SERVICE-DOMINANT LOGIC AND RETAIL CONVERGENCE

ABSTRACT

Purpose - The paper aims at linking the Service-Dominant Logic to the process of convergence, stating that retailing could be a privileged context of analysis of the new approach on service orientation.
Grocery retailers are increasingly enlarging their value proposition beyond core-products, offering financial services, mobile services, cars, utilities, etc.. In so doing, they are releasing themselves from the traditional approach based on products ("groceries") to the new one based on service, offering "service packages" able to give customers convenient and simple solutions to their everyday lives problems, in a short time.

Approach - The paper is mainly conceptual in nature. It will discuss the proposed theme reviewing both bodies of literature, but also supporting the discussion through provision of examples of the service exchange in retail organizations. This will be performed collecting information from secondary sources (business magazines, retail companies reports and web-sites, press releases, etc.).

Findings - The paper will state that the new service orientation is a crucial driver of the retail convergence process. Moreover, grocery retailers are becoming a fundamental actor of the service exchange, able to aggregate and integrate value propositions for and with customers through projecting and managing networks of business partners.

Value of the paper - The paper contributes to the debate on the Service-Dominant Logic, fostering the continuing dialog around it and also proposing another step forward thanks to the integration of the literature on convergence.

Keywords: Service-Dominant Logic; convergence process; grocery retailing ; integrated solutions.

Paper type: Conceptual paper

1. Introduction

During nineties, scholars and business practitioners began to realize that the speed, frequency and variety of changes affecting the business activity were dramatically increasing and that traditional models and tools of competitive analysis were no more able to fully face with the market reality.
Technology advances and the emergence of new distribution and communication's channels such as the Internet had forevermore changed the rules of the game. Moreover, the reach of maturity in traditional markets, with their competitive crowding, were contributing to decrease firms' profitability and growth, undermining their possibility to successfully operate. Last but not least, consumers became increasingly demanding and informed, as well as contradictory in their consumption and purchasing requests and behaviours. As a result, traditional marketing tools to predict and manage the demand revealed their ineffectiveness and unsuitability, making firms confused.
Some companies reacted to this context starting looking beyond their core sectors, searching for new business opportunities and ways to cope with the various, changeable and transversal

customers' needs and want, thanks also to the climate of liberalisation and deregulation that was affecting the economic activity. As a consequence, the boundaries separating traditional industries started blurring or, as Hamel and Prahalad (1996, p. 240) observed, they "*are in a state of flux*".

Despite the large number of neologisms coined to label this phenomenon, scholars are increasingly agreeing on naming it as "convergence", in the intent to underline its dynamic nature of letting firms coming from different sectors of activity moving closer.

In the new millennium the process of convergence is spreading and reinforcing, urgently calling for new business paradigms and conceptual models.

Within the new mindsets to which the scientific community is addressing its attention, the emerging Service-Dominant Logic (Vargo and Lusch, 2004) - or Service Logic as Gronroos (2008) prefers to call it - apparently shares many similarities with convergence. The opportunity to differently reply to and interact with customers, the need for alliances and networking, the crucial importance given to knowledge and skills (operant resources), the changing nature of the value concept, etc., are only some of the multiple similarities characterizing both bodies of literature. That is why it could be interesting to compare them.

To this aim, the paper focuses on the process of convergence discussing it in the light of the emerging Service-Dominant Logic perspective, stating that these approaches are strictly connected as a part of a common process of rethinking marketing and competitive strategy. Taking this study focus, the paper would also contribute to answer the invitation of Lusch *et al.* (2009) to discuss governance issues with value networks. The authors pose the following question: "Are manufactures, wholesalers or retailers in a better position to be value network architect?". From this point of view, we would look at grocery retailing, stating that this could be a privileged context of analysis of the new approach on service and that grocery retailers are very well positioned to become a key node of the value network. This is discussed in the light of the increasing tendency of grocery retailers to enlarge their value proposition beyond core-products, offering financial services, mobile services, cars, utilities, etc.. In so doing, they are taking part to the process of convergence, releasing themselves from the traditional approach based on products ("groceries") to the new one based on service (S-D Logic).

The paper is mainly conceptual in nature. Into this perspective, it discusses the proposed theme reviewing both bodies of literature, comparing them, but also supporting the discussion through provision of examples of the new logic to conceive service in retail organizations. This will be performed collecting information from secondary sources (business magazines, retail companies reports and web-sites, press releases, etc.), giving to the theoretical discussion a "practical" corroboration.

2. "Convergence": a literature review

"Convergence" is a Latin term deriving from the union of the prefix "Com" together with the verb "Vergere". It indicates the action made by a number of different elements to go together towards a common destination, starting from diverse points. This definition highlights the dynamic nature of the concept and intuitively explains why some business scholars have then borrowed this term with the aim to conceptualize a specific process that is altering the traditional paradigms and models of competitive analysis.

At the beginning, convergence lacked of identity and was interpreted as a part of the wider phenomenon of the industry evolution. The first scholar to supply a definition of convergence was Rosenberg (1976), giving it a technological dimension. Into this perspective, convergence is described as the process of diffusion of the same technology in a wide number of sectors. This viewpoint has influenced the major part of the subsequent studies, with a particular emphasis during the 1990s where technological advances and the emergence of the Internet re-captured the attention of scholars and business practitioners on the topic. Consequently, technology is considered as the historical and basic driver of convergence. In particular, some scholars from Harvard University (Bradley *et al*., 1993; Collins *et al.*, 1997, Yoffie *et al*., 1997) gave some fundamental contributions to the study of the process of industrial convergence, underlining the resulting creation of new markets based on technology, such as the digital one. Chakravarthy (1997), identified the "InfoCom metamarket", composed by four clusters - information providers, information processors, communication providers and communication support – coming from a number of various industries, once quite distant one from each other and now in overlapping and integration. In order to depict the transformation processes under way, Wirtz (1999) proposed the "Convergence ring model" in which three different sectors are presented as core, middle and periphery rings. The author calls this phenomenon as "Migration". Internet is accelerating the process, leading to a "blur economy" (Davis and Meyer, 1998), where boundaries between products and services, sellers and buyers, tangible and intangible are fading away. A reconfiguration of value chains is required (Wirtz, 2001)

Almost at the same time, some others scholars proposed a different interpretation of the convergence process, stressing its competitive nature. Into this perspective, convergence is studied as a reaction made by firms to the increasing complexity of the market, characterised by market globalisation, sector maturity and a slackening in consumer demand. Into this turbulent environment (Chakravarty, 1997), hypercompetitive (D'Aveni, 1994), firms are almost compelled to go beyond their traditional sector boundaries converging in contiguous businesses in order to maintain profits and continue to grow (Prahalad and Hamel, 1994; Hamel, 1996; Hamel and Prahalad, 1996). The concept of "driving convergence" has been used to describe this deliberated out-of-bounds firms' strategy. Moore (1996) applied the ecological approach to the study of convergence, replacing the industry concept with the notion of "business ecosystems", within which firms co-evolve. Some others authors focus on the competitive implications embedded in convergence. Hamel (1996) underlined the threats underpinned in the entry into new markets, because of the emerging of new competitive dimensions (transversal, cross-industry and inter-industry competition), while Brandenburger and Nalebuff (1996) identified the emerging of co-opetition – a mixture of competition and cooperation present at the same time - highlighting that in dynamic and highly competitive markets competitors must be turned in allies to make the pie bigger rather than compete individually for a smaller slice of it.

In the new millennium, studies on convergence have interpreted this phenomenon as customer based (Wind and Majan, 2002; Ratliff, 2002). The negative consequences deriving from a sole study of convergence in the light of technological advances has been revealed by Wind and Mahajan (2002). The authors stressed the importance to focus on the end user rather then on the industry or on technology in order to be successful in convergent markets. Accordingly, Prahalad and Ramaswamy (2004b) state that in the future a technology will be relevant only if it will affects the consumer experience. Consequently, it is the dynamic orientation to satisfy customers' needs that generates an increasing variability of sector boundaries. In this sense, convergence is a strategy to better serve customer's need and increase value (Ancarani and Costabile, 2007). The tendency to convergence in metamarkets regards not only High-Tech, but also Low Tech. This is because demand-based factors tend to prevail on the technological driver. Cosmoceuticals (Cosmetics + Pharmaceuticals), Nutriceuticals (Food + Cosmetics + Pharmaceuticals), Wellness (Personal Care + Textile + Food + Pharmaceuticals), Edutainment (Education + Entertainment), are some of the newly

megamarkets emerging from convergence and involving Low Tech industries. Some reported that we are in the presence of "*the convergence of everything*" (Hamel and Prahalad, 1996).
Technology, Competition and Demand have also been considered as drivers of convergence rather than perspectives of study on the topic. From this viewpoint, an enabling driver of convergence has been identified in markets' liberalisation and deregulation. Governments are required to let the market acts, lowering or removing barriers through traditionally separated sectors. That is: deregulation provides the regulatory framework for cross-sector competition (Wirtz, 1999).
The literature has then focused on the identification of success' factors in converging markets, detecting in particular the followings:

- Strong company's core competencies (Wirtz, 1999). Particularly important becomes brand equity: a customer-based resource like a brand, which is not industry-specific, could be exploited across many related industries (Aaker, 1996);
- A-sectorial organisational capabilities (Chackravarthy, 1997) that can be spent in any other entry market;
- Pro-activity in establishing inter-firm and inter-industry alliances, selecting partners on the basis of their suitability to increase the overall resource-base of the pro-active firm and the value of relationships with its customers;
- Ability to manage partnerships and to combine heterogeneous resources within networks;
- Focus on customer relationships and intimacy.

3. Service-Dominant Logic: work in progress.

In 2004, the publication of the article of Vargo and Lusch (2004) paved the way to an interesting discussion within the academic community on the content of exchange and on the role of economic actors in the present dynamic and complex market environment.
The authors proposed Service-Dominant Logic (S-D Logic) as a new scholarly focus in marketing, stating that "service" is the unique purpose of any business relationship and the foundation of all economic exchange. This viewpoint defines service as the process of using one's resources or competences for the benefit of another entity (Vargo and Lusch 2004a, 2004b, 2006). More recently, they better specified this notion as "*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, 2008, p. 26). Into this perspective all economies are service economies and all businesses are service businesses.
Central to the fundamental nature of S-D Logic is the redefinition of exchange as being "*about the process of parties doing things for and with each other, rather than trading units of output, tangible or intangibles*" (Vargo and Lusch, 2008, p. 29). The result is the overcoming of the dichotomy between goods and services as non-good products - distinguishable from goods because of the four IHIP characteristics (Lovelock and Gummesson, 2004) - with the category of "service" as unifier common denominator. Thus, even when goods are involved, what is driving economic activity is service—applied knowledge. Consequently, S-D Logic poses itself in opposition to the conventional Goods-Dominant (G-D) Logic. In S-D Logic, goods are aids to the service-provision process. Accordingly, S-D Logic focuses on resources rather than products (goods and/or services), with a particular emphasis on operant resources and resource integration. Individuals and organisations specialise in a subset of knowledge and skills (operant resources) and exchange the application of these resources for the application of knowledge and skills they do not specialize (Vargo and Lusch, 2006). Particular emphasis is posed on the role of consumers as resource integrators (Arnould *et al.*, 2006; Vargo and Lusch, 2006; Baron and Harris, 2008).

Hence, the marketing perspective moves from "marketing to" to "marketing with" the customer, seen as a collaborative partner. The centre of attention is on the interaction within partners, concerned with solutions and phenomenological events rather than ownership (Lusch *et al*., 2008). That is: S-D Logic is inherently relational. Interaction takes place in a mutual service provision orientation: consumers and firms - and stakeholders in general - serve to obtain service from others, i.e.: "*service is exchanged by service*" (Lusch *et al.*, 2009). Into this perspective value is co-created: the supplier contributes through its value proposition being of service to customers and the customer contributes through value actualization, giving feedback and learning in particular. Consequently, there is a shift from value-in-exchange - value is embedded in products as outputs of firms' manufacturing processes - to value-in-use - value is creating by customers in their "everyday practices" (Gronroos, 2006) - implying that the consumer is endogenous to the value-creation process. "*Value will be interactively co-created by companies and consumers, rather than merely exchanged*" (Leavy, 2004, p. 10). That is: S-D Logic is inherently customer oriented and the customer is always a co-creator of value (Vargo and Lusch, 2006). As Prahalad and Ramaswamy (2004, p. 6) observed, "*the roles of the company and the consumer converge toward a unique co-creation experience, or an experience of one*". But the S-D Logic is not only concerned with the interaction between firms and customers. As stated in Vargo and Lusch (2006, p. 54) "*This shift in focus from operand to operant resources has implications for understanding social interaction and structure that are markedly different from the ones suggested by a focus on the exchange of operand resources and potentially has ramifications for understanding exchange processes, dynamics, structures, and institutions beyond commerce*". Consequently, all economic actors (e.g., individuals, households, firms, nations, etc.) are resource integrators. To this aim, Gummesson (2008, p. 16) intervenes in the debate surrounding the S-D Logic to propose a broader view, evolving from a customer-centric to a balanced-centric perspective. He highlights that "*Service is not created just by the supplier and the customer. It is created in a network of activities involving a host of stakeholders*". Into this perspective, the many-to-many marketing logic of the network theory is retrieved and should be merged with S-D Logic to reconsider marketing thought.

Undoubtedly, in the S-D Logic literature are converging diverse principles informing previous theories (Hunt and Madhavaram, 2006) such as the RBW (Penrose, 1959; Wernerfelt, 1984), the theory of the firm and competition theory (Hunt and Morgan, 1995). This is a point of lively debate within the scientific community. Ballantyne and Varey (2008, p. 11) commented that "*What appeals to us about S-D logic is that it reaches back into the pre-industrial past to find a unifying reference point for building and evolving a more holistic marketing logic; one more suited to open, dynamic and global markets than the static control-oriented resource allocation model most commonly represented as the 4Ps*". Lusch and Vargo (2008) are aware that many of the main beliefs and ideas on which their S-D logic is underpinned were already present in the previous literature. But it must be admitted that they firstly had the intuition to find the *fil rouge* able to link them in a grounded mindset, a lens through which looking at social and economic exchange phenomena more clearly. That is, S-D logic operates at the pre-theoretic level as a base from which a general theory of the market should be developed (Vargo and Lusch, 2008).

4. The S-D Logic as a driver of convergence

In reviewing both bodies of literature in the above paragraphs, it becomes apparent to the author that the S-D Logic could be considered as a driver of convergence, a step forward (see Figure 1) to better understand the underpinnings of this process of increasing tendency to the overlapping of everything: industries, firms, customers and – why not – theoretical paradigms and logics.

Figure 1: Perspectives on convergence

Technology-based → **Competition-based** → **Customer-based** → **Service-based**

Into the Service-Dominant Logic perspective, convergence becomes a way to co-create value and co-opetition a mode to qualify the interaction between the value actors. This awareness, even if in an embryonic state, starts to emerge also in the latest literature on the S-D Logic. In fact, as Ballantyne and Varey (2008, p. 12) observe: "*dynamic co-creational activity can take place within 'integrated' networks of suppliers, competitors and customers working together and yet competing. This is particularly evident with continuing convergence today of digital telephony, computer and software technology and the expansion of interactive web sites and portals*". On the other hand, the germs of contamination between both perspectives can be also found in the recent literature on convergence, as the definition provided by Ancarani and Costabile (2007a) to describe the phenomenon reveals: "*a process by which boundaries across some industries or markets or companies or geographies or customer experience become blurred, resulting in new business opportunities to serve customer's need and increase value"*. Indeed, the idea of "serving" is inherent to the S-D Logic.

Moreover, the convergence perspective shares with the S-D Logic an interest in the crucial value of knowledge and skills. But these resources are particularly valuable if they are heterogeneous. And one of the most effective ways to increase heterogeneous resources is to build strategic alliances. In fact, to increase knowledge through combining information, data and competences of different firms is difficult when partners come from the same industry as they share symmetric knowledge and so it is harder for them to create new knowledge and learning. From this derives the powerful message of convergence that could be shared by the S-D Logic, underpinned in the assumption that to optimise knowledge creation, partners must come from other industries. In convergent businesses, link alliances (Dussage *et al.*, 2000) – become fundamental and pave the way to a virtuous circle: the more heterogeneous resources within partners are, the more successful the scope alliance would be and viceversa. By sharing knowledge and pooling skills and competences competitive advantages can be strengthen (Zineldin, 2004). Furthermore, in convergent industries, co-opetitive relationships can help in achieving multi-directional learning by which different organisations mutually benefit (Tsai, 2002), as well as customers. This is coherent with the S-D Logic essence. Ancarani and Shankar (2003), in the attempt to merge both competition-based and consumer-based views on convergence, state that strategic alliances must be built and managed with the aim to create/enhance customer value. At that time, S-D Logic where not known yet. From this viewpoint, the authors anticipated this marketing evolution as it is possible to infer from the following assertions: "*Alliances should be formed to increase the value of the bundle offered to customers and the potential of learning from customers. By pooling together different resource endowments, firms competing in convergent industries should able to bundle products and services in an integrated package for customers. By doing so, they will be able to satisfy their customer's needs with a one-stop-solution*" (Ancarani and Shankar, 2003, p. 74). "Learning from customers", "pooling resources," "integrate package", "one-stop-solution" are concepts that can be found in the literature on Service-Dominant Logic. And it is not only a matter of similar lexicon, but of common principles and ideas. Today, informed, active and demanding customers are increasingly requiring bundled offerings, interacting with firms and other customers to realize their needs and wants. Firms reply through cross-industry value propositions and multi-channels strategies. The value does not reside in the goods and

services provided together, but in the ultimate customer need/desire the bundling offering satisfies, in a "serving" perspective. The information- and product-choice overload and the increasing decision making process' complexity that customers are nowadays facing with, is leading them to increasingly ask for cross-industry value propositions based on simplicity, personalisation and time-saving. Thus, consumers are searching for economies of scope in the intent to diminish the cognitive efforts and the time spent in choice and buying. To this aim, simplicity marketing in particular becomes a must (Cristol and Sealey, 2000; Barwise and Meehan, 2004; Schwartz, 2004). In so doing, customers feed the process of convergence between firms and markets, actively taking part in it. Pro-active firms could converge in order to fully enable customers' value creation in their everyday practices (Gronroos, 2008, p. 310).
From this derives one of the assumptions of the present paper: the push to convergence is embedded in the S-D Logic. This results also in the words of the founding fathers of the view: "*exchange moved from one-to-one trading of specialized skills to the indirect exchange of skills in vertical marketing systems and increasingly large, bureaucratic hierarchical organizations*" (Vargo and Lusch 2004a, p.8).

5. Grocery retailers converging in a S-D Logic perspective

Traditionally, the retailers' function in the marketplace is to close gaps of place, time and information. But nowadays their role is evolving, comprising other scopes previously unknown. This is particularly true in the case of grocery retailers. These intermediaries are now enlarging their value proposition through new products and services not really linked to their "core-offer", as defined on the basis of the traditional way in which industry typologies are classified. Financial services, broadband, cars, utilities, holidays booking, etc. are increasingly becoming part of the "usual" retailers' offer. The new offering rationale responds to the customers' call for integrated solutions and service packages able to give customers full answer to their increasingly complex needs and wants through the *bundling* logic (Russel *et al*., 1999). Innovating their value proposition with no-core products and services, retailers are then competing through service (Lusch et al. 2007). In particular, retailers are now proposing themselves as suppliers able to simplify customers' life, offering value proposition based on "one-stop-solutions". In so doing, they are acting in a Service-Logic, as the interaction within partners is concerned with solutions and phenomenological events (Lusch *et al*., 2008). From this point of view, grocery retailers perform a crucial role as they are applying their specialised competences (operant resources, i.e. knowledge and skills in serving customers) through activating processes of offering extensions for the benefit of their customers. Performance relies in the simplification of customers' life and cognitive efforts. This is coherent with the S-D Logic's definition of the offering of value propositions by firms, that is "*to use their resources for specific kinds of human problems, needs, desires, and solutions rather than making things*" (Vargo and Lusch, 2008, p. 34). Thus, information- and product-overload and need for time saving are pushing retailers to focus their value offering on simplicity marketing logics. "*.... in the most developed economies of the twenty-first century, the next generation of positioning success will belong to those brands that relieve customer stress. That means simplifying customers' lives or business ... It means becoming the customer's partner in stress release*" (Cristol and Sealey, 2000, p.2). A significant example is supplied by Tesco, one of the leading European retailers. On the company's web-site, Tesco rends explicit its vision: "*Tesco has followed its customers into the growing world of retailing services. We aim to bring simplicity and value to complex markets...Customers with busy, stressful lives increasingly want simple choices. They do not want to have to make ever more complex decisions about what they buy*". (See: http://www.tescoplc.com\retailingservices - accessed, 16th April 2009). Similarly, the Carrefour group summarises the way in which the company aims at performing business as follows "*Being the preferred retailer means … making customers happy by making their lives easier*" (See: http://www.carrefour.com/cdc/group/our-strategy/strategic-orientations-2009.html - accessed 11 May 2009). Even in other national contexts where this approach to extend the value offering is quite recent - namely Italy – this scope is clear. Paolo Barberini - president of Federdistribuzione, the union of Italian grocery retailers in Italy - explains with the following words the tendency to extend the retail offering to no-core products and services: "*We want to strengthen our capacity to serve customers, increasing the value of our offer through simplifying customers' life. We increase the quantity of the services offered, entering in new markets such as financial services, mobiles, cars*" (Chierchia, 2007, p. 19).

Customers are taking active part into this value creation process as they enable the retailer ability to create knowledge dialoguing with it, giving it feedback and learning. As a matter of fact, retailers possess a powerful strength compared to industrial suppliers as they are in direct contact with customers, with the possibility to meet them potentially everyday and to directly communicate with them through dedicated and multiple channels, increasingly interactive. Tesco has structured programmes for engaging with all its stakeholders including customers, employees, investors, suppliers, government, media and non-governmental organisations. The company listen to the need and wants of its customers through an 'Every little helps' shopping trip involving thousands of customers, Customer Question Time sessions and Clubcard. Customers become "value partners" for the firm as sources of competence (Prahalad and Ramasmawy, 2000). This reveals that grocery retailers are already operating in a S-D Logic perspective. On the Carrefour group web-site, the company qualifies itself as partnering with customers: "*the Carrefour Group has been a partner in the day-to-day lives of more than 20 million customers in Europe, Asia and Latin America for over 40 years… Together with other innovations, Carrefour will become a multi-service retailer*" Moreover, the first point stressed on the company's web-site to indicate Carrefour group's strategy is concerned with its client-oriented culture, that is "*getting to know our customers better in order to serve them better*".

To create value in extending their offering, retailers need to invest in relational assets, opening to firm cooperation and link alliances, sharing their experiences, knowledge and market-driving skills with businesses coming from other sectors. That is: pursuing the Service-Dominant Logic leads retailers to convergence and require the integration of resources and competences of other firms. The heterogeneity of the resources combined through the scope alliances is clear in Tesco's annual Report: "*we have used our skills and knowledge in understanding customers to create strong business models in our chosen markets. Where we do not have all the required skills ourselves to be successful, we regularly partner with existing businesses … The rationale for the strategy is to broaden the scope of the business to enable it to deliver strong sustainable long-term growth by following the customer into large expanding markets at home – such as financial services, non-food and telecoms*". Extending the offering and converging, retailers can better integrate and exploit their knowledge on customers, complementing and increasing it with the knowledge brought by business partners. This interpretation fosters Gronroos' (2008) position that firms can actively and directly participate in value fulfilment for their customers. In this way the author disagrees with Lusch *et al.* (2008) statement that firms do not produce value but can lonely make value propositions.

Within the seven values guiding the Carrefour groups, the third one, namely "sharing" says: "*We leverage our expertise and strengths to create value, which is shared among customers, employees, shareholders, partners and suppliers*". Broad interaction and co-creation of value straight come out from this statement. Similarly, in the latest annual report, Tesco's Chief

Executive remarks that "*Tesco is about growth and we are confident of sustaining strong growth in the future; we do this by following the customer; as they change, we change*".

6. Conclusions

The paper has discussed the process of convergence in the light of the emerging Service-Dominant Logic perspective, stating their close interrelations. Convergence and S-D Logic are both part of a common process of rethinking marketing and competitive strategy.

Furthermore, the paper has stated that the new service orientation is a crucial driver of the convergence process. This has been contextualised in grocery retailing, as proposed as a privileged context of analysis of the new approach on service as grocery retailers are very well positioned to become a key node of the value network. Grocery retailers are becoming a fundamental actor of the service exchange, able to aggregate and integrate value propositions for and with customers through projecting and managing networks of business partners with the aim of enhancing heterogeneous resources needed to satisfy the customers' call for simplicity. By enlarging their value proposition beyond core-products, grocery retailers are taking part to the process of convergence, releasing themselves from the traditional approach based on products ("groceries") to the new one based on service (S-D Logic).

In this sense, the paper contributes to the debate on the Service-Dominant Logic, fostering the continuing dialog around it and also proposing another step forward thanks to the integration of the literature on convergence.

References

Aaker, D. A. (1996), *Building strong brands*, Free Press, NY

Ancarani, F. and Costabile, M. (2007a), "Competitive Convergence: Construct Definition and Measurement", Marketing Science Conference, Singapore Management University, June 28 -30

Ancarani, F. and Venkatesh, S. (2003), "Symbian: Customer interaction through collaboration and competition in a convergent industry", *Journal of Interactive Marketing,* Vol. 17, No. 1, pp. 56-76.

Arnould, E.J., Price, L.L. and Malshe, A. (2006), "Toward a cultural resource-based theory of the customer", Lusch, R.F. and Vargo, S.L. (eds.), *The service-dominant logic of marketing: dialog, debate and directions*, ME Sharp, Armonk, NY, pp. 320-33.

Ballantyne, D. and Varey, R.J. (2008), "The service-dominant logic and the future of marketing", *Journal of the Academy of Marketing Sciences*, Vol. 36, pp. 11-14.

Baron, S. and Harris, K. (2008), "Consumers as resource integrators", *Journal of Marketing Management*, Vol. 24, No.1-2, pp, 113-130.

Barwise, P. and Meehan, S. (2004), *Simply better,* Harvard Business School Press, Boston.

Bradley, S.P., Hausman, J.A. and Nolan, R.S. (1993), *Globalization, technology and competition – The fusion of computers and telecommunications in the 1990s*, Harvard Business School Press, Boston, MA.

Chackravarthy, B. (1997), "A new strategy framework for coping with turbulence", *Sloan Management Review*, Winter, pp. 69-82.

Chierchia, V. (2007), "Al supermarket per fare fitness", *Il Sole 24 Ore*, 23 settembre, n. 261, p. 19.

Collins, D.J., Bane, W.P. and Bradley, S.P. (1997), "Winners and losers. Industry structure in the converging world of telecommunications, computing and entertainment", Yoffie, D.B. (ed.), *Competing in the age of digital convergence*, Harvard Business School Press, Boston, pp. 159-201.

Cristol, S.M. and Sealey, P. (2000), *Simplicity Marketing - End Brand Complexity, Clutter, and Confusion*, The Free Press, New York, US
D'Aveni, R. (1994), *Hypercompetition*, Free Press, New York, US.
Davis, S.M. and Meyer, C. (1998), *Blur: the speed of change in the connected economy*, Addison-Wesley, Reading, MA.
Dussage, P., Garrette, B. and Mitchell, W. (2000), "Learning from competing partners. Outcomes and duration of scale and link alliances in Europe, North America and Asia", *Strategic Management Journal*, Vol. 21, pp. 99-126.
Gronroos, C. (2006), "Adopting a service logic for marketing", *Marketing Theory*, Vol. 6, No 3, pp. 317-33.
Gronroos, C. (2008), "Service logic revisited: who creates value? An who co-creates?, *European Business Review*, Vol. 20, No. 4, pp. 298-314.
Gummesson, E. (2008), "Extending the service dominant logic: from customer centricity to balanced centricity", *Journal of the Academy of Marketing Science*, Vol. 36, pp. 15.17.
Hamel, G. (1996), "Strategy as revolution", *Harvard Business Review*, July-Aug., pp. 69-82.
Hamel, G. and Prahalad, C.K. (1996), "Competing in the new economy: managing out of bonds", *Strategic Management Journal*, Vol. 17, pp. 237-242.
Hunt, S. D. and Morgan, R. M. (1995), "The comparative advantage theory of competition", *Journal of Marketing*, Vol. 59, April, pp. 1–15.
Hunt, S.D. and Madhavaram, S. (2006), "The service-dominant logic of marketing: theoretical foundations, pedagogy, and resource-advantage theory", Lusch, R.F. and Vargo, S.L. (Eds.), *The service dominant logic of marketing: Dialog, debate, and directions*, M.E. Sharpe, Armonk, NY.
Lovelock, C. and Gummesson, E. (2004), "Wither service marketing? In search of new paradigms and fresh perspectives", *Journal of Service Research*, Vol. 47, Summer, pp. 9-20.
Lusch, R.F., Vargo, S.L. and Tanniru, M. (2009), "Service, value networks and learning", *Journal of the Academy of Marketing Science*, Vol. DOI 10.1007/s11747-008-0131-z
Lusch, R.F., Vargo, S.L. and Wessels, G., (2008), "Toward a conceptual foundation for service science: contributions from service-dominant logic", *IBM Systems Journal*, Vol. 47, No. 1, pp. 5-14.
Moore, J. (1996), *The death of competition*, Harper Collins, NY, US.
Nalebuff, B.J. and Brandenburger, A.M. (1996), *Co-opetition*, Harper Collins, London, UK
Penrose, E.T., (1959),The growth of the firm", Sharpe, White Plains, NY.
Prahalad C.K., Ramaswamy, V. Venkatram (2000), "Co-opting Customer Competence", *Harvard Business Review*, January-February, pp. 79-87
Prahalad, C. K. and Ramaswamy, V. (2004a), "Co-creating unique value with customers", *Strategy & Leadership*, Vol. 32, No. 3, pp. 4-9.
Prahalad, C. K. and Ramaswamy, V. (2004b), *The future of competition: Co-creating unique value with customers*, Harvard Business School Press, Boston (US).
Prahalad, C.K. (2003), "The New Frontier of Experience Innovation", *Sloan Management Review*, Vol. 44, No. 4, pp. 12-18
Prahalad, C.K. and Hamel, G. (1994), *Competing for the future*, Harvard Business School Press, Boston.
Prahalad, C.K. and Ramaswamy, V. (2000), "Co-opting customer competence", *Harvard Business Review*, January-February, pp. 79-87.
Ratliff, J. (2002), "NTT DoCoMo and its I-Mode success: origins and implications", *California Management Review*, Vol. 44, No. 3, pp. 55-71.
Rosenberg, N. (1976), *Perspective on technology*, Cambridge University Press, London (UK).

Russel, G.J., Ratneshwar, S. and Shocker, A.D. (1999), “Multiple category decision-making: review and synthesis”, *Marketing Letters*, Vol. 10, No. 3, pp. 319-32.
Schwartz, B. (2004), *The paradox of choice. Why more is less*, Harper collins, NY.
Tsai, W. (2002), “Social structure of coopetition within a multiunit organization: coordination, competition and interorganizational knowledge sharing”, Organization *Science*, Vol. 13, No. 2, pp. 179-90.
Vargo, S. L. and Lusch, R. F. (2004a), “Evolving to a new dominant logic for marketing” *Journal of Marketing*, Vol. 68, January, pp. 1–17.
Vargo, S. L. and Lusch, R. F. (2004b), “The four services marketing myths: Remnants from a manufacturing model”, *Journal of Service Research*, May, pp. 324–335.
Vargo, S. L. and Lusch, R. F. (2006), “Service-dominant logic: What it is, what it is not, what it might be”, Lusch, R. F. and Vargo, S.L. (Eds.), *The service-dominant logic of marketing: Dialog, debate,and directions*, ME Sharpe, Armonk, NY, pp. 43–56.
Vargo, S. L. and Lusch, R. F. (2008), “Why service?”, *Journal of the Academy of Marketing Science*, Vol. 36, pp. 1-10.
Wernerfelt, B. (1995), “The resource-based view of the firm: Ten years after”, *Strategic Management Journal*, Vol. 16, March, pp. 171–74.
Wind, J. and Majan, V.J. (2002), *Convergence marketing. Strategies for reaching the new hybrid consumer*, Prentice Hall, NY.
Wirtz, B.W. (1999) “Convergence processes, value constellations and integration strategies in the multimedia business”, *Journal of Media Management*, Vol. 1, No. 1, pp. 14-22.
Wirtz, B. W. 2001, “Reconfiguring value chains in converging media and communications markets”, *Long Range Planning*, Vol. 34, No. 4, pp. 489-506.
Yoffie, D.B. (1997), *Competing in the age of digital convergence*, Harvard Business School Press, Boston, MA.
Zineldin, M. (2004), “Coopetition: the organization of the future”, *Marketing Intelligence & Planning*, Vol. 22, No. 7, pp. 780-9.