

Towards a Service Dominant Value Proposition: A Comparative Analysis between and Goods and Service Logics offerings.

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ABSTRACT

For organizations it is highly important to set up an proper value proposition in order to sell their product or service. A value proposition can be defined as a representation of the way how value can be created through products and services a company offers to their various customer segments. There are two different logics in value creation, the goods dominant logic, which emphasizes the features of products and services, and service dominant logic which stresses the serviceability of goods or services in use. In order to understand value propositions both logics do differ fundamentally. Despite the growing interest in the SDL, literature barely describes the practical appliance of the value propositions according to the both logics. Therefore this research gives insight in the core features of value propositions from a goods centered and service centered perspective. This core features are the vital steps in order to create service dominant value propositions. These features are the perception of value creation, the role of the goods, the role of the customer and the firm within value propositions, the perception of price, the communication, collaboration and relationship-building with customers. Within this research the value proposition of different companies is analyzed based on these core features to underpin the theory with practical examples. This thesis starts with a small section introducing the value proposition and the relation to the GD and SD logic. The literature review explains these logics and elaborates the core features. In the method section is explained what kind of research design this thesis makes use of. After that the results are analyzed in order to underpin the practical implications of the features. These will be discussed in the conclusion/discussion part and finally this thesis will end with giving recommendations.

Keywords

Value proposition, value creation, dominant logic, service logic, marketing theory

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1. INTRODUCTION

Companies which are offering a service or a product to their customers have to come up with a proper value proposition. A value proposition represents the way value can be created through products and services a company offers to their various customer segments. Vargo and Lusch (2004) came up with two different perspectives of value creation, the traditional marketing perspective, also known as the good dominant logic (GDL) which emphasizes the features of products and services oftentimes expanded with the 4 p's of marketing (Bowden, 1964). The other perspective is called the service dominant logic (SDL), which stresses the serviceability of goods or services in use. Both are fundamentally distinct ways to understand value propositions and customer value from a value in use perspective (Schembri, 2006; Macdonald, Kleinaltenkamp, Wilson, 2016) .

In the past years there are many researches been done how to conceptualize the GDL and the SDL, Despite the growing interest in the SDL, literature barely describes the practical appliance of the value propositions of organizations in the perspective of the GD-logic and the SD-logic. Because of that there is a lack in literature how to analyze the patterns of the different logics and apply the service logics in practice. This is important in order to create effective value propositions, which are based on the principles of the service logic. This leads to the following central research question:

Central research question

What are the implications for companies to develop a value proposition based on the Service Dominant Logic?

A theoretical goal of the research is first to investigate the core features of value propositions from a SD and GD logic. Therefore the general context of the SD and GD logic will be briefly analyzed. This is necessary to analyze empirically whether the value propositions of the companies studied are grounded in a SD or GD logic. After that, it is possible to draw practical implications for changing the more SD oriented value proposition into a GD logic. Therefore the first sub question is: How do the terms goods-dominant logic and service-dominant logic differ according to the concept of value propositions? To give an proper answer it is necessary to have a clear image of the different logics. This will be done by giving a literature review of the different perspectives.

In order to apply and analyze the GD-logic and the SD-logic in the perspective of value propositions in organizations, an explanation on the concept of value propositions in accordance to the different logics will be essential. To understand this concept several questions must be worked out. How is customer value being defined? This is important to understand the differences in value propositions based on the perspective of companies how they see their customers. The next sub question will deal with the value creation factors according to the different value propositions. Who is creating value and how does that happen? What are company related factors within the value creation process of both value propositions?

With the clarification on the previous answers, the following sub question can be clarified: How do companies apply the GD-logic and the SD-logic in their value proposition? With the obtained information about the different value propositions, analyzations could be done in order to detect trends how the different logics relate to each other and confirm the theoretical assumptions with practical examples.

In order to analyze the core features of value propositions from a SD and GD logic, this research is based on the related principles of Vargo and Lusch (2006) In order to analyze several value propositions, a comparative analysis will be conducted. Within this research fourteen value propositions of different companies will be analyzed.

To give an overview of the structure of the thesis, firstly the different logics will be elaborated and applied in order to analyze the core features of the value propositions from both perspectives. The third chapter will explain the method used in order analyze the value propositions. The following chapter will discuss the results and analyze the differences in value propositions. Finally, this research will provide advices for organization how to implement the SD-logic in their value proposition.

2. THEORETICAL FRAMEWORK

2.1 The evolution of marketing perspectives

In order to answer the question how the concepts of GD-logic and SD-logic can be defined and how did they emerge throughout the years, multiple studies are used in this literature overview.

The past century, marketing was transforming rapidly. According to Vargo and Lusch (2007) the evolution of marketing can be divided into three different time categories. The historical perspective of marketing was about selling products and services to the market. Therefore phase 1 is called: to market. After the second world war, marketing really was been researched and analyzed with the reason to know to needs of the customer and produce products to their demands. This was considered to be a

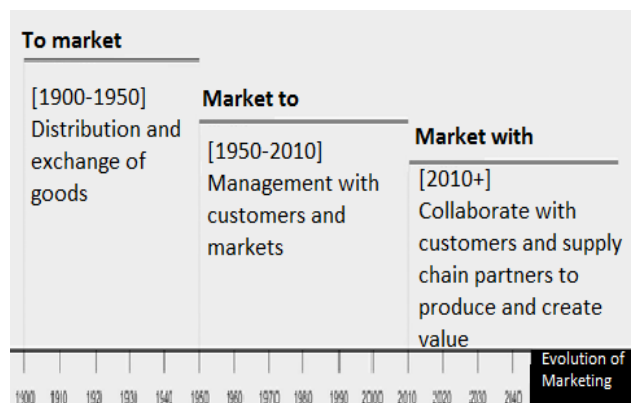


Figure 1 Development in marketing perspectives

revolution in marketing, although the consumer did not have an active role in this process. This perspective is called the 'market to orientation'. The new perspective in marketing is called the 'market with'. This modern view in marketing focusses on the collaboration with customers and supply chain partners in order to produce and create value (Vargo and Lusch, 2007) Figure 1 will give a visual view of the evolution in marketing. The 'to market' approach, where the goods have a central role could be considered as a good-dominant logic (GD-logic). The term goods-dominant logic is not a term what is used for a long time, but it is first mentioned by Vargo and Lusch (2004a)

To understand the meaning of a dominant logic this thesis will refer to the literature. According to Prahalad and Bettis (1986) the term dominant logic represents a kind of world view or mind set. 'More broadly the dominant logic can be considered as both a knowledge structure and a set of elicited management processes'(Prahalad and Bettis, 1986: 490)

Several researchers have described the definition of the GD-L. Vargo and Lusch (2004a) described the GD-logic as a view where the tangible output and discrete transactions were central. This definition perfectly matches with the role of products in the 'to market' model.

2.2 Service dominant logic

The third and new period in marketing is labelled as 'market with'. This implies that producers/organizations are collaborating with customers in order to create value. This new approach is called the service-dominant logic by Vargo and Lusch (2004) In this way service could be seen as an interactive process of doing something for someone that is valued (Ballantyne and Varey, 2008)

A clear definition what indicates the meaning of the word service in the context of SD logic is 'the application of specialized competences (operant resources – knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself.' (Vargo and Lusch, 2008b, p. 26)

Service in this context is not equivalent to the meaning that treat services as a residual good or the meaning of value added services neither what can be classified as service industries. Examples of this are the health care industry or the educational sector. (Vargo and Lusch, 2004)

The validity of the term service dominant logic is questioned by the literature of Grönroos (2011). In this literature service logic is used instead of the original framed service dominant logic by Vargo and Lusch (2004)

Vargo and Lusch came up with fundamental premises to underpin the features of the SD logic. Within this research the premises which are related to value proposition are elaborated to understand the differences in value propositions within SD and GD logic. These are mentioned in table 1.

FP1	Service is the fundamental basis of exchange.
FP3	Goods are a distribution mechanism for service provision.
FP4	Operant resources are the fundamental source of competitive advantage
FP6	The customer is always a co-creator of value
FP7	The enterprise cannot deliver value, but only offer value propositions
FP8	A service-centered view is inherently customer oriented and relational

Table 1: Related premises to value propositions (Vargo and Lusch, 2008)

2.3 Value creation

A value proposition represents the way value can be created through products and services a company offers to their various customer segments. In order to understand the meaning of value creation the definitions in literature are used. 'Value creation is a process through which the user becomes better off in some respect' (Grönroos, 2011, pg 282). Vargo defines it that value creation increases the customers' well-being (Vargo et al, 2008). This research will focus on the customer value rather than the value for organizations.

In order to how value is being created, the literature of Grönroos (2008) is being used. He defines clearly the differences in the value creation process. He stated that in the elderly view value

for customers is created by outputs of the manufacturing process, this perspective is called value-in-exchange (Grönroos, 2008) This implicates that value is created by companies, which can be seen as a principle of the GD-logic. In this logic the firms production leads to value creation

Contrary to this view there is the value-in-use generating process. This means that value for customers emerges in the customers' sphere when the customer uses the product. To clarify this the example of cooking a dinner can be used. The value arises when the customers are using the products to cook the meal or the entertainment when dining the meal. This implicates that the manufacturing value, the value in exchange, not covers the whole value creation. What also can be stated is when the product or service is useless to the customers, it does not have value to them.

Hence it can be concluded that the new perspective of value could be considered as a SD-logic, because the customer is always a (co-)creator of value (Vargo and Lusch, 2008). 'In the value in use perspective, customers today are revealed as both producers and consumers who determine what is of value' (Varey and Ballantyne, 2008, pg. 4)

With the information gained about the differences in value creation it can be stated that the value-in-use perspective is closely related to SD logic, in contrast to the value-in-exchange perspective which can be stated as GD logic. Because an enterprise cannot deliver value, but only offer value propositions (Vargo and Lusch, 2008). But how are these value offerings done by companies in both perspectives?

2.4 Value propositions in the context of GD-logic and SD-logic

In order to relate value propositions to the different perspectives, it is necessary to know the meaning of a value proposition. According to Payne (2007) a value proposition can be explained as a service, or feature with the intention to make an organization or good/service attractive to customers. Hence it represents the way how value can be created through products and services.

John Cebrowski's (2011) literature is used in order to give a definition of a value proposition. The following points are essential in a value proposition according to Cebrowski. The first is the way how the organization creates value. What are the core competences of the organization and how can it differentiate from competitors. What are the capabilities of the organization in order to execute against their value promises. Lastly, why should potential customers accept the companies offer, with other words what is their competitive advantage? When analyzing this definition it can be stated that this value proposition is based on the principles of the GD logic, because organizations tend to create their own value.

In the goods centered perspective, the value proposition of a firm will be different than companies who are having a service dominant logic based value proposition. Because in the GD-logic the firm has to create value in contrary to the SD-logic where the firm is just a facilitator of value. (Grönroos, 2008)

In the perspective of GD logic, the companies are the main source of value creation. There is a separation between the firm and the customer. The company intends to provide with their value proposition the actual value, which is called in literature by value-in-exchange (Grönroos, 2011) The communication with customers is only informational, in other words persuasive message making.

The different literature (Vargo and Lusch, 2004, Grönroos, with a perspective of a SD-logic agrees to the point that a company can not create value. Vargo and Lusch (2004) stated that an

organization only can create value propositions. Propositions can be stated as offerings.

Ballantyne et al (2010) came up with the concept of reciprocal value propositions. Reciprocity in this context is derived from the concept reciprocal promises of value, where negotiation is the path by which customers and other participants share in the creation of value. Therefore the 7th promise of Vargo and Lusch (2004) is reformulated into the following sentence: 'An enterprise can initiate or participate in developing value propositions as reciprocal promises of value but beneficiaries will always determine what is of value in their own terms'(Ballantyne et al 2010, pg.205).

According to Grönroos (2011) the companies can facilitate the customers with potential-value, which can be the resources of value creation. The actual value creation emerges when the customer is using the product. This concept is called the value-in-use. Therefore the main question to analyze the value proposition of a company in a service logic is: How do companies facilitate value to their customers?

Varray and Ballantyne (2010) stated that this can be done in three manners, which are called the three value proposing activities. The first activity is relationship development, with the purpose of getting support with the creation and application of knowledge. The second is the way organizations communicate with their customers, in order to develop the relation with the customers. Within the service perspective, organizations tend to communicate in a network exchange. And third is the knowledge what is needed to improve the service experience. 'Knowledge is generated and circulated by exchanges within spontaneous, internal communities' (Varray and Ballantyne, 2010, pg. 341) According to Vargo and Lusch (2004) the sharing of knowledge and the application of it can be seen as a hidden source of competitive advantage.

Grönroos stresses more the value facilitating role to the of the customers. To create a service based business logic the following points are vital according to Grönroos (2008): The focus on well-defined customer practices. The support of those everyday practices. Goods and services need to be developed, in order to value-support customers. Actively influence the value-generating process by interaction with the customers in the way that a company engages itself in the customers. This is the manner how firms can co-create in the value-creation process and have an advantage over their customers who are not engaging itself in the customers.

To give an overview of the different perspectives of the value proposition according to the good and service dominant logic, the four different perspective propositions will be mentioned. Customer value positioning : The organization chooses the value, communicates that value in a persuasive manner and supplies it in chosen markets. Integrated value propositions: different actors in the supply chains co-produce components of an integrated value proposition. The actors, which could be the customers are seen as co-producers and not as (co)-creators of value, therefore these two perspectives could be considered as a goods dominant logic. Within Collaborative value propositions value is created in the process of collaboration with different actors, such as customers. Varray and Ballantyne (2008) introduced the reciprocal value propositions: Reciprocal value propositions are crafted in advance by an initiator as an explicit statement of benefits to be exchanged, or as a basis for working together to create mutual benefits. The last two perspectives are based on the service centered logic.

2.5 *Company related factors within value propositions*

In the perspective of the goods dominant logic the firm was seen as the active source of expertise and knowledge that was used to develop innovative and creative marketing offerings that were produced in the factory. Therefore, the company and the factory were seen as the source of value (Lusch & Vargo, 2009). In contrary to the goods dominant logic Vargo and Lusch stated in their premise that the firm cannot deliver value but only offer value propositions. 'The enterprise can only make value propositions that strive to be better or more compelling than those of competitors' (Vargo and Lusch, 2004, pg.11) Therefore a goods centered feature within the value proposition of a company is the limited knowledge of the customer his needs. In contrary to the SD logic value proposition which can be characterized by the extensive knowledge of the customer's needs The first premise, service is the fundamental basis of exchange. (Vargo and Lusch, 2008) can be adapted to the value propositions of companies. Where the goods have a central role in the value proposition based on the GD logic, do have the services a central role in GD logic. Which is also mentioned in the third premise: Goods are just a distribution mechanism for service provision. Therefore the value SD logic value proposition can be seen as customer centered

This is also stated in the eight premise: A service-centered view is inherently customer oriented and relational (Vargo and Lusch, 2008) So within the value offering based on the GD logic, there tend to be weak strategic and operational relationships with customers. In contrary to the value propositions based on SD logic where firms try to create strong relationships with their customers. According to Varray and Ballantyne, the role of the producer/organization is not getting smaller, but the involvement in the pre- and post-sale is extending. Because the supplier/organization is developed as a service appliance for their customers. Hence the quality of the service delivered can influence the consumer's repurchasing decision. (Varray and Ballantyne, 2008) The strategic imperative for a supplier shifts to interacting as a service provider wherever and whenever worthwhile opportunities arise (Varray and Ballantyne, 2008, pg. 4) 'The role of the marketer becomes more focused on managing communicative interactions across a variety of modalities and in facilitating key relationships'(Varray and Ballantyne, 2008, pg. 6)

The communication between the firm and the customer within the value proposition does also differ. By this it is meant that customers, based on the GD logic, are seen as operand recourse. The way of communicating value propositions is done persuasively. While based on the SD logic, value propositions are communicated in collaborative manner. Named by Varray and Ballantyne (2008) reciprocal value proposition This is also mentioned in premise four: Operant resources are the fundamental source of competitive advantage (Vargo and Lusch, 2008)

Hence, there are several features which determine if a value proposition is based on the GD logic or the SD logic. The summarization of these features can be found in table 2. Based on these core features, research will be done in order to analyze the value proposition of different organizations.

	Goods-dominant logic	Service-dominant logic/Service-logic
Value propositions	<p>-Customer value positioning : The organization chooses the value, communicates that value in a persuasive manner and supplies it in chosen markets</p> <p>-Integrated value propositions: different actors in the supply chains <i>co-produce</i> components of an integrated value proposition.</p>	<p>-Collaborative value propositions: Value propositions are created during trough <i>collaboration</i> in the process of creating of value, with details negotiated</p> <p>-Reciprocal value propositions: Reciprocal value propositions are crafted in advance by an initiator as an explicit statement of benefits to be exchanged, or as a basis for working together to create mutual benefits.</p>
The role of goods in value propositions	Goods are considered to be operand resources and end products . Marketers take matter and change its form, place, time, and possession (Vargo and Lusch, 2004, pg.7)	Goods are considered to be ‘transmitters of operand resources (embedded knowledge) they are intermediate ‘products’ that are used by other operand resources as appliances in value-creation processes’ (Vargo and Lusch, 2004, pg.7)
Perception of value creation	Value-in-exchange : ‘Value is determined by the producer. It is embedded in the operand resource’ (Vargo and Lusch, 2004, pg.7)	Value-in-use : ‘value for the user is created or emerges during usage, which is a process of which the customer as user is in charge’ (Grönroos, 2011, pg.287)
Role of the customer within the value proposition	<p>-The customer is treated as the recipient of goods</p> <p>- The customer is treated as operand resource</p>	<p>-The customer is treated as (co-)creator of value</p> <p>The consumer as the user and integrator of resources is a value creator’ (Grönroos, 2011, pg. 288)</p>
Perception of price	Price could be seen as order-winner- Limited collaboration with the provider	Price could be seen as an order qualifier -Creator of value : The consumer as the user and integrator of resources is a value creator’ (Grönroos, 2011, pg. 288)
Role of the firm within value propositions	The firm is seen as the active source of expertise and knowledge that is used to develop innovative and creative marketing offerings that are produced in the factory. This implicates that the company and the factory were seen as the source of value (Vargo and Lusch, 2009).	Take part in the value-creating process as value facilitators ’ (Grönroos, 2008, pg.305) -Beneficial value offering : ‘an enterprise can initiate or participate in developing value propositions as reciprocal promises of value but beneficiaries will always determine what is of value in their own terms’
Communication with customers	-The communication with customers is only informational, in other words persuasive message making.	-Intensive communication with the customer -Usage of multiple communication channels
Collaboration with customers	-No or less focus on collaboration with customers	-Focus on established and extensive collaboration with the customer
Relationship-building with customers	-Often based on short relationships with customers.	-Focus on extensive and long relationship-building with customers in order to gain trust

Table 2: Core features of GD and SD logic within value propositions

3. METHODS.

This chapter will describe the method which is used with this thesis. Firstly, the research design is described. Secondly, the selection process of analyzed companies is explained. The third section will give an illustration of the data collection. Finally, the data analyses model is explained.

3.1 Research design

The research design of this thesis is based on the research question: *What are the implications for companies to develop a value proposition based on the Service Dominant Logic?* To give a proper answer on this question it is required to know how companies apply the GD-logic and the SD-logic in their value proposition

In order to research this question, a qualitative research design will be used.(Dooley, 2001). According to Miles and Huberman (1994), the advantages of this qualitative research design are that the researchers will have much closer contact with the companies in this case. Also the data can be collected from the perspective of the specific organization. Because of the lack of research on this subject, this research can be considered as explorative (Dooley, 2001).

3.2 Selection process

Within this research, fourteen companies are analyzed. These companies are chosen on the basis of information available about their value proposition, more or less their brand awareness and lastly the variety, in order to have a wide range of differences between the companies.

3.3 Data collection

The following method is being used to collect the relevant data. This research makes use of the collection of secondary data, which will be websites of companies in order to collect information about the value propositions of companies. In order to collect the relevant data, questions are made based on the literature review. These questions will be answered in a descriptive way.

-What does the organization offer to their customers?

-How does the organization offer their product/service to their customer.

Sub-questions to this question are

- What is the role the good/service offered in the organization?
-How are the customer related factors adapted within their value proposition?

-How are the provider related factors adapted within their value proposition?

In order to answer the questions, related to the role of the good/service and the provider and customer related factors, this research will describe the different factors which are explained in the literature review

-The role of goods in value propositions

-Perception of value creation

-Role of the customer within the value proposition

-Perception of price

-Role of the firm within value propositions

-Communication with customers

-Collaboration with customers

-Relationship-building with customers

3.4 Data analysis

When there is enough information obtained to analyze the value propositions, a cross case analyses will be adapted in order to conclude if the value proposition is based on the old good-centered perspective or based on the service-centered perspective.

From this, it can be concluded how the firms' value proposition is based. This will be described in the second phase of the results, which can be considered as the interpretation phase. Also the value propositions of different companies will be analyzed and compared.

4. RESULTS

In this chapter the analyzation of the value propositions of organizations is worked out. This is done with the related question, which are described in the methods section. These questions are the directives in order to determine if the value proposition is based on the goods-dominant logic or the service-dominant logic. Each sub-chapter contains an analyzed case.

4.1.1 Twitter

What does the company of Twitter offer to their customers?

'Twitter offers a platform for public self-expression and conversation in real time. By developing a fundamentally new way for people to create, distribute and discover content, Twitter democratized content creation and distribution, enabling any voice to echo around the world instantly and unfiltered' (Twitter.com).

How does Twitter offer this service?

The role of the service

Twitter offer this service to everyone who creates an account on Twitter. The platform is just a service which has the function to serve the needs of the customers. 'Get in touch with your friends - and other fascinating people. Get updates on the things in which you are interested. And see how events happen in real time, from every angle'

Customer related factors

This indicates that the customers are the creators of the content produced. Twitter does not tends to create value by themselves, but the customer, which is the user of the platform, is creating the value while using the service (value-in-use perspective). This is done by communicating with other users by means of 'tweets'.

Company related factors

Twitter stated in their mission statement that their role can be seen in the process as 'To give everyone the power to create and share ideas and information instantly, without barriers' (Twitter.com). This implicates that the consumer of twitter needs to be facilitated in order to create and share ideas and information. Therefore the role of the company can be considered as facilitator of value. In order to have an competitive advantage above other platforms, Twitter engages itself in their customers. This is done by providing service to companies who are using twitter in their business strategy, but also by having personalized customer interactions.

To reflect on this information, the value proposition of Twitter can be stated as service-dominant logic, because of the value facilitating role of the company and providing service to their customers so that the customer can create value (value-in-use)

4.1.2 Lays

What does the company of Lays offer to their customers?

Lays is a world-wide known brand, which is the market leader in the potato chips. This is done by creating high-quality snacks all over the world. The umbrella organization is called Fritolay, however Lays is largely responsible for the production of potato chips. Lays offers their potato chips in all different flavors, according to the preferences of their consumers.

How does Lays offer this product?

The role of the product

When analyzing the role of products of lays in their value proposition, a remarkable thing is noticed. There are so many flavors which can be chosen by the customers. This indicates that the product has a facilitating role, customers can co-operate with

Lays in order to produce a new flavor. For example Lay's organizes 'create the flavor campaign' in the Netherlands (<https://www.lays.nl/over-lays>)

Customer related factors

The role of the customer can be seen as co-creator or even as creator of the products. Just as described in the previous paragraph, Lays organizes campaigns in order to involve the customer in the creation process of products. In this way the product can facilitate the need of the customer

Company related factors

Lays want to render a customer oriented value proposition. This can be derived from the different campaigns where customers are playing an active role. The role of Lays is to create opportunities to communicate with the customers and make an emotional connection with them. This is needed to gain the knowledge in order to facilitate the customer.

The value proposition of Lays can be seen as an example of service-dominant logic. This can be concluded because of the active role of customers in the value creation process and the facilitating role of the firm.

4.1.3 Apple

What does the company Apple offer to their customers?

Apple is selling multiple products which are characterized by their quality, innovativeness, easiness in use and also the product that can be differentiated of their competitors. For example, the value proposition of iPhone start as following: Why there is nothing quite like an iPhone (iphone.com). And further Apple states that the iPhone should be more than a collection of features.

How does Apple offer their products?

The role of the product

When analyzing the products of iphone, it is remarkable that the products have such a strong role in their value proposition. However the products are designed in order to give customers a magical experience and easiness in use. This indicates that the value is created when the products are used by their customers (value-in-use)

Customer related factors

In the value proposition of Apple it is not clear what role their customers have. There is no opportunity for the consumer to evaluate on the product or how the product can be improved. Although, the products do have a serving role to facilitate the customers.

Company related factors

The role of Apple can be seen from two perspectives in their value proposition. On the one hand, Apple seems to be the creator of value because of the more or less goods centered value proposition. However, Apple has developed in almost every country Apple stores, which has a facilitating role in order to provide the customer with knowledge and ultimately providing the customer with service. Also engages Apple itself in the value creation process of their customers, this is necessary in order to make the products easy to use and unique.

To conclude about the value proposition of Apple it can be stated that the value proposition is not fully adapted to the service-dominant logic. The customer seems not to be fully integrated in the creation process. Although the product is made in order to have a facilitating role in the value creation process of the customer. Hence, the unique value proposition of Apple needs to

be more service centered in order to have the label of a service-dominant perspective. However it is doubtful if this has a beneficial value for the company of Apple.

4.1.4 Volkswagen

What does Volkswagen offer to their customers?

The company of Volkswagen is selling vehicles in the whole world. In 2015 around 10 million of cars are produced and sold (<https://www.statista.com/topics/1574/volkswagen/>). The value proposition can be summarized with the following keywords: Safety and durability. The German technology is considered as robust and trustful (<http://en.volkswagen.com/en/produktwelt/das-weltauto.html>)

How does Volkswagen offer their products?

The role of the product

When analyzing the role of the product in the value creation process, it can be concluded that the value creation is not based on the value-in-use perspective. Which indicates that it is still based on the value-in-exchange perspective. In this view Volkswagen is the main creator of the value, which is created during the manufacturing process. The cars do not seem to have a facilitating role in their value propositions.

Customer related factors

According to the value propositions of Volkswagen, the customer can be considered as an operand resource and does not have an active role during the manufacturing process. The only role that the customer seems to have is at the end of the production process where the color and some specific parts can be chosen

Company related factors

Volkswagen tries to have a competitive advantage over their customers with product specifications rather than offering service to their customers in order to facilitate their needs.

It can be stated that the value proposition of Volkswagen is based on the historic good dominant logic. The vehicles are representing the value, this is in contrast to the service dominant logic, where the products have a facilitating role in the customers' value creation process

4.1.5 Festool

What does Festool offer to their customers?

Festool is a company which is well known to the skilled practitioners and carpenters. They offer high quality power tools to their customer. The value propositions which makes their products unique can be found on their website: Outstanding power delivery, optimal energy efficiency, extreme robustness, maintenance free and intelligent drive concept. (<https://www.festool.com/About-us/Pages/EC-TEC.aspx>)

How does Festool offer their products?

The role of the product

In the value proposition of Festool, the products are having a central role. The specific advantages of the power tools are focused on the product itself instead of focusing how to facilitate the customers with their practices. Therefore the value proposition seems to be based on the value-in-exchange perspective.

Customer related factors

The customers are seen in their company as users of their products. These produced goods need to be of the best quality to

serve the needs of the customer. On the one hand customers are not taking part actively in the value creation process according to their value proposition, therefore the role of the customer in the value creation process can be stated as passive.

Firm related factors

The role of Festool in the value creation process is that they provide themselves as the actual creator of value, by offering sustainable and robust products. The warranty and repair service offered can also be seen as goods-centered service. Service can be seen in this context as an extra benefit but not as an independent variable (Vargo and Lusch, 2009)

To give a conclusion of the value proposition, it can be stated that it is based on the historic good-dominant logic. Their power tools may assist customers in a very strong way, however the customers do not have an active role in the value creation.

4.1.6 Spotify

What does Spotify offer to their customers?

'Spotify is a digital music service that gives you access to millions of songs' (Spotify.com) With their slogan music for everyone it is clear that they want to reach each music listener of music. Customers can choose the free version or pay for the premium version.

How does Spotify offer this service?

The role of the service

Spotify offers their customers their streaming service with the purpose to facilitate their needs. Customers can easily search for music, check the newest releases and playlists or discover new music for example with the radio function (<https://www.spotify.com/uk/>). These features all have a serving role in order to facilitate potential value to the customers.

Customer related factors

Customers are having a central role in the value proposition of Spotify. According to the preferences of the customers, which can be indicated by rating the specific music or by choosing a specific genre. Therefore the role of customers can be seen as active in the value creation process. They value the service/music when it is used, therefore this can be seen as a value-in-use perspective.

Firm related factors

Spotify developed multiple ways how customers can give feedback about their streaming service and their provided music. Service in this context has the meaning of doing something for the customer, providing a perfect playlist, what is valued by the customer.

The central role of the customer as value creator, the facilitating role of the firm and the value-in-use perspective provides enough information to conclude that the value proposition of Spotify is fully adapted to the service dominant logic.

4.1.7 Starbucks

What does Starbucks offer to their customers?

One of the well-known coffee brands is the coffee of Starbucks. But what makes their coffee so successful? Starbucks does not focus only on the products itself but focuses on the intangibles which are associated with coffee. This means that drinking coffee at Starbucks is not only about the quality and the taste. It is more the experience what Starbucks offers to their customers.

How does Starbucks offer their products?

The role of the good

When looking at the role of the good in the value proposition of Starbucks it can be concluded that Starbucks far more offers than the coffee alone, therefore the role of coffee can be seen as a transmitter of value. However the role of the service offered by Starbucks seems to be vague. It tends to have the function of a dependent variable. In this terms it could be considered as an extra 'P'.

Customer related factors

On the one hand the customer does not create the value, but it is offered in the whole concept of Starbucks. On the other hand, the concept can be seen as a transmitter of value, which facilitates the value creation process of the customer.

Company related factors

The company provides the customer with all the facets in order to facilitate the experience of drinking coffee. However the communicative interaction with the customer seems to be limited.

This research tends to say that the value proposition is based on the goods-dominant logic, because of the facilitating role of coffee and the value creation by the customer, by experiencing more than coffee alone. (<http://www.starbucks.nl/about-us/company-information/>)

4.1.8 Wehkamp

What does Wehkamp offer to their customers?

The company of Wehkamp can be categorized as a web shop. They have a large assortment of products, for example furniture, electronic devices, sport accessory and the selling of clothes as their biggest department. Wehkamp tries to distinguish of other web shops by offering a large assortment of products. The value proposition of Wehkamp could also be considered as a safe web shop with a high quality in service. Service in this context contains the fast delivery and good customer services.

How does Wehkamp offer their products?

The role of the product

The products what can be bought on their website are offered in a value-in-exchange perspective, this can be stated because the products are containing the value. Wehkamp tries to distinguish from their competitors by offering a fast delivery and having a good customer service. In this context the service delivered by Wehkamp can be seen as a value added service and not as an independent variable.

Customer related factors

The customer, has to buy the products which are offered in a persuasive way. The products can be filtered on the website, for example if the customer wants to buy a sofa or a pair of jeans. However the customer does not actively take part in the value creation process.

Company related factors

The company takes the active role in the creation of value process. The communicative interaction happens only when a customer contacts the service desk. Therefore the company does not actively engages itself in their customers.

The active role in the value creation process, the persuasive style of communicating with their customers and the seemingly value-in-exchange perspective, indicates that the value proposition of Wehkamp is based on the goods-dominant logic.

4.1.9 Outfittery

What does Outfittery offer to their customers?

The company of Outfittery can also be categorized as a web shop. Outfittery claims to be a free service who is helping men to dress nicely by providing them with personal advices (www.outfittery.com) They are offering clothes which are styled by their stylists in accordance to your preferences.

How does Outfittery offers their products?

The role of the product

The clothes which are matched to the preferences of the customer do not have the central role in the value creation. The value emerges when the customer receives an outfit which is designed by stylists.

Customer related factors

The customer has an active role in the value creation process. In order to know what kind of outfit needs to be designed the customer has to give their preferences in style of clothing and needs to rank the clothing. Therefore the customer determines what is of value and what is not. The customer also needs to provide Outfittery with the information about their clothing size and shoe size.

Company related factors

The firm offers with the means of the knowledge of the customer preferences, a specific service. The firm has a facilitating role in)the value creation, by offering clothes which are fully adapted to the needs of customers. The communication with customers is done in multiple ways (e.g. rating the clothes and surveys). In this way the company engages itself in the customer in order to know their needs.

The value-in-use perspective, the facilitating role of the company and the role of the customer as value-creator indicates that the value proposition of Outfittery can be considered as a service-dominant logic

4.1.10 HelloFresh

What does HelloFresh offer to their customers?

'HelloFresh delivers weekly recipes and fresh ingredients straight to your doorstep, so the customer can cook delicious, quick, and healthy meals at home' (www.hellofresh.com). So they are offering vegetables and other food in a box so that the customer does not need to buy all the ingredients by themselves. The products which are offered by HelloFresh are personalized to the requirements of the customer.

How does HelloFresh offer their products?

The role of the product

The products which are delivered are part of the service offered to their customers. The products have a serving role in the process, which is providing the customers' requirements. The products does not contain value in itself, however it can be seen as a transmitter of value.

Customer related factors

The customer plays an active role in the value creation process by making and dining the meals. Also the reflection on the products about the taste and the preferences of the customers lead to a collaborative way of creating products, where the communication between customers and the company is vital.

Company related factors

The company has an collaborative role in the value creation process, this role could be described as value facilitating. By having multiple communication channels the company gains the knowledge about what the customers wants.

The value facilitating role of the firm, the creative role of the customer and the role of the product as transmitter/resource of

value, indicates that the value proposition of the company is based on the service-dominant logic

4.1.11 Aldi

What does Aldi offer to their customers?

Aldi is a supermarket chain which offers their product at discount prices. The value proposition of Aldi can be considered as offering 'the same for less' (www.aldi.com). With a lower cost structure, by serving not all the A-products and buying their purchased goods in bulk amounts, the company can offer cheap prices to their customers. Aldi's assortment varies from food products to non-food products.

How does Aldi offer their products?

The role of the product

When analyzing the role of the product in the value creation process, it can be considered that the product has a central role. The service offered by Aldi consists of low prices of the product and a high variety in products. The value creation is focused on the products itself rather than serving the customer

Customer related factors

According to the value proposition of Aldi, customers are seen as operand resources, which can be targeted with cheap products in order to convince to purchase their products. The customer does not actively take part in the value creation.

Company related factors

Aldi has the leading role in the value creation process, therefore they can be considered as creator of the value according to their value proposition. The communicative interaction is done in a persuasive structure.

The persuasive interaction with customers, the passive role of the customer and the central role of the products, indicates that the value proposition of Aldi is based on the goods-dominant logic

4.1.12 Ford

What does Ford offer to their customers?

The company of Ford manufactures since 1896 cars (<http://corporate.ford.com/company/history.html>). When Ford started to produce vehicles, the products were manufactured as fast and as cheap as possible, this could be considered as goods-centered. Nowadays Ford is trying to gain competitive advantage by offering innovative cars, such as hybrid vehicles.

How does Ford offer their products?

-the role of the product

Ford claims to offer more than cars but an innovate products, which assist the customer in their driving experience. This indicates that Ford recognizes the value-in-use perspective.

Customer related factors

The customers role in the value creation process is experienced by driving the car. However the interaction with the customer seems to be based on a persuasive manner, the customer seems not to collaborate in the creation process.

Company related factors

Ford is trying to manufacture vehicles in order to improve the driving experience of their customers. However the customer seems not fully collaborate with the firm. These relationships are necessary in order to have collaborative interactions with the customer, which provides the company with knowledge about the preferences of the customer.

Ford tries to by in a way service dominant, however their interactions with the customer and their own dominant role in the

creation process tends to say that the value proposition is based on the goods-dominant logic.

4.1.13 Google (search engine)

What does Google offer to their customers?

Google consist out of many departments, however the search engine is the most popular. With this search engine Google offers their customers, which are the users of the search engine, an ability to search for a variety of data.

How does Google offers their service/product?

The role of the search engine

The search engine has a passive role in the value creation process, because it does not create value by itself. The value emerges when customers are using the search engine and find the data/website which they want to find. Therefore the search engine can be seen as a transmitter of value.

Customer related factors

When analyzing the role of the customer it can be concluded that the customer has an active role in the process of value creation. Customers are collaborating with Google in order to optimizes the search engine. This optimization process occurs on the basis of searched data and the relevancy of it.

Company related factors

Google has a facilitating role in the value creation process. By offering a search engine, Google provides their system with an algorithm that is based on the search data and relevant data of customers. This implicates that Google uses their communication channels very well, which is the source of the customer knowledge.

The value facilitating role of Google, the perspective on the good as a transmitter of value and the active role of the customer provides enough information to indicate that the value proposition of Google is based on the service-dominant logic.

4.1.14 C&A

What does C&A offer to their customers?

C&A is an international chain of fashion retail clothing stores which is founded in Holland. They are offering a high variety of clothes to their customers. Their competitive strategy is that they are offering low cost products and rely on the high brand awareness of the brand.

How do they offer their products?

The role of the product

The clothes which are offered by C&A are having a central role in the value creation process according to the value proposition of the company. This indicates that value is seen in the perspective of value-in-exchange.

Customer related factors

The customer does have an passive role in the value creation process. They are seen as operand resources which can be targeted with persuasive information. The customer does not appear to co-operate with the company in order to produce value.

Firm related factors

C&A seems to have the central role in the value creating activity, which means that they consider themselves as the source of knowledge. This indicates that by persuasively communicating with the customer the value is created.

With the value-in-exchange perspective, the passive role of the customer, the persuasive style of communicating with their customers and their own dominant role, declares that the value proposition of C&A is based on the goods-dominant logic

4.2 Cross case analysis

Table 2: Cross case analyses of value propositions

	<i>Value proposition</i>	<i>perceived role of goods</i>	<i>Perception of value creation</i>	<i>Role of the firm</i>	<i>Collaboration s/ Relationship building</i>	<i>Role of customer</i>	<i>Perception of price</i>	<i>Communication with customers</i>
<i>Twitter</i>	Offering an online platform for public self-expression and conversations	Transmitter of value	Value-in-use: Value is created during usage	Beneficial value offering	Extensive collaboration/ relation by creating an account	Actual value creator	Not price driven. Collecting of knowledge	Gained data is their communicative channel
<i>Lays</i>	Offer potato chips according to the customer's wishes	Fulfill the customers' needs	x	Collaborative	Good collaboration with customers	Co-creator of value, source of knowledge	Price is order qualifier	Multiple campaigns and flavor tests
<i>Apple</i>	Selling unique products with high quality	The products do contain the value in itself	Value in use mixed value in exchange	active source of knowledge that is used to develop innovative ideas	Poor collaboration, Strong relationships: e.g. Apple stores/service	More or less the recipient of the product	Price is order qualifier. Quality focus	Apple stores, Apple care
<i>Volkswagen</i>	Offering safe and durable/robust cars	Operand resource, contains value in itself	Value in exchange	Actual value creator	Poor collaboration and weak relationships	The recipient of the end product	Price could be seen as order qualifier	Persuasive communication, one way communication
<i>Festool</i>	Offering high quality, robust power tools.	Contains the actual value	Value in exchange	Actual value creator	No or poor Collaboration/ Relationship	User of the end product.	High quality focus.	Persuasive communication
<i>Spotify</i>	Offering an online music service platform	Transmitter of the value	Value is created while customers start listening	Value-facilitating	Extensive collaboration	Co-creator of the service, source of knowledge	Price is order qualifier	Good communication with customer
<i>Starbucks</i>	Offering high quality coffee experience	Coffee is the value transmitter, however the service contains the value	Value is created during experience. Prevalent value in use	Creator of the experience	Poor collaboration/ relation building with the customers	The recipient of the service	High quality focus	Face to face, however no communicative interaction
<i>Wehkamp</i>	Offering large assortment of products on an online platform	Contains the actual value	Value is created by Wehkamp	Value creator	No or less collaboration with customer	The recipient of the end product	Price is seen as order winner	Poor interaction with customers. only via website persuasive information
<i>Outfittery</i>	Offering clothes in accordance to your preferences	Just the transmitter of value	Value-in-use: Value is created during collaboration	Value facilitator, supportive role	Extensive collaboration/ relation with customer	The customer is treated as co-creator/ source of knowledge	Price could be seen as order qualifier	Extensive communication with the customer
<i>Hello Fresh</i>	Offers fresh ingredients on an online platform	Transmitter of value	Value created while cooking a meal	Value facilitator, supportive	Strong collaboration/ relation	Creator, source of knowledge	Order qualifier	Extensive communication with customer
<i>Aldi</i>	Supermarket products offered for discount prices	Products contains the value	Value in exchange perception	Creator of value	No collaboration relation with customer	The recipient of the end product	Price is definitely order winner	Persuasive communication with customer
<i>Google</i>	Offers an ability to search for data	Transmitter of value	Value-in-use perception	Value facilitator, supportive	Strong collaboration, week relation	Creator, source of knowledge	Not price driven	Extensive communication with customer
<i>C&A</i>	offering a high variety of relatively low cost clothes	End product, Products contain value in itself	Value in exchange perception	Value creator	No collaboration and relation with customers	Operant resource, recipient of end products	Price is order winner	Persuasive message sharing, e.g. advertisement

When discussing the results of the cross case analysis, it can be stated that organizations who do not have a service dominant value proposition often lack strong communication interaction with their customer. This is necessary in order to gain knowledge about the needs of the customer. This correlates often with poor relationship building with the customer. In order to apply the SD logic, organizations need to gain trust. Therefore strong and often long relationships are required. What also can be considered as remarkable is that organizations who do not implement the SD logic in their value propositions are having a great business model. For example Aldi focusses on cost-benefit and does not seem to benefit if the SD logic would be applied to their value proposition. However, value propositions are designed to create value for all parties involved (Fink et al, 2007), therefore it should be considered if the parties involved are benefitting from the service based value proposition.

5. CONCLUSION

To give a proper conclusion about the value propositions in accordance the goods dominant logic and the service dominant logic, the differences in value propositions can be summarized with the following aspects. Within the service dominant logic the products have a facilitating role in the value creation process of customers. Which indicates that the customer is (co-)creator of value and the company has a facilitating role in this value creation process

When looking at the analyzed value propositions of companies, it can be stated that there are many differences into the manners how organizations express their customer value. Some companies are stating in a clear way what their value propositions are, while other companies do not share this exact information. Therefore it was needed to setup a proper research design, although not information is available to answer the questions in detail.

A separation can be made between manufacturing firms where products are made and firms who are offering a service. According to the results, manufacturing firms tends to have a more goods-centered perspective, which contains the value in itself. While organizations offering a service with the meaning to facilitate in the customers' value creation process. However not each feature has to be fulfilled to have a service-dominant value proposition.

In order to give a proper answer to the central research question, *what are the implications for companies to develop a value proposition based on the Service Dominant Logic*, the theory will be underpinned with the analyzation of Spotify. The role of the service in their value proposition is to **facilitate the customer** with their music, which indicates that value is created during the usage of the service (**value in exchange**). The customer chooses how to use the service and evaluate the music, which is the reason why Spotify sees their customer as **value creator** and tries to gain knowledge about their customers by collaborating with them. This is done through multiple communication channels

6. DISCUSSION

6.1 Validity

The validity of this study is related to a number of factors. The first section will discuss the reliability of the study. Because of the fact that this study mainly focusses on the concepts good-dominant logic and the service-dominant logic. Since there is not much research done about the concept of value propositions the construct validity how to define the value propositions in this research can be questioned.

The external validity includes the validity of the data provided which was necessary in order to analyze the companies. This information is mainly gathered at the company's own website.

6.2 Interpretation of the results

When the separation is made between manufacturing firms and firms who are offering a service, it could be remarked that manufacturing firms tends to have a more goods-centered perspective, which contains the value in itself. A reason for this could be that the production of goods can be considered as more complex to adapt the service dominant logic. In contrary to organizations which are offering a service with the meaning to facilitate in the customers' value creation process and tend to be based on a more service-dominant logic

Also the relevance of the concepts in innovative firms is more complex. The innovative product can contain a physical value for customers which stresses the role of the good itself.

6.3 Recommendations

The recommendations will consist of two different types of recommendations. Firstly the managerial implications and secondly recommendations for further studies. If a firm wants to be part of the value creation process, then it should collect knowledge about the customers preferences, by engage itself into their customers' preferences. Therefore the firm should strive to develop relationships with customers. In order to develop relationships the firm should invest in different communication channels, because communication is the source of relationship development. Therefore multiple communication channels are needed, such as rating the products and involving the customer in the creation process of the product.

Another recommendation is that the organization should consider goods as transmitters of operant resources, which implicates that the firm proposes to have a more value facilitating role.

Convince the customer that co-creation has much more value potential. Demonstrate the value potential of the service centered value proposition to the customers

Further research is needed to conclude when the service dominant logic is applicable in all value propositions. Especially the value proposition of innovative and unique products, which appears to have a more good-centered perspective. Also the recognition of different kinds of service within organizations needs to be researched in order to determine if the service offered is based on the goods-dominant logic or based on the service-dominant logic. Also for cost focused firms further research is required

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