THE 3 PILLARS OF THE NAPLES FORUM

The Naples Forum on Service has reached its fourth edition and, after the success of its past experiences (see www.naplesforumonservice.it) is about to start its 2015 experience with inspiring scientific premises. For the 2015 Forum, we move from islands to the heart of the city of Naples, in a charming cultural and historic venue; the historic city centre is the largest in Europe and is listed by UNESCO as a Wold Heritage Site.

The Naples Forum is an effort to stimulate Paradigm 3 research, communicate it and speed up its progress (for a brief article on the paradigms, see Gummesson, 2012).

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

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

Service Dominant (S-D) Logic

S-D logic summarizes its message in four axioms and ten foundational premises. In brief, these premises put the following to the fore. The most critical changes include moving from goods/services differences to goods/service interdependencies. The word 'service' is given a new meaning, going from an undefined input to the value of the output and value-in-use or in a more generalized way to value-in-context. Service is the fundamental basis of exchange (axiom 1) and goods are merely distribution mechanisms of service. Both businesses and customers are operant (active) resources as opposed to the mainstream marketing and economics idea that suppliers do things to customers who are just reactive or passive (operand resources). A service provider can only offer a value proposition to the market; the beneficiaries is always a co-creator of value (axiom 2), whereas value actualization rests with users in an idiosyncratic and contextual way (axiom 4). The network aspect is implicit through the statement that all social and economic actors are cocreators and resource integrators (axiom 3), implying that value creation takes place through interaction in complex networks and systems.

Bob Lusch and Steve Vargo who designed S-D logic keep developing it and treat it as an open code where everyone is welcome to make constructive contributions

Service Science

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

Service Science is a multidisciplinary, open-source program based on computer science, industrial engineering, organizational theory, business strategy and more, including the humanities. In terms of science, it investigates what service systems are and how they evolve, and the roles of people, knowledge, shared

information and technology, as well as the relevance of customers inside production processes; in terms of management it investigates how to improve and evaluate quality and productivity; and in terms of engineering it develops new designs of service systems with better technologies and software.

Service Science is the study of complex service systems; such a simple and straight forward definition calls for intriguing issues due to the ample set of disciplines, research methods, cultural domains and areas of interest in order to capture the powerful insights and the essence of service in technological setting and in today life.

Network and Systems Theory

The words complexity, networks and systems pinpoint the same phenomena. Complexity is derived from the Latin verb *complecti*, meaning "to twine together" and the noun *complexus* means "network". The word "system" is derived from the Greek *systema*, meaning "a whole composed of many parts". So the meanings of the three words overlap and expose their interdependency. From these words different traditions have sprung up. *Network theory* and *systems theory* offer both a way of thinking in relationships and interaction and techniques to address complexity and context. These are part of *complexity theory* where many others, for example, chaos theory, fractal geometry and autopoiesis (self-organizing systems) belong. Complexity theory exists both in social sciences, natural sciences and technology but is not utilized efficiently by management disciplines.

Network theory has primarily offered a systemic approach for B2B but has equal potential for B2C/C2B (business-to-consumer/consumer-to-business). *Many-to-Many Marketing* is a general approach that describes, analyzes and utilizes the network properties of marketing and recognizes that both suppliers and customers operate in complex network contexts. *The Viable Systems Approach (VSA)* is a systems theory-based application for management. It postulates that every business is a system, nested in a relational context where it is looking for competitive profiles (viability) through interaction with other actors/stakeholders. Its theory proposes a new representation of the behavioral approach to business and relational interactions with its context. In practice it is a methodological proposal that enables a better understanding of business models, supporting decision making in complex context.

Networks and systems thinking are integral parts of both S-D logic and Service Science.

Developing Paradigm 3 through Naples Forum Publications

Within the 3 Pillars lots of activities including extensive publishing takes place. Lusch and Vargo have been involved in over 50 articles and 20 book chapters, edited several Special Issues of journals, and spoken continually at conferences, universities and business firms around the world. A new book written by Bob and Steve, (*Service-Dominant Logic* was published by Cambridge University Press in 2014) is a condensed (220 pp.) overview of where S-D Logic stands today. Jim Spohrer and his colleagues, together with Forum participants publish continuously on Service Science, including three recent books. Network and systems theory is increasingly integrated with the two other pillars and is the lead theme for several authors, not least from Italian researchers, the Nordic School and the IMP Group.

The Naples Forum stimulates Paradigm 3 research, communicates it and speeds up its progress. The Forum supports the efforts of the participants to publish by co-authoring with other participants and adopt presented papers to articles in journals of their own choice and in special Forum issues. As a result of past edition of the forum more than 80 articles were published in 10 journal special issues of , among the others, *Journal of Service Management, Managing Service Quality, Service Science, Journal of Business Market Management, Mercati e Competitività*, etc.

The 2015 Naples Forum on Service Scientific Committee will select quality papers and propose them for publication within the following Journals' special issues: *Journal of Service Theory and Practice*, *Marketing Theory*, *Service Science*.

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