Service Dominant Logic Centered Brand Management

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Abstract

Word of Mouth (WOM) become more significant nowadays with the raise of social media platforms, and internet. Therefore, we experience a shift of communication power from company towards masses. Customers share their own experiences on internet and that makes obvious the need to reconsider many practices. Information which exists and is uploaded on internet stands among the catalyzers of the power shifting that occurred. It is then obvious the shift of power from companies towards customers. Marketing experienced a major shift in its mindset. Brand choice, and value do not withstand apart, and critical elements such as relationships, and the cost of jumping in another relationship must be taken in consideration too.

In this context, the need to consider brand management from a Service Dominant Perspective emerges. Not only brand value co-creation but also brand value co-evaluation has become concerning for firms in today’s dynamic context.

Keywords: Service Dominant Logic, Service Dominant Branding, Value co-cretion, Value co-evaluation

Introduction

Marketing has become complex (Möller, 2006a, 447). Marketing has the necessity to implement a mindset which considers customers as the cocreators of the value (Lusch, 2007, 265). Production companies need to include other actors (ex. buyers, suppliers) while defining their value propositions (Edvardsson et al., 2008, 339). It has become essential to consider marketing from a systemic and practical perspective (Gummesson, 2008, 17). Although the fear that marketing sub-disciplines (i.e. brand management) might show different attitude towards the new service mindset (Jacob and Uлага, 2008, 248), the general tendency of marketing goes towards the implementation of a service dominant logic (Karpen and Bove, 2008, 214) which
challenged traditional marketing and its status-quo (Lusch et al., 2008, 6). The shift of power from companies towards customers has become possible under the new dominant mindset which calls for focus on operant resources as the core of the competitiveness (Madhavaram and Hunt, 2008, 79). Focus from manufacturing mindset towards service mindset has facilitated the shifting of power. Marketing can benefit from this shift from several perspectives. These perspectives have implications for brand management too. Some of these perspectives have been listed below (Vargo and Lusch, 2008, 258).

Customer becomes part of the process of value proposition offering, and active participant in the communication strategy.

Instead of acquiring something owned by the company alone, customers acquire a value proposition which not only has been cocreated with them, but at the same time is valuable to them in their own context.

Customers are seen as parts of a bigger picture

Focus on operant resources (i.e. brand, knowledge, skills) become obvious. Customers on the other hand, are not solely targets but are considered as resources at the same time.

Such new face for marketing requires strong decision-making and managerial will rather than investments and costs. The late ones are the main obstacles for implementing a new mindset due to the fear of managers that new practices bring out new costs. However, implementing service logic for marketing and brand management requires at first a managerial shift and avant-garde decision-making skills.

The exchange that occurs between actors (Vargo and Lusch, 2008b, 26) is at the core of marketing. The novelty is that what is exchanged in market is much more than market offering (products, etc.). Actors exchange and integrate their own resources. And this is the actual reason for the shifting of power. Nevertheless, the way how companies engage with customers to establish last longing relationships is at the core of the value proposition (Brohman et al., 2009). Therefore, shifting the mindset contributes in changing the view on customers. This will create a ‘domino effect’ and will have an impact on every business function; specifically, on marketing and particularly on brand management.
Branding and Brand management in a new emerging context

The new context requires marketing to consider customers not just as information providers (Mahr et al., 2013, 601) for the sake of developing innovative (but incomplete) solutions. In 80s it started the rise of service marketing as a need to break out a little from the good dominant logic. However, as years passed, and the context changed service marketing experienced an evolution by becoming a subdiscipline of marketing in late 80s (Baron et al., 2013, 5). In 2004 occurred the breaking point where Vargo and Lusch (2004) initiated the discussion on Service Dominant Logic which gave to marketing a contemporary, competitive, and modern face.

Still before entering in detail the discussion on branding is valuable to state that brand went through some changes in time. For instance, during 1980s brand became a valuable asset within the balance sheet and `goodwill` value was considered essential. Many underperforming branded goods companies were worried and started to recognize the power of brand as an element that could affect investor perceptions (Temporal, 2010, 294). Brand management started to evolve together with marketing environment (Kapferer, 2008, 160). Changing role of brand management from industry to market focus, and from tactical to strategic thinking were just some of the areas that showed the change in brand management. Brands started to implement a global market focus rather than local focus, and from product to category management (Temporal, 2010). Figure 1 indicates the shift of thinking in brand management, and a lot of challenges surrounding brand management, and these became the proofs of the evolution of branding. Another valuable work which indicates how brand management evolved comes from a study based on an extensive analysis of the most influential brand research articles (more than 300 articles) published between 1985 and 2006 in some influential academic journals such as: European Journal of Marketing, Harvard Business Review, Journal of Consumer Research, Journal of Marketing Research, and Journal of Marketing (Heding et al., 2008).
Figure 1: **Shift of the focus, and challenges in brand management**

![Diagram showing different approaches to brand management]

Source: Elaboration of the author from Temporal, 2010 and (Keller, 2013, 53)

These approaches (approaches are listed in alphabetical order) have been listed below and these are (Heding et al., 2008, 3):

**community approach**: brand is the pivotal point of social interaction,

**consumer-based approach**: brand is linked to consumer associations,

**cultural approach**: brand is part of the broader cultural context,

**economic approach**: brand is a piece of traditional marketing mix,

**identity approach**: brand is linked to corporate identity,

**personality approach**: brand has a human-like character,

**relational approach**: brand is a viable relationship partner.

In the light of the above information, it is clear the evolution of branding. Considering the evolution that it had through different periods it also logical the need for new considerations. Given the hypercompetitive context it is impossible to predict in advances development and a new shift is essential to navigate safely (Temporal, 2010, 234) despite the challenges (Keller, 2013, 53). One widely accepted truth is that
brands are not owned anymore by companies (Temporal, 2010, 17; Kornberger, 2010,23)

**Service Dominant Logic rooted Branding**

Some of the first brands started the activity with their focus on the commodity but later on they managed to become a sign that reflected much more than the commodity itself. Ivosy Soap for instance; a soap brand from Procter and Gamble, or Sunlight, a soap brand from Unilever, managed to be linked to the idea that it represented purity (Aaker, 1991; Kornberger, 2010,15). Swatch for example made to convince customers that wearing a watch is not about its functionality if measuring time but rather it is about having an accessory as part of a particular lifestyle (Kornberger, 2010,18). Brands do have history, as the example of the Royal Bank of Scotland indicates. The bank has had its headquarters in Edinburgh since 1695 (Kornberger, 2010,90). One of the main elaborations that has been in the literature of branding is the evolution of branding from Kapferer (2012). Figure 8 shows the evolution of branding.

One of the main questions that takes place when discussing branding is its actual meaning. A brand is a name which can influence buyers via differentiability and/or trust (Kapferer, 2008, 11). Furthermore, brand is at the same time a shared idea that has been embodied within a market offering (Kapferer, 2008, 13). It is a concept that literature offers ambiguity and there is not a clear consensus on the concept (Kornberger, 2010,14-15). What we could say is that brand is not owned by the businesses and “relies on interpretation and sense-making by both insiders and outsiders” (Kornberger, 2010,14-15).

Brand is a sign and a collection of tools. Brand is not a single thing, but many things combined (Kornberger, 2010). Brand in general has been accepted as “a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors” stated David Aaker which is one of the most influential scholars on branding and brand management (Aaker, 1991). As stated above, there is no international consensus on the definition of branding. However brands in the past served to protect producer, late in old times. They were used to identify olive oil or wine and wineries (Kapferer, 2012, 8).

Brand has several advantages because it produces trust (Heding et al., 2008, 22; Kornberger, 2010,14) and produces financial value (Kapferer, 2012, 446).

In this research, in brand valuation (or evaluation) we are not suggesting to leave out financial valuation. Rather, we do require do take in consideration also the other
actors while making this valuation (or evaluation). Furthermore, we do require do make also an evaluation of what brand means to other actors. This means that is essential to find the importance of the brand for other ecosystem actors. Our main hypothesis, and ground of this research is that brand is co-created. Therefore, someone (a specific actor) who participates in brand co-creation has also an attitude (or an evaluation to make) for that brand. Automatically, naturally and logically this evaluation form of an actor (what the brand is to the actor) is at the same time a basis for the next co-creational steps/activities/practices.

**Shaping brand value co-creation and brand value co-evaluation under Service Dominant Logic**

Brand management is a strategic process. The main steps include (Keller, 2013, 59):

- Identifying and establishing Brand Positioning and values (i.e., core brand association)
- Planning and implementing brand marketing programs (i.e., mixing and matching of brand elements)
- Measuring and interpreting brand performance (i.e., brand audit)
- Growing and sustaining brand equity (i.e., brand expansion strategies)

Brand has strategic implications as it can transform the product category and is a long-term vision (Kapferer, 2008). Furthermore, brand management requires adequate brand strategy (Temporal, 2010). So far we understand the essential importance of branding.

Since brand importance affects the overall financial performance of the company (Kapferer, 2008, 507) it is important the planning activities of the branding (Bureau, 1981, 3). In this context, the presence of a brand strategy increases internal and external opportunities. Moreover, a brand strategy must be “proactive rather than tactical and reactive” (Heding et al., 2008, 15)

The right model for expansion, understanding perception, defining a market-driven positioning, and take advantage of digitalization and co-creation opportunities given the current context are among the most useful steps to have a successful brand strategy (Schaffmeister, 2015, 385-387). Brand strategy impacts brand identity (Aaker, 1994) which in turn affects brand positioning (Kapferer, 2008, 171). Despite the potentiality to deliver brand positioning via promotional mix (Temporal, 2010, 161), is important to align the perception of the receiver and the delivery of the sender (Temporal, 2010, 36; Keller, 2013, 68).
Brand does not belong anymore to brand managers (Ballantyne and Aitken, 2007, 364; Franzak and Pitta, 2011, 398; Pongsakornrungsilp and Schroeder, 2011, 305). Despite the extensive literature on branding (Tynan, 2010, 1156) still there is a blurred framework on how branding should be managed. It offers advantages that are unique to the firms (Cravens, 2006, 69; Edvardsson et al., 2006, 232) but at the same time assist customers in their choices too (Ballantyne and Aitken, 2007, 365). Brand has different meanings (Hollebeek, 2011, 562) but Service Dominant Logic puts an end to this dilemma by stating that “value is experiential and meaning-dependent” (Fyrberg and Juriado, 2009, 422). It is essential that in each interaction there is trust (Baumann and Le Meunier-FitzHugh, 2014, 16). Ignoring the receiver can result in catastrophic results such as for instance the companies that do not take in consideration contextual changes (Gohary and Hamzelu, 2016, 19). Brand itself has an iterative nature (Aitken and Campelo, 2011, 915) and is a key asset for organizations (FitzPatrick et al., 2013, 91). The focus must not be only on positive but also on negative outcomes of branding (Strandvik and Heinonen, 2013, 505-506). Not only customers or other parties are interested in brand but also employees are interested in the brand. Furthermore, employees are part of the brand value of an organization (King and Grace, 2009, 122) and an important source of creating brand value (Merz et al., 2009, 336; Schlager et al., 2011, 498). Advantage of brand equity (Berry, 2000, 136) brings together the necessity to accurately measure it (Merz et al., 2009, 341). Some authors consider brand to have the full potential to be a separate academic field, especially under the Service Dominant Logic (Cova et al., 2009, 573). Brand is not anymore ‘for the customer’ (Strandvik and Heinonen, 2013, 508-509). Service Dominant Logic under which we prepare this research is itself a powerful brand in the academia (Ford, 2011, 231). So far we understand the importance for having a new mindset to on go with branding and brand management as current practices neglect the importance of other actors. One of the most valuable studies that goes in alignment with the research logic of this study, and which assist research questions and data collection tool is the stakeholder view on branding (Balmer et al., 2017).

Brand can grow only if they are considered from a wide perspective that resembles to a holistic one (Kapferer, 2008, 269). Internet and social media have become incremental actors in enabling brand to be more dynamic. In this way, customers easily became important actors that directly influence brand value, and brand value creation (Riley et al., 2016, 255). The rise of brand communities (Kapferer, 2008, 215) enabled the brand to become viral (Heding et al., 2008, 17) thanks also to the effect that relationships bear on creating brand value (Balmer et al., 2017, 135-136).
Relationships make the brand to be co-created and relationships do occur among the brand and its stakeholders (Balmer et al., 2017, 142). We go beyond simple dyadic relations which are combined to form the whole picture, and we suggest that the complexity of interactions empowered by the context is the true picture of branding and brand management.

The systemic view on branding even though unintentionally has been recognized even before Service Dominant Logic. The power of skills to make the company and the brand unique, require a holistic approach as the challenges include finding the right set of competitive advantage forces (Brodie et al., 2008, 145). In this regard, Aaker (1991) recognized the importance of operant resources as a source for competitive advantage in brand management. The value proposition must be thought systemically too as it appeals to existing and new customers (Aaker, 1994; Laud and Karpen, 2017, 790).

Furthermore, the systemic view on branding requires considering the cultural context as market meaning can affect value co-creation (Akaka et al., 2013, 278). Different scholars urged on the necessity for a much more integrated and holistic approach on brand management (Brodie and Chernatony, 2009; Cova et al., 2009, 572; Healy and McDonagh, 2013, 1535) given that brand is a relational tool (Vargo and Lusch, 2004, 14) which connects different actors (Brodie et al., 2006, 375; Ballantyne and Aitken, 2007, 366; Christodoulides, 2009, 293; Payne et al., 2009, 380).

Brand is an experience and a symbolic source that is integrated with other sources (Fyrberg and Juriado, 2009,422; Chandler and Vargo, 2011, 37). Brand is a resource that is determined within the context and is an interacting phenomenon (Gummesson, 2008a, 323) with emotional aspects (Sandstrom et al., 2008, 115) which serves as a communicator of value (Edvardsson et al., 2006, 231).

Brand changes over time, and throughout the markets thus it is required to produce different solutions (Keller, 2013, 511). Lastly, the necessity to re-think branding from a systemic perspective comes due to the view of the actors on the brand. They choose to see brand according to their context and give a meaning to the brand based on their own experiences.

Brand management requires multidimensional thinking (Heding et al., 2008, 4) and a holistic perspective (Riley et al., 2016, 521). The need to systemically consider the brand systemically (Keller, 2013, 260) is influenced by the culture and context affecting brand management nowadays (Heding et al., 2008, 25) and the importance...
of other actors for the brand (Kapferer, 2012, 133). Interaction between different actors co-create value of the brand (Kornberger, 2010, 131, 144).

Service Dominant Logic provides the ground for brand value co-creation as "brand value concerns the study of how value is created" (Balmer et al., 2017, 120). The co-creational nature of brand value indicates that brand is not owned by one actor only (Aitken and Campelo, 2011, 916). It is true that some actors do have a powerful impact on brand value as consumers for example play an important role in the successful performance of modern brands (France et al., 2015, 849; Nysveen and Pedersen, 2014, 807). Brand value co-creation is supported by also by one of the keystones of Goods Dominant Logic which is customer-based brand equity (Merz et al., 2009, 334).

Brands have a dynamic nature that requires them to engage with actors in order to reach their goal. It has been recognized the need to implement a holistic view when trying to understand the behaviors of consumers in the market (Christodoulides, 2009, 292). It means that consumers are subject to complex relations, interactions, and resource integration within a definite ecosystem. As they are among the integral actors in brand management (Fisher and Smith, 2011, 330), they are affected by other actors and this influences their view on the image of the brand (Strandvik and Heinonen, 2013, 507). This goes in alignment with the logic of this research which claims that brand value is co-created among actors that interrelate, interact, and integrate resources within an ecosystem. Some scholars state that what is co-created is the `brand meaning` (Ballantyne and Aitken, 2007, 365) rather than brand value. However, considering that brand meaning requires social and public domain it becomes a notion that is influenced by other actors too and as an output has the brand value. Therefore, brand value is co-created.

Service Dominant Logic supports brand value co-creation (Ballantyne and Aitken, 2007, 369) as customers unintentionally and “simultaneously co-create the brand and value for themselves, since the brand becomes a resource for defining their own identities” (Lusch et al., 2008, 10). Branding must be considered in a broader view by taking in consideration other actors too (Brodie, 2009, 107) especially in the “age of openness and co-creation” (Christodoulides, 2009, 291). Thanks to Service Dominant Logic the brand is seen as a collaborative and integrative term (Merz et al., 2009) and has been recognized by plenty scholars (see: Gambetti and Graffigna, 2014, 4).

Several studies tried to bring together branding theories under a unifying and up-to-date lens (France et al., 2015; Ramaswamy and Ozcan, 2016, 64; Yuksel et al., 2016, 21) however the current literature that considers brand value and brand value
evaluation from a co-creative perspective are still in initial steps. This research aims to fill this gap too.

Brand value co-creation is consistent with the Foundational Premises of Service Dominant Logic (Merz et al., 2009, 335; FitzPatrick et al., 2013, 91). Brand is not unilateral anymore and other actors rather than customers and companies are involved (Nguyen et al., 2012; Vallaster and Von Wallpach, 2013, 1501).

Brand value is co-created among other actors as they are resource integrators (Merz et al., 2009, 340). Understanding the network nature of relationships “will help firms navigate away from overly trying to manage their brand, to collaborating with customers and other stakeholders to cocreate a brand” (Akaka et al., 2012, 45-46). Brand value co-creation has been recognized in some studies such as the case study on Lego (Gyrd-Jones and Kornum, 2013) or higher education (Nguyen et al., 2012).

The support that brand value co-creation gets from Service Dominant Logic (Merz et al., 2009, 340) becomes the first step towards the second one which is the co-evaluation of brand value. This research investigates as the second research question precisely brand value co-evaluation among actors.

The dynamic context in which brand is co-created requires to all actors to interact with each other. In this perspective, across the ecosystem the interactions shape the perceptions and the judgement of every single actor (Vargo and Lusch, 2011, 186). Service Dominant Logic concepts that are the basis in value co-creation are Actors, Resources (and resource integration), Context, Service System, Experience, Generic actor, value co-creation (Wetter-Edman et., 2014, 108; Ekman et al., 2016, 54). Service dominant branding (Strandvik and Heinonen, 2013, 515) sometimes is used as a concept but in the old context (Spring and Araujo, 2009; Skaalsvik and Olsen, 2015). The brand is in continuous engagement with other actors in the ecosystem (Webster and Lusch, 2013, 393). The brand is seen as co-created by the customer at first, and therefore one of the main actors that could evaluate brand value are the consumers themselves (Strandvik and Heinonen, 2013, 507; Wilden et al., 2017, 8)

Brand went through some shifts which justify the fact that brand is co-created, and that In the light of above information, it is obvious that value co-creation occurs among actors within a given ecosystem. Therefore, the value is at the same time evaluated by each actor in its own context and background. Logically, brand value is evaluated by each actor again in in its own context and background. Just like a simple mathematical equation we obtain Figure 2. The colorful dots represent the systemic interactions, and resource integrations that occur within the ecosystem.
Lastly, the brand value that is co-evaluated by the authors is the novelty of this research and has been empowered thanks to the new dominant mindset in marketing, Service Dominant Logic (Ballantyne and Aitken, 2007, 366; Fyrberg and Juriado, 2009, 425; Diaz-Mendez and Gummesson, 2012, 574).

**Conclusion**

Service Dominant Logic rooted brand management is a result of the novelties in the marketing literature. This new emerging mindset brought changes in different fields including branding. Marketing field experienced emerging mindset and thought such as H2H Marketing (Human to Human Marketing) (Kotler et al., 2020). This study showed how brand value is co-created and how it is co-evaluated among actors. The context, the solutions, loyalty, and presence were found to be the main elements that constitute the brand value creation among actors. This study revealed that brand is co-created among actors. In this context, it is essential that brand management should be done in accordance with the new context and by realizing the importance of all actors in establishing brand value. Brand value is not created anymore between customers and companies. This study revealed that dyadic relationships are not relevant anymore in creating brand value. This study showed too the importance of every single relation and interaction among actors.

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