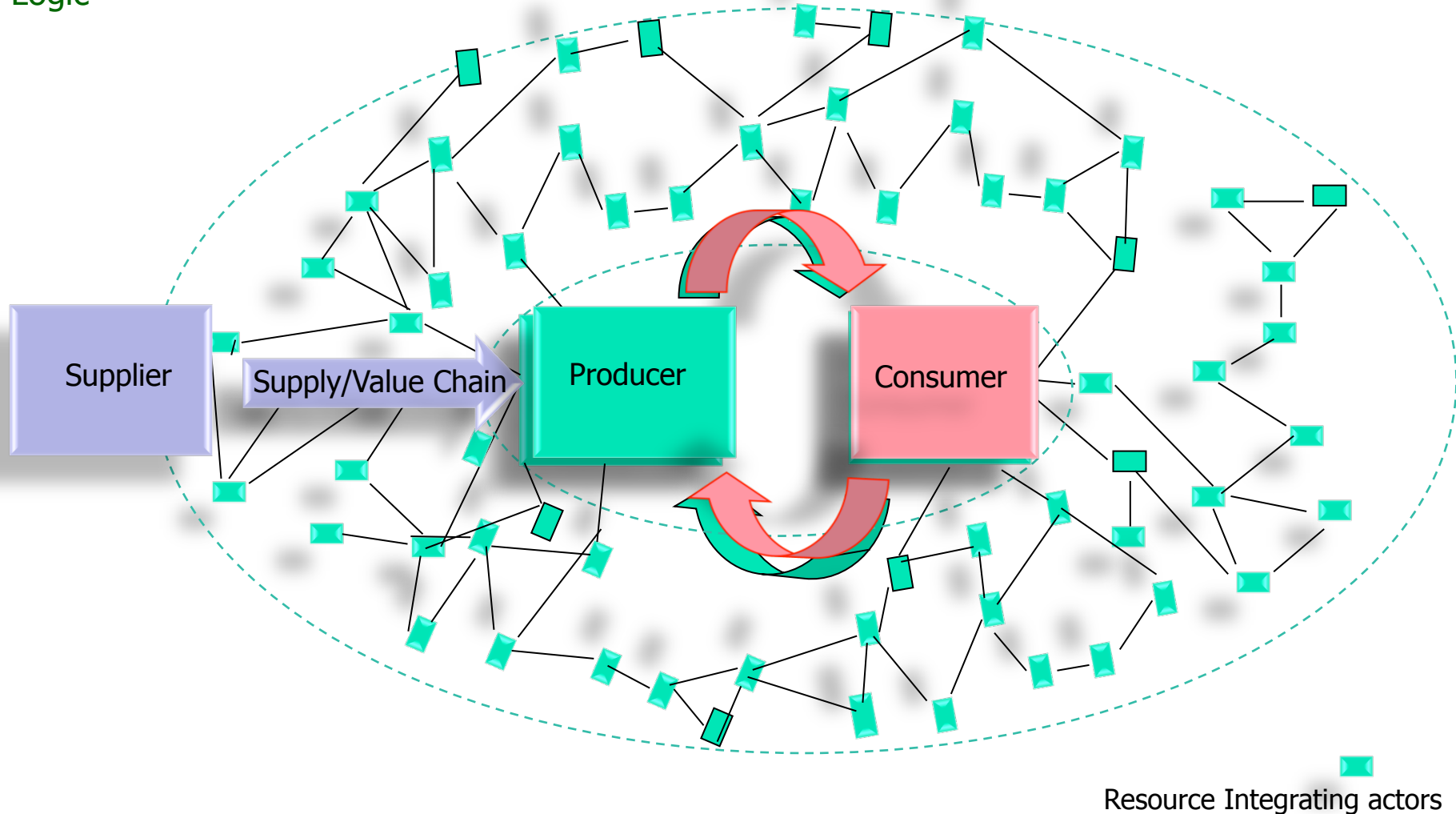
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Micro Exchange Embedded in Complex (Eco)Systems of Exchange



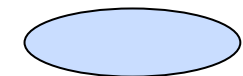
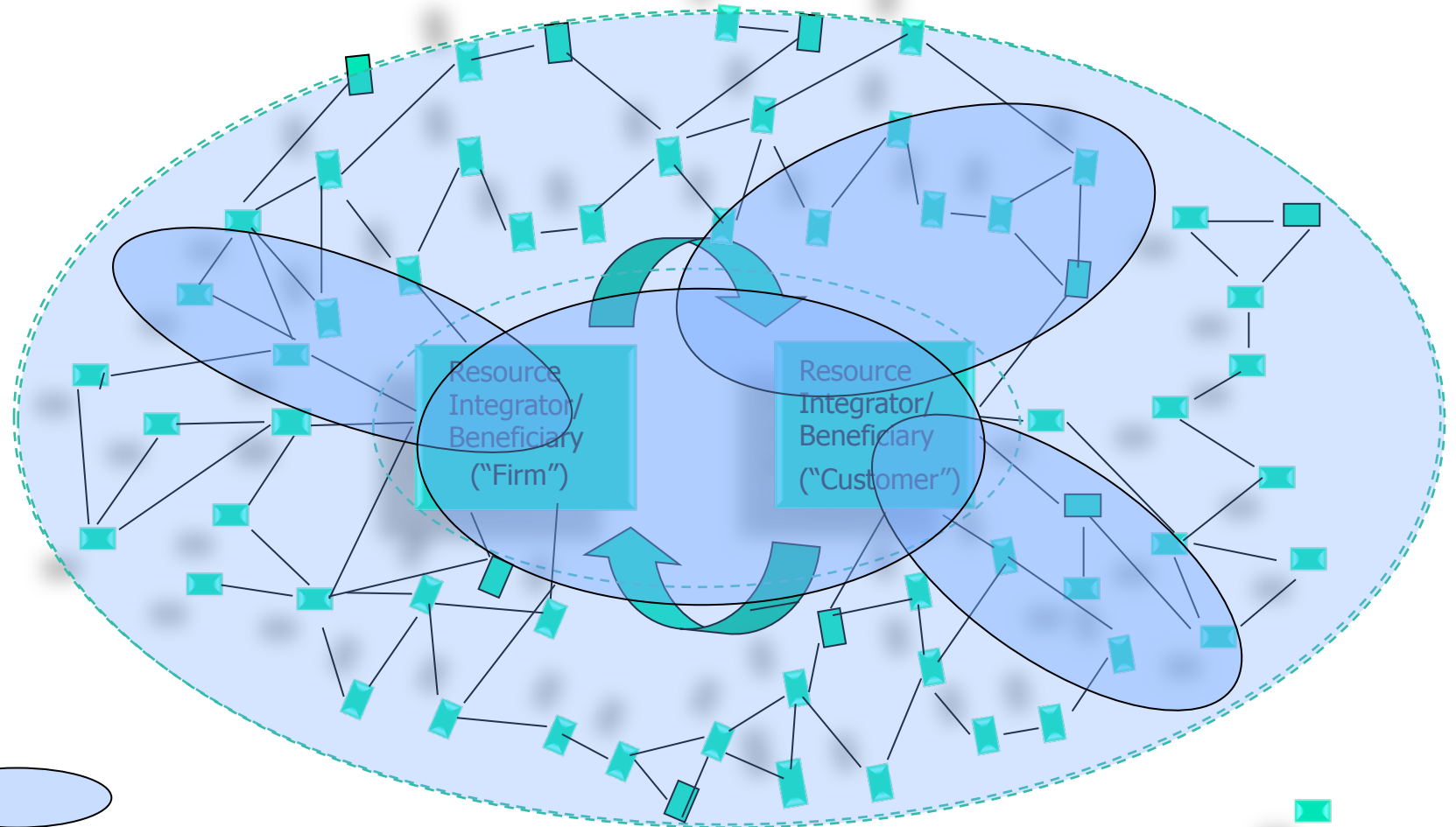
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Resource Integration & Service-for-service Exchange within Service-ecosystems



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Institutions & Institutional
arrangements/logics

Resource Integrators

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



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Institution

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

Service Ecosystem (S-D logic)

- relatively self-contained, **self-adjusting systems** of **resource-integrating actors** connected by **shared institutional arrangements** and **mutual value creation through service exchange**.

Clarification:

What institutions are & are not



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- Institutions **are not organizations**
- Institutions **are** :
 - Socially-created schemas **norms, and regulations** (Scott 2014) -- “rules of the game”
 - **Organizations are the teams, players** (North 1990,)
 - routinized **ways of thinking and acting** that
 - are (partially) **shared**
 - **enable and constrain** human behavior (Berger and Luckmann 1966)
- Examples
 - Language, symbols, laws, traditions, culture,

Resource Integration & and the Structuration of Service Ecosystems



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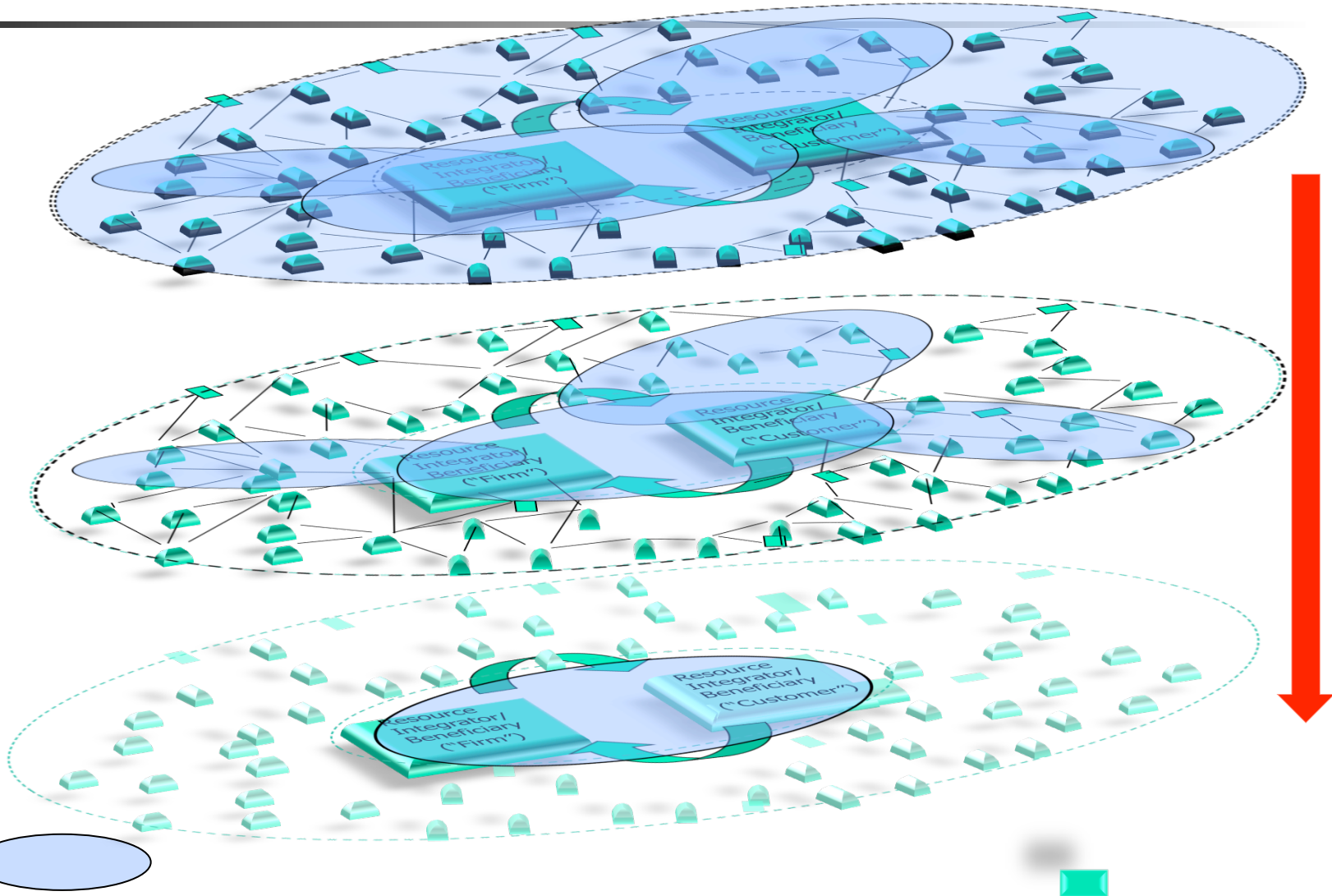
Macro



Meso



Micro



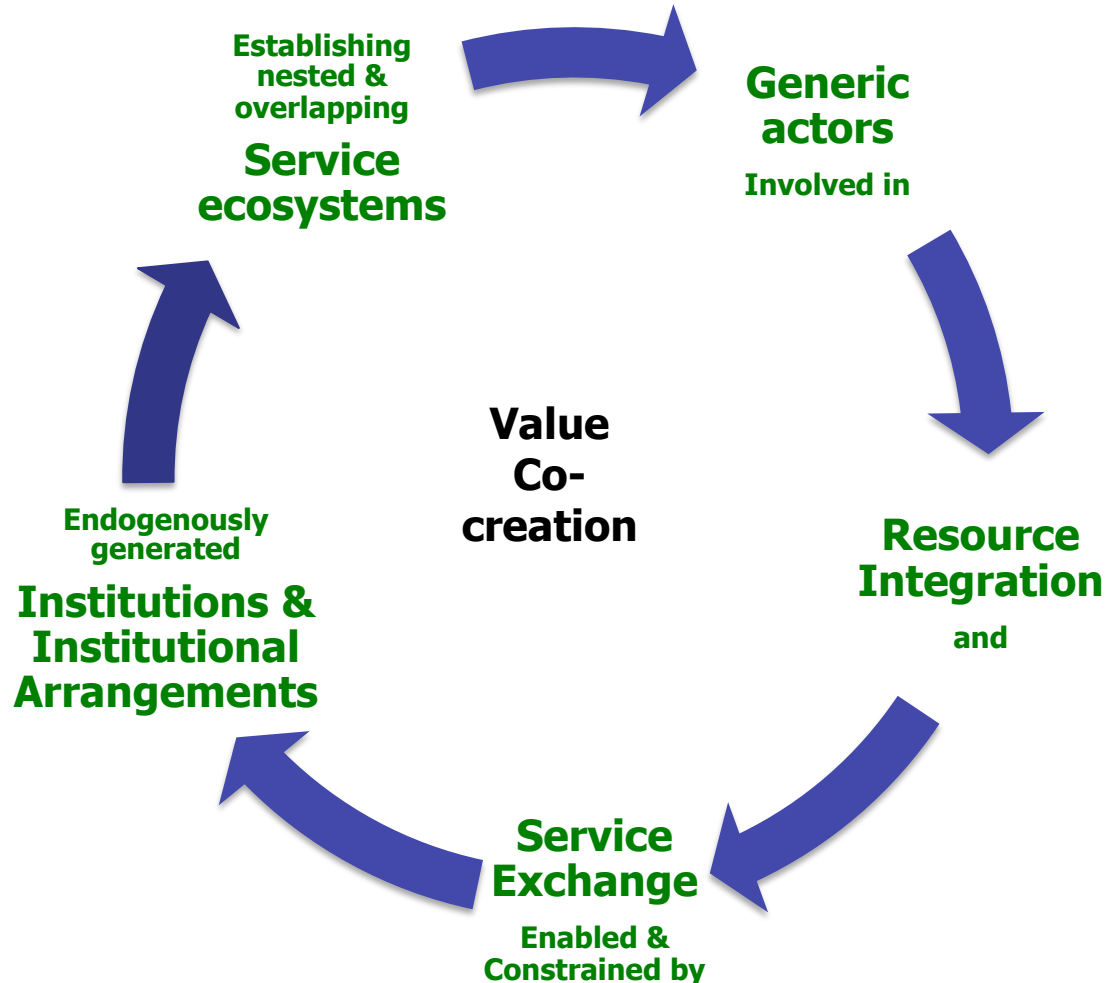
Institutions

Resource Integrators

The Core Narrative & Processes of Service-Dominant Logic



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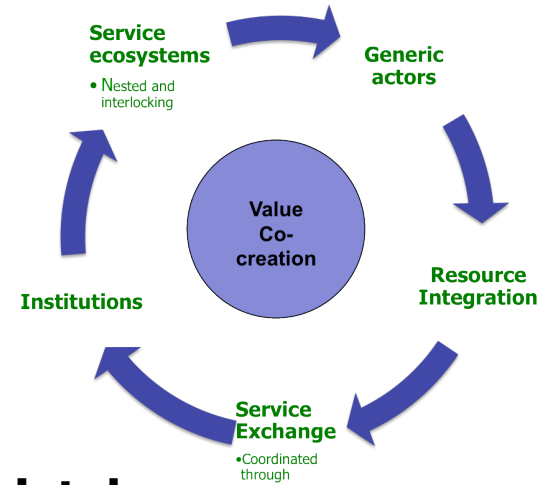


"Hip-Pocket" S-D Logic



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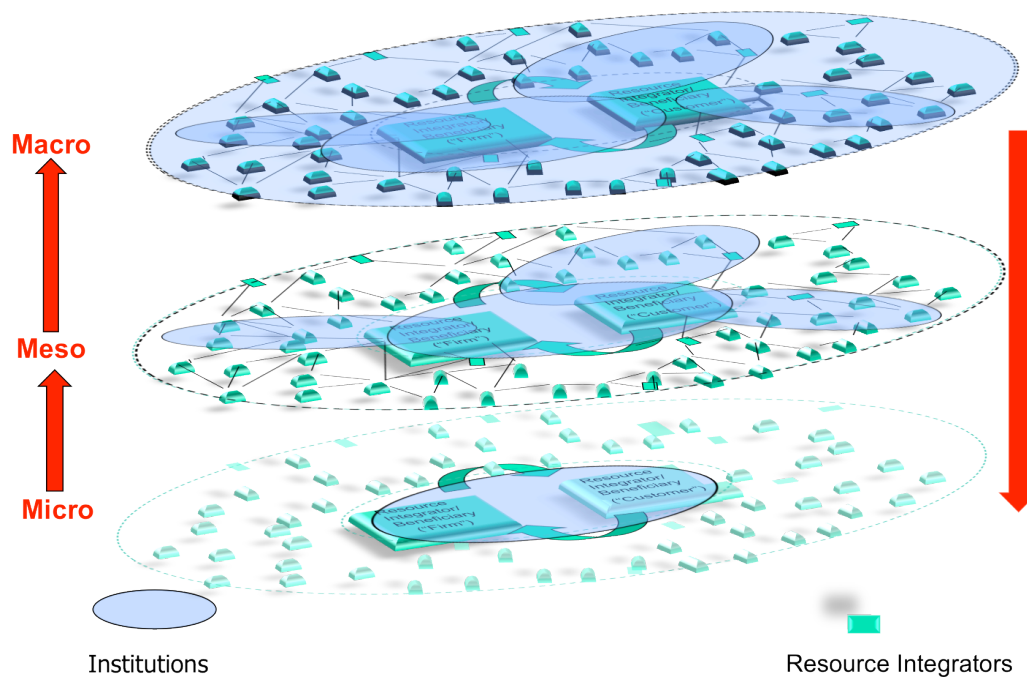
Components
& Structural Perspectives



Societal:
National, Global, etc

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

Exchange
B2C, B2B, C2C, etc



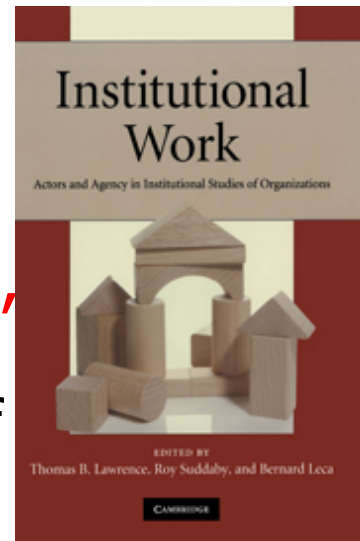
Innovation: The S-D Logic Perspective



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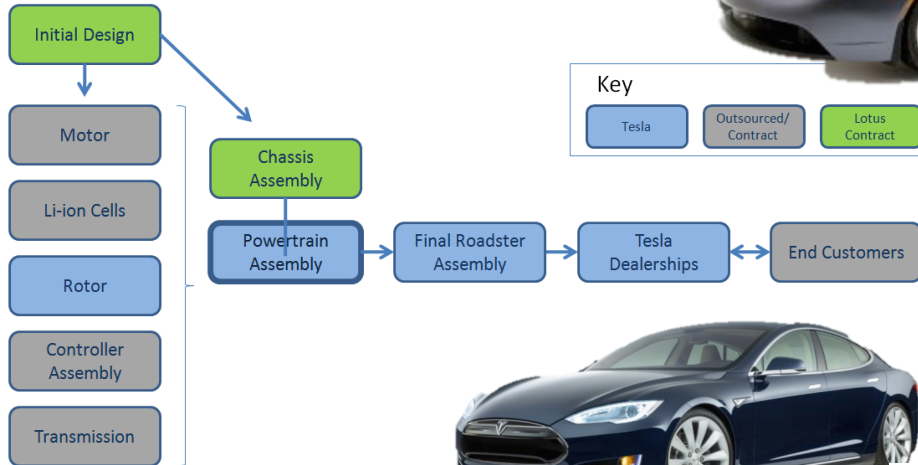
Continual **creation of new markets** by:

- **Leveraging** existing service ecosystems
- Dynamically **reconfiguring** service ecosystems
- **Creating** new ecosystems
- In short: doing “**institutional work**”
 - **Creation, maintenance, disruption** of institutions

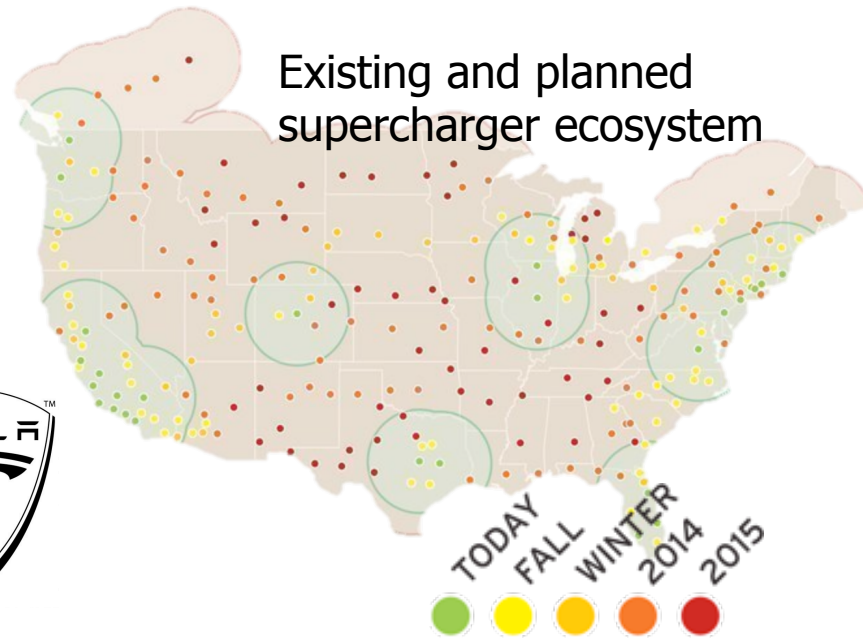


The Tesla Ecosystem Innovations

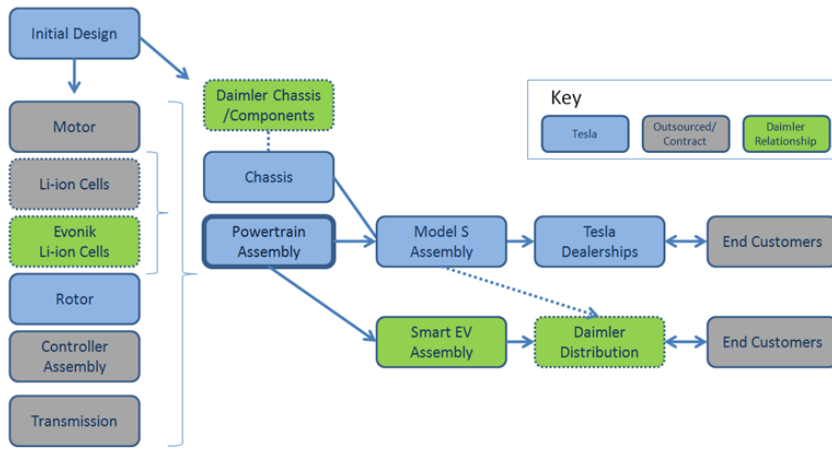
Roadster Ecosystem



Existing and planned supercharger ecosystem



Model S/Powertrain Ecosystem



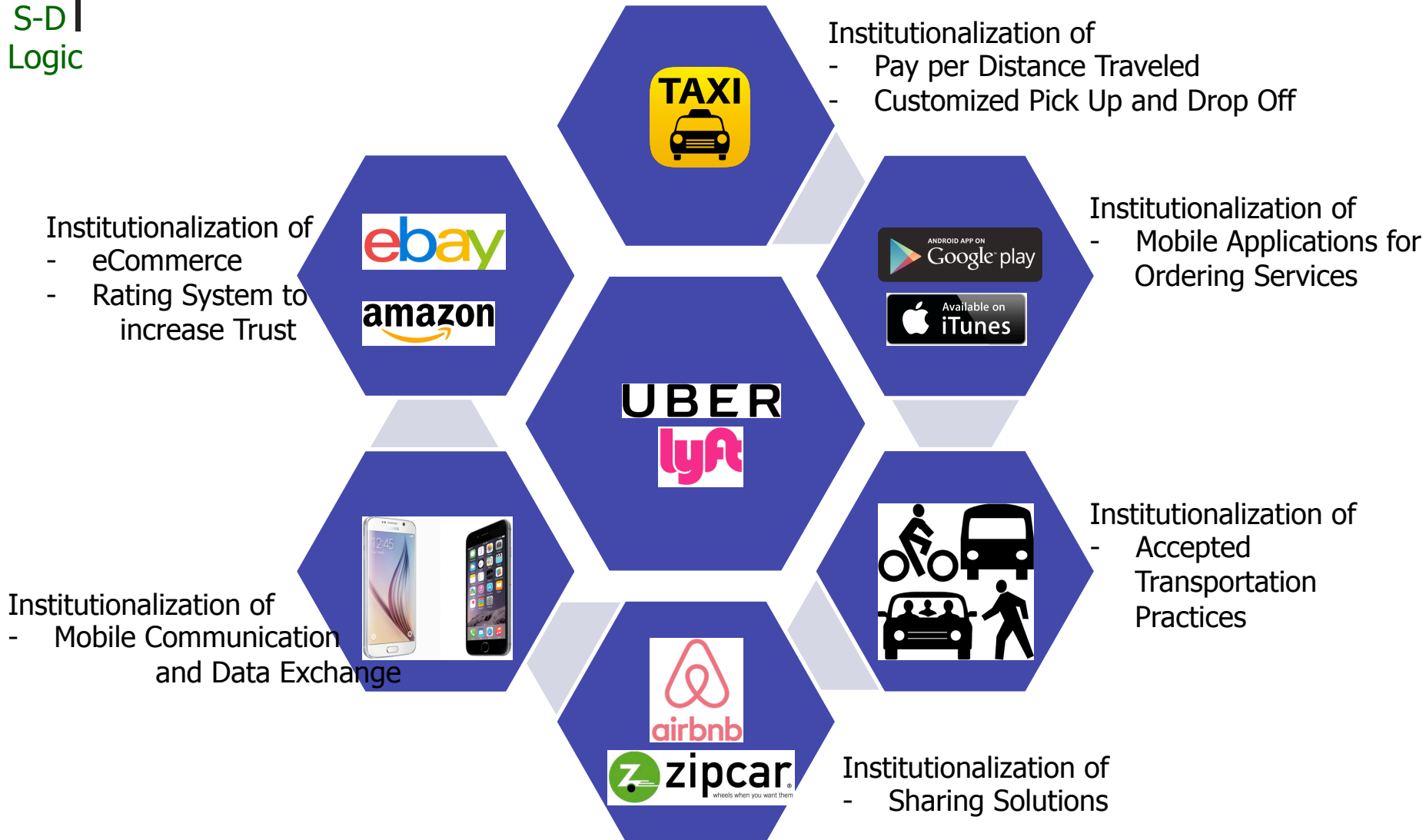
Other institutional Design Elements

- Laws (e.g., non-dealer sales)
- Habits (e.g., "fueling": more often, while parking)
- Regulations (e.g., preferred parking spots)
- Business model: Open patents to cocreation

Complimentary Institutionalizations and Upstream Adoptions Processes for UBER and Lyft



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Select Institutional Work by Uber/Lyft: Maintenance, Disruption and Change

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Institutions

maintained:

- Pay for Distance Traveled
- Customized Pick Up and Drop Off
- Use of traditional Cars
- Etc.



UBER
lyft

Institutions

disrupted :

- Professional Drivers
- Cash Payments
- Flagging Down
- Regulated Industry
- Etc.

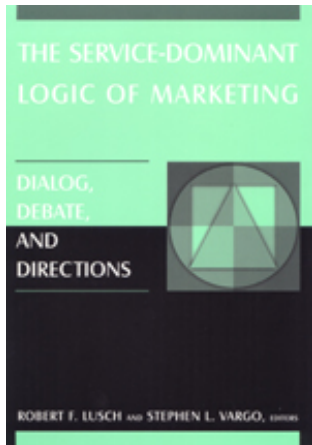
Institutions

changed :

- Rating System of Driver and Passenger
- Payment in Cloud
- Etc.



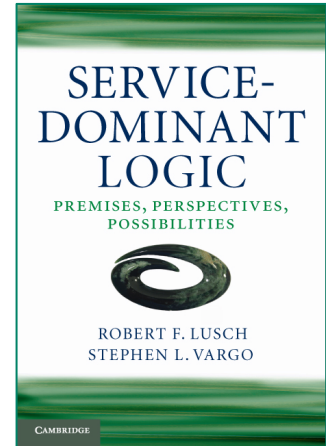
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Thank You!

For More Information on S-D Logic visit:

sdlogic.net



We encourage your comments and input. Will also post:

- Working papers
- Teaching material
- Related Links

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