

# [The critical evaluation of service dominant logic](https://assignbuster.com/the-critical-evaluation-of-service-dominant-logic/)

An ideology coined by Stephen Vargo and Robert Lusch in 2004, Service Dominant Logic offers Marketing theory a more humanistic aspect, by putting the customer on the same level as the firm (Williams and Aitken, 2011, p. 439). Vargo and Lusch (2004) construe that an interaction between producers and consumers results in consumers becoming “ operant resources” whereby they actively create value taking an innovative stance towards certain goods and services in an act termed as “ value co-creation”. This report aims to offer a critique of SDL on the basis of a review of key literature. To achieve this, Hackley’s “ Typology of Critique in Marketing”, comprising of intellectual, functional, ethical and political categories, will be used respectively. An in-depth discussion is carried out SDL’s intellectual and functional aspects, followed by an integrated approach discussing its ethical and political aspects.

On consideration of an intellectual critique, Hackley (2009) laid emphasis on the historical and institutional forces that shapes a marketing theory, along with its internal coherence and assumptions. According to Brown (2007, p. 292), the most essential thing about SDL is that it is “ ineradicably retrospective”. In fact, a large part of Vargo and Lusch’s (2004) original article comprises of a retrospective overview considering the historical forces that shaped SDL. Due to its retrospective nature, SDL acknowledges the important historical factors that led to the development of the theory (Brown, 2007). This is suggestive of its internal coherence (Ballantyne and Varey, 2008). As regarded by Rust (2004, p. 293), this “ brilliantly insightful” ideology integrates intangible components, such as knowledge and skills, with tangible resources hence contributing to a “ richer foundation” for the development of marketing (Vargo and Lusch, 2004, p. 2). More so, SDL provides a similar theoretical framework, in terms of its significant concepts of co-creation of value and exchange and relevant service orientation in consumption, which plays a vital role in the understanding of both marketing management and consumer behavior (Grönroos, 2012; Aitken et al., 2006). In this manner, SDL engages with other subfields of marketing SO? (Hackley, 2009).

Alternatively, in a conceptual analysis of SDL, O’Shaughnessy and O’Shaughnessy (2009, p. 784) criticize the intellectual validity of SDL in their argument of it being “ neither logically sound nor a perspective to displace others in marketing”. Moreover, the implication of a single dominant logic is also disapproved by Brown (2007) who would rather adhere to Brodie et al.’s (2006) finding of a coexistence of goods- and service-dominant logic. Moreover, as reported by Echeverri and Skalen (2011, p. 352), the framework explaining how interactive value formation is established in practice is “ lacking” owing to its “ conceptual and abstract” nature. Furthermore, contrary to Prahalad and Ramaswamy’s (2004, p. 364, p. 367) idea that the “ downside of co-creation is a minor phenomenon” and that “ co-creation is the only possibility”, Echeverri and Skalen (2011) introduced the concept of co-destruction whereby an interaction between the producers and consumers can also be “ perceived negatively” by consumers hence suggesting a shift from the overemphasized optimism of SDL. In addition, the use of the term “ service” that plays a central role in SDL “ should be replaced with a more meaningful term” according to Brown (2007, p. 293). Specifically, the term refers to the activities performed in Vargo and Lusch’s definition; however, it is the function that separates market activities as pointed out by O’Shaughnessy and O’Shuaghnessy (2009). Consequently, the term does not do justice to the originally intended meaning of the ideology causing misinterpretations alongside questioning central term of SDL. Concurrent with this, SDL’s terminology of “ operand”, “ operant”, “ value-in-exchange” and “ value-in-use” is also “ far from clear-cut” whilst “ co-creation” remains “ abstract” and lacks “ potential intricacy” (Brown, 2007, p. 295; Fisher and Smith, 2012, p. 326).

When contemplating a functional critique, Hackley (2009) emphasizes the validity and efficacy of a theory, alongside its application in practice/problem solving decisions. Research suggests that it is a “ competitive necessity to systematically include customers in a full range of new concept development” (Fisher and Smith, 2012, p. 326). In fact, as stated by Prahalad and Ramaswamy (2004), consumers also want to co-create through their interactions with firms so to relish their consumption experiences (Zwick et al., 2008). Consequently, the primary content of numerous online websites, such as MySpace and Facebook, is “ consumer generated” (Fisher and Smith, 2012, p. 329). Moreover, Google also relies and “ capitalizes on consumer creativity and ingenuity” (ibid, p. 337). Another illustration of co-creation is exposed in Build-a-Bear Workshop that implements “ consumer-operated production process” (Zwick et al., 2008, p. 181) whereby a “ consumption experience” is generated via consumers building their own personalized soft toy. Additionally, consumers are granted with the opportunity to design/accessorize their bear/soft toy, “ give it life” and go home with “ a new best friend” (ibid, p. 182). Moreover, nearly fifty awards are presented on the criterion of innovation/innovative approach. In this manner, Build-a-Bear Workshop commodifies the experience of producing, alongside enabling consumer autonomy to play and create whereby SDL proves functional for consumers (Pine and Gilmore, 1999; Zwick et al., 2008). Consequently, the workshop is also ensured “ lower costs, higher profit margins, reproduction of demand, and constant access to consumer feedback and ideas” (Prahalad, 2007, page number). Therefore, the functionality of co-creation is witnessed through Build-a-Bear’s “ stellar growth and financial performance” suggesting that “ consumers’ work pays off” (Zwick et al., 2008, 182). The functionality of co-creation also holds for the formerly passive consumers who can now actively make a product “ their own” (ibid; MunËœiz Jr and Schau, 2005; von Hippel, 2005).

Contrariwise, Rud and Wong (2011) state that the understanding of the acquisition/performance of value co-creation in practice is limited as a large part of the existing literature based on co-creation is merely theoretical in nature (Vargo and Lusch, 2004; Penaloza and Venkatesh, 2006). “ The issue is barely explored” and there is no account of how “ it works in practice so far” (Rud and Wong, 2011, p. 18). More so, the likely co-destruction of value in an interaction between producers and consumers suggests the possibility of failure of value creation owing to a negative perception of an interaction (Plé and Cáceres, 2010). This is illustrated in Amazon’s act of giving certain books publisher-paid prominence without prior consent of their customers {hence perceived as unfavourable} (Kambil et al., 1999). Consequently the customers displayed “ expressions of concern” (ibid, p. 41). This suggests that co-creation is entitled to failure following an unexpected use of resources during an interaction, thus undermining the functionality of SDL (Plé and Cáceres, 2010; Echeverri and Skalen, 2011).

Hackley (2009) presents an additional two dimensions of critique; ethical and political. The former emphasizes the impact of marketing practices on the world in terms of sustainability, individual freedom and other environmental values whilst the latter raises the question of who gains from a marketing practice and how? Vargo and Lusch (2004) construe that co-creation allows consumers to “ derive their value-in use” instead of merely occupying “ the end of the value chain” (Ballantyne and Varey, 2008, p. 11; Pongsakornrungsilp and Schroeder, 2011). Hence, consumers play a central role in creating value and establishing their own consumption experience (Zwick et al., 2008). Specifically, a higher customer involvement leads to a greater “ perceived value and satisfaction” (Cova and Dalli, 2012, 318). For instance, Google promotes consumers to develop applications “ that other consumers may also find very useful” (Fisher and Smith, 2012, p. 337). In this manner, consumers are able to gain from their own consumption experience, alongside the anticipated better quality of a firm’s service owing to the “ consumer feedback” (Arvidsson, 2011).

Nevertheless, this consumer gain is considered limited in the light of a broader negative producer-oriented aspect of SDL whereby consumers are put to work and used as a means competence by marketers (Prahalad and Ramaswamy, 2000). Particularly, firms are claimed to “ extract free labour from the consumer” (Terranova, 2000; Zwick et al., 2010, p. 167). In fact, firms aspire to have good relationships with consumers with an expectation of these translating into greater profits (Price and Arnould, 1999). This unethical aspect, “ unwaged, enjoyed and exploited” by producers, is further magnified due to their expectation from consumers to pay an additional “ price premium” on customizing commodities that require their own labour (Terranova, 2000; Zwick et al., 2010, p. 180). For instance, a child customizing her Teddy bear “ ends up increasing the price she has to pay for her creation” (Zwick et al., 2008, p. 180). Subsequently, consumer labour is converted into monetary value thereby unethically benefitting the firm in terms of lower cost and greater profit (ibid). Hence SDL can be regarded as unethical from the standpoint of the firm.

Conclusively, SDL can be embraced as historically informed, integrative and rich in its potential to generate significant theoretical and practical contributions. Moreover, co-creation can be considered advantageous to both firms and consumers to some extent. However, the theory is still undermined in terms of its validity and efficacy, and co-creation may not entirely be advantageous. Additionally, the ethical and political aspects of SDL should be taken into consideration in order to term it as a marketing discourse. Lastly, an elaboration of some of the key terms of SDL is also required to ensure comprehensiveness.