

UDC 339.138:004.73

DOI: 10.57111/econ.20(2).2021.19-25

Hanna Demchenko*

Simon Kuznets Kharkiv National University of Economics
61166, 9A Nauka Ave., Kharkiv, Ukraine

Customer Dominant Logic (CDL): Features of Supplier Involvement in Customer Ecosystems in E-Commerce

Abstract. In the conditions of the active development of the digital economy and the emergence of new marketing approaches, the determination of the features of the involvement of suppliers in consumer ecosystems based on the customer dominant logic (CDL) is the starting point for the use of this logic in e-commerce and an actual direction of scientific, theoretical and practical research. The purpose of this study is to determine the features of the involvement of suppliers in customer ecosystems in e-commerce based on CDL. The theoretical and methodological basis of the research is modern scientific concepts, theoretical developments of leading domestic and foreign scientists regarding their essence, possibilities and features of their use in electronic commerce. The method of theoretical generalization, and logical analysis and the graphic method were used. The conducted research made it possible to obtain the following results: firstly, the author substantiated the use by companies of indicators characterizing thoughts, emotions, experience and possible models of customer relationships while auditing content and promoting products in social networks. Unlike the existing approach, which is based on the traditional account analysis metrics, this one will enable companies to gain real-time information about how, where and when a customer orders a product, what they want and who they are, and become an element of their ecosystem. Considering the fact that different companies use different types of logic (goods dominant logic (GDL), maintenance dominant logic (SL) and service dominant logic (SDL)), this work offers to distinguish two groups of indicators of content audit and promotion – specific and general – which will give companies a reason to focus on indicators that are more significant for them. Secondly, the article proposes the involvement of suppliers in customer ecosystems based on the assessment of business clients using the methodology of auditing the activities of the main competitors in social networks, which will make it possible to significantly simplify the company's entry into client ecosystems. The results of the given research can be useful for companies seeking to establish long-term and effective relationships with customers based on the introduction of new marketing approaches and technologies

Keywords: consumer; digital economy; marketing; client ecosystem

Article's History: Received: 04/05/2021; Revised: 05/24/2021; Accepted: 06/10/2021

INTRODUCTION

The modern economy is increasingly associated with e-commerce, which is explained by the new, almost limitless opportunities provided by the digital space, which include the convenience of finding the products necessary for buyers and consumers, the possibility of creating individualized offers and compatible design of value, a wide range of products and services, new approaches to strengthening products, the possibility of forming customer databases and collecting information about consumers based on Big Data technologies, etc. Thus, according to the communications agency Plusone [1], as of July 2021, the audience of the

Instagram social network in Ukraine was more than 15 million people, and the reach of advertising tools on the Facebook network reached 24 million people. According to the penetration of these social networks, Ukraine is in the top three among large European countries and neighboring states. Therefore, constant improvement of marketing in e-commerce in general, and in social networks in particular, based on modern technologies, approaches and concepts can bring significant business results.

The marketing activities of companies are traditionally based on approaches that have always focused on the

Suggested Citation:

Demchenko, H. (2021). Customer dominant logic (CDL): Features of supplier involvement in customer ecosystems in e-commerce. *Economics of Development*, 20(2), 19-25.

*Corresponding author

product supplier [2; 3]. Thus, approaches such as goods dominant logic (GDL), service dominant logic (SDL), and maintenance dominant logic (SL) have become widespread. In recent decades, representatives of the Scandinavian school of marketing have developed the foundations of a new approach – the customer dominant logic (CDL), which is fundamentally different from the existing ones because it shifts the focus from the product supplier and its marketing efforts to the consumer, namely, how the consumer engages the suppliers different products into their ecosystems.

Therefore, in the conditions of the active development of electronic commerce and the emergence of new marketing approaches, the determination of the features of the involvement of suppliers in the ecosystems of consumers in electronic commerce based on the logic of customer dominance is a promising and relevant direction of scientific, theoretical and practical research.

LITERATURE REVIEW

The marketing activity of a modern company is based on a certain dominant logic that determines the concept of business and the specifics of its implementation, specific tools that are used in management. The works of such authors as K. Heinonen and T. Strandvik [4; 5], K. Gronroos [3], R. Bettis and S. Prahalad [6] and others are devoted to the development of theoretical foundations and practical tools of various types of dominant logic. The methodological foundations of the logic of client dominance were formed in the works of representatives of the Scandinavian school of marketing – P. Voima [7], K. Heinonen and T. Strandvik [4], K. Gronroos [3], etc. In the works of these researchers, the logic of client dominance is considered as a view of business and marketing, that is based on the primacy of the client [4; 7], which is significantly different from other types of logic used by modern companies in both real and electronic commerce. The theoretical and practical principles and models of managing relationships with electronic suppliers are considered in the works of S. Maxwell and A.M. Khan [8] and others. In the study by S. Cleary and C. McLerney [9], organizational benefits from the implementation of supplier relationship management at the strategic level are determined; J.M. Payan [10] and others focused on modeling relationships with suppliers based on trust. Research by D.E. Campbell [11] is focused on improving customer perception of operating platforms and marketing strategies in e-commerce.

Despite the significant interest of marketing theorists and practitioners in the problem of consumers forming their ecosystems and involving product suppliers in them, effective management of relationships with suppliers in e-commerce, a number of issues requires further development.

For example, K. Heinonen and T. Strandvik [4] identified the following most relevant directions of further research in the formation of the logic of customer dominance: conducting empirical studies on the implementation and use of CDL in business, forming recommendations for the integration of the logic of customer dominance in strategic and operational business levels, researching the logic of customer dominance in different settings and under conditions of different scale of business, developing methods to observe overt and covert activities and experiences of customers, identifying ideal types of customer logic, etc. Sharing the view of these researchers regarding the main

directions of further development of CDL, it was stated that identifying the features of involvement of product suppliers in client ecosystems is the starting point for using this logic in e-commerce in general and in social networks in particular.

The purpose of the study is to determine the characteristics of suppliers' involvement in customer ecosystems in e-commerce based on customer dominant logic (CDL).

MATERIALS AND METHODS

The theoretical and methodical basis of the research are such modern scientific concepts and approaches as the logic of customer dominance and relationship marketing, theoretical developments of leading scientists regarding their essence and methods, features of their use in electronic commerce. A methodical approach to auditing clients in social networks, based on which practical marketing research is conducted, is also used.

This article is based on a system of general scientific and special research methods – abstract-logical analysis, the method of analysis and synthesis, the method of theoretical generalization and the graphic method, with the help of which the peculiarities of using the logic of client dominance in e-commerce were determined, a theoretical generalization of the audit indicators of clients in social networks, taking into account the peculiarities of the customer dominant logic, and the structure of client ecosystems are given.

RESULTS AND DISCUSSION

The most common types of logic in the marketing activities of companies are goods dominant logic (GDL), maintenance dominant logic (SL), service dominant logic (SDL) and customer dominant logic (CDL). Historically, the logic of product dominance appeared first, then there was a gradual shift in the attention of researchers from suppliers and their goods to consumers, attention was focused on building long-term and mutually beneficial relations between market agents, joint creation of value within the logic of service and service dominance. One of the latter is the logic of customer dominance, which involves shifting the focus from product providers to customer ecosystems in a more radical way than within other types of logic. So, in the modern practice of marketing, companies use different types of logic, which implies the existence of various approaches to determining the priorities of the development of companies and the tools used to achieve their goals. The effective application of various types of logic in e-commerce in general and in social networks in particular involves determining the most important for the company traditional indicators of content audit and promotion of the selected account, which allows to focus on the most important aspects of marketing from the point of view of management. For example, when using product dominance logic, other things being equal, product characteristics are most important, when using SDL and SL, service quality indicators and customer relations will be most important. Due to the more radical difference of CDL from other types of logic, the improvement of traditional method of content audit and account promotion is proposed due to the fact that not only and not so much the main competitors, products, services and relationships will be subject to analysis, but also consumers and opportunities to enter their ecosystems.

As stated by H.V. Demchenko [12] and on the

Fakelikeinfo resource [13], in order to identify and attract customers through social networks, modern companies conduct a content audit and promotion of the selected account according to such indicators as comprehensibility, relevance and visual quality of the content, use of hashtags, efficiency and relevance of the reverse communication, working with bloggers and opinion leaders, the quality of visual aesthetics, compliance of content with the needs of the audience, regularity of posting, the most popular publications, the presence of a direct connection between content and products/services, the existence of sales through the account, their systematicity and effectiveness. So, the given indicators mostly characterize the supplier and reflect the marketing approaches in which it is the center – GDL, SL, SDL. We note that in conditions of limited resources, it is appropriate for companies to determine the priorities of content development and product promotion through social networks, therefore it is expedient to differentiate these indicators and identify the most significant of them. Thus, companies are offered to form two groups of indicators of content audit and promotion of the selected account in social networks – a group of specific (most significant) and a group of general indicators. Both the subjective opinion of the management and the logic used by the company can form the basis of such division.

Within the goods dominant logic (GDL), the most important value for companies is the product, and customers are seen as maximizers of the profit from buying and consuming the best possible products. Management actions in this case are focused on the constant improvement of products – their individual characteristics and properties and ways to increase the level of customer satisfaction and the formation of their loyalty to the product, brand or company. Regarding the implementation of GDL in e-commerce, when conducting a content audit and promotion in social networks, special attention should be paid to indicators such as “Availability of direct connection between content and products/services”, “Existence of sales through the account, their systematicity and efficiency” due to the fact that they make it possible to assess the compliance of the company’s product with the existing demand.

From the point of view of D.E. Campbell [11], S. Cleary, and C. McLarney [9], T. Durai, G. Stella [14], C. Gronroos and J. Gummerus [3], within the maintenance dominant logic (SL) building effective and sustainable relationships between the customer and the service provider is the key to the company’s long-term success at the market, thus the focus is on the interaction between the supplier and the customer. In this case, the management actions of the company are aimed at maximizing the value of a certain offer for the client, therefore work is being carried out to identify the needs of clients and develop such offers that would have maximum value for them. When implementing SL in e-commerce, it is advisable for companies to pay attention to such indicators of content audit and promotion in social networks as “Regularity of posting”, “Adaptation of content to the needs of the audience”, “Expedience and relevance of feedback”, “Working with bloggers and leaders’ opinions”, “Most popular publications”. The evaluation of the above indicators makes it possible to determine the satisfaction of customers’ needs based on their perception of the value of the company’s products and offers. As stated by C. Gronroos and J. Gummerus [3], S. Maxwell,

A.M. Khan [8], the logic of service dominance emphasizes systems of relationships and co-creation between subjects and provides assistance to customers in their own value creation processes. So, the logic of service dominance involves the joint creation of value by the client and the service provider. Management actions of the company when using the logic of service dominance, as noted [5], focus on the design of product exchange systems and the joint creation of values in them for many interested parties. When implementing SDL in e-commerce, special attention should be paid to such indicators of content audit and promotion in social networks as: “Adaptation of content to the needs of the audience”, “Expedience and relevance of feedback”, “Working with bloggers and opinion leaders”, “Quality of visual aesthetics”. The evaluation of these indicators will provide grounds for determining the possibilities of co-creation between the product supplier and the interested parties. When implementing SDL in e-commerce, special attention should be paid to such indicators of content audit and promotion in social networks as: “Adaptation of content to the needs of the audience”, “Expedience and relevance of feedback”, “Working with bloggers and opinion leaders”, “Quality of visual aesthetics”. The evaluation of these indicators will provide grounds for determining the possibilities of co-creation between the product supplier and the interested parties.

Therefore, content audit and social media promotion metrics such as “Comprehensibility of content”, “Relevance of content”, “Visual quality of content”, “Usage of hashtags” are usually common to any type of logic used by a company. So, in this article, it is proposed to divide all traditional indicators of content audit and promotion in social networks into two groups – specific and general. Specific indicators will reflect the state of the most important elements of content and promotion from the company’s point of view, and general ones will provide general information about the state of the market and competitors. Filling these groups with specific indicators is proposed to be carried out on the basis of a survey, a generalization of the opinions of the top management of companies and the logic used.

As mentioned, the customer dominant logic is distinguished by the emphasis on the introduction by customers of certain products and, accordingly, their suppliers, into their processes of purchase, consumption, further use, etc. However, the role that a product supplier can play in a customer’s life or business can vary from minor to significant and can change over time. CDL is implemented through defining the configuration of product and supplier offerings for the customer. At the heart of this configuration are patterns of relationships between customers and suppliers, based on thoughts, emotions, experiences and their aspirations, and implemented within customer ecosystems. According to [4], the customer ecosystem in general is a system of subjects and elements related to the customer, which is related to a specific product. It is described as a distinct network with the customer at the center, so customer ecosystems include service providers, other customers, other actors, and physical and virtual structures associated with the product. At the center of the ecosystem is the client himself, who is surrounded by many other market subjects, both those with whom the client already has direct or indirect connections, and potential ones. Virtual structures in customer ecosystems include various

Using this approach in e-commerce practices will enable product suppliers to find new ways to create value for customers, meet customer aspirations and expectations, and enter their ecosystems with greater probability.

In order to determine the ratio of different types of logic used in the practice of marketing activities of companies, and the indicators of content audit and promotion in social networks, this article gives their theoretical generalization. As already mentioned, the division of content audit indicators and promotion in social networks into two groups – specific and general – is carried out within the company individually (on the basis of a survey or based on the opinions of top managers), and the use by companies of the logic of client dominance requires the development of an audit approach, which is radically different from the

existing ones. Therefore, one of the features of the involvement of suppliers in customer ecosystems in e-commerce is the need to improve standard approaches to content audit and promotion in social networks and the use of indicators that make it possible to characterize the thoughts, emotions, experience of customers, and possible models of relationships. This approach will enable companies to clearly define their priorities, goals and main directions of management actions, develop programs for further business development and customer relations in e-commerce, and to be involved in customer ecosystems.

The author summarized the essence of different types of logic in the marketing activities of companies and indicators of content audit and product promotion in social networks, the results of which are clearly shown in Table 1.

Table 1. Generalization of different types of logic and indicators of content audit and product promotion in social networks

Type of logic	Basic aspects of logic	Main directions of management actions	Indicators of content audit and promotion in social networks	
			Specific indicators	General indicators
GDL	The most important value for companies is the product	Continuous improvement of products: their individual characteristics and ways to increase the level of customer satisfaction	Availability of direct connection between content and products/services; The existence of sales through the account, their systematicity and efficiency	Comprehensibility of content; Relevance of content; Visual quality of content; Using hashtags
SL	The focus is on the interaction between the supplier and the customer	Maximizing the value of a certain offer for the client	Posting regularity; Relevance of the content to the needs of the audience; Promptness and relevance of feedback; Working with bloggers and opinion leaders; The most popular publications	
SDL	Emphasis is placed on systems and co-creation between entities	Designing exchange systems and co-creating value in them for multiple stakeholders	Relevance of content to needs; Promptness and relevance of feedback; Working with bloggers and opinion leaders; Quality of visual aesthetics	
CDL	Focusing on how customers integrate products and their suppliers into their ecosystems	Observation of customers and their processes and development of models of relationships between companies and customers	How is the client's social life structured? What does the client believe? How can you identify a client's lifestyle? What roles does the client play in everyday life? What does the customer feel? What is the client interested in, what does he have a passion for? What are the difficulties and problems in the client's life? What is the client's personal time frame? How calm/restless is the client's lifestyle?	

Table 1, Continued

Type of logic	Basic aspects of logic	Main directions of management actions	Indicators of content audit and promotion in social networks	
			Specific indicators	General indicators
CDL			What is the internal and external life context of the client? What mobility does the customer have? What are the client’s general life situations? How does he live his life? What is his routine? What satisfies or annoys the customer in everyday life? What does the client enjoy and what is he interested in?	Posting regularity; The most popular publications; Availability of direct connection between content and products/services; The existence of sales through the account, their systematicity and efficiency

Source: compiled by the author

Thus, when e-commerce companies use such marketing approaches as goods dominant logic (GDL), maintenance dominant logic (SL) and service dominant logic (SDL), the audit of content and product promotion in social networks is carried out using a standard methodology and using traditional indicators, the significance of which may differ in different companies. Given the transition to a customer dominant logic (CDL), it is recommended to reformulate indicators by shifting the emphasis to the customers and their ecosystems. In this case, traditional audit indicators can be used to obtain general information about the state of the market.

According to the Fakelikeinfo resource [13] and from the positions of J.M. Payan, J. Hair [10], M. Saunila, J. Ukko [15] it is stated that in addition to content audits and product promotion in social networks, companies conduct audits of main competitors using the following indicators: screenshot of the account and link to the account through the symbol “@”, a brief description of the business area and brand positioning, unique selling proposition, content, brand features, its partners, strengths and weaknesses. Conducting an audit of the main competitors in social networks provides grounds for evaluating the company’s competitive positions on the market. As for conducting an audit of the activities of the main competitors in social networks, it is advisable to evaluate business clients with the help of existing methods and indicators within CDL, which will significantly simplify the company’s entry into their ecosystems. It is proposed to consider conducting customer audits in social networks as another feature of the involvement of suppliers in customer ecosystems in e-commerce based on the logic of customer dominance.

CONCLUSIONS

The conducted research made it possible to form the following features of the involvement of suppliers in customer ecosystems in e-commerce based on customer dominant

logic (CDL). First, this article recommends distinguishing two groups of content and promotion audit indicators – specific and general – which will enable companies using GDL, SL and SDL to focus on the indicators that are more significant for them. Given the transition to a customer dominant logic (CDL), it is recommended to reformulate indicators by shifting the emphasis to the customer and their ecosystem. In this case, traditional audit indicators can be used to obtain general information about the state of the market. Therefore, when auditing content and promoting products in social networks in case of use by the CDL company, it is advisable to use indicators characterizing thoughts, emotions, customer experience, and possible patterns of relationships. Unlike the existing approach, which mostly assesses the past behavior of the customer, the market situation and competitors, the use of these indicators will allow the company to become an element of the customer’s ecosystem with greater probability through a more thorough study of the customer and his lifestyle. Secondly, the article proposes the involvement of suppliers in the ecosystems of business clients based on the evaluation of business clients using the methodology of auditing the activities of the main competitors in social networks, which involves the use of such indicators as a screenshot of the account and a link to the account through the symbol “@”, a brief description of business customers’ scope of activity and their brand positioning, unique selling proposition, content, brand features, partners, strengths and weaknesses, and aimed at significantly simplifying the company’s entry into customer ecosystems by shifting the emphasis from product suppliers to customers.

It is advisable to focus further research on the development and implementation of new approaches and indicators of content evaluation and promotion of companies in the digital environment into the marketing practice of companies, taking into account the aspirations of consumers and the characteristics of their ecosystems.

REFERENCES

[1] Official website of the communication agency Plusone. (2021). Retrieved from <https://plusone.com.ua/research>.
 [2] Bennet, M.A. (1986). Toward ethnorelativism: A developmental model of intercultural sensitivity. In R.M. Paige (Ed.), *Cross-cultural orientation: New conceptualisation and application* (pp. 109-135). Lanham: University Press of America.
 [3] Grönroos, C., & Gummerus, J. (2014). The service revolution and its marketing implications: Service logic versus service-dominant logic. *Managing Service Quality*, 24(3), 206-229.

- [4] Heinonen, K., & Strandvik, T. (2015). Customer-dominant logic: Foundations and implications. *Journal of Services Marketing*, 29(6/7), 1-26. doi: 10.1108/JSM-02-2015-0096.
- [5] Heinonen, K., Strandvik, T., Mickelsson, T.J., Andersson, P., Edvardsson, B., & Sundström, E. (2010). A customer-dominant logic of service. *Journal of Service Management*, 21(4), 531-548. doi: 10.1108/09564231011066088
- [6] Bettis, R.A., & Prahalad, C.K. (1995). The dominant logic: Retrospective and extension. *Strategic Management Journal*, 16(1), 5-14.
- [7] Voima, P., Heinonen, K., & Strandvik, T. (2010). *Exploring customer value formation: A customer dominant logic perspective*. Helsinki: Hanken School of Economics.
- [8] Maxwell, S., & Khan, A.M. (2018). Electronic customer relationship management (E-CRM): A study of its role, influence & benefits to e-commerce. *Management Dynamics*, 18(1), 1-6.
- [9] Cleary, S., & McLarney, C. (2019). Organizational benefits of an effective vendor management strategy. *IUP Journal of Supply Chain Management*, 16(4), 50-67.
- [10] Payan, J.M., Hair, J., Svensson, G., Andersson, S., & Awuah, G. (2016). Modeling antecedents in trust-commitment vendor relationships. In *Rediscovering the essentiality of marketing* (pp. 321-322). Berlin: Springer. doi: 10.1007/978-3-319-29877-1_65.
- [11] Campbell, D.E. (2019). A relational build-up model of consumer intention to self-disclose personal information in e-commerce B2C relationships. *AIS Transactions on Human-Computer Interaction*, 11(1), 33-53. doi: 10.17705/1thci.00112.
- [12] Demchenko, H.V. (2019). Methodological support for estimating the level of internal communications efficiency at an enterprise. *Development Management*, 17(2), 37-48. doi:10.21511/dm.17(2).2019.05.
- [13] Fakelikeinfo. (2021). *Servis perevirki Instagram akauntiv*. Retrieved from <http://fakelikeinfo.ru>.
- [14] Durai, T., & Stella, G. (2017). A study on the effect of electronic customer relationship management (ecrm) on customer satisfaction of e-commerce websites. *Journal of Marketing Strategy*, 5(3), 332-339.
- [15] Saunila, M., Ukko, J., Sore, S., Rantala, T., & Nasiri, M. (2019). Managing buyer-supplier relationships in e-commerce projects: Implications for relationship value. *Supply Chain Forum International Journal*, 20(4), 299-309.

Ганна Володимирівна Демченко

Харківський національний економічний університет імені Семена Кузнеця
61166, просп. Науки, 9А, м. Харків, Україна

Логіка домінування клієнта (CDL): особливості залучення постачальників в екосистемі клієнтів в електронній комерції

Анотація. В умовах активного розвитку цифрової економіки та появи нових маркетингових підходів, визначення особливостей залучення постачальників в екосистемі споживачів на основі логіки домінування клієнтів (CDL) є вихідним пунктом використання цієї логіки в електронній комерції і актуальним напрямом науково-теоретичних і практичних досліджень. Метою наведеного дослідження є визначення особливостей залучення постачальників в екосистемі клієнтів в електронній комерції на основі CDL. Теоретичною і методичною основою дослідження є сучасні наукові концепції, теоретичні розробки провідних вітчизняних і зарубіжних вчених щодо їх сутності, можливостей і особливостей їх використання в електронній комерції; використано метод теоретичного узагальнення, абстрактно-логічний аналіз, графічний метод. Проведене дослідження дало змогу отримати такі результати: по-перше, автором обґрунтовано використання компаніями при аудиті контенту та просуванні продуктів в соціальних мережах показників, що характеризують думки, емоції, досвід та можливі моделі взаємовідносин клієнтів. На відміну від наявного підходу, який ґрунтується на традиційних показниках аналізу акаунтів, це дасть змогу компаніям отримати реальну інформацію про те, як, де і коли клієнт замовляє продукт, чого він прагне та ким він є, і стати елементом його екосистеми. Зважаючи на те, що різні компанії використовують різні типи логіки (логіка домінування товару (GDL), логіка обслуговування (SL), логіка домінування сервісу (SDL)), в наведеній роботі пропонується виокремлення двох груп показників аудиту контенту та просування – специфічних і загальних, – що дасть підстави компаніям акцентувати увагу на більш значущих для них показниках. По-друге, в статті запропоновано залучення постачальників в екосистемі покупців на основі проведення оцінювання бізнес-клієнтів за допомогою методики аудиту діяльності основних конкурентів в соціальних мережах, що дасть можливість значно спростити входження компанії до клієнтських екосистем. Результати наведеного дослідження можуть бути корисними компаніям, що прагнуть налагодити тривалі та ефективні взаємини з клієнтами на основі впровадження у нових маркетингових підходів і технологій

Ключові слова: споживач; цифрова економіка; маркетинг; клієнтська екосистема