the 2013 NAPLES FORUM on SERVICE

Hotel Regina Isabella
Lacco Ameno, Ischia, Napoli

18 - 21 June 2013

The 2013 Naples Forum on Service - Service Dominant logic, Network & Systems Theory and Service Science: integrating three perspectives for a new service agenda.

HOSTED BY
The University of Salerno and **The University of Naples "Federico II"**

CHAIRPERSONS

Evert GUMMESSON, Professor, Stockholm University, Sweden
Cristina MELE, Associate Professor, University of Naples "Federico II", Italy
Francesco POLESE, Associate Professor, University of Salerno, Italy

KEYNOTE SPEAKERS

Evert GUMMESSON, Stockholm University, Sweden.
Robert LUSCH, University of Arizona, USA and Stephen VARGO, University of Hawaii, USA.
Jim SPOHRER, IBM Almaden Research Center, San Jose, USA.

SCIENTIFIC COMMITTEE

The Scientific Committee members will act as advisors to the Chairs and support the scientific level of the Forum. Important tasks for the members are the participation in the review process of submitted abstracts and the selection of the Best Paper Awards. The Scientific Committee members will serve as discussants during sessions.

President: Paolo Stampacchia, University of Naples "Federico II", Italy
Claudio Baccarani, University of Verona, Italy
David Ballantyne, University of Otago, New Zealand
Ralph Badinelli, University of Virginia Tech, USA
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Daniele Dalli, University of Pisa, Italy
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Gaetano Golinelli, University of Rome "La Sapienza", Italy
Michael Kleinaltenkamp, University of Berlin, Germany
Helge Löbler, University of Leipzig, Germany
Robert Lusch, University of Arizona, USA
Paul Maglio, IBM Almaden Research Center, San Jose, USA
Irene Ng, University of Cambridge and University of Exeter, UK
Jaqueline Pels, University of Torquato de Tella, Argentina
Enzo Rullani, Venice International University, Italy
Jim Spohrer, IBM Almaden Research Center, San Jose, USA
Kaj Storbacka, Hanken School of Economics, Finland
Annalisa Tunisini, University of Urbino, Italy
Stephen Vargo, University of Hawaii, USA

THE 3 PILLARS OF THE NAPLES FORUM

The Naples Forum on Service is here for the third time. The first two on Capri (in 2009 and 2011) each had 150 participants from 25 countries. This was more than we had expected and as many as we could manage and still keep a close and intimate atmosphere. For the 2013 Forum we change to the neighboring island of Ischia, a charming venue with hot springs and spas. When the ideas of the Naples Forum started to brew we thought of an interactive conference focused on the future of service and marketing, a conference that should make a difference and contribute to a revival of our disciplines. In the development of service research we have discerned three paradigms (for a brief article on the paradigms, see Gummesson, 2012).

- *Paradigm 1 (pre-1970s)* where service was not at all on the agenda in marketing and management research and education.
- *Paradigm 2 (1970s-2000s)* when service research grew exponentially with seminal contributions from Northern Europe, France, UK, USA and other countries with goods/services differences in the center but lacking syntheses and unifying theory.
- *Paradigm 3 (2000s-)* when service research moved its focus from differences to commonalities and interdependencies between goods and services. It also moved from the supplier value chain to the value network of all stakeholders ("balanced centricity") and service (in the singular) became the output irrespective of input. The roles of suppliers and customers have also changed through the recognition of cocreation of value with resource integration with customer-to-customer interaction (C2C) or more broadly as actor-to-actor interaction (A2A). In the core of Paradigm 3 is the recognition of *complexity*. Service systems are enormously complex – it is not sufficient to study the relationship between just a few variables. The new millennium brought with it openings to address complexity and take a more systemic view. *Service-Dominant (S-D) Logic* contributed a tentative higher level service theory of the best contributions of the past and showed directions for the future. *Service Science* started from practitioner experiences and challenges our way of designing and implementing service systems. *Network Theory* and *Systems Theory* have been deployed to address complexity with applications like Many-to-Many-Marketing and the Viable Systems Approach (VSA). These developments form the 3 Pillars of the Naples Forum. *With them it is motivated to label our current economy a Service Economy*.

The transition to Paradigm 3 is developing – but it takes decades. Service research got under way 40 years ago and it is only now that we are beginning to sense the full picture of our economies as complex networks of service systems with a mission to enhance value for consumers, citizens, businesses and society as a whole. The following sections offer brief reviews of the characteristics of the 3 Pillars.

Service Dominant (S-D) Logic

S-D logic is a synthesis of the best from Paradigm 2 leaving unproductive approaches and myths behind. Paradigm 2 took its vantage point in "differences" between goods and services – without ever being able to define goods and services and pinpoint their generic properties. It had long been observed, among others by members of the Nordic School, that goods and services always appear in symbiosis. The emphasis on differences led to the idea that the service sector is growing and that all new jobs come from services. But the "service sector" cannot be defined. It is just a listing of market offerings as alleged services (restaurants, airlines, health care etc.) and worse: the service sector has become a dump for everything that does not qualify as goods. Further, when companies outsource internal functions or divide their operations in profit centers and make them separate companies, much of what was included under goods manufacturing is now transferred into the service sector – but the same operations are performed as before. No wonder that the service sector is growing in official statistics! The division in sectors is seller and production centric whereas marketing for 50 years has preached that we should be customer oriented. S-D logic shows that it is more realistic to see service as value-creating activities with many contributing stakeholders; it is not just a dyadic supplier-customer relationship.

Paradigm 2 fulfilled a mission of breaking the deadlock of Paradigm 1 and Paradigm 3 had not been possible without it. So it is not a matter of criticizing the past but to see a potential for future development. Bob Lusch and Steve Vargo who designed S-D logic keep developing it and treat it as an open code where everyone is welcome to make constructive contributions.

S-D logic summarizes its message in ten foundational premises. In brief, these premises put the following to the fore. The most critical changes include moving from goods/services differences to goods/service interdependencies. The word service is given a new meaning, going from an undefined input to the value of the output and value-in-use or in a more generalized way to value-in-context. Service is the fundamental basis of exchange and goods are merely distribution mechanisms of service. Both businesses and customers are operant (active) resources as opposed to the mainstream marketing and economics idea that suppliers do things to customers who are just reactive or passive (operand resources). A supplier can only offer a value proposition on the market; the value actualization rest with users

in an idiosyncratic and contextual way. The network aspect is implicit through the statement that all social and economic actors are cocreators and resource integrators, implying that value creation takes place through interaction in complex networks and systems.

Service Science

IBM is a century old corporation in computer technology and consulting. It is one of the most successful businesses in the world and with a staff of over 400,000 one of the largest. It has always invested in long term basic research – IBM employees have won five Nobel Prizes – and hold more patents than any other US company. Led by Dr. Jim Spohrer the Service Science program started in the early 2000s challenging the service systems that constitute today's economies: Are the systems efficient and innovative enough? They found they are not. Today the Service Science program cooperates with over 500 institutions of higher learning worldwide to stimulate research and education. Being closer to universities of technology and computer science, IBM was initially unfamiliar with the service research tradition at business schools. S-D logic provided IBM service systems thinking with a theory. Practice and academia met – and it was love at first sight!

Service Science is a call for academia, industry, and governments to become more systemic about service performance and innovation. Further, it is a proposed academic discipline and research area that would complement – rather than replace – the many disciplines that contribute to knowledge about service. The ultimate goal of Service Science is to apply scientific knowledge to the design and improvements of service systems for business and societal purposes. The concern is that we do not master seamless and reliable service systems at a time when systems are becoming increasingly complex and global, making us increasingly vulnerable to systems sluggishness and failure. Every service system is both a provider and client of service that is connected by value propositions in value-creating networks.

Service Science is a multidisciplinary open source program based on computer science, industrial engineering, organizational theory, business strategy and more, including the humanities. In terms of science it investigates what service systems are and how they evolve, and the roles of people, knowledge, shared information and technology, as well as the relevance of customers inside production processes; in terms of management it investigates how to improve and evaluate quality and productivity; and in terms of engineering it develops new designs of service systems with better technologies and software.

In their effort "Create a smarter planet" Service Science identifies universities and cities as hubs. Both universities and cities are tightly coupled holistic service systems. If we live in a city we are constantly dependent of systems of transportation, water supplies, food procurement, energy distribution, building and construction, retailing, finance, health care, education and many more. Some of these are in chronic crisis like city transportation with traffic jams and health care with soaring costs. On a global scale the current financial crisis has shown that finance is an uncontrollable hodgepodge of activities and unrelated subsystems that have run out of control.

Network and Systems Theory

The words complexity, networks and systems pinpoint the same phenomena. Complexity is derived from the Latin verb *complecti*, meaning "to twine together" and the noun *complexus* means "network". The word "system" is derived from the Greek *systema*, meaning "a whole composed of many parts". So the meanings of the three words overlap and expose their interdependency. From these words different traditions have sprung up. *Network theory* and *systems theory* offer both a way of thinking in relationships and interaction and techniques to address complexity and context. These are part of *complexity theory* where many others, for example, chaos theory, fractal geometry and autopoiesis (self-organizing systems) belong. Complexity theory exists both in social sciences, natural sciences and technology but is not utilized efficiently by management disciplines. They can be used with different degrees of sophistication: 1. as a basis for verbal discussions and texts; 2. as graphics, from hand-made sketches to computer generated diagrams; and 3. as mathematical applications and computer simulations.

Dyadic relationships have been emphasized since the 1970s, especially in the B2B (business-to-business) studies by the Industrial Marketing and Purchasing (IMP) Group, and in Paradigm 2 the service encounter – the interaction between a service provider and a consumer – was a central concept. In the 1990s, Relationship Marketing and Customer Relationship Management (CRM) helped raise the interest in relational approaches to marketing, service and management in general. However, too many saw relationships as a tool to "manage the customer", i.e. a mere addition to the marketing mix and the 4Ps from Paradigm 1. The understanding that the dyadic relationship was too limited and did not uncover real world complexity slowly raised the interest in networks and systems thinking. It is also an integral part of both S-D logic and Service Science.

Network theory has primarily offered a systemic approach for B2B but has equal potential for B2C/C2B (business-to-consumer/consumer-to-business). *Many-to-Many Marketing* is a general approach that describes, analyzes and utilizes the network properties of marketing and recognizes that both suppliers and customers operate in complex

network contexts. Every function of a firm – operations management, human resources, logistics, finance, etc. – represents a perspective on management. Therefore it is, for example, more relevant to talk about marketing-oriented management rather than marketing management. *The Viable System Approach (VSA)* is a systems theory-based application for management. It postulates that every business is a system, nested in a relational context where it is looking for competitive profiles (viability) through interaction with other actors/stakeholders. Its theory proposes a new representation of the behavioral approach to business and relational interactions with its context. In practice it shows in the development and implementation of business models.

Developing Paradigm 3 through Naples Forum Publications

The Naples Forum is an effort to stimulate Paradigm 3 research, communicate it and speed up its progress. Within the 3 Pillars lots of activities including extensive publishing takes place. Lusch and Vargo have been involved in over 50 articles and 20 book chapters, edited several Special Issues of journals, and spoken continuously at conferences, universities and business firms around the world. Jim Spohrer and his colleagues, together with Forum participants publish continuously on Service Science, including three recent books. Network and systems theory is increasingly integrated with the two other pillars and is the lead theme for several authors, not least from Italian researchers, the Nordic School and the IMP Group.

The Forum supports the efforts of the participants to publish by co-authoring with other participants and adopt presented papers to articles in journals of their own choice and in special Forum issues. As a result of the 2009 Forum three Special Issues with a total of 21 articles were published. The 2011 Forum spawned 19 articles in four Special Issues of the *Journal of Service Management, Service Science, Journal of Business, Market Management and Mercati e Competitività*. We are currently negotiating with journals for publication of the 2013 Forum articles.

PROGRAM

The Forum starts on Tuesday, June 18, 2013, with registration and a reception at 18:00. On Wednesday, June 19, the Forum opens at 9:00 and ends on Friday, June 21, at 16:00. For details and continuous updates, see www.naplesforumonservice.it

VENUE

L'Albergo della Regina Isabella, Piazza Santa Restituta, 1, Lacco Ameno - Ischia (Na), Italy.

CALL FOR PAPERS

We invite papers dealing with themes within one or several of the 3 Forum Pillars: S-D logic, service science, and network/systems theory. We especially encourage submissions with an integrative perspective. The papers could be theoretical and/or empirical and be based on qualitative and/or quantitative research. In order to submit a proposal directions are given within the www.naplesforumonservice.it web page. Topics could include (but are not restricted to) the following:
- Business models to manage networks and service systems
- Complexity theory and service research
- Customer centricity vs. a multi-party stakeholder orientation (balanced centricity)
- Experience, value-in-use and value-in-context
- ICT for service
- Integration and management of resources and capabilities
- Many-to-many marketing and markets as networks
- Markets and marketing
- Methodological challenges and issues in service research
- Networks, interaction and relationships
- Practice-theory in service research
- Service design
- Service innovation
- Service processes and engineering
- Service science projects in research and/or education
- Service systems and system thinking
- The development of Service-Dominant Logic
- The role of institutional logics in service research
- The Viable Systems Approach (VSA)
- Value co-creation and the changing role of suppliers and customers
- Value propositions
- Web 2.0 or Web 3.0, the semantic web

IMPORTANT: These and possible other subthemes must have a clear connection to one or several of the 3 Forum Pillars.

A purpose of the Naples Forum is to get different generations of researchers together both at the organized sessions and informally during breaks and social events. In the final selection of papers, both senior researchers and newcomers will be given a chance to present. There will be plenary sessions as well as parallel sessions. In order to increase the number of active participants two special poster sessions will be organized during the Forum.

DOCTORAL WORKSHOP

To stimulate academic scholarship, discussions of ideas and dialogue about service among students and researchers from different countries, we would like to invite doctoral students to attend this workshop. PhD students in early and middle stages of their PhD research project are particularly encouraged to present their research proposals, preliminary results and their reflections on issues related to theory, methods and analysis. In case the PhD dissertation is not a monograph and is made of a series of articles on a common theme, the candidate can present a part of the work and a two-page summary of the overall dissertation theme. The doctorial workshop will be held on Tuesday, 18 (morning and afternoon).

DEADLINES

Abstract submission: December 15, 2012
Notification of acceptance: January 20, 2013
Final paper submission (optional):   April 30, 2013

PRACTICALITIES

Information (hotel, travel, etc) will be available soon on the website. It will be possible to book the hotel through the Naples Forum website. The fees include:
- VAT
- All Forum sessions
- Forum material
- Lunches, refreshment during breaks and gala dinner.

Forum Fees	Early fee (before February 15)	Regular fee (after February 16)	Late Registration (on site)
Full registration	600 €	700 €	800 €
PhD Students	400 €	500 €	600 €
Doctorial Workshop + Forum Registration. Full registration	700 €	800 €	900 €
Doctorial Workshop + Forum Registration. PhD Students	500 €	600 €	700 €
Accompanying person	300 €	350 €	400 €