

Analyzing Service Processes at the Micro Level: Actors and Practices

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Introduction

As implied by the title of this introductory chapter, this Section of the *Handbook* aims to offer conceptual tools for micro-level analysis of service processes. The rationale behind this is that central issues within S-D logic, such as service-for-service exchange, resource integration and value cocreation, critically revolve around multiple actors undertaking a wide and diverse range of concrete activities. These activities are often routinized to the extent that the actors recognize them as (parts of) distinct practices, i.e. as constituting nexuses of activities, objects and meanings that can be subsumed under specific labels (Schatzki, 1996; Reckwitz, 2002; Shove and Pantzar, 2005). The range of such practices is wide and varied, including mundane practices like viewing sports (Holt, 1995), engaging with brands in social media (Schau et al., 2009), cooking food (Kjellberg and Stigzelius, 2014), paying invoices (Korkman et al., 2010), or taking a family cruise (Korkman, 2006), as well as more abstract ones associated with professional life, like managing value cocreation (Payne et al., 2008), developing solution businesses (Storbacka, 2011), or using algorithms to handle crowd-sourced data (Orlikowski and Scott, 2015). At times, actors may also undertake activities that break with established practices, such as when a firm further develops a physical product so as to reduce the level of expertise required to employ it in a resource-integrating practice, aka the ‘skilling’ of products (Shove and Araujo, 2010). Either way, how one conceptualizes the actors involved

and the practices they engage in becomes key to the study of service-for-service exchange, resource integration and value cocreation.

This introductory chapter overviews how actors and practices have been conceived of in S-D logic. It consists of two main parts, addressing the topics of actors and practices, respectively. Each part provides a review of central contributions and sketches the topic's conceptual development over time, including important sources of inspiration. Subsections within the two parts then seek to integrate and develop these conceptualizations and set the stage for the subsequent chapters in this part. In Appendix 1, we provide details concerning the literature reviews that form the basis for the chapter.

Conceptualizing actors in S-D logic

How are actors conceived of in S-D logic? Overall, there has been a gradual flattening of the S-D logic vocabulary with respect to actors, from the initial distinction between 'the customer' and 'the firm' (Vargo and Lusch, 2004), via a proliferation of different actor categories (Vargo and Lusch, 2008), towards the current actor-to-actor orientation (Vargo and Lusch, 2011). All actors are both service beneficiaries and value proposers; service exchange is conceived of as actor-to-actor exchange (Vargo and Lusch, 2011). All economic and social actors are thus fundamentally doing the same thing: integrating resources to cocreate value (Wieland et al., 2015). In accordance with foundational premise FP10 we may add that actors make valuations/determine value (Vargo and Lusch, 2016). The remainder of the section is made up of two subsections: first, we provide a review of extant literature on actors and agency within the S-D logic corpus; second, we propose and develop four central ideas concerning the conceptualization of actors that is aligned with the actor-to-actor orientation of the corpus.

Actors and their Agency: A Review of the S-D Logic Literature

Dyadic origins. At the heart of S-D logic is a fundamental shift in perspective on how value is created. To explain this shift and its implications, the early texts focused on ‘customer’ and ‘firm’ since zooming in on this dyad was a way of communicating the differences between goods-dominant (G-D) and service-dominant (S-D) logics. In G-D logic the customer was:

... the recipient of goods. Marketers do things to customers; they segment them, penetrate them, distribute to them, and promote to them. The customer is an operand resource [...] customers are acted on to create transactions with resources.
(Lusch and Vargo, 2014: 7)

In S-D logic, on the other hand:

The customer is a coproducer of service. Marketing is a process of doing things in interaction with the customer. The customer is primarily an operant resource, only functioning occasionally as an operand resource [...] customers are active participants in relational exchanges and coproduction. (ibid.)

The early S-D logic lexicon (Vargo and Lusch, 2004; 2008) thus continued to use traditional G-D logic labels, i.e. ‘customers’, ‘consumers’, ‘firms’ and ‘enterprises’. This appears to have been a deliberate choice: Vargo and Lusch (2008) acknowledged that these terms were inconsistent with the central tenets of S-D logic, but at the time widely understood alternative terms were still unavailable. Furthermore, the foundational premises of 2004 focused on customers and firms, and only the updated premises of 2008 widened the sphere of interest to other actors in the network (Vargo and Lusch, 2004; 2008). Due to these emphases, S-D logic came to be understood as inherently customer-oriented and relational (Kristensson et al., 2008; Heinonen et al., 2010; Brodie et al., 2011; 2013). In terms of the conceptualization of actors, then, the early S-D logic contributions emphasized customers as actors, stressing their active participation as co-producers of service.

Understanding actors through resources and (inter)actions

The first iteration of FPs drew attention to two actor-related aspects: resources and actions. In essence, actors were conceived of as bundles of resources, thus aligning marketing to earlier advances in strategic management, particularly the resource-based view of the firm (Wernerfelt, 1984; Barney, 1991). From among the various types of resources, FP1 and FP4 stress the importance of *operant* resources, such as specialized skills and knowledge, as the key to value cocreation and competitive advantage (Vargo and Lusch, 2004). This clearly differentiated S-D logic from the resource-based view, which uses frameworks such as VRIN (Valuable, Rare, Inimitable, Non-substitutable) to understand the relative value of resources in different contexts (Barney, 1991). Of course, the focus on operant resources also implies a conception of actors emphasizing skills and competencies.

In terms of actions, S-D logic stresses resource integration and interactions between actors. Perhaps surprisingly, the original FPs from 2004 do not mention ‘resource integration’ as a separate concept, but discuss customers as the co-producers of value (FP6). Nevertheless, the importance of resource integration as a way of understanding the exchanges taking place between actors was implied. Other researchers soon elaborated on the concept and processes of resource integration (e.g. Kohli, 2006). Indeed, in 2006, FP9 was revised to explicitly include resource integration: ‘all social and economic actors are resource integrators’ (Lusch and Vargo, 2006: 283–4). The conception of actors implied was thus linked to what actors do – integrate resources – rather than to their internal characteristics.

In a similar vein, the relational stance of S-D logic has highlighted the interactions between actors as a central activity: interactions are needed to tap into the resources of others and thus to cocreate value. This opened new avenues to understand the plurality and multiplicity of interactions that cocreate value (Purvis and Long, 2011; Purvis and Purvis, 2012), the interdependencies ‘that provide access to remotely located activities and resources and form a conduit for influence and change’ (Ford, 2011: 233) and the reciprocal facet of value cocreation (Payne et al., 2008; Wieland et al., 2015).

From ‘customers’ and ‘firms’ to generic actors

An important consequence of the emphasis on co-production in S-D logic for the conception of actors was the development towards ‘generic actors’ (Vargo and Lusch, 2011). The term ‘actor’ was gradually and somewhat hesitantly introduced into the core S-D logic lexicon (see Vargo and Lusch, 2008: 9) and was attributed mainly to work within the IMP Group (e.g. Håkansson and Snehota, 1995). In contrast to previous publications, Vargo and Lusch (2011: 182) introduced a more abstract and open actor-to-actor view of service exchange, arguing that ‘all actors are fundamentally doing the same things, co-creating value through resource integration and service provision’. This conception of actors discards the idea of exchange parties with pre-fixed roles, i.e. that one specific type of actors (‘firms’) interacts with another specific type (‘customers’) in a linear and pre-defined manner. This conceptual move was justified by the need to understand how specific actors participate in, and contribute to, wider service systems, which in turn would allow a more holistic understanding of value cocreation (Vargo and Lusch, 2016). Specifically, it served to highlight that value creation takes place among a wider, more comprehensive configuration of actors than the firm–customer dyad (Chandler and Vargo, 2011).

Based on this view of micro-level service exchange, Vargo and Lusch (2016) suggested another update of the FPs, adjusting the language to be consistent with a generic actor view. From the generic-actor perspective, the updates of FP4 and FP8 are of particular interest. The revised FP4, ‘operant resources are the fundamental source of strategic benefit’ (ibid.: 8), eliminates the concept of ‘competitive advantage’ from the S-D logic lexicon, suggesting a reduced interest in competitors and competitiveness. On the other hand, the updated FP8 states that ‘a service-centered view is inherently beneficiary oriented and relational’ (ibid.), suggesting that the value created for the beneficiary is a more valid reference point to understand the source of ‘strategic benefit’. In terms of the conception of actors, the introduction of the beneficiary suggests a slight modification of the generic-actor concept, re-introducing a distinction, albeit shifting and situational, between actors.

Importantly, the conceptualization of generic actors without pre-defined roles and attributes opens the door to actors of different kinds, including inanimate objects such as components of service platforms or algorithms (Lusch and Nambisan, 2015; Storbacka et al., 2016). While Vargo and Lusch (2017) stress its importance, research about inanimate actors influenced by S-D logic is still nascent (but see Akaka and Vargo, 2014). However, service system research has already highlighted the role of technology as a key component of heterogeneous entities interacting in service systems (Spohrer et al., 2007; Maglio et al., 2009).

Multi-actor ecosystems governed by institutional logics

A central tenet in S-D logic is its concern with the contexts in which dyadic interactions take place. In addition to the firm and customer, early texts used terms such as ‘organization’, ‘network’ and ‘microspecialist’ to signal that S-D logic extends beyond the customer–firm dyad (Lusch and Vargo, 2006). The initial ideas about networked value cocreation and value-creating systems were particularly influenced by the concept of ‘value constellation’ proposed by Normann and Ramirez (1992) and Normann (2001) (Michel et al., 2008). Vargo and Lusch (2016: 8) further emphasized the importance of meso- and macro-level networks in the 2016 update of FP6, from stating ‘the customer is always a co-creator of value’ to opining ‘value is cocreated by multiple actors, always including the beneficiary’. This further emphasized the variety of stakeholders that may participate in value cocreation, in addition to a beneficiary and a provider (Lusch and Webster, 2011).

If activities and resources are central to understanding actors on a micro level, the notion of institutions has developed into a key aspect of meso- and macro-level analyses. The centrality of institutions becomes particularly evident when comparing value cocreation across different contexts (Cova and Salle, 2008; Vargo et al., 2008). This is reflected in the addition of FP11: ‘Value cocreation is coordinated through actor-generated institutions and institutional arrangements’ (Vargo and Lusch, 2016: 8). In fact, FP11 adds a crucial

conceptual component to what actors do – besides engage in service-for-service exchange and resource integration – namely that they contribute to generating institutions and institutional arrangements. Such contributions include both intentional efforts and emergent effects.

Actors' agency: individual vs collective

Even though the concept of 'agency' (Giddens, 1981; Callon and Law, 1995; Emirbayer and Mische, 1998) is central in social science, it has attracted relatively little attention within S-D logic. As noted above, however, one of the key points of S-D logic is its acknowledgment of the agency of customers, although this has not typically been discussed in agency terms. Still, the concept has not been completely overlooked. For example, Lusch and Vargo (2014: 164) state that actors' agency allows them 'to take actions that shape the ecosystem that others inhabit', providing a clear link to the discussion on institutions above.

Similarly, Lusch and Nambisan (2015: 164) acknowledge actors' agency in terms of their ability to enter into collaborations and exchange at will, but stress that this is conditioned by the (ecosystem) context, which can exhibit varying degrees of structural flexibility and integrity. Higher degrees of integrity (ties that hold actors together) may limit actors' agency, whereas structural flexibility may allow actors to exercise agency to a greater extent. This relates to 'the paradox of embedded agency' (Holm, 1995; Seo and Creed, 2002; Battilana, 2006) on an ecosystem level (Vargo and Lusch, 2016). Despite being embedded in institutional logics, actors are not subject to institutional determinism, but may alter the surrounding institutions. The recent interest in institutional work, institutional entrepreneurship and market innovation in S-D logic can be seen as investigations into this paradox (Storbacka and Nenonen, 2011b; Vargo et al., 2015).

A later contribution, by Taillard et al. (2016) represents one of the few studies solely focused on agency in the context of S-D logic. Building on Sawyer's (2005) social emergence paradigm, the authors highlight the importance of differentiating between individual and collective agency and understanding the interplay between the two. They focus particularly on

one aspect of agency, namely intentionality, and how shared intentions can arise from individual agency and as such influence service-ecosystem emergence.

To summarize the way in which the conception of actors in S-D logic has developed we want to highlight four things. First, S-D logic has stressed that customers are actors instead of passive targets of marketing activities. Second, the current conceptualization of actors emphasizes what actors do: exchange services, integrate resources, contribute to institutions and institutional logics and so forth. Third, there is an emerging interest in the agency of actors, particularly related to actors' ability to influence their context – variably labelled 'service ecosystem', 'market', or 'institutional context'. Finally, the S-D logic vocabulary related to actors has flattened from 'customers' and 'firms' to generic 'actors'. It is interesting, however, that this development has triggered a renewed interest in categorizing and labelling 'generic actors'. Recently, Ekman et al. (2016) have suggested a typology of generic actors that distinguishes between active and passive providers and beneficiaries. However, this kind of typology runs the risk of losing the basic point of the generic actor concept by reifying a distinction between beneficiaries and providers.

Towards a Conceptualization of Actors in S-D Logic

Besides having the benefit of bridging divides, e.g. between business-to-consumer and business-to-business marketing, the development of the actor-to-actor position usefully prevents researchers from assuming too much about those who act. Such assumptions may either lead one to actively disregard certain types of actors or fail to appreciate the width of actors' contributions by treating them asymmetrically from the start. This is not to say that there are no asymmetries; in a given situation, we typically find actors who are clearly more powerful, influential, or proactive than others. With an actor-to-actor orientation, however, such assessments can be postponed until the situation has been examined.

Thus, one important reason for adopting an actor-to-actor perspective is to be sensitive to the contextual and dynamic facets of actors. However, our review also shows that extant

literature is not very explicit in discussing how actors should be conceptualized. To address this gap, we propose that an S-D logic-compatible conceptualization of actors should take into account four actor characteristics in particular, specifically that actors are *interdefined*, *multiple*, *heterogeneous* and *plastic*.

Interdefined

FP9 states that all actors are resource integrators (Vargo and Lusch, 2008) – but are all resource integrators actors? This question has become increasingly important in the light of recent conceptual moves that extend the discussion about actors beyond humans and human collectives (Lusch and Nambisan, 2015; Storbacka et al., 2016). To remain contextually sensitive when identifying actors, we argue that it is useful to hold on to the idea that actors become actors by being recognized by others (Håkansson and Snehota, 1995). In short, others determine who the relevant actors are for a particular service-for-service exchange or resource integration. They do so by recognizing and orienting their actions towards specific others. Therefore, an entity such as an artificial intelligence algorithm could be recognized as a ‘resource’ in one situation and as an ‘actor’ in another. We suggest viewing the attribution of agency as an ongoing process of interdefinition. This places no limit in principle on the specific forms that actors may take, which in turn directs attention to the practical realization of actors in terms of what elements are made to act as one (Andersson et al., 2008; Hagberg and Kjellberg, 2010).

Multiple

As a result of the ongoing interdefinition of actors, a wide range of actors could be considered relevant for a given service exchange or resource integration. This is clearly reflected in the recognition of multiple actors within S-D logic and is also captured in the generic conception of actors discussed above. In addition, however, actors that are recognized as participants in several situations do not necessarily maintain their configuration across contexts, but may

appear in different ‘versions’ (Andersson et al., 2008) and take on different roles (Ekman and Rëndell, this *Handbook*, Chapter 35). In short, the multiple actors that may be relevant in a given situation may themselves be multiple. This multiplicity is explained, at least in part, by the plurality of interactions between actors that cocreate value (Purvis and Long, 2011; Purvis and Purvis, 2012), the reciprocity in value cocreation (Payne et al., 2008; Wieland et al., 2015) and the numerous and context-dependent institutional logics (Vargo and Lusch, 2016).

Heterogeneous

If actors are interdefined they have no essence; they can be made of different things and their internal constitution may vary widely. This variation also applies to the resources that actors draw on to expand their agential capacities; depending on the situation, what constitutes a resource will vary. Indeed, in some situations there can be a reversal of our traditional conception of actors and resources, so that it is the inanimate objects that appear to have agency, while the human individuals appear as docile resources. One way to conceptually handle this is to regard all actors as heterogeneous collectives made up of various elements (Storbacka, this *Handbook*, Chapter 36). This suggests that focusing solely on resource endowments is quite a blunt way of assessing asymmetries between actors, since having resources is not the same as being powerful or skilled at using them. In order to gain more in-depth understanding of generic actors, we have to appreciate their agency, that is, their capacity to make a difference in a given situation (Giddens, 1993). Agency variation, across situations and over time, concerns both *what kind* of agency an actor is capable of, and *how much* of it¹. While the resources that an actor can draw on in a specific situation are likely to affect the actor’s agency, those effects can be difficult to accurately predict and are likely to depend on how a given resource is put to use. All in all, assuming an actor-to-actor position allows investigation of such differences and asymmetries empirically – but to do it successfully requires sensitivity to both context and the various facets of ‘heterogeneity’.

Plastic

Finally, while interdefinition suggests that actors are ultimately defined in concrete situations and thus that the meaning or role of an actor may vary from one situation to another, potential actors can also be worked on, equipped, educated, and so on. Under certain circumstances, such efforts can produce lasting effects, i.e. alter the constitution and agency of the actor. However, such effects can also be resisted, or unmade, or constitute the basis for additional efforts to alter the agency of specific actors. Plasticity can be defined as a dual construct of taking form and retaining form; thus plasticity ‘requires both fluidity, defined as the capacity to take form, and stability, defined as the capacity to retain form’ (Nenonen et al., 2014: 272). Previous research has mainly focused on the plasticity of markets (Kjellberg et al., 2012; Nenonen et al., 2014), but it also provides some insights into the plastic nature of actors. Various elements of heterogeneous actors can exhibit plasticity, such as their mental models, strategies, routines and resources (Nenonen et al., 2014). The basis of actor plasticity can be either internal, such as organizational learning (Nenonen et al., 2014), or external, such as being involved in a reciprocal value-cocreation process (Payne et al., 2008; Wieland et al., 2015) – or both.

Studying practices in S-D logic

Why are practices pivotal to research on S-D logic? The centrality of use, visible in, e.g. the statement ‘resources are not; they become’ (Vargo and Lusch, 2004: 3), suggests that S-D logic puts considerable weight on practical realization over in-principle potential. This is also evident in the emphasis on *value-in-use* or *value-in-context* (Vargo and Lusch, 2008), leading to an interest in local or situated performances rather than in characterizations in principle. As argued by Korkman et al. (2010: 239): ‘A practice-based approach turns attention to the processual aspects of usage and consumption, and argues that value creation is embedded in the socio-cultural improvements of practices’. Additionally, the understanding in S-D logic of the contexts of service production and exchange as emergent dynamic entities (Vargo and

Lusch, 2008; Vargo and Akaka, 2012) fits well with the constitutive character of practices (Giddens, 1984; Kjellberg and Helgesson, 2007; Orlikowski and Scott, 2015).

While there is a wide range of practice theories, three stand out as most influential for S-D logic, namely *structuration theory* (Giddens, 1984), *social practice theory* (Schatzki, 1996) and *actor-network theory* (Latour, 2005). As in the previous section, we start by reviewing extant literature on practices within S-D logic. Based on this, we move on to discuss two different conceptual strategies for practice research in S-D logic.

Value-Cocreating and Ecosystem-Forming Practices: A Review of the S-D Logic Literature

Essentially, there are two major themes in the literature combining S-D logic and practice theory. The first revolves around value cocreation, using a practice approach to better capture how value is realized. Our review indicates that the pioneering effort to link S-D logic and practice theory in this respect is Korkman's (2006) study of cruise consumption. Drawing on a range of practice theories (e.g. de Certeau, 1984; Schatzki, 1996; Reckwitz, 2002; Shove and Pantzar, 2005), Korkman emphasizes the sociomaterial character of practices and elaborates on how customer value is formed through everyday practices. In doing so, he stresses that practices are a wider concept than actions. Specifically, practice:

... refers to culturally embedded 'ways of doing' that combine actions and context.

For instance 'fine dining' is a practice, and hence not only the action of eating, but a specific sequence of actions that are contextually embedded in a specific context of certain physical spaces, certain tools, know-how and images. (Korkman, 2006:

10)

Korkman's work has informed a number of studies investigating value formation in practice.² For instance, Payne et al. (2008) explore the nature of value cocreation by focusing on how supplier and customer processes unfold and how encounters can be analyzed through a

practice lens. McColl-Kennedy et al. (2012) explore what customers do when they cocreate value in concrete health care situations. Specifically, they identify five different styles of value cocreation practice by health care customers, linking these styles to quality of life outcomes. Similarly, Echeverri and Skålén (2011) identify five interaction value practices in their study of provider–customer interactions between bus/tram drivers and passengers in public transport. Drawing on a wide range of practice theories, they define practice as ‘background coping skills that simultaneously limit and enable interactions between provider and customer’ (ibid.: 355). Interestingly, the authors stress the identified practices are not only associated with value cocreation, but also with what they term ‘value codestruction’³.

Another strand of practice-oriented research into value creation focuses on horizontal interactions (e.g. Schau et al., 2009; Rihova et al., 2015). Specifically, Rihova et al. (2015) focus on customer-to-customer value cocreation in the context of tourism, while Schau et al. (2009) explore the process of collective value creation in brand communities. The latter contribution represents a break with the dominant dyadic view of value cocreation practices and brings attention to the wider context, emphasizing how practices work together. Akaka et al. (2013) develop this collaborative facet by focusing on the cultural context that frames value creation. Kjellberg and Stigzelius (2014) further stress the co-ordination of multiple intersecting practices when consumers realize ‘green values’ in their everyday food practices. By emphasizing the contexts in which value is produced, these contributions provide a link to the second major theme that combines S-D logic and practice theory, namely how practices contribute to create and maintain wider systems such as markets and service ecosystems.

This theme is first evident in Korkman et al. (2010) and Storbacka and Nenonen (2011a), who stress practices as constitutive of markets. While Korkman et al. (2010) argue that attention to practices allows one to better assess the (use) value of a market, Storbacka and Nenonen (2011a) explicitly view markets as configurations of actors engaging in specific market practices. Drawing on Kjellberg and Helgesson’s (2006; 2007) model of markets as constituted by exchange, normalizing and representational practices, they elaborate on how a

focal actor can change a specific market configuration by identifying four market configuration capabilities. While less specific about the role of practices, Chandler and Vargo (2011: 45) reason similarly in that markets and service ecosystems ‘emerge from simultaneous, continuous processes at different levels and layers of context’.

These initial contributions have been followed by a number of articles elaborating on the constitutive role of practices as part of S-D logic (e.g. Vargo and Lusch, 2011; Vargo and Akaka, 2012; Kjellberg et al., 2012; Akaka et al., 2013; Nenonen et al., 2014; Akaka and Vargo, 2015; Barrett et al., 2015; Orlikowski and Scott, 2015; Vargo et al., 2015). For instance, Vargo and Akaka (2012: 215) emphasize how resource integration practice that cocreates value ‘draws on and contributes to the social context through which it is derived in systems of service-for-service exchange’. Similarly, Kjellberg et al. (2012: 220) argue ‘working markets are ... the continuous results of market practices’, while Nenonen et al. (2014: 271) posit that markets are ‘ongoing enactments in the sense that they are both created and maintained through sets of interconnecting practices’.

Besides the market practice model mentioned above, the major theoretical inspiration for these contributions is Giddens’ (1984) theory of structuration. In particular, Giddens’ idea that ‘the rules and resources drawn upon in the production and reproduction of social practices are at the same time the means of system reproduction (the duality of structure)’ (ibid.: 19) is a key component in the conception of service ecosystems within S-D logic (Vargo and Akaka, 2012; Akaka et al., 2013; Vargo et al., 2015; Vargo and Lusch, 2016). This implies a dynamic view of structures, stressing individuals as agents of change and structures as continually evolving outcomes of social interaction (Akaka et al., 2013). As suggested by Vargo and Akaka (2012: 211): ‘service ecosystems are not preexisting or fixed. Rather, systems of service exchange are continually being formed and reformed through the enactment of practices’.

Another central characteristic of extant research on this theme is linked to the sociomaterial character of practices. Specifically, both Korkman et al. (2010) and Vargo and Akaka (2012) stress resource integration as a central aspect of practices in general. This leads

to an emphasis on material arrangements, use of tools, etc., which is clearly visible in contributions directly concerned with innovation and the role of technology (Russo-Spena and Mele, 2012; Akaka and Vargo, 2014; Barrett et al., 2015; Kjellberg et al., 2015; Orlikowski and Scott, 2015; Vargo et al., 2015). For instance, Barrett et al. (2015: 144) stress ‘the provisional and emergent ways in which technologies are enacted in day-to-day activities’. In this connection, Orlikowski and Scott (2015) explicate three key assumptions of a sociomaterial practice perspective on service, specifically that i) *services (and goods) are constituted in practice*; ii) *services (and goods) are material*; and iii) *the materialization of services (and goods) is performative*. The final point provides a direct link back to the market practice model, which was originally conceived to account for performative effects in markets (Kjellberg and Helgesson, 2006).

The sociomaterial character of practices also informs Vargo et al.’s (2015) integrated ecosystems approach to innovation. Specifically, they propose a view of both technological and market innovation as resulting from processes of institutionalization so that ‘the same practices and processes that guide value co-creation drive the innovation of markets’ (ibid.: 64). This brings us to the final aspect of this theme, namely the direct link between the incorporation of practice theory in S-D logic and its current emphasis on institutionalization (Vargo and Lusch, 2016). The most recent formulation of S-D logic makes clear that practice approaches have been thoroughly incorporated in S-D thinking. According to Vargo and Lusch (2016: 5), the most important among the extensions has been a general zooming out to allow a more holistic and dynamic perspective on value creation, through exchange, among a wider, more comprehensive (than firm and customer) configuration of actors.

In summary, our review of the practice-oriented literature on S-D logic suggests two main lines of inquiry: the first focuses on theorizing the internal constitution of practices and identifying specific empirical practices linked primarily to how value is cocreated; the second focuses on theorizing practices as constitutive of markets or service ecosystems. Where the former views practices as the primary unit of analysis, the second uses practices as a lens for investigating other phenomena. While the line of inquiry has consequences for the way in

which practices are conceptualized, the two lines are not necessarily incompatible. Indeed, Vargo and Akaka (2012) convincingly argue that resource integration practices contribute both to value cocreation and to the enactment of service systems. Nonetheless, there are differences between the two approaches that motivate a separate discussion, not least for reasons of clarity. In the following two sections, we will thus deal with each approach in turn.

Theorizing the Internal Constitution of Practices and Identifying Empirical Practices

What is the character of practices? While there are several alternative conceptualizations of practices in the literature reviewed, most can be traced back to *social practice theory* (e.g. Schatzki, 1996; Reckwitz, 2002). As a starting point, then, practices are conceived of as made up of a diverse range of elements that are combined in such a way that their enactment is recognized as constituting a whole. Reckwitz suggests that a practice:

... consists of several elements, interconnected to one other: forms of bodily activities, forms of mental activities, ‘things’ and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge. A practice – a way of cooking, of consuming, of working, of investigating, of taking care of oneself or of others, etc. – forms so to speak a ‘block’ whose existence necessarily depends on the existence and specific interconnectedness of these elements, and which cannot be reduced to any one of these single elements. (Reckwitz, 2002: 249–50)

As implied by Reckwitz’s emphasis on the specific interconnections of elements, the same elements can take part in the enactment of multiple practices (think for instance of explicitly multi-purpose objects such as pocket knives and smartphones). It is thus important to stress the temporary and fluid character of such configurations; the enactment of practices

associates elements for given situations (Kjellberg and Helgesson, 2006). What matters for the enactment of a specific practice is how the various elements are being combined.

Despite general agreement on the conception of practices as configurations of elements, there are alternative views on what these elements are, what links them, and which aspects of practices to focus on. In the following we discuss four interconnected themes that convey central but sometimes contentious issues when conceptualizing practices.

Social or sociomaterial?

While there is agreement across most practice approaches that material objects play a part in the enactment of practices, the importance ascribed to the material dimension varies. Early incarnations of practice theory, such as those associated with Bourdieu (1977), de Certeau (1984) and Giddens (1984), are more social than sociomaterial. While these authors recognize the role of objects in the enactment of practices, they typically view objects and their use as secondary to social processes. This position can also be found in more recent conceptualizations drawing on social practice theory. For instance, Warde (2005) draws on Schatzki (1996) to stress how doings and sayings are linked through *understandings* (of what to say or do), *procedures* (explicit rules, principles, precepts and instructions) and *engagements* (ends, projects, tasks, purposes, beliefs, emotions and moods). Building on Warde, Schau et al. (2009: 35) discuss the anatomy of practices largely without reference to material objects, instead stressing cognitive, status and emotional elements as the main categories of ‘collectively defined and valorized resources’ being exchanged. Going one step further, Echeverri and Skálén (2011) conceive of practices as ‘background coping skills’ that serve to both limit and enable human agents as they engage in interactions.

Among authors ascribing a greater role to the material world, Shove and Pantzar (2005: 44) explicitly contrast their sociomaterial view of practice with classic conceptions of practice that emphasize ‘routines, shared habits, technique and competence’. Similarly, the material world plays a key role in Korkman’s (2006: 27) ‘materialistic’ definition of practices as ‘more

or less routinized actions, which are orchestrated by tools, know-how, images, physical space and a subject who is carrying out the practice'. These authors draw on social practice theory to conceptualize practices as configurations of distinctly different types of entities. For instance, Shove and Pantzar (2005: 45) conceive of a practice in terms of 'the active integration of materials, meanings and forms of competence', while both Orlikowski and Scott (2015) and Barrett et al. (2015: 144) stress the 'entanglement of activities, bodies, and artifacts'.

From an S-D logic perspective, the degree of materialization matters for how one can expect to account for resource integration. Here, Korkman et al. (2010) and Storbacka et al. (2012) explicitly stress the fit between a sociomaterial practice approach and the concern for value-in-use within S-D logic. Specifically, Storbacka et al. (2012: 56) argue 'resource integration occurs in practices, making practices a fundamental unit of value creation'. The emphasis placed on operant resources within S-D logic (Vargo and Lusch, 2004; 2008; 2016) may seem to direct attention away from the material world. However, the conception of tangible products as 'mechanisms for service provision' (Vargo and Lusch, 2004) suggests they play an important part in service delivery and value cocreation. Indeed, as underlined by Vargo et al. (2015: 65), an emphasis on knowledge and skills 'does not diminish the importance of physical artifacts [...] since these artifacts can be viewed as vehicles that convey embedded knowledge and skills'. On the other hand, a more traditional, social conception of practice may offer advantages when addressing issues related to direct encounters between individuals (Echeverri and Skålén, 2011) and the formation of collective values (Schau et al., 2009). While this is likely to be contested by proponents of more materialized approaches, processes of legitimation, institutionalization (as in the formation of rules and norms) and community formation are areas where such approaches have been successfully applied. Such applications are also consistent with recent core formulations of S-D logic (see e.g. Vargo and Lusch, 2016; 2017).

Doings and sayings

For those who attribute a relatively prominent role to material objects, the very idea of a practice approach is frequently linked to a decentering of discourse in their analysis of social phenomena. Reckwitz (2002: 254) thus suggests ‘discursive practices are one type of practices among others’. But the position on this issue does not simply follow from the extent of materialization. For instance, Warde (2005) makes a similar point despite his less materialist position, stressing that ‘analysis must be concerned with both practical activity and its representations’ (ibid.: 134). In work directly related to S-D logic, Korkman et al. (2010: 10) stress, ‘practices are doings (rather than cognitions or emotions)’. Similarly, Andersson et al. (2008: 68) suggest that a concern with practice is intimately linked to a ‘move away from cognitive models’. From this viewpoint, then, employing a practice approach requires complementary methods to compensate for the discursive and cognitive bias of traditional interviews. It is thus not surprising that empirical practice studies tend to employ ethnographic methods, combining interviews with observations, photographic materials, netnographies etc. (Holt, 1995; Korkman, 2006; Andersson et al., 2008; Schau et al., 2009; Kjellberg and Stigzelius, 2014).

A more exclusive emphasis on doings is detectable in the work of Grönroos, who stresses the ‘everyday practices’ of customers in the sense of ‘what they are doing’ (2008: 300). Based on this, attention is directed to the interaction between exchange parties and specifically how service providers can adapt their practices to best support customer practices (Grönroos and Helle, 2010). This can be contrasted with the work of both Warde (2005) and Schau et al. (2009), who assume a social constructivist position, attending to the sociocognitive aspects of practice (shared understandings, etc.). Warde (2005: 140) explicitly acknowledges ‘the social construction of practices, the role of collective learning in the construal of competence, and the importance of the exercise of power in the shaping of definitions of justifiable conduct’.

The dual emphasis on doings and sayings requires a conception of practice that is sensitive to performativity, and particularly to Austin’s (1962) notion of *performative*

utterances. Austin's speech act theory underscores that not all sayings are representations, as implied by Warde above, but that under certain circumstances they are doings in their own right. This is also underscored by Orlikowski and Scott (2015), who differentiate between *performance* (doings) and *performativity* (outcomes of doings). To employ a practice approach, then, requires the researcher to develop sensitivity towards the consequences of observed doings and sayings. This provides a link to our third theme on the conceptualization of practices.

Routinization vs enactment

Routinization is a key theme in theories of practice, stressed by Giddens (1984), Reckwitz (2002) and Shove and Pantzar (2005). For instance, 'practices, as recognizable entities, are made by and through their routine reproduction' (ibid.: 44). Similarly, Warde (2005: 131) stresses 'the routine, collective and conventional nature of much consumption'. An emphasis on routinization is also found in some of the research combining practice theory with S-D logic (Akaka et al., 2013; Barrett et al., 2015; Laud et al., 2015). However, there is variation among contributions concerning the extent to which routinization of practices is assumed at the outset and, as a consequence, the degree to which the enactment of practices is attended to. Laud et al. (2015) stress routinization and pay less attention to the concrete instantiations of practices. Conversely, Korkman (2006) draws on de Certeau (1984) to argue that the routinization of practices is likely to vary. Likewise, Barrett et al. (2015: 144) note, 'enactments of routinized practices vary with each individual's goals, skills, context, and other practices in which they engage'.

Despite emphasizing routinization, Schatzki (1996), Reckwitz (2002) and Warde (2005) all underscore that practices depend on concrete performances to actualize and sustain them. Reckwitz (2002: 249) introduces a useful distinction between *a practice (praktik)* as 'a routinized type of behavior which consists of several elements, interconnected to one other' and *practice (praxis)* as 'human action (in contrast to "theory" and mere thinking)' (see also

Echeverri and Skålén, 2011). Using these terms, we can then say that since the outcome of a given practice (*praktik*) is far from certain, one must attend to its concrete instantiation (*praxis*) in order to fully appreciate its consequences (see Araujo and Kjellberg, 2009). This is underscored by the observation that practices intersect and influence each other (Schau et al., 2009), which directs attention to how potentially disturbing practices can be bracketed off to prevent interference when enacting one particular practice (Kjellberg and Stigzelius, 2014). On the other hand, the intersection of practices stimulates the emergence of new practices as well as changes in existing ones (Araujo and Kjellberg, 2015), thus providing one important source of dynamism in service ecosystems (Chandler and Chen, 2016).

Decentering of human agents?

The final conceptual theme concerning practices provides a link back to the discussion on actors. Here, two very different positions can be discerned: one emphasizing human actors/practitioners and the other emphasizing heterogeneous agents.

Giddens (1984) is perhaps the primary example of the first position, assuming a traditional sociological view of practices as ‘situated activities of human agents’ and asserting that human agency ‘refers not to the intentions people have in doing things but to their capability of doing those things’ (ibid.: 9). Laud et al. (2015) take a similar stance influenced by the emphasis on human interaction in economic sociology. Reckwitz (2002) conceives of practices as routinized bodily and mental activities based on specific forms of knowledge, carried and carried out by (human) agents. This conception of human agents as carriers of practice is also present in several other contributions (e.g. Warde, 2005; Korkman, 2006; Grönroos, 2006; Rihova et al., 2015). At times, it is linked to an explicitly constructivist position that views acting subjects as constituted within and through practices (e.g. Warde, 2005; Korkman, 2006; Echeverri and Skålén, 2011). For instance, Echeverri and Skålén (2011: 356) focus on ‘*practitioners*; the human actors involved in a certain practice’ and argue that practices produce specific patterns of interaction and associated subject positions. It

should be noted that there is no simple correlation between the conception of practice as social (as discussed above) and a focus on human agents. For instance, Korkman (2006) conceives of agents as human individuals or collectives (the family, the children and the parents) despite assuming a sociomaterial stance on practices that explicitly recognizes the role of non-human elements.

The traditional sociological view of practitioners and (human) agency can be contrasted with the position of Andersson et al. (2008: 70), who explicitly note ‘...human agency is not our concern here. Rather, we seek to develop our understanding of market actors and their capacities in practical situations’. They then go on to propose a view of acting entities as heterogeneous actants:

If we want to study *social* practice of any kind, and this might seem ironic, we need to include *non-humans*. Why? Because they are too many and too involved to be wished away. To avoid conceptual confusion, we follow Latour and adopt the term *actant* to denote whatever acts in a practical situation. (Andersson et al., 2008: 74)

Orlikowski and Scott (2015: 205) assume a similar position by stressing the relationally emergent character of agencies as ‘constituted through particular entanglements’. This view is mirrored in Shove and Pantzar (2005), Nenonen et al. (2014) and Barrett et al. (2015), who all stress the participation of heterogeneous entities in the enactment of practices. In these authors’ view, then, a practice perspective requires a conception of agents that does not automatically disqualify acting entities on the basis of their material status.

Using Practices to Theorize the Constitution of Wider Systems

The second strand of practice-oriented research related to S-D logic uses practices as a lens for investigating the ongoing, recursive constitution of markets or service ecosystems. The focus thus shifts from the internal constitution of practices to *the constitutive role of practices*

in realizing particular economic orders, institutions, organizations, etc. (Giddens, 1984; Kjellberg and Helgesson, 2007; Orlikowski and Scott, 2015). In contrast to the theorizing of practices discussed above, which is significantly influenced by social practice theory, the main sources of inspiration for these efforts are *actor-network theory* (Latour, 1987; 1996; 2005; Callon, 1998; Callon et al., 2007) and *structuration theory* (Giddens, 1981; 1984). Both of these approaches have important points of contact with S-D logic. More specifically, the emphasis on becoming, use and practical realization of value in S-D logic suggests an affinity with actor-network theory and its *performative definitions* (Latour, 1986). Conversely, the concern within S-D logic for the reciprocal relationships that constitute ecosystems (see e.g. Akaka et al., 2013; Akaka and Vargo, 2015) aligns well with Giddens' (1984) *duality of structure* and insistence on *recursive processes*.

In terms of conceptual frameworks, the markets-as-practice model proposed by Kjellberg and Helgesson (2006; 2007) has been one important starting point for this line of inquiry (see e.g. Storbacka and Nenonen, 2011a; Storbacka et al., 2012; Vargo and Akaka, 2012). This model, which draws heavily on actor-network theory, employs a threefold categorization of market practice:

Exchange practices activities that contribute to the consummation of economic exchanges.

Normalizing practices activities that contribute to establishing normative objectives for how a market should work.

Representational practices activities that contribute to depicting economic exchanges as markets.

These three categories of practices are conceived of as interlinked via chains of translations (Latour, 1986) through which the outcomes of any one practice are picked up and employed in the enactment of the other two. The model has subsequently been adapted to cater to some of the specific concerns found in S-D logic. Most importantly, Vargo and

Akaka (2012) proposed to substitute the wider concept of *resource integration practices* for exchange practices to better account for value cocreation in general. In this version, exchange practices are conceived of as a subcategory of resource integration practices with particular significance for markets (for a discussion, see Nariswari, this *Handbook*, Chapter 11).

This overall model, and more specifically its categorization of practices, requires a critical discussion of the outcome of practices and the extent to which practices can be labeled a priori. First, the same or a very similar combination of activities could potentially be classified as belonging to any of the three categories of practice. The classification is determined by the specific outcome that is produced. This suggests an anti-essentialist position vis-à-vis practice, which stands in stark contrast to how studies pursuing the first line of inquiry, discussed above, attempt to identify specific empirical practices. It also recalls Orlikowski and Scott's (2015) distinction between *performance* and *performativity* in directing attention to the outcomes of practice rather than to the doings as such.

Second, according to a central tenet in social practice theory (Schatzki, 1996; Reckwitz, 2002; Warde, 2005; Korkman, 2006), most practices found in particular domains of social life are integrative in that they combine doings, sayings, objects and meanings. Similarly, Korkman et al. (2010: 236) state 'practices are resource integrators', thus indicating that 'resource integration practices' is a generic category. The very reason for attending to resource integration practices, their centrality for value cocreation, may thus present a challenge when seeking to distinguish them from other types of practices, e.g. normalizing and representational practices. Once again, sensitivity to the specific outcome produced is required for empirical operationalization.

Third, a specific empirical value cocreation practice, i.e. a nexus of doings and sayings recognized by some practitioners as a distinct practice, could involve facets of resource integration/exchange, normalizing and representational practice, rendering classification difficult. Here, the two lines of inquiry rub up against each other, exposing an important difference. The exploration of practices as part of the first line of inquiry, e.g. when seeking to link practices to value cocreation, tends to treat the identification of specific practices as an

emic exercise, possibly informed by a conceptual framework that allows a more careful analysis of their constitution (e.g. Korkman, 2006; Schau et al., 2009). In contrast, the second line of inquiry is based on an *etic* strategy, classifying practices on the basis of the effects they are observed to produce (e.g. Orlikowski and Scott, 2015; Kjellberg and Olson, 2017)⁴.

Concluding remarks

This introductory chapter has overviewed extant research on actors and practices within the S-D logic corpus and offered some conceptual tools for engaging with these topics. In these concluding remarks, we provide a few indications concerning what kinds of research questions the actor and practice perspectives trigger. We also provide some links to the remaining chapters in this section of the *Handbook*.

Compared with many other theoretical lenses, the actor perspective is particularly suited for investigating micro-level phenomena such as actors' resources (and other elements comprising generic actors), roles, agencies and interactions. However, the perspective is not limited to investigating micro-level issues alone; for example, investigations into how actors can influence their service ecosystems oscillate between micro and meso/macro levels. Our literature review suggests two particularly fruitful avenues for further research using the actor perspective. First, there is still relatively limited understanding of actors' agency in the S-D logic literature. Thus, further investigations into individual and collective agency of actors have the potential to advance S-D logic theorizing. Second, we would welcome contextually sensitive assessments of actors that acknowledge the interdefined, multiple, heterogeneous and plastic character of actors.

As discussed above, a practice perspective has already been successfully employed in the study of value cocreation. Still, there is a lack of mid-range theorizing to bridge from the highly abstract conception of practices in social practice theory to the quite idiosyncratic practices observed in empirical studies. In short, further conceptual work is needed on the constitution of service exchange, resource integration and value cocreation practices. This

includes both further cataloguing of empirical practices (what are the relevant practices? how are they made up? who performs them?) and efforts to develop more precise conceptual tools. Similarly, research on the constitutive role of practices in service ecosystems and markets has only just begun. Here, in-depth empirical studies of how specific practices contribute to constitute such systems are still needed. What patterns can be observed in such processes? How do specific practices come to reinforce or counteract the constitution of service ecosystems and markets? How can the constitutive role of practices be conceptualized? Is the translation concept capable of addressing observed empirical interrelations?

The subsequent chapters in this part provide examples and more detailed discussions about the study of actors and practices related to service provision. Chapter 25 by Daniela Corsaro and Lars-Gunnar Mattsson continues and empirically illustrates our discussion about the conception of actors as multiple, heterogeneous, interdefined and plastic in S-D logic. Specific attention is paid to the actor-to-actor perspective and the merits of not differentiating actors a priori. The chapter relates and contrasts this conception of actors with those of two other literature streams, the IMP (Industrial Marketing and Purchasing) tradition in marketing and Actor Network Theory. Chapter 26 by Oskar Korkman and Luis Araujo employs practice theory in an empirical exploration of the role of objects in everyday practices against the backdrop of the current trend towards dematerialization (reduction of material artifacts). Based on an international study of 54 individual 'leading edge consumers', the authors identify a number of themes concerning their (largely individual) use of material resources in everyday practices. Chapter 27, the final chapter of the part, broadens the perspective by discussing the implications of these ideas about actors and practices for issues addressed in the other parts of the *Handbook*.

Notes

[TS: Insert End notes here]

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Appendix 1. A note on the literature reviews

Since the publication of the first article on S-D logic in 2004, the S-D logic literature corpus has grown tremendously. At the time of finalizing this text (October 2017), Google Scholar reported 20,300 texts explicitly referring to ‘service-dominant logic’, and the original article had passed 11,000 citations. Performing a complete literature review, even one restricted to actors and practices, is thus a formidable task. Nonetheless, in order to offer an overview of the two focal topics, we performed two systematic, albeit non-comprehensive, literature reviews.

Both reviews are based on a systematic identification of texts using the following procedure. First, we identified a set of ‘seed texts’ for each topic by conducting Google Scholar searches that combined ‘SDL’, ‘service-dominant logic’, or ‘S-D logic’ with suitable auxiliary terms, e.g. ‘practice approach’, ‘practices’, etc. Starting from the top of the resulting lists, we selected a group of ‘seed’ texts that we found to contain central ideas on the topic. Second, we searched *backwards* from the seed texts by identifying central sources of inspiration concerning how each text reasoned about our focal topics. To illustrate, Giddens (1984) emerged as a key reference concerning practices for Akaka et al. (2013) as well as for Vargo and Lusch (2016). This allowed us to identify a second group of texts, ‘inspirations’, which we added to our selection. Third, we searched *forward* from the seed texts by identifying articles that referenced the seed texts in their conceptualization of actors and practices. This generated a third group of texts, ‘further developments’, which we added to our selection. Table 24.1 summarizes the results of this selection procedure for actors and practices, respectively.

Table 24.1 Summary of the literature selected for review (average citations on Feb 19, 2017 in parentheses)

Topic	Seed texts	Inspirations	Further developments	Total
Actors	14 (1533)	13 (973)	20 (430)	47 (908)
Practices	17 (402)	14 (3958)	14 (115)	45 (1419)

We then proceeded to summarize the key conceptual ideas found in each group of texts. This was done by performing a close reading of the texts and summarizing their central ideas under an emerging series of headings related to the focal topic, e.g. ‘who are recognized as actors’, ‘what makes someone an actor’, ‘what characterizes actors’. This also allowed us to identify how the topics evolved over time. Based on these extensive summaries, finally, we wrote up the two literature reviews presented in the main text.

¹ While actor-network theory and other research streams, such as the ethnography of material culture, emphasize the agency of objects, in this chapter we limit our discussion of agency to those resource integrators that are interdefined as actors.

² Along with Shove and Pantzar (2005), Korkman’s work is also the key reference in Grönroos’ (2006) service logic, which is largely positioned as an alternative to S-D logic. Service logic explicitly incorporates practices as the primary unit of analysis, viewing consumption ‘as a practice – a person’s daily activities – and as a consumer this person becomes a carrier of practices’ (ibid.: 7). In a series of subsequent articles Grönroos and colleagues stress how customers create value for themselves in their everyday practices and how firms can best support value creation by understanding these practices and becoming directly involved in them (Grönroos, 2008; 2011; Grönroos and Helle, 2010; Grönroos and Voima, 2013). While there are similarities to S-D logic here, there are also fundamental differences, notably concerning value cocreation, which is presented as an optional achievement rather than a positive statement (cf. Vargo and Lusch 2016: 8–9).

³ It should be noted that, while the idea of negative value creation itself is well aligned with S-D logic, the term ‘value codestruction’ could be taken to imply the objective existence of a value ‘out there’, which is subsequently destroyed. Such a reading would clearly not be compatible with the fundamental idea of value cocreation. To handle such situations, Vargo et al. (2017) have recently suggested the notion of ‘negatively valenced’ value cocreation.

⁴ Wallendorf and Brucks (1993: 349) refer to the *emic* perspective as ‘the consciously available perspective of the individual native informant’, while the *etic* perspective is said to represent ‘the interpretation of the researcher, following analysis of the data provided by informants’.