

A Customer Dominant Logic (CDL): Features of Involving Suppliers in Customer Ecosystems in E-Commerce

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Abstract

With the active development of the digital economy and the emergence of new marketing approaches, determining the features of attracting suppliers to consumer ecosystems based on customer dominance logic (CDL) is the starting point for using this logic in e-commerce and relevant research and theoretical and practical research. The purpose of this paper is to determine the features of the involvement of suppliers in the ecosystem of customers in e-commerce based on CDL. The theoretical and methodological basis of the study are modern scientific concepts, theoretical developments of leading domestic and foreign scientists on their nature, capabilities and features of their use in e-commerce. The method of theoretical generalization, abstract-logical analysis, graphic method are used. The study allowed us to draw the following conclusions. First, when auditing content and promoting products on social networks, companies are encouraged to use indicators that characterize the thoughts, emotions, experiences of customers, and possible models of relationships. Assessing these indicators will give the company an idea of how, where and when the customer orders the product, what he wants and who he is, and become more likely to become part of his ecosystem. This article justifies the separation of two groups of indicators of content auditing and promotion – specific and general, which will give companies that use GDL, SL and SDL to focus on more important indicators for them. Secondly, the article proposes the involvement of suppliers based on the assessment of business customers using the methodology of auditing the activities of major competitors in social networks, which will greatly simplify the company's entry into customer ecosystems.

Keywords: customer, e-commerce, marketing, customer ecosystem

JEL Classification: D21, D46, M31

Introduction

Modern economy more and more is being associated with electronic commerce, and this is because of new, almost infinite possibilities that are provided by digital space, among which are the comfortable search for necessary products for buyers and consumers, an opportunity to create individualistic proposals and joint projecting of values, wide assortment of goods and services, new approaches to products reinforcement, abilities of clients databases creation and gathering the information on consumers based on the Big Data technologies, etc. Thus, following the data of Plusone communication agency (2021), as of July 2021, the auditorium of social network Instagram in Ukraine is

over 15 million people, and 24 million Ukrainians are covered by advertising instruments on Facebook. By penetration of these social networks, Ukraine is in the top three among big European countries and neighboring countries. So, the permanent improvement of marketing in e-commerce in general, as well as in social networks in particular based on modern technologies, approaches and concepts could yield huge results for the business.

Companies marketing activities are traditionally based on approaches, where the product supplier is always the central one. Thus, such approaches as goods domination logic (GDL), services domination logic (SDL), and maintenance domination logic (SL) became widespread. In the last decades the representatives of the Scandinavian school of marketing are developing the basics of a novel approach – customer domination logic (CDL) – which is fundamentally different from the existing ones, because it shifts attention from the products supplier and his marketing efforts to consumer, in particular, to the way how the consumer involves the suppliers of different products into their eco-systems.

Therefore, in the conditions of electronic commerce active development and appearance of new marketing approaches, determination of peculiarities of suppliers' involvement into the consumers' eco-systems in e-commerce based on the customer's domination logic is a prospect and relevant direction of scientific-theoretical and applied investigations.

1. Literary review

Marketing activities of the modern company are based on the certain dominant logic that determines the business concept and main features of its realization, concrete instruments applied in management. The works of such scientists as K. Heinonen and T. Strandvik (2015, 2010), C. Grönroos (2014), R. A. Bettis and C. K. Prahalad (1995), E. Gummesson, R. F. Lusch and others are focused on the development of theoretical grounds and applied instruments for different types of dominant logic. The methodological foundations of customers' domination logics were accumulated in the works of the Scandinavian marketing school representatives P. Voima, K. Heinonen and T. Strandvik (2010), C. Grönroos (2014), etc. These scientists' papers disclose the customers' domination logic as the view on business and marketing that is based on the clients' superiority (P. Voima, K. Heinonen and T. Strandvik, 2010), which significantly differs from other types of the logic applied by modern companies both in real and electronic commerce. Theoretical and applied foundations and models of managing the relationship with electronic suppliers are studied in the works of S. Maxwell and A. M. Khan (2018) etc. The research of S. Cleary and C. McLarney (2019) defines the organizational benefits of implementing the suppliers' relationship management at the strategic level; J. M. Payan, J. Hair, and others (2016) paid attention to simulating the relationship with suppliers on the basis of trust. The investigations of D. E. Campbell (2019) are concentrated on enhancing the clients' perception of operational platforms and marketing strategies in e-commerce.

Despite the significant interest of theorists and applied marketing investigators in developing consumers' ecosystems and the products supplier's involvement in them, effective suppliers' relationship management in e-commerce, there is a range of issues that should be further developed. Thus, K.

Heinonen and T. Strandvik (2010) predetermined the following most urgent directions for further investigations in customer domination logic formation: conducting the empiric research related to CDL implementation and use in business, elaboration of recommendations regarding the customer domination logic integration at the strategic and operational business-levels, research of the customer domination logic within different settings and in different business scales conditions, development of methods for observing both overt and covert activities and experience of clients, discovering ideal types of client's logic, etc. Although we agree with these investigators' point of view on the main directions of CDL further development, it should be mentioned that defining the peculiarities of products suppliers' involvement into customers' ecosystems is the starting point of this logic application within the electronic commerce in general, and in social networks in particular.

2. Purpose of the research

Determining the peculiarities of suppliers' involvement into the customers' ecosystems in electronic commerce on the basis of customers' domination logic (CDL).

3. Research methods

The theoretic and methodical basis of the investigation is such modern scientific concepts and approaches as customer's domination logic and relationship marketing, theoretical elaborations of leading scientists regarding their essence and methods, and main features of their implementation in electronic commerce. Also, the methodic approach related to the clients' audit in social networks, which is the basis for practical marketing research, has been applied. The presented article is grounded on the system of general scientific and specific research methods – abstract-logical analysis, method of analysis and synthetism, theoretical generalization method and the graphic one, – in which the peculiarities of the customers' domination logic application in e-commerce are determined, theoretical generalization of audit indicators related to clients in social networks has been provided considering the peculiarities of customers domination logic, and the clients' ecosystems structure has been presented.

4. Results of the research

The most common types of logic in companies marketing activities are the goods domination logic (GDL), services domination logic (SDL), maintenance domination logic (SL), and customers' domination logic (CDL). Historically, the logic of goods domination appeared first. Later, the attention of the investigators gradually shifted from the suppliers and their commodities to consumers, it was emphasized on the construction of durable and mutually beneficial relations among market agents, the joint creation of value in terms of maintenance logic and service domination. The customers' domination logic appeared among the last, and it provides for shifting the focus from product suppliers to clients' ecosystems in a more radical way, compared with other logic types. So, in the modern marketing practice, one can observe the usage of various logic types within companies, which provides for the existence of different approaches to determining the companies' development priorities and instruments applied for the achievement of their goals. An effective application of the logic of different types in electronic commerce in general and in social networks, in particular, provides determining the traditional indicators

for auditing the content and promotion of the selected account, which are the most important for the company and make it possible to concentrate on the most urgent marketing aspects from the management perspective. For example, while implementing the goods domination logic, all other things being equal, the most important are product characteristics, while applying SDL and SL, indicators of service quality and relations with clients would become of the highest importance. Because of the more radical difference of CDL from the other logic types, we propose to improve the traditional methodic of accounts content and promotion audit, as there would be analyzed not only and not quite the core competitors, commodities, services, and relationships, but the consumers and opportunities of involvement to their ecosystems.

As noted by H. V. Demchenko (2019) and Fakelikeinfo (2021), in order to identify and attract customers through social networks, modern companies audit the content and promotion of the selected account in terms of such indicators as clarity, relevance and visual quality of content, the use of hashtags, feedback operativeness and relevance, working with bloggers and opinion leaders, the quality of visual aesthetics, the relevance of content to the needs of the audience, the regularity of posting, the most popular publications, the presence of a direct connection between content and products/services, the existence of sales through an account, their consistency and effectiveness. Consequently, the given indicators characterize the supplier mainly and reflect the marketing approaches, where he is the central one, – GDL, SL, SDL. It should be noted that in conditions of limited resources, it is appropriate for companies to determine the priorities for the development of content and product promotion through social networks, so it is advisable to differentiate these indicators and identify the most significant of them. Thus, companies are advised to form two groups of indicators for auditing the content and promotion of the selected account in social networks – a group of specific (most significant) indicators and the one of general coefficients. This separation can be based on both the subjective management opinion and the logic used by the company.

In terms of goods domination logic (GDL), the most important value for the company is a product, and the clients are considered as persons that maximize the benefit from purchasing and consuming the best commodities. In this case, managerial activities are focused on the permanent products enhancing – their separate characteristics and properties, as well as the ways to increase the level of customers' satisfaction and formation their loyalty to the product, brand, or the company. As for GDL logic implementation in electronic commerce, the particular attention in the process of auditing the content and promotion in social networks should be paid to the indicators as follows: “Presence of the direct connect between the content and products/services”, “Existence of sales by means of the account, their consistency and efficiency”. These very indicators enable the assessment of company's product conformity with the current demand.

From the viewpoint of D. E. Campbell (2019), S. Cleary, C. McLarney (2019), T. Durai, G. Stella (2017), C. Grönroos, J. Gummerus (2014), in terms of maintenance logic (SL), the construction of the effective and sustainable interrelations between the client and services' supplier is a guarantee for the

long-term company's success on market, thereby, the attention is paid on the supplier-client interaction. In this case, the managerial activities of the company should be directed to the maximization of the certain proposal value for the client, so the efforts are being made to identify the client's necessities and develop proposals with maximum value for him. While SL implementing in electronic commerce, companies should pay attention to the following indicators of auditing the content and promotion in social networks: "Frequency of posts", "Content conformity with the audience needs", "Feedback operativeness and relevance", "Working with bloggers and opinion leaders", "The most popular publications". The evaluation of indicators mentioned above enables determining the level of clients' necessities satisfaction based on their perception of the company's products and proposals value.

C. Grönroos, J. Gummerus (2014), S. Maxwell, A. M. Khan (2018) noted that the service domination logic concentrates attention on the systems of cooperation and co-creation among the subjects and provides the clients' support in their own processes of value formation. Hence, the service domination logic provides for the joint value creation by both a client and services supplier. A company's managerial activities in terms of service domination logic implementation, as it is mentioned in K. Heinonen, T. Strandvik, and others (2010), are focused on designing systems of product exchange and joint creation of values within their limits for many interested parties. While implementing the SDL logic in electronic commerce, they should pay particular attention to the indicators of auditing the content and promotion in social networks as follows: "Content conformity with the audience needs", "Feedback operativeness and relevance", "Working with bloggers and opinion leaders", "The quality of visual aesthetics". These indicators evaluation enables co-creation among product suppliers and interested parties.

Following this, such indicators of auditing the content and promotion in social networks as "Clarity of content", "Relevance of content", "Visual quality of content", and "The use of hashtags" are usually general for any logic type applied by a company. So, the presented article proposes to divide all the traditional indicators for auditing the content and promotion in social networks into two groups: specific and general. Specific indicators would reflect the state of the most important elements of content and promotion from a company's position, as well as the general ones would provide the summary information on the state of the market and competitors. Filling these groups with the certain coefficients is proposed to realize on the basis of interview, companies' top-management opinions generalization, and the logic applied.

As it was already noted, the customer domination logic is distinguished by the emphasis on the introduction by customers of certain products and, accordingly, their suppliers, into processes of purchase, consumption, further use, etc. Meanwhile, the role that a product supplier may play in a customer's life or business could vary from minor to major and change over time. CDL logic is implemented by configuring products and suppliers' offerings for a customer. At the heart of this configuration are customer-supplier relationship models that are based on thoughts, emotions, experiences, and aspirations, being implemented within customer ecosystems. According to K. Heinonen,

T. Strandvik (2015), the customer ecosystem in general terms is a system of subjects and elements associated with the customer related to a specific product. It is described as a single customer-centered network, so customer ecosystems include service providers, other customers, entities, and the physical and virtual structures associated with the product. At the center of the ecosystem is the client himself, surrounded by many other market entities, both those with which the customer has already established direct or indirect relationships, and the potential ones. Virtual structures in customer ecosystems include various elements of electronic commerce, including e-commerce platforms and social networks.

The simplified clients' ecosystem is represented schematically in Figure 1, where the following abbreviations are accepted:

- other customers (OC, in the amount from 1 to n);
- services suppliers (S, in the amount from 1 to m);
- other subjects (OS, in the amount from 1 to k);
- virtual structures (VS, in the amount from 1 to p);
- physical structures (PS, in the amount from 1 to q).

Схематично спрощену клієнтську екосистему наведено на Рисунку 1, де прийнято такі скорочення:

- інші клієнти (ІК, чисельністю від 1 до n);
- постачальники послуг (П, чисельністю від 1 до m);
- інші суб'єкти (ІС, чисельністю від 1 до k);
- віртуальні структури (ВС, чисельністю від 1 до p);
- фізичні структури (ФС, чисельністю від 1 до q).

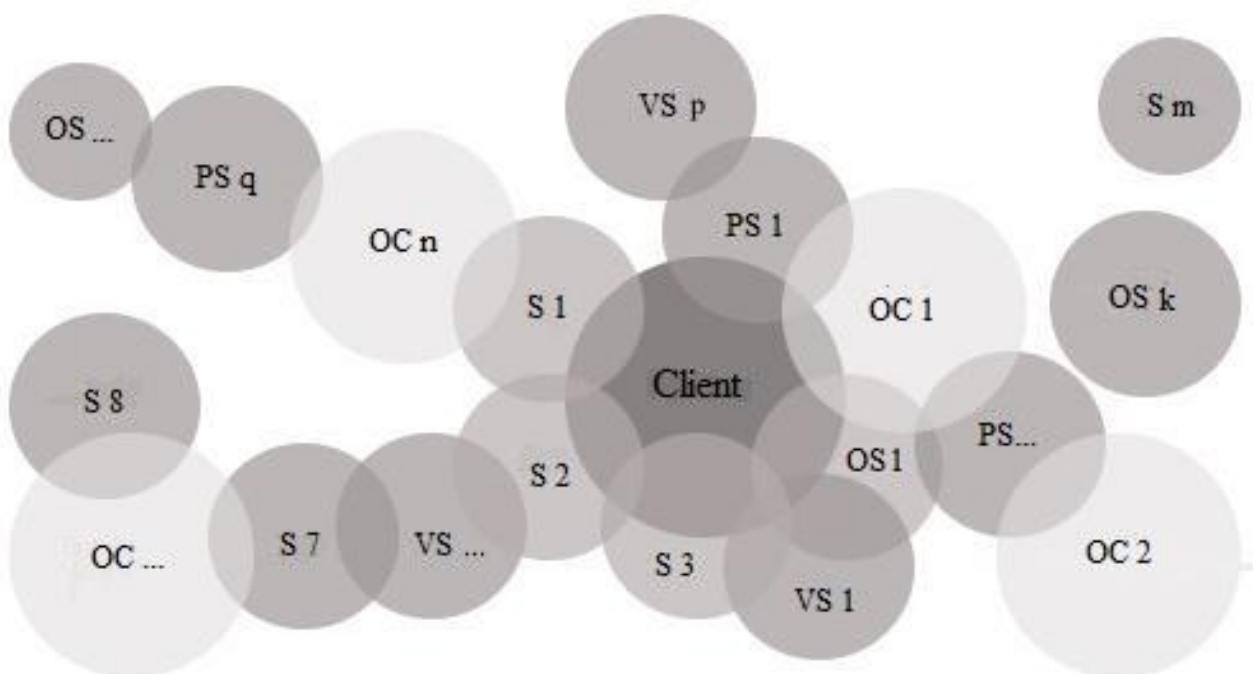


Figure. 1. Simplified clients' ecosystem scheme

Source: developed by the author.

In this article, audit of content and companies' products promotion by means of CDL in social networks is proposed to be carried out considering the differences in the customer domination logic and the client ecosystems application. In this case, when auditing content and promoting products in social networks, indicators that characterize opinions, emotions, customer experience and possible relationship models will become of particular importance, and all traditional indicators will provide general information about the state of the market. Therefore, the traditional indicators of content audit and promotion of company products in social networks will form a general group. The panel of specific indicators is proposed to fill with coefficients that will give an idea of how, where and when the client orders the product, what he aspires to and who he is, which is fully consistent with the approach proposed by P. Voima, K. Heinonen and T. Strandvik (2010).

So, in order to determine who the client is, it is advisable to examine how his social life is structured, what he believes in, how you can reveal the client's lifestyle, what roles the client plays in everyday life. Identifying a client's aspirations is based on answers to the following questions: What does the client feel? What is the client interested in, what is he passionate about? What difficulties and problems are there in the client's life? When determining the time of ordering a product, within the framework of the customer domination logic, it is proposed to define the personal time frame of the customer and how much calm/hectic lifestyle he leads. Research of places where the client realize the products orders should be based on answers to questions: What is the internal and external life context of the client? What is the client's mobility like? What are the client's common life situations? When determining how a customer orders a product, it is important to define how he lives his life, what kind of routine he has that satisfies or annoys him in his daily life, what the client enjoys and what he is interested in. Exercising the audit of clients in social networks with the usage of the mentioned above questions, unlike the existing approaches, enables the real focus shift from the supplier to customers – their interests, life style, joys and sorrows. Conceptually, the approach to clients audit in social networks based on CDL is represented in Figure 2.

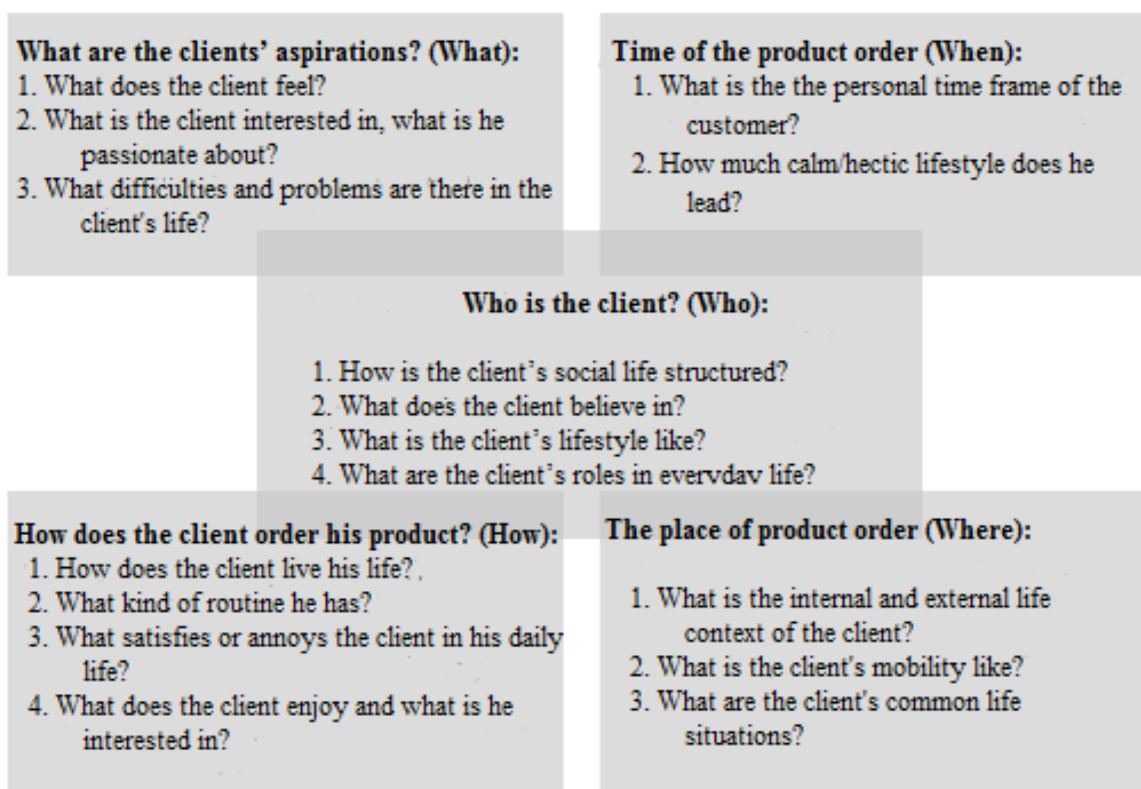


Figure.2. An approach to customers' audit in social networks

Source: developed by the author bases on P. Voima, K. Heinonen, T. Strandvik (2010)

Implementing the approach mentioned above in e-commerce practice will allow product suppliers to discover the new ways of creating value for customers, meeting customer aspirations and expectations, and be more likely involved into their ecosystems.

In order to determine the ratio of different types of logic used in the practice of companies marketing activities, as well as the indicators of auditing content and promotion in social networks, this article carried out their theoretical generalization. As already noted, the division of indicators regarding audit of content and promotion in social networks into two groups - specific and general - is undertaken within the company individually (based on a survey or on the basis of top managers' opinions), and implementing the customer domination logic by companies requires the development of an audit approach, which differs fundamentally from the existing ones. Hence, one of the features of attracting suppliers to customer ecosystems in e-commerce is the need to improve standard approaches to auditing the content and promotion in social networks and to use the indicators that characterize opinions, emotions, customer experiences and possible relationship patterns. This approach will allow companies to define clearly their priorities, goals and main directions of management actions, elaborate the programs for the further development of business and customer relationships in e-commerce, as well as ways to be involved in customer ecosystems.

The author generalizes the essence of different types of logic in companies' marketing activities, as well as the indicators for auditing content and promotion of products in social networks. These results are visually reflected in Table 1.

Table 1. Generalization of various logic types and indicators of auditing the content and promotion of products in social networks

Source: developed by the author.

Type of logic	Main logic aspects	Core directions of managerial actions	Indicators for auditing the content and promotion in social networks	
			Specific indicators	Common indicators
GDL	The main value of the company – a product	Permanent products improvement: their individual characteristics and approaches to increase the level of clients' satisfaction	The presence of the direct link between content and products/ services. Existence of sales through the account, their consistency and efficiency.	Clarity of content; Relevance of content; Visual quality of content; The use of hashtags.
SL	An attention is focused on the interaction between the supplier and the client	Maximizing the value of the certain proposal for the client	Frequency of posts; Content conformity with the audience needs; Feedback operativeness and relevance; Working with bloggers and opinion leaders; The most popular publications.	
SDL	The focus is on the systems and co-creation among subjects	Designing exchange systems and co-creating value for a range of interested parties (stakeholders)	Content conformity with the audience needs; Feedback operativeness and relevance; Working with bloggers and opinion leaders; The visual aesthetics quality.	
CDL	Concentrating the attention on the implementation of products and their suppliers by customers into their ecosystems	Observation of clients and their processes, as well as development of companies-clients interaction models	How is the client's social life structured? What does the client believe in? How the client's lifestyle could be identified? What are the client's roles in everyday life? What does the client feel? What is the client interested in, what is he passionate about? What difficulties and problems are there in the client's life? What is the the personal time frame of the customer? How much calm/hectic lifestyle does the client lead? What is the internal and external life context of the client? What is the customer's mobility like? What are the client's common life situations? How does the client live his life? What kind of routine he has? What satisfies or annoys the client in his daily life? What does the client enjoy and what is he interested in?	Clarity of content; Relevance of content; Visual quality of content; The use of hashtags. Feedback operativeness and relevance; Working with bloggers and opinion leaders; The visual aesthetics quality Content conformity with the audience needs; Frequency of posts; The most popular publications; The presence of the direct link between content and products/ services; Existence of sales through the account, their consistency and efficiency.

Thus, when companies in e-commerce apply such marketing approaches as goods domination logic (GDL), maintenance domination logic (SL) and service domination logic (SDL), auditing the content and promotion of products in social networks is carried out using a standard methodology and traditional indicators, the significance of which in different companies may vary. When moving to the logic of customer domination (CDL), it is recommended to reformulate the indicators by shifting the

focus to the customer and its ecosystem. Traditional audit indicators in this case can be used to obtain general information about the market state.

Fakelikeinfo (2021), J. M. Payan, J. Hair and others (2016), M. Saunila, J. Ukko and others (2019) noted that in addition to auditing content and promoting a product on social networks, companies audit their main competitors using the following indicators: a screenshot of an account and a link to an account through the “@” symbol, a brief description of the business area and brand positioning, a unique trade proposal, content, brand highlights, his partners, strengths and weaknesses. Conducting an audit of the main competitors in social networks provides grounds for assessing the competitive position of the company in the market. As for the audit of the main competitors' activities in social networks, it is advisable to evaluate business customers using the existing methodology and indicators within the CDL, which will greatly simplify the entry of the company into their ecosystems. Conducting a customer audit on social networks is proposed to be considered as another feature of attracting suppliers to the customer ecosystem in e-commerce based on the customer domination logic.

Conclusions

The research made it possible to form the following features of attracting suppliers to customer ecosystems in e-commerce based on customer domination logic (CDL). Firstly, this article recommends the allocation of two indicators groups for content audit and promotion, - specific and general, which will allow companies using GDL, SL and SDL to focus on indicators that are more significant for them. When auditing content and promoting products on social networks using CDL, it is advisable to use indicators that characterize opinions, emotions, customer experience and possible relationship patterns. Unlike the current approach, which primarily assesses the past behavior of the client, the use of these indicators will allow the company to become an element of the client's ecosystem with a greater likelihood. Secondly, the article proposes attracting suppliers to customer ecosystems based on business customer assessment using a methodology for auditing the activities of the main competitors in social networks, aimed at significantly simplifying the company's entry into customer ecosystems. Identification of supplier attraction to customer ecosystems in e-commerce based on CDL will provide grounds for its further development.

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