

The role of image in S-D logic - Corporate image evolution in Mergers and Acquisitions

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Purpose –

According to S-D logic, both firms and customers are viewed as active participants in the value-creation process, as opposed to firms creating and delivering value, and customers just reacting and consuming it (Vargo and Lusch 2004; 2008). The same logic concerns images. Firms do not create and deliver images; customers construct images influenced by their past experiences, the image heritage, in various contexts over time (Rindell 2007). The concepts value and image are interrelated as value is influenced by image, and vice versa (Strandvik and Rindell 2009). However, the value of image in service has rarely been discussed within S-D logic literature. Further, what happens to the corporate image in mergers and acquisitions when companies have a need to change their corporate identity? Do customers follow and update their images? S-D logic proposes that customers are active participants in the value and analogically image construction processes, but do customers' follow when companies change, or does the company have one planned identity but numerous corporate images? This paper discusses (i) the role of image in S-D logic based on (ii) how customers' corporate images evolve.

Methodology/approach –

Quantitative approach. Empirical context is based upon Nordic banking in a B-to-C context.

Findings –

Findings illustrate that customers do not easily update their image of the company, its identity change or even appreciate the new service development. Rather customers seem to be conservative and rely on their earlier images of the company when they evaluate the current value propositions. They also compare their present experiences (post merger/post acquisition) with the earlier identities (pre merger/ pre acquisition) of the company in their image construction processes.

Research implications –

The conducted research offers opportunities for further research. Such research might either focus on understanding or testing how customers' images evolve in mergers and acquisitions in other business context, or it might be focused on how corporate image evolution influence on service innovation and design.

Practical implications –

Managers may benefit from the knowledge that customers' image heritage influence on how they participate in value co-creation, how they construct corporate images and evaluate identity changes.

Originality/value –

Corporate image evolution has rarely been discussed in marketing literature, and especially in mergers and acquisitions they are unexplored. As value and image are interrelated and influence on each other presents this paper a novel approach for understanding and studying images and value based on S-D logic perspective.

Key words (max 5) Mergers, Acquisitions, corporate image, image heritage, image-in-use

Paper type – Conceptual paper / Research paper /