

MUNI



SERVICE SCIENCE & SERVICE MARKETING

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PROF. LUCA CARRUBBO

INTRODUCING MYSELF

MINOR CONCERNS:

- Type-B researcher in Business Sciences at Dept. of Business, Management & Innovation Systems, University of Salerno since 2020
- Previously Type-A researcher in Business Sciences at Dept. of Medicine, University of Salerno since 2017.
- Visiting professor at MUNI of Brno (CZ) since 2012.
- Ph.D. in Business Administration at Cassino University in 2011.
- Graduated with honors in Economics at University of Naples in 2004 and 2006.
- Member Board of Directors of UNISA's SIMAS interdepartmental research center since 2019
- Member of AIDEA, SIM and SIMA since 2017
- Founding member of the ASVSA Association since 2011
- Sole Director of ICUBE Digital Ventures (Spin off and innovative start up)



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MAIN CONCERNS:

- I have co-authored a text on Neuro-Marketing, ed. CEDAM and contributed to several other books on Marketing
- *I am an avid scholar of Service, Systems, Value and related declensions.*
- *I have been a project manager of major project initiatives (more on that later).*
- *I constantly collaborate with businesses and entrepreneurs*
- *I am convinced that teaching should be interaction, dissemination, exchange, direct experience (hence, the idea of the exercise in Groups and the related contest).*
- *I like practical, real, competitive things*
- *I hate notionalism, I detest rote learning, I prefer dialogue with students to one-man-shows (I believe in elevator-speech and circular teaching).*
- *I am one of the faculty members with the highest number of thesis writers in my department (currently 41).*
- *I leave the slides and all teaching materials to my Classes (no copyrights), so I do not tolerate the black market of recordings and unwinds of my lectures.*
- *I teach in 5 Departments at UNISA. I prefer TEAMS, WA and LinkedIn to email.*
- *Married, 2 children, 2 cars, 1 house and a turtle (non-believer, values are other).*
- *I am an 'experienced' traveler (source of contamination), curious about everything and everyone.*
- *I play a lot of sports (team-building fan), use social media in moderation (no-spam).*

PS: my name-surname is unique in the World (tested).

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PROF. LUCA CARRUBBO

Service Science & Service Marketing



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Introduction to Service Science

02

Service Marketing

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Laboratory of Service Systems

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Chapter 1

Introduction of Service Science

AGENDA

- S-D logic FP & Axioms
- The Service Systems
- Value in Service

S-D logic FP & Axioms



Dr. Gummesson receiving the S-D Logic Award at the 2011 Naples Forum on Service.
(left to right: Dr. Robert F. Lusch, Dr. Evert Gummesson, Dr. Stephen L. Vargo)

The Story of S-D Logic

The Story and Back Story:

- Vargo, Stephen L. and Robert F. Lusch, (2004) "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*.
- Submitted: 1999
- Published: 2004

The Back-Back Story (1994-99):

- The dilemmas
 - The idea of a "new service economy."
 - The idea of two marketing approaches.
 - Goods and "services"
- The approach:
 - Read "everything" in the "service(s)" literature
 - Across time
 - Across disciplines
- The insight: The goods/service(s) model is inverted
 - Goods are a the special case; service is the general case

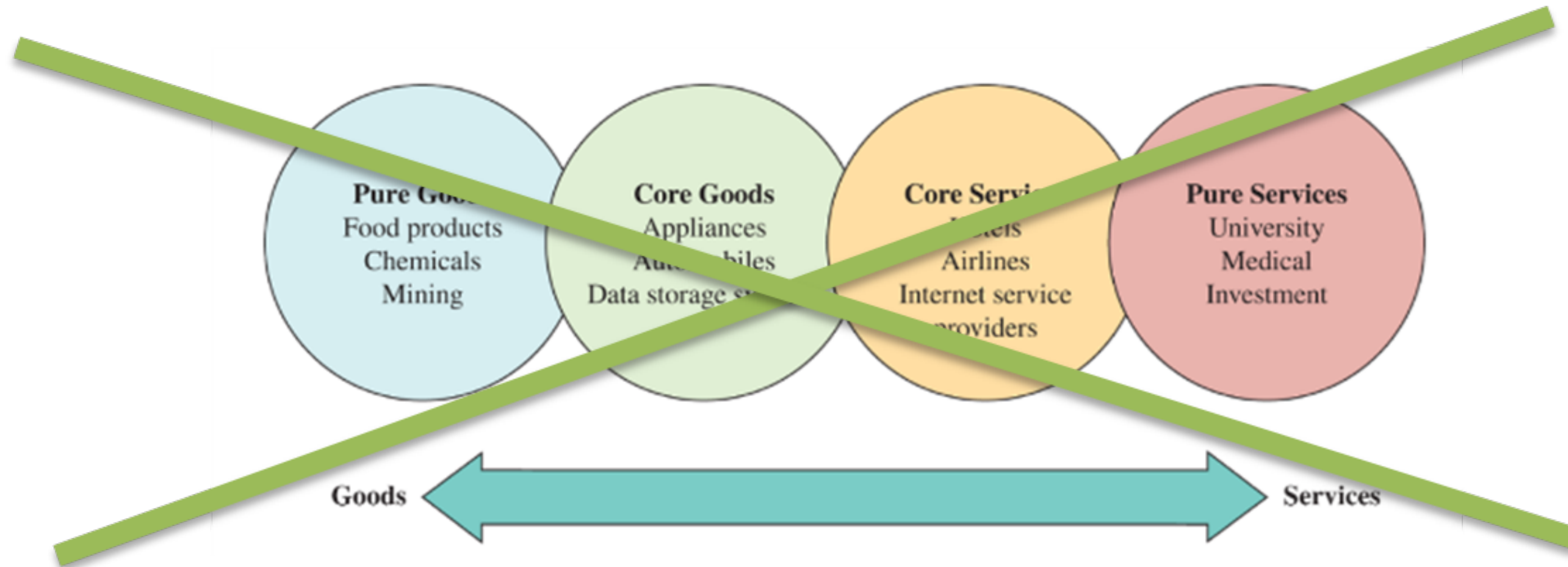


The Story of S-D Logic

La S-D logic is inspired by the fundamentals of **network theories** and is focused on:

- new value «generation» processes,
- modern (entrepreneurial) interactions,
- new forms of network integration of resources,
- in the attempt to set a closer approach to current marketer specifications and more adhering to reality, and developed around a new service idea.

Goods-services Continuum



**Goods and service represent
neither a dichotomy nor a continuum**

S-D logic **mindset**

- Service-Dominant (S-D) Logic is a **mindset** for a unified understanding of the purpose and nature of organizations, markets and society.
- The foundational proposition of S-D logic is that organizations, markets, and society are fundamentally concerned with **exchange of service** – the applications of competences (knowledge and skills) for the benefit of a party.

It's all about **service!**

Barter is direct service-for-service exchange, in which each actor provides a reciprocal service provision for another actor. The producer-consumer distinction is trivial, if not non-existent, since each party is clearly and directly providing a service for the other party.

Everything is Service



Innovative contributions: Purpose of Exchange

Authors use the singular term «Service» to explain the aim to produce a benefit for a recipient and not as a simple unit of services (G-D logic).

Even when a customer buys a physical product, he is buying the service directly connected to it.

Axioms, Foundational Premises and Concepts of S-D Logic

- Service-dominant logic is captured in eleven foundational premises (FPs), which were intended to establish a framework for the service-centered mindset. Since the first introduction of the foundational premises, Vargo and Lusch have realized that some of the original FPs could be derived from others and, thus, have identified five FPs from this expanded set of eleven as particularly foundational, essentially the axioms of S-D logic.
- Many of the concepts (e.g. value co-production/co-creation, value propositions and experiences) underlying this mindset, and thus the FPs, are neither exclusive to nor invented by S-D logic itself. Rather, S-D logic captures shifting contemporary marketing thought, in which marketing is seen as a facilitator of ongoing processes of voluntary exchange through collaborative, value-creating relationships among actors (individuals and organizations for example).

Axiom1	FP1	Service is the fundamental basis of exchange.
	FP2	Indirect exchange masks the fundamental basis of exchange.
	FP3	Goods are a distribution mechanism for service provision.
	FP4	Operant resources are the fundamental source of strategic benefit.
	FP5	All economies are service economies.
Axiom2	FP6	Value is cocreated by multiple actors, always including the beneficiary.
	FP7	Actors cannot deliver value but can participate in the creation and offering of value propositions.
	FP8	A service-centered view is inherently beneficiary oriented and relational.
Axiom3	FP9	All social and economic actors are resource integrators.
Axiom4	FP10	Value is always uniquely and phenomenologically determined by the beneficiary.
Axiom5	FP11	Value cocreation is coordinated through actor-generated institutions and institutional arrangements.

Source: Vargo and Lusch (2004), "Evolving to a New Dominant Logic for Marketing" *Journal of Marketing* 68(January), 1-17. Vargo and Lusch (2008), "Service-Dominant Logic: Continuing the Evolution" *Journal of the Academy of Marketing Science* 36(Spring), 1-10, Vargo and Lusch (2016), "Institutions and axioms: an extension and update of service-dominant logic" *Journal of the Academy of Marketing Science*, 1-19.

S-D Logic Axiom n.1

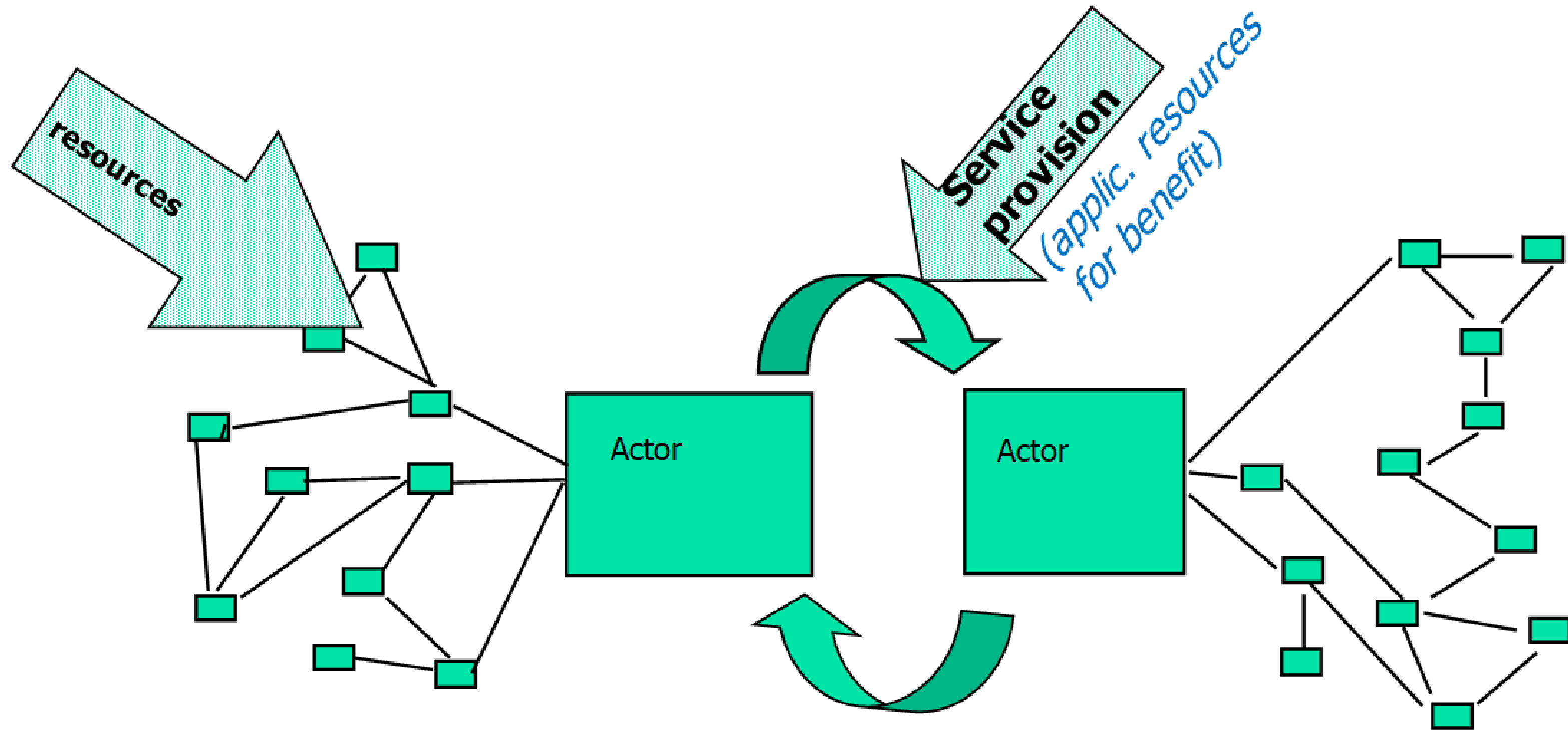
- 1. Goods are **devices** to provide a service,
- 2. All **companies** are service companies,
- 3. All **economies** are service economies.

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

Innovative contributions: Knowledge and Resources

S-D Logic is focused on the importance of the intangible resources, in particular of the knowledge as a strategic resource– not just a competitive factor (FP4). According to this view, the tangible resources, often inert (operand resources) need intangible and more dynamic activities (operant resources), relevant to them, in order to be made usable and more useful.

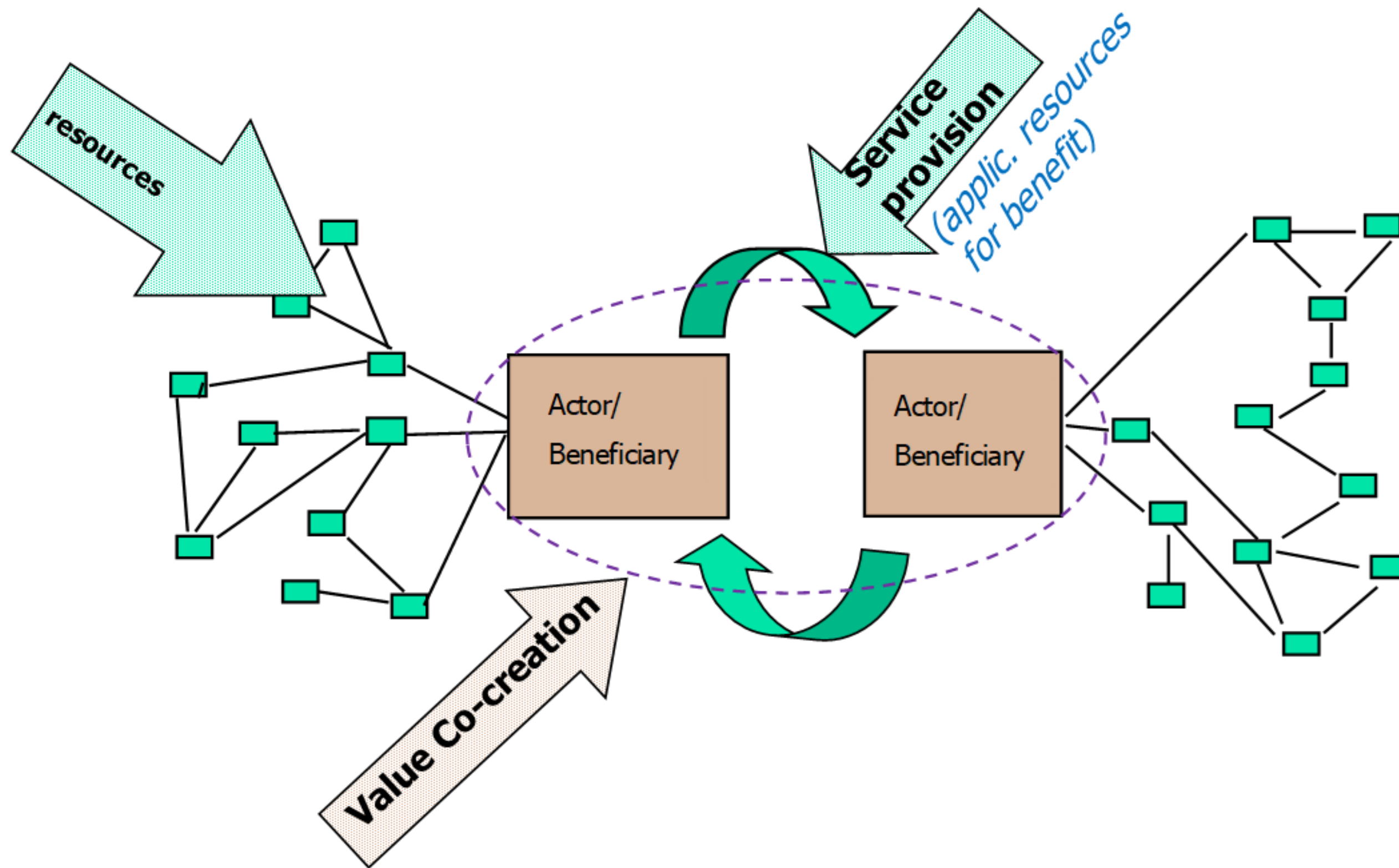
*“A1 (FP1) **Service** is the fundamental basis of **exchange**.”*



S-D Logic **Axiom n.2**

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).
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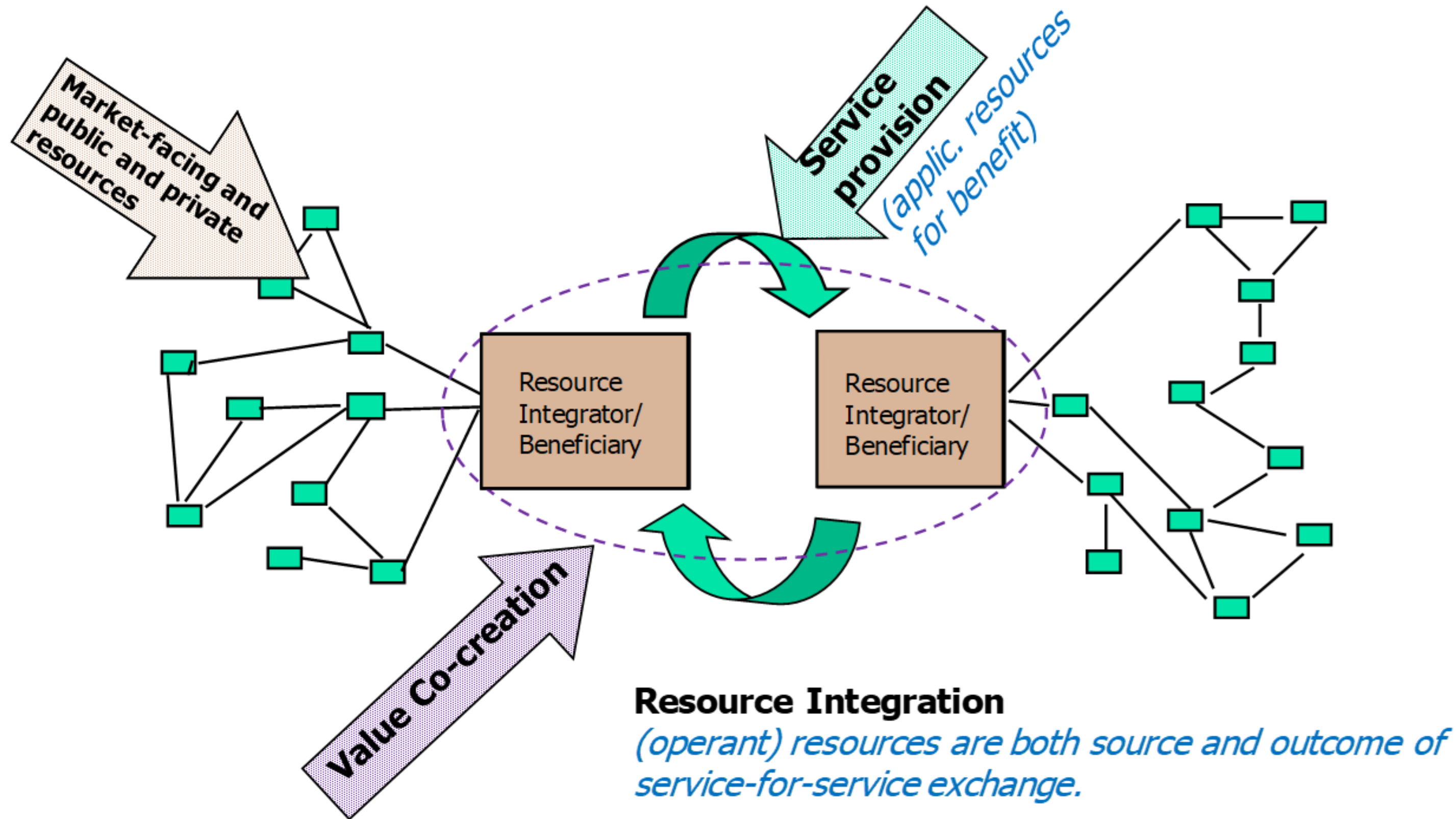
“A2 (FP6) Value is always cocreated by multiple actors, including the beneficiary.”



S-D Logic **Axiom n.3**

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

“A3 (FP9) All social and economic **actors** are **resource integrators**.”



S-D Logic **Axiom n.4**

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

Service Systems

Service Systems

Within Service Science, with the term Service Systems we refer to a configuration of people, technologies, organizations and shared information, able to create and deliver value to providers, users and other interested entities, through service.

They are coherent with Service-Dominant logic and are based upon relational approaches to business (RBV) and marketing, fostering a many-to-many logics to business behaviour. Due to this participated process of value co-creation it well fits with the Viable System Approach (vSa) and with other network value creation models.

Main References about the theme:

Spohrer, J., Anderson, L., Pass, N., Ager, T. (2008)

Spohrer, J. Maglio, P.P., Bailey, J., Gruhl, D. (2007)

Vargo, S.L., Lusch, R.F., Wessels, G. (2008)

Service Systems

Today, service systems represent an emerging issue in economic research, rapidly comprising many specific topics and even innovation and quality, traditionally related to technologies and processes, now consequently declined, designed, observed.

Service Systems can be considered articulated models of service supply and fruition, in which multiple active actors synergically participate in the value co-creation process, which is characterized by resource-sharing and common finality.

Main References about the theme:

Alter, S. (2008)

Spohrer, J., Vargo, S.L., Maglio, P.P, Caswell, N. (2008)

From **Systems Theory**

- “a system as a complex of interacting elements” (Von Bertalanffy, 1956);
- “a system as an entity that is adaptable for the purpose of surviving in its changing environment” (Beer, 1975);
- “system elements are rationally connected” (Luhmann, 1990);
- concepts of many part compositions (Parsons, 1965), boundaries, connections and different relationship levels show certain signs of system relevance and allow an interpretation of its own capabilities as being critical and influential and its relations with correspondent supra-systems and sub-systems.
- “sub-systems focus on the analysis of relationships among its own internal components while supra-systems focus on the connections between the analysis unit and other influencing systemic entities in their context” (Golinelli, 2005);
- “a structure can be studied (what it is? How it is made?), a system should only be interpreted (how does it work? What logics does it follow?)” (Barile, 2008);
- “a system can be defined as an entity which is a coherent whole” (Ng, Maull, Yip, 2009).

Service Systems def.

"value-co-creation configurations"

"resources integrators"

"knowledge-based"

"capable of enabling connections and interaction"

"with the aim of reaching desired outcomes"

"simply, always, an operative application"

"any number of elements, interconnections, attributes, and stakeholders interacting in a co-productive relationship".

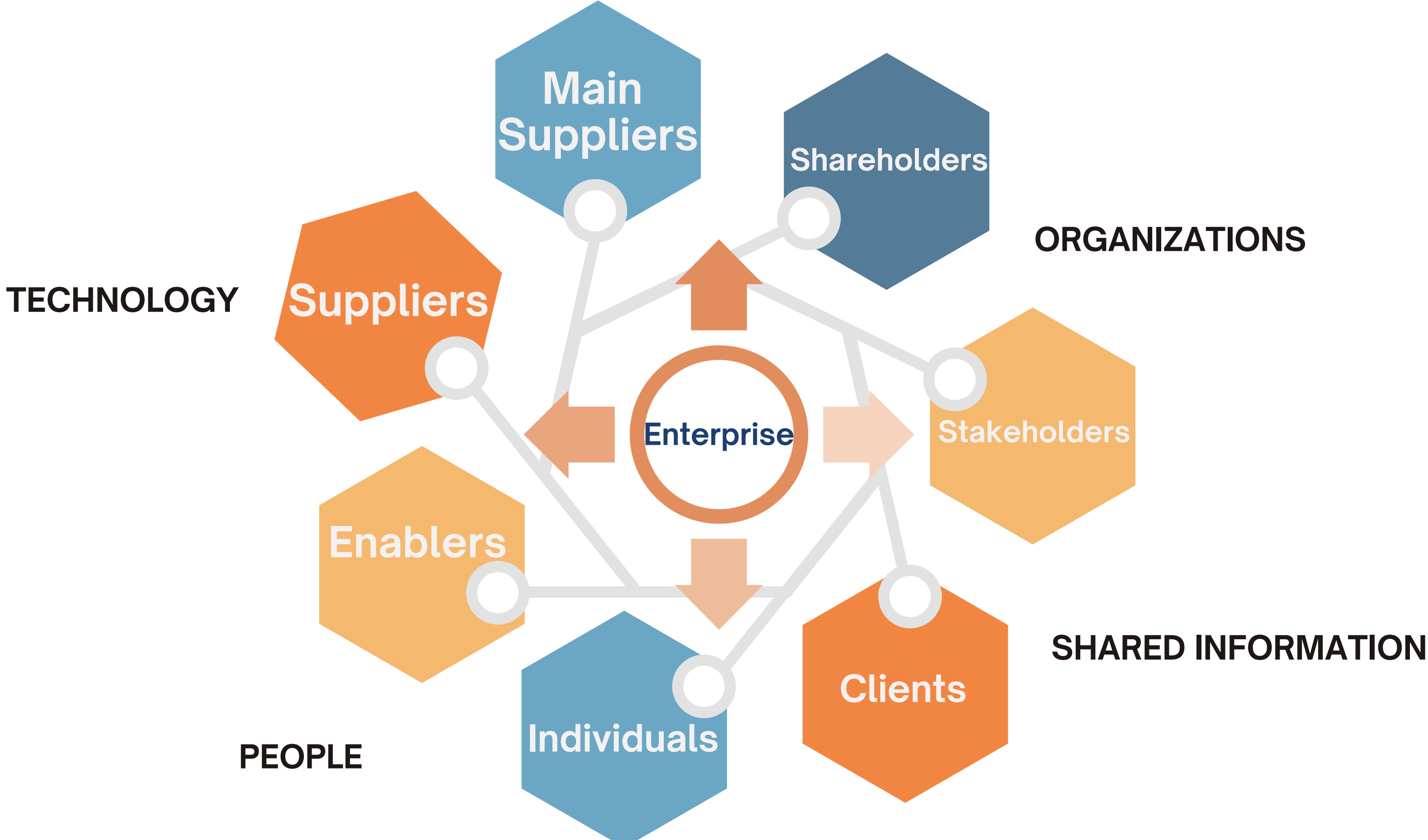
Service Systems def.

"A Service System is basically composed of heterogeneous entities, interacting with each other with a specific shared".

SSMED Foundations	Main Focus
<i>Resources: Everything that has a name and is useful can be viewed as a resource</i>	Useful instruments for activities
<i>Entities: Some complex resource configurations can initiate actions, and these are called service system entities (or just entities, or sometimes just service systems)</i>	Openness of evolving systems
<i>Access rights: dealing with the social norms and legal regulations associated with resource access and usage.</i>	Supra-Systems relevance
<i>Value Co-creation Interactions: Also known as value-proposition-based interaction mechanisms</i>	Joint process within Service Systems
<i>Governance Interactions: Intuitively, governance mechanisms are a type of value-proposition between an authority service system entity and a population of governed service system entities</i>	Common finality, internal and external equilibrium
<i>Outcomes: When service system entities interact, value-co-creation is only one of the possible outcomes.</i>	Value intended in an extended way
<i>Stakeholders: The four primary types of stakeholders are customer, provider, authority, and competitor</i>	Contextual influences and self-regulation
<i>Measures: The four primary types of measures are quality, productivity, compliance, and sustainable innovation</i>	Up to now only qualitative
<i>Networks: Also known as service system networks, service systems entities interact with other service system entities (normatively) via value-propositions</i>	Networked embeddedness
<i>Ecology: Also known as service system ecology, the macro-scale interactions of the populations of different types of service system entities</i>	Service Ecosystems

Service System definitions	Authors	Year
Service systems represent value co-creation configuration of people, technology, value propositions connecting internal and external service systems , and shared information (e.g., language, laws, measures, and methods), like an assemblage of unites entities by some form of regular interaction or interdependence.	Spohrer, Maglio, Bailey and Gruhl	2007
Service Systems can simply be a software application, or a business unit with an organization, from a project team, a business department, a global division; it can be a firm, institution, government agency, town, city or nation; it can also be a compostiion of numerous collaboratively connected service systems within and/or across organizations.	Qiu, Fang, Shen and Yu	2007
Service Systems act as resource integrators, understandable in terms of elements of a work system, within the organization and through the network enduring resource specialization, those operand and operant, such as knowledge, skills, know-how, relationship, competences, people, products, money, etc.	Spohrer, Anderson, Pass and Ager	2008
Every service systems is both a provider and client of service that is connected by value propositions in value chains, value networks, or value-creating systems.	Vargo, Maglio and Akaka	2008
A service system is any number of elements, inteconnections, attributes, and stakeholders interacting in a co-productive relationship that create value, in which principal interactions take place at the interface between the provider and the customer.	Spohrer, Vargo, Maglio and Caswell	2008
A service system primarily relates to customer-provider interactions as well as open system with it being capable of improving its own state and the one of another system though acquiring, sharing, or applying resources, with the aim of creating a basis for systematic service innovation.	Golinelli	2008
Service systems are a complex interplay betwwen form and customer that form an open system which needs to be designed using the techniques of viable systems and systems dynamics, in which both parties are focused on achieving outcomes.	Ng and Maull	2008
Service systems can be divided into “front stage” (about provider/customer interactions) and “back stage” (about operational efficiency) and service performance relies on both of them, putting people (customers and employees), rather than physical goods, in the centre of its organizational structure and operations. The smallest service system is a single person; the largest one is represented by the global economy. A service system essentially is a social-technical system, focusing on engineering and delivering services using all available means to realize respective values for both provider and customer.	Qiu	2009
Service systems can be represented as real networks, in which the same entities combine their streghts through direct and indirctet connectivity, as they are oriented toward enduring competitiveness and daily intercatons with other external interdependent service systems.	Polese	2009

The Service Value Chain



Complex Service Systems as the base of a **Smarter Planet**

Complex Service Systems, as smarter systems improve quality of life, creating more opportunities for win-win interactions: resulting in measurable resource access & value-cocreation for multiple stakeholders.



S.M.A.R.T. = Specific, Measurable, Agreed, Realistic and Timely

Information and analytics for Informed Decisions

How we're making better decisions through smarter use of data



Smart Grid

A smarter grid is transparent, accessible, resilient. And optimized from the user on up



Smarter money. Money rarely changes hands anymore

Ones and zeroes can help the world be smarter about dollars and cents



Smarter Food from Food technology with a healthy appetite for innovation

Technology is shaping how it grows, how it tastes and how it gets to your plate



Green buildings are smart buildings

Given their environmental impact, it's time we designed from the earth up



Smarter Government. "Citizen-centric"—the evolution to e-government continues

From the local town council to international collaborations, new ways of working are underway



Smarter Cities

Safe neighborhoods. Quality schools. Affordable housing. Traffic that flows. It's all possible



A prescription of intelligence for Smarter Healthcare

To build a smarter system, healthcare solutions need to be instrumented, interconnected and intelligent



Cloud computing.

Workstations used to be tied to a mainframe. Now they're conversing with a cloud



Smarter IT systems

The foundation for a smarter planet



Smarter Oilfields

Get to the "first" oil faster. Increase recovery rates. Sense and solve problems before they start



Smarter Products. The era of the one-size-fits-all product comes to an end

The goods we use are getting smarter. Now manufacturing has to as well



Making retail smarter for known shoppers

Accelerate supply chains. Strengthen loyalty. Improve margins



Smarter Traffic

How we get from point A today to point B tomorrow



Smarter Water Management

Whether too much or not enough, the world needs a smarter way to think about water



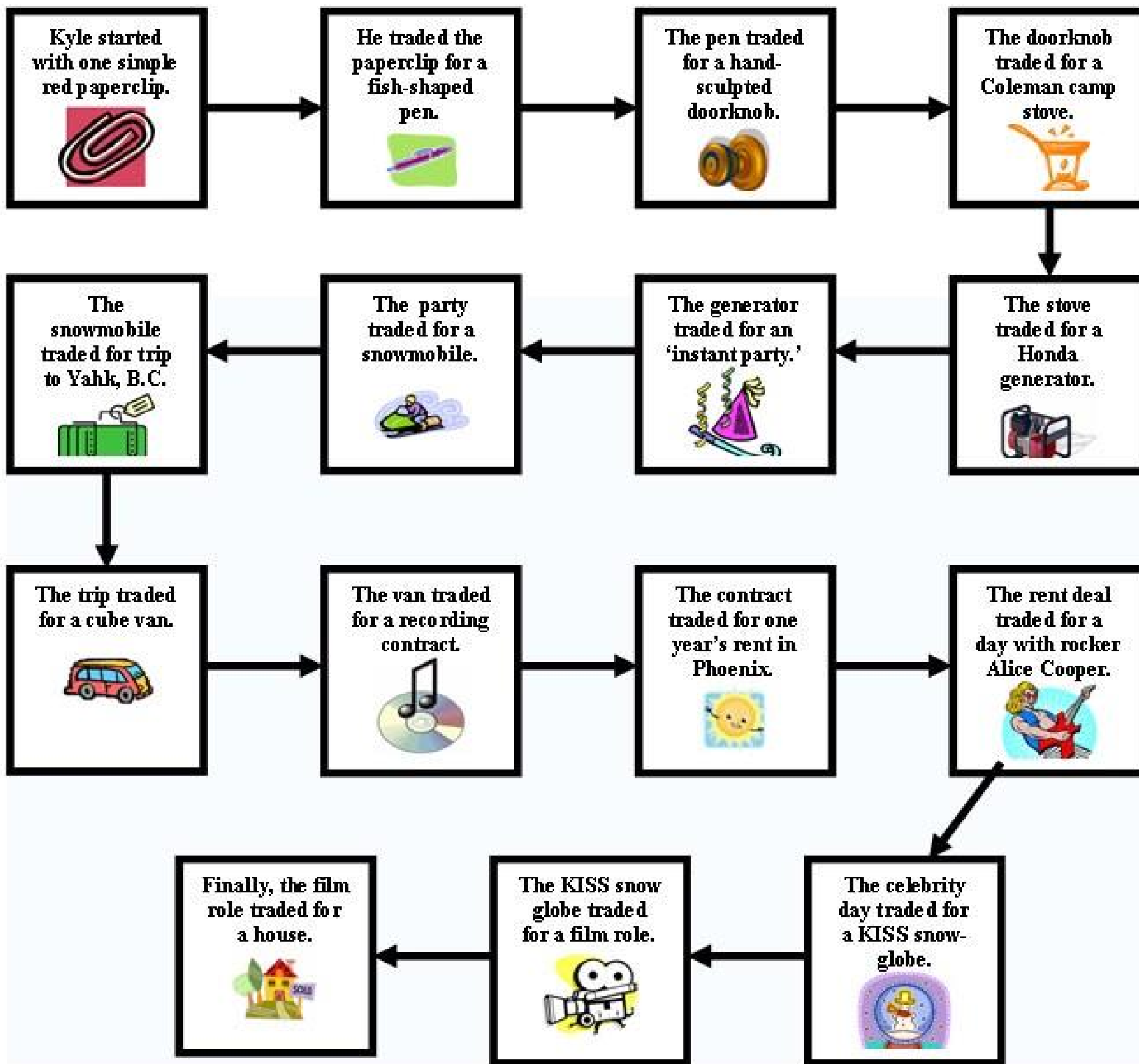
Smarter Telecom for nowadays Communication Technology

Demand is skyrocketing for more and smarter ways to communicate. Can we keep up?



Value in Service





Producer vs. Consumer

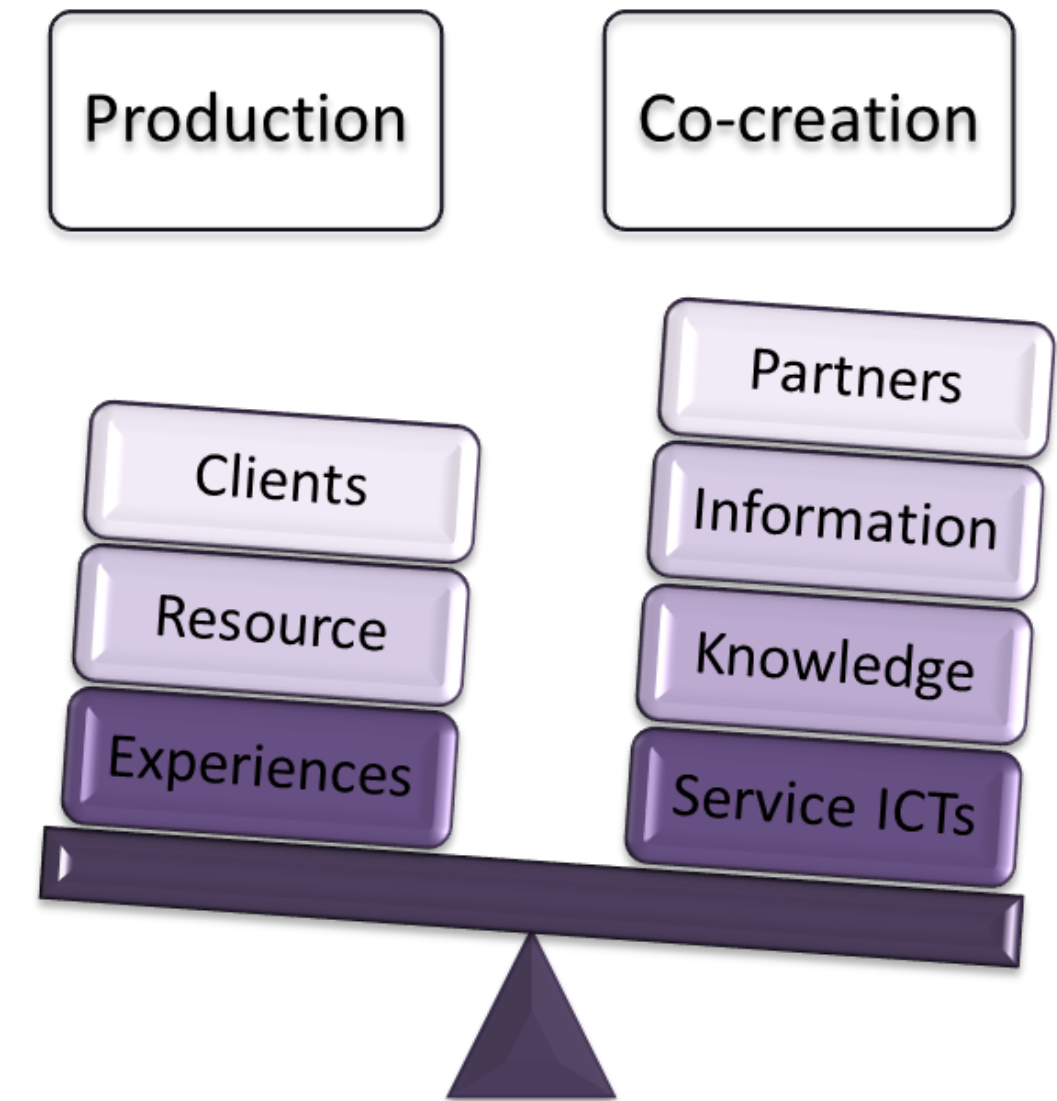
Probably one of the most deleterious conceptualizations of G-D logic is the contrast between “producer-consumer”, with this implication: some actors (ex. companies) “produce” (create) value (value-added), while others (es. consumers) “consume” (destroy) that value (value-destroyers); once consumed any product will no longer have the initial value .

About Value Creation

The continuous tension regarding value creation represents the basilar activity of government, influencing the decisions as well as behavior of all the systems (value culture). The focus of value creation and the new interpretation on value co-creation have to be both internal (resources improvement) and external (collaborative relationships).

Co-creation advantages

Customers are hence crucial for product enrichments and are thus addressed as prosumers; they are considered fundamental for competitive supplies. The value creation process involves clients in a personal consumption process, considering them as real strategic value co-creators, thus suggesting that firms may be the integrators and managers of necessary resources for the benefit of competitive behaviour.



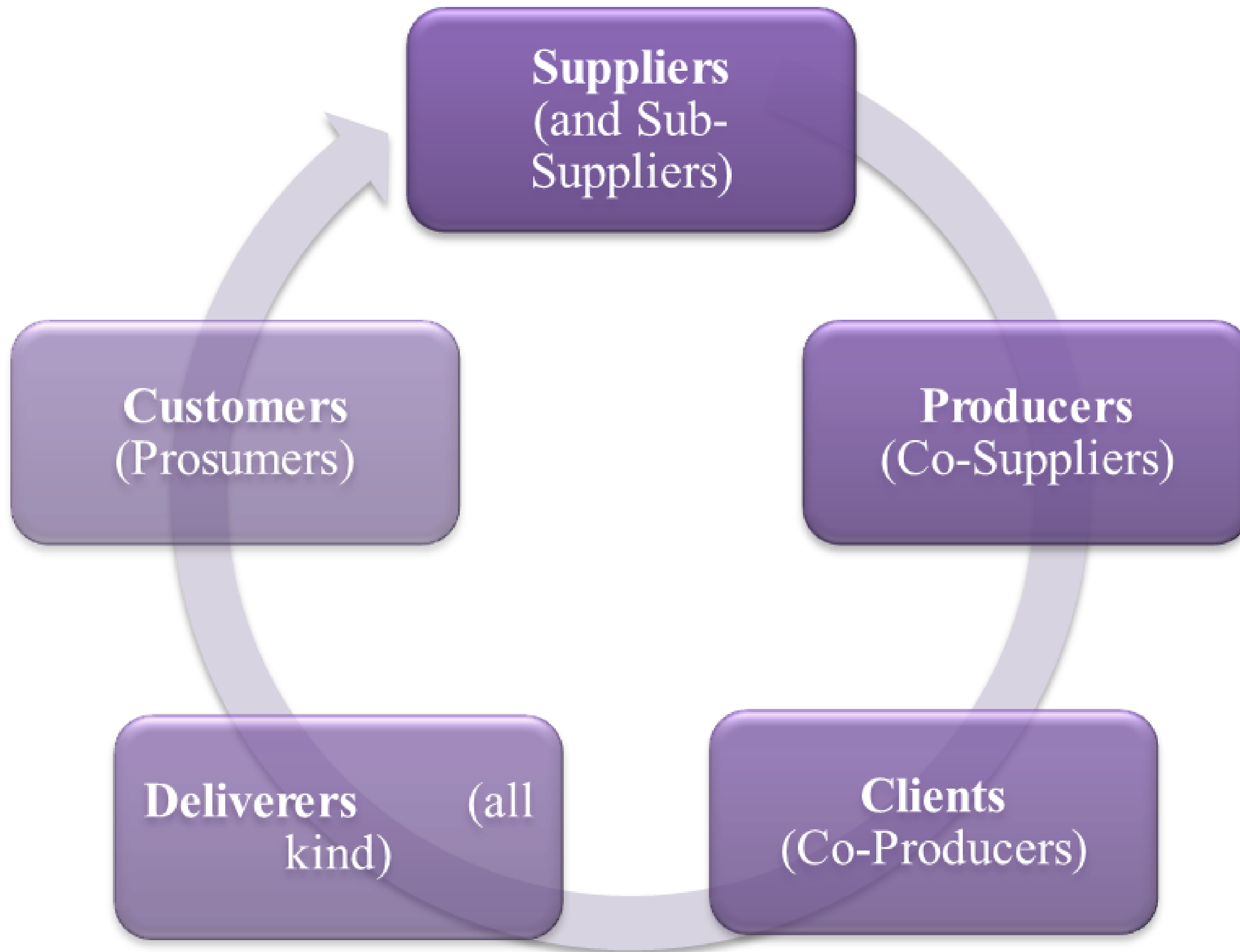
Why Value?

Value creation processes suggest a change of roles and relevance dimensions; today, an important part of the process is played by customers, who are not viewed just as value destroyers (or value receivers) but are instead considered key actors, present in the early stages of the production process and not only in the final consumption stage.

Clients do not acquire value directly from product purchases but derive it from products' use, transformation and consumption; a firm doesn't autonomously create value for clients, but can only offer value propositions that clients may choose, experiencing them and transforming them into value through use.

Effects on value creation & competitiveness

- the consumer is no longer seen exclusively as a target (value destroyer);
- companies have a right only to make its own proposal (value proposition);
- consumers are considered real factors of production (value co-creator) within a complex system of service delivery (service system);
- consumers are able to benefit not only from the products purchase, but also for processing, use and consumption of the same (value in use), revealing their role as active (participant) in the value generation process;
- The business competition is very influenced by that because, as you are able to create value more competitive you are, as you are able to engage in co-creative purposes, greater sustainable will be your value proposition.



S-D Logic and centrality of Marketing

In S-D logic the main purpose of enterprise is to serve itself by serving others, integrating its internal and other resources available from public and market sources, to create additional resources to be applied for the benefit of other actors (individuals, family, companies, etc.). Service opportunities change because the available resources continuously change. To provide a service, the company that benefits from it offers another service in return, often through money rather than directly. In S-D logic marketing, instead of being a responsibility of a single department, it's a major function of the enterprise: connect with other businesses and offer them a service in a constantly changing market.

This is «market-ing».

Chapter 1

Thank You!



Any questions?

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