

# The role of symbols in value cocreation

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## Abstract

This article explores the role of symbols in value cocreation in order to develop a deeper understanding of how actors communicate, interact, and reconcile perspectives as they integrate and exchange resources to create value for themselves and for others. We draw on a service ecosystems approach to value cocreation and propose a conceptual framework that highlights varying views of value and articulates the way in which value cocreation results from the integration of resources and interactions among multiple actors. We argue that symbols guide actors in enacting particular practices that enable the cocreation of shared meanings, which help actors determine the value of current and future interactions. In this way, symbols support the *coordination* of interaction, the *communication* of information, the *integration* of resources, and the *evaluation* of value, among actors. We provide an empirical example of our conceptual framework as supporting evidence for the role of symbols in value cocreation and point toward directions for future research.

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## Introduction

Symbols are a central component of markets and marketing because they are intertwined with market practices (Kjellberg and Helgesson, 2006) and meanings (Venkatesh et al., 2006). Importantly, both symbols and practices can be considered as institutions that influence the integration of resources, exchange of service, and (co)creation of value (Vargo and Lusch, 2011). Although the focus in this article is on the role of symbols, it must be recognized that symbols can never be separated from practices, institutions, and phenomenological value. This is because institutions, including symbols and practices, guide how actors assess or evaluate value (Spohrer and Maglio, 2010; Vargo and Lusch, 2011). This will become evident in the explanation of the role of symbols in value cocreation and the case examples presented.

In 1959, Sidney Levy began drawing attention toward the importance of symbols in exchange by discussing the idea that “sellers of goods are engaged, whether willfully or not, in selling *symbols*, as well as practical merchandise” (1959: 117, emphasis in original). This shift in interest toward the “symbolic,” rather than “utilitarian,” meanings of goods has since evolved into a substantial body of literature dedicated to studying the nature of brands and their meanings (e.g., Holt, 2004) and has guided efforts toward understanding how firms can create and “sell” symbols through a variety of marketing activities (e.g., Holt, 2004; Levy, 1959). However, growing attention to cultural aspects of “consumption” (Arnould and Thompson, 2005) and cocreation of value (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2008) indicates that customers, and other actors, also contribute to the creation of market-related symbols and their meanings.

The consideration of multiple actors as active participants in the creation of symbols aligns with a recent shift in marketing thought and practice toward a service-dominant (S-D) logic. An S-D logic is based on the idea that service—the application of knowledge and skills—is the basis of all exchange (Vargo and Lusch, 2004, 2008). This alternative approach, to traditional goods-dominant views, is grounded in four axioms (service exchange, resource integration, value cocreation, and phenomenological value) that center on the idea that service beneficiaries (e.g., customers) are always cocreators of value and meaning (Peñaloza and Mish, 2011) because value is created through the use of a market offering, in a particular sociohistoric context (Edvardsson et al., 2011; Vargo et al., 2008). Importantly, in this view, goods are intermediaries rather than the central drivers of value creation, and value is always cocreated through the integration of resources and interaction among multiple actors within and among ecosystems of service-for-service exchange (Vargo and Lusch, 2011).

In this article, we apply an S-D logic, service ecosystems approach (Vargo and Lusch, 2004, 2008, 2011) to explore the role of symbols in value cocreation. Service ecosystems are defined as “relatively self-contained self-adjusting systems of resource-integrating actors connected by shared institutional logics and mutual value creation through service exchange” (Lusch and Vargo, 2014: 24). This service-centered, systems-oriented view of value cocreation broadens the scope of market interactions to a network (e.g., multiple suppliers, firms, and customers) of actors and underscores the dynamics of social systems driven by exchange.

We begin with a discussion of value cocreation, which is grounded in an S-D logic, service ecosystems view and emphasizes the embeddedness of symbols in dynamic ecosystems of service exchange. We then elaborate how symbols can be studied in the context of value cocreation and highlight the importance of a more holistic and systemic view of symbols. Next, we propose a framework that articulates how symbols influence value cocreation by guiding the enactment of practices, which contributes to the *coordination* of interaction, *communication* of information, *integration* of resources, and ultimately, the *evaluation* of value, in service ecosystems. We empirically illustrate the proposed framework through examples from a broader case study and provide insights to how symbolic meanings vary depending on institutional logics (Thornton et al., 2012) and sociohistoric contexts. Finally, we conclude with the implications of this approach for understanding value cocreation and point toward directions for future research.

### **Value cocreation: An S-D logic service ecosystems view**

The study of symbols in service ecosystems provides important insights to understanding value cocreation because, in essence, service is value cocreation (Spohrer and Maglio, 2010). Whereas conventional models of value creation depict a firm's production of an offering that is embedded with value for a customer to "consume," the concept of value cocreation suggests that customers (and other actors) are part of the value creation process. In this cocreation view, value is collaboratively created through interaction and exchange among various actors and uniquely determined through actors' experiences of integrating market offerings with other resources (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2008). Although the cocreation of value has been largely studied in the context of the firm–customer dyad, S-D logic provides a broader, more networked and systemic view of interaction and value creation (Akaka et al., 2012; Vargo and Lusch, 2008).

As mentioned, S-D logic is based on the premise that *service* is the basis of exchange. This view of value cocreation focuses on interaction, rather than production, and underscores the phenomenological and contextual nature of value. Grounded in its emphasis on value cocreation, S-D logic posits that all social and economic actors are resource integrators (Vargo and Lusch, 2008) and value is always phenomenologically determined (evaluated or assessed) by a service beneficiary, within a particular context (Vargo et al., 2008). Recently, Vargo and Lusch (2011) introduced the concept of the service ecosystem to extend this service-centered, value cocreation view to a more dynamic social context. Importantly, this discussion of service ecosystems explicates the dynamic nature of social systems through which resources are integrated, service is provided, and value is cocreated. More specifically, Vargo and Lusch (2011) draw attention toward the importance of institutions—social norms or "rules of the game" (Williamson, 2000)—and how they guide interaction and contribute to the coordination of value cocreation. Notably, they also draw attention to *institutional logics*; an evolving body of institutional thought that overcomes deficits in neoinstitutional theory (Friedland and Alford, 1991; Thornton and Ocasio, 1999, 2008), which generally failed to situate actors in a societal context. Institutional logics are difficult to precisely define but can be thought of as "socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences" (Thornton et al., 2012: 2).

From a service ecosystems view, institutions, and more specifically institutional logics, are a central aspect to value cocreation because they enable and constrain the actions and interactions

of actors. Thus, the consideration of institutions in value cocreation is important for conceptualizing the social context through which value is cocreated and evaluated (Edvardsson et al., 2011). It is important to note that institutions not only influence the interactions that guide value cocreation but also influence the evaluation and determination of value that emerges out of the integration and exchange of resources. According to Chandler and Vargo (2011), service ecosystems are composed of multiple subecosystems that intersect and overlap through micro, meso, and macro forms of social interaction comprising the interinstitutional system (Thornton et al., 2012). Each of these nested levels of interaction is guided by varying sets of institutions and institutional logics and, thus, value cocreation is driven by multiple levels of interaction as well as varying institutional logics.

Based on this, we argue that the interpretation of symbols is central to value cocreation because as institutional logics overlap and become integrated with other institutional logics, symbols are reinterpreted based on new social contexts, and new symbolic meanings emerge (c.f., Giddens, 1984). These symbolic meanings can vary across the micro, meso, and macro levels of institutional analysis that S-D logic, service ecosystems and institutional logics theory (Thornton et al., 2012) emphasize. In the following section, we explore and elaborate on the role of symbols in value cocreation from this dynamic service ecosystems view.

## Exploring the role of symbols in value cocreation

As discussed, marketing literature has embraced the importance of symbols, especially with regard to brands and branding (e.g., Holt, 2004) as well as consumer culture (e.g., Arnould and Thompson, 2005; Venkatesh et al., 2006). Much of this work is based on Levy's (1959: 119, emphasis in original) view of a symbol as "a general term for all instances where experience is mediated rather than direct; where an object, action, word or picture, or complex behavior is understood to mean not only itself but also some *other* ideas or feelings." However, a closer look at several theoretical frameworks (e.g., semiotics and practice theory) offers multiple avenues to study the nature and role of symbols in markets and marketing. In the sections below, we highlight several approaches and point toward a more holistic and systemic approach as a means for studying the role of symbols in value cocreation from a service ecosystems view.

### *Signs and symbols*

Since Mick's (1986) exhortation for additional research on symbols and signs within marketing, numerous approaches have been adopted to examine the relationship(s) between symbols, signs, and meaning. One prominent approach to study signs and symbols is semiotics. For instance, in Peirce's semiotics, a symbol represents "a sign which refers to the object that it denotes by virtue of a law, usually an association of general ideas, which operates to cause the symbol to be interpreted as referring to that object" (1932: 143). Peirce and other semioticians suggest that actors assign meanings to signs—which then become symbols—according to particular "rules" (i.e. institutions) of interpretation that define their social world.

Others semioticians build on this view. For example, Nauta (1972) developed a multilevel conceptual framework called the semiotic cube, which explores sign–sign relations, sign–object relations, and sign–interpretant relations within a social system (Mick, 1986). Symbolic interactionism further extends Peirce's semiotics and explores how individuals attach meaning to interactions within a social context, which in turn is largely facilitated by symbols (Blumer,

1969; Mick, 1986; Solomon, 1983). This research on symbolic consumption within marketing also examines the symbolic meaning of customers' use of various brands and service offerings.

Therefore, one avenue for exploring the role of symbols in value cocreation may involve exploring the relationship between a sign (e.g. physical form that a symbol takes), its interpreted meaning (e.g., evaluation of value), and the rules that determine this interpretive relationship (e.g., institutions). For instance, in conceptualizing the market as a sign system, Venkatesh et al. (2006) draw attention to the linguistic conventions of signs (the rules of interpretation), such as shared images, in constituting the meaning (interpretation) of material objects and realities (signs) in describing the process of communication and exchange of economic value among actors in consumption and marketing practice (Domegan et al., 2012). Along a similar vein, Loebler (2012) argues that signs explicitly coordinate interactions within service ecosystems, whereas practices implicitly coordinate the different interactions from which value emerges, that is, practices serve as an important way of assigning meaning to signs and signifiers.

Finally, the meaning of a sign or symbol can vary across micro, meso, and macro levels of interaction. However, these levels are not fixed or distinctly separate. Thus, individual practices (i.e. doings and sayings), which are acted out at a microlevel, may result in different but often overlapping meanings at higher levels (e.g., meso or macro) of interaction. For instance, the practices associated with the sign for an economic currency or value in exchange, such as US\$, have differing but also some overlapping meanings to citizens, corporate officers, and state and national government leaders of the United States. This same currency may have different meanings, and thereby different value, for other actors in nearly 200 other nations around the world. These differences in practices and meanings shape the symbolism of US\$ among multiple actors, across diverse nations. Because of this, the study of the relationship between signs and practices can lead to a deeper understanding of symbols and their role in value cocreation.

### *Symbolic practices*

The connection between signs and practices (Loebler, 2012) also points toward the need to better understand how the enactment of practices contributes to the creation of symbols within a particular service ecosystem or across multiple, often overlapping and nested, service ecosystems. Central to a practice approach is the view that actors understand the world and themselves, and use know-how and motivational knowledge, according to particular practices, which reflect a shared possession of the collective (Reckwitz, 2002). Therefore, social practices, as a shared "nexus of doings and sayings" (Schatzki, 1996), not only are understandable to the actor who carries them out but can also be understandable to potential observers. This is because the enactment of a practice is based on more than individual understandings, and practices are inherently connected to and governed by social structures, including norms, collective meanings, and other institutions (Schatzki, 1996).

Shove and Pantzar (2005) offer a more detailed conceptualization of practices as interrelated assemblages of understandings (meanings and symbols), skills and competences (e.g., processes and know-how knowledge), and tools (e.g., material objects), which are integrated by actors through their routinized performances. Within this conceptualization, shared symbols and participation in practices coordinate the "understanding" of practices, which, in turn, coordinate the skills and competencies and tools that are used to perform these practices. Along these lines, Kjellberg and Helgesson (2006) focus more specifically on the study of practices that perform markets and identify "representational" practices as the way in which actors represent things

as symbols and depict markets. The enactment of practices and the participation in value cocreation therefore results in cocreated meanings and generates sign value (Kelleher et al., 2012; Peñaloza and Venkatesh, 2006; Venkatesh et al., 2006). Thus, we might aim to explore how actors use symbols in relation to their understanding of the skills and competencies that they, and others, develop and tools that they use to perform these practices (e.g., Schau et al., 2009) as they participate in value cocreation.

### *Symbol systems*

Finally, we can endeavor to consolidate our knowledge about the nature and role of symbols in value cocreation by deriving a holistic perspective of how actors practice value cocreation and how these practices impact the sign interpretation rules and relationships constituting the role of symbols within service ecosystems and vice versa. That is, we can explore how the sign interpretation rules and relationships impact how actors practice value cocreation within service ecosystems. In this view, symbols are signs that are connected to practices (Loebler and Lusch, 2013) and embedded within broader social institutions (Spohrer and Maglio, 2010). Such investigations can potentially lead to a more informed understanding of how actors communicate and interact within and across service ecosystems using symbols as well as integrate and exchange resources to create value for themselves and for others. Importantly, this approach provides insight to how institutional factors are influenced by and influence these processes.

In this view, symbols are constituted by both signs (representations of things) and practices (doings and sayings) (Loebler and Lusch, 2013). Thus, the enactment of practices is a central aspect of the role of symbols in service ecosystems and the cocreation of value. Along these lines, Vargo and Akaka (2012) draw on Kjellberg and Helgesson's (2006) model of "market practices" to identify several practices that are central to the cocreation of value, particularly from a service ecosystems view. Kjellberg and Helgesson (2006) identify three "types" of practices that contribute to the "performance" or continual reproduction of markets—normative practices, representational practices, and exchange practices. To accommodate for the variety of interactions and relationships that contribute to value cocreation, Lusch and Vargo (2014) extend the consideration of exchange practices and identify integrative practices as the third type of value cocreation practice, which includes various forms of exchange and interaction as well as specialization and other resource-integrating practices.

The consideration of these value cocreation practices—normative, representative, and integrative—provides insight to the way in which symbols—interconnected signs and practices (Loebler and Lusch, 2013)—guide the actions and interactions of actors in service ecosystems. In addition to integrative practices, normative and representative practices (Kjellberg and Helgesson, 2006; Lusch and Vargo, 2014) contribute to value cocreation as well. In particular, normative practices influence the development of social norms (i.e. how to act and interact in specific contexts) and coordinate the interactions among different actors, and representational practices enable the communication of information and interpretation of signs, such as language.

It is important to note that these value cocreation practices are not mutually exclusive and are largely overlapping. In this way, any particular practice (e.g., the practice of play) may be considered as two (e.g., integrative and normalizing) or even all three of the value cocreation practices discussed above. Based on the preceding discussion, it is evident that symbols play an important role in value cocreation. However, the way in which symbols influence and are

influenced by the enactment of practices requires further consideration. The section below elaborates how symbols guide the enactment of practices and enable the cocreation of value.

## How symbols guide value cocreation in service ecosystems

From a service ecosystems view, it becomes clear that both service and value cocreation result from the integration of resources (i.e. the enactment of integrative practices) among multiple actors, which in turn requires communication and coordination (Maglio and Spohrer, 2013). In this way, value cocreation is necessarily a kind of joint activity, which depends on the establishment of mutual understanding (i.e. institutions) to achieve common goals among distinct entities (Clark, 1996). On the other hand, mutual understanding is also cocreated, because it is achieved through shared institutional logics comprising shared experiences, shared context, and shared information as well as other shared resources (e.g., language). For example, Scaraboto and Fischer (2013) found that plus-size women have been reshaping the market for women's fashion by bringing in outside institutional logics that sometimes contradict those that dominate the fashion industry. In this case, however, value cocreation is influenced by other actors (e.g., fashion designers, media, retailers, etc.) who share, or do not share, a mutual understanding of plus-size fashion and contribute to normalizing alternative views of beauty.

In this view, institutions, and thus, symbols are collective in nature and sometimes there is no need to state anything explicitly to achieve shared understanding. Other times, words are needed to communicate and coordinate interaction or exchange. Against the backdrop of service ecosystems, symbols play a critical role in helping to organize and coordinate action to pursue specific goals. Simply put, shared symbols, embedded within broader institutions, guide the enactment of value cocreation practices—normative, representative, and integrative (Lusch and Vargo, 2014)—and enable effective *coordination* of interactions, *communication* of information, *integration* of resources, and ultimately, *evaluation* of value.

### Coordination of interaction

Symbols (the combination of signs and practices) help to coordinate the provision and exchange of service and the development of relationships within service ecosystems (Loebler and Lusch, 2013). In particular, *normative practices* guide interactions in particular social contexts (Kjellberg and Helgesson, 2006). For example, handing a checkout clerk at a convenience store a package of gum and a dollar bill achieves the mutual understanding that you intend to buy the gum with the money offered, and this action will likely result in achieving the mutual goals of buying and selling gum. There is a lot going on in this transaction, but most of it depends on shared background knowledge and common physical symbols (e.g., gestures), which comprise an institutional logic, and words themselves may not be necessary for the exchange to occur.

Normative practices also influence interactions beyond individual transactions and are often revealed through broader institutions and symbolic meanings. Taste, for example, has been recognized as a socially constructed “system” that influences and is influenced by the enactment of practices and interaction among multiple actors, which shapes preferences, performances, and perceptions associated with market symbols (Arsel and Bean, 2013). Along these lines, Sandicki and Ger (2010) explore how a particular stigmatized symbol, a veil, became fashionable and “destigmatized” or normalized through the repeated enactment of practices and the influence of alternative institutional logics related to fashion, markets, and religion.

### Communication of information

Value cocreation also requires the communication of information, which in some cases may not require verbal cues, such as the example of a gum purchase above. At other times, however, you might have to ask a clerk to retrieve an item from behind a counter. This would require the enactment of *representative practices*, such as language, to communicate information—for instance, gesturing to the right and saying “D.” In this case, the utterance D in conjunction with a hand movement pointing toward the location of the batteries behind the counter communicates your request for the clerk to retrieve D-size batteries. Achieving this result depends on much shared background knowledge—both you and the clerk must share knowledge of where the batteries are and of their inaccessibility to you—and the simple addition of a few language symbols to the actions and the context.

Representative practices and the communication of information also extend the value cocreation space beyond specific exchange encounters. For example, retail experiences are created to communicate and propose value beyond particular products. Kozinets et al.’s (2002) investigation of *ESPN*’s flagship store reveals that retail spaces are used not only to promote and distribute merchandise but also to communicate messages regarding brands that point toward social and psychological benefits as well. Importantly, firms do not dictate the symbolic meanings associated with these social spaces; rather, they are negotiated through interactions among firms and customers through a process of “interagency” (Kozinets et al., 2004). Along a similar vein, brand gestalts have been recognized as complex systems that constitute particular brands. Diamond et al. (2009) study various perspectives within the brand gestalt of *American Girl* and discover that through continuous interactions and dialog (i.e. multidirectional communication) the value of the brand as a whole is greater than the sum of its parts (e.g., dolls, retail stores, accessories, etc.). Thus, it is the continual communication of information and the enactment of representative practices that contributes to the representation of a brand.

### Integration of resources

Ultimately, to cocreate value, actors must engage in *integrative practices*, by drawing on a variety of resources and reasoning about value from multiple perspectives (Maglio and Spohrer, 2013). Specifically, to choose to interact and coordinate action, actors must judge that interaction or integration of particular resources will be valuable, leaving them better off than they were before (Vargo et al., 2008). Moreover, actors must share expectations of potential interaction to be valuable to multiple stakeholders. Shared expectations of potential value from multiple perspectives require simulation of the effects of action in the future.

One way to simulate is through symbolic reasoning by representation and the rapid processing of information associated with a particular symbol. Newell and Simon (1976) formalized the description of actors capable of sophisticated symbolic reasoning by introducing the notion of physical symbol systems and demonstrated that symbol systems are equivalent to Turing machines, meaning powerful enough to stimulate all other machines (Newell, 1980). By this account, symbol systems are equivalent to effective computational systems that enable, and in some ways automate, the integration of countless resources in infinite combinations.

Although symbols are constituted through shared expectations, experiences, and resources, this does not suggest that homogeneity among actors is the central stabilizing factor in service ecosystems. Rather, as Thomas et al. (2013) discuss in their study of a heterogeneous community of distance runners, it is resource interdependence, or dependence on the resources of others, that



is a central factor for the reformation of social and symbolic systems. Because of this, shared symbols (i.e. institutions) are reimagined, reinterpreted, and reestablished through the integration and exchange of resources among diverse actors.

### *Evaluation of value*

Although symbols enable effective coordination, communication, and integration, efforts to cocreate value almost never result in perfect outcomes. In fact, the notion of shared understanding does not mean that symbols have the exact same meanings for different (i.e. heterogeneous) actors (e.g., Blomberg, 2008). This is because each actor has a unique sociohistoric background (e.g., collection of institutions) and a breakdown of shared understandings occurs as actors with varying viewpoints interact. Even so, symbols are a central component of value cocreation because they guide the evaluation of value and help actors evaluate the potential value of future interactions. Furthermore, because symbols can both guide actor-internal processes and coordinate actor-external processes, shared symbolic representations can reduce the need for computational capabilities and provide guidelines for behaving in specific contexts.

In other words, although the phenomenological *value* of a symbol may vary from actor to actor, the practices, or institutions, associated with that symbol are often shared (Schau et al., 2009). The section below further explores the cocreation of symbols and value in service ecosystems and provides empirical evidence, using case examples, of how shared symbolic meanings guide the enactment of practices that enable the coordination of interaction, communication of information, integration of resources, and evaluation of value.

## **The cocreation of symbols and value: The *LEGO* ecosystem**

Our case examples are part of a broader research project conducted by one of the coauthors<sup>1</sup> on value cocreation in the *LEGO* ecosystem. The *LEGO* Group is one of the most successful companies in the global toy industry (Rivkin et al., 2012). The group, famous for its *LEGO* bricks, provides toys, experiences, and teaching materials for children and adults in more than 130 countries. The *LEGO* Group is interconnected with a wider network of actors, including suppliers, customers, retailers, and others. This dynamic collection of actors can be considered as a service ecosystem (Vargo and Lusch, 2011) because they interact through self-adjusting, service-exchange relationships and are connected by shared institutions, including symbols and practices. Over time, the *LEGO* ecosystem has acquired a unique and a widespread position in the global market (on average, every person on earth owns 80 *LEGO* bricks).

In-depth interviews were conducted both within the company (general director, brand manager, marketing manager, channel manager, etc.) and with the other actors in the company's networks, such as distributors and associations as well as members of customer communities. In total, 25 interviews were conducted between January 2011 and December 2012. All of them were transcribed and analyzed by two different researchers. In addition, direct observations were made of interactions among the different actors during several events organized by the company (Playmodena, ItLug Ballabio, Lego Friends, etc.). These particular examples of *LEGO* in Italy were selected because the importance of symbols in value cocreation was particularly evident in these situations in these situations and they provide empirical evidence of the framework proposed above.

### *Coordinating the practice of play*

One of the most evident symbols of *LEGO* is the “brick” itself. Although the physical aspects of the brick are standardized, it symbolizes different things in different countries and it guides the *coordination of interaction* between *LEGO* and its customers in different ways. For example, institutional logics in Germany and the United Kingdom frame *LEGO* bricks as an important learning tool: Parents often buy them for their children to enhance cognitive development. However, institutional logics in Italy frame the *LEGO* brick as something very different; it is used mostly as a reward or a gift for special occasions, such as a birthday or Christmas.

The different meanings assigned with the brick across diverse cultures and institutions have important consequences for the service ecosystem within which the company operates. In Italy, retailers often consider toys as a way of enticing customers into stores in order to sell other products. Thus, aggressive discounts are often applied to toys, which results in Italian families spending, on average, 152 euro on toys per year, compared to Germany (350 euro/year) and the United Kingdom (450 euro/year). Furthermore, variations in the symbolic meanings of *LEGO* in particular were also evident in an experiment the company carried out in 2011: Large numbers of *LEGO* bricks were dumped on the floor and children from different nationalities were encouraged to play with them freely. Italian children appeared to be less creative than children of other nationalities, building mainly towers. In addition, in Italy, *LEGO* creations are usually left unchanged. Such static creations contrast with *LEGO*'s value proposition, which suggests that compositions should be assembled and then disassembled to create new compositions continually.

### *Communicating a shared vision*

To strengthen customer understanding of its value proposition in Italy, *LEGO* made an effort to adjust the *coordination of interactions* with its distributors and customers and *communicate information* more effectively. To communicate its value proposition with Italian customers, the company engaged in both normative and representative practices with the creation of the “Build and Re-build” association and the introduction of an annual celebration dedicated to children, “Child Day,” which was already present in many European countries.

In 2004, the company launched *Shared Vision*, a 7-year strategy that engaged representative practices aimed at rebuilding the company and revitalizing the *LEGO* brand. As a result, the focus of the company shifted from an emphasis on inventory turnover, or increasing the quantity of products sold, to developing customer relationships. This shift in *LEGO*'s strategy represents an important driver of the evolution toward a more authentically, customer-centric company. To support the understanding and the implementation of the new strategy, *LEGO* developed a “customer value proposition,” which explained how to implement a customer-driven business. *LEGO*'s partners, including its distributors, were actively involved in the execution of *Shared Vision* to better align the perspectives of the different actors.

### *Integrating new language and customer communities*

The introduction of this new strategy led to changes in communication practices and the *integration of new resources*, such as language, inside and outside the company. However, many distributors in Italy were very reluctant to change. In the case of some Italian distributors, the new language for discussing *LEGO* posed serious problems. To increase the effectiveness of communications within the *LEGO* ecosystem, sales teams were trained on how to develop customer relationships and how to articulate these ideas with other actors in the network,

particularly distributors. However, in some cases, sales people continued using the same product-centered language in order to avoid conflict with distributors. This inability to communicate *LEGO's* new customer-centered approach to particular distributors ultimately constrained the cocreation of value within parts of *LEGO's* service ecosystem (Corsaro and Snehota, 2011).

Importantly, *integrative practices* can also be found among the communities that are part of *LEGO's* ecosystem but that are not directly or formally connected to the company. For example, an independent community of gamers contributes to the development of *LEGO games*, which are board games that players construct from *LEGO* bricks. Over time, the leader of the community, "Ligabue," became a consultant for *LEGO* and a key partner who allowed the company to enter and explore this new ecosystem of gamers. Ligabue is an expert in analyzing instructions and has created videos on *YouTube*, in which he personally explains how to play *LEGO games*. In this way, others can listen to him rather than try to figure out how to play on their own, facilitating common understanding among the different participants. Future gamers can always refer to these videos, reducing the risks of biases deriving from misinterpretations from previous gamers. In this way, Ligabue integrated his knowledge with the company knowledge base and cocreated value through the exchange of new benefits.

### *Evaluating value in context: AFOL*

In another *LEGO* community, "Adult Fans of *LEGO*" (AFOL), *LEGO* fans integrate resources to create new artifacts starting from *LEGO* bricks. After the "dark age," the period between 16 and 23 years old in which kids abandon *LEGO* because it is considered as a symbol of their childhood, AFOLs start to play with bricks again, generally specializing in a specific area (cars, castles, trains, characters, etc.). The AFOL network is a collaborative environment. During public exhibitions, the AFOL members show their artifacts to the other members of the community for recognition and technical suggestions but also to other individuals outside of the community. The AFOLs also communicate through an online platform, *Lugnet*, where they share ideas, exchange information, and sell their own *LEGO* sets.

Over time, the AFOL members developed informal rules on how to communicate among themselves, which helps to better coordinate their activities and influence how members *evaluate the value* of *LEGO's* value propositions based on their ability to "use" *LEGOs* and their membership in the group. For example, it would not just be enough to say "this is a nice creation": Members must also provide constructive comments to the creator. Only conversations about issues related to *LEGO* are admitted. The language used must be technical, serious, accurate, and well structured. When there is a new participant, members immediately explain and communicate how the community works. Because of this, language is an important way to enable value cocreation, and community members will reprimand those who are unable to communicate effectively.

These case examples shed light on the way in which symbols guide the enactment of value cocreation practices and enable coordination, communication, and resource integration in service ecosystems. These specific examples of *LEGO* and its related practices illustrate the way multiple actors interact as they integrate a variety of resources to create value for themselves and for others. A variety of common symbols guide the enactment of practices and the cocreation of value among the actors (e.g., firm to customer, firm to supplier, firm to distributor, and customer to customer) within and across multiple levels (micro, meso, and macro) of a broad service ecosystem. Clearly, these components of value cocreation, and associated practices, are highly interconnected and largely overlapping. These examples provide evidence that there must be

shared (e.g., symbolic) meanings of value for particular resources, in specific contexts, for value cocreation to occur. This extends the role of customers (and other actors) in value cocreation, beyond the coproduction of specific offerings and supports the idea that developing customer relationships is a critical aspect for creating mutually beneficial outcomes (Ertimur and Venkatesh, 2010). For the case of *LEGO* in Italy, it is clear that one of the major challenges faced in value cocreation is the alignment of symbolic meanings or perspectives on value, especially among *LEGO*'s employees, distributors, and customers. Thus, the cocreation of value depends on how effectively *LEGO* is able to communicate and articulate its potential value (i.e. value propositions) and the ability of its customers, employees, and distributors to integrate resources to cocreate value for themselves and for others.

## Conclusion

In this article, we propose a service ecosystems approach as a conceptual foundation for value cocreation and have outlined several approaches to studying symbols within this framework. We argue for a more holistic and systemic view of symbols in value cocreation, which is based on an S-D logic, service ecosystems lens, and its emphasis on institutions and institutional logics, in the coconstruction of symbols. Within an S-D logic approach, value cocreation results from the enactment of practices among multiple actors, and, thus, there are many perspectives of value. However, for interaction or exchange to occur, there must be shared or overlapping (e.g., symbolic) meanings of value for particular resources. These meanings can be utilitarian or hedonic or both, and they are based on past experiences, which help to guide future interactions and determinations of value. Because views on value vary among actors and contexts, the cocreation of value depends critically on effective coordination as well as the articulation and communication of potential value (i.e., value propositions). Based on this, symbols are a central factor in value cocreation because they support communication among groups of actors as well as the integration of resources and evaluation of value for individual actors.

We propose a framework that emphasizes the systemic nature of symbols and argue for the importance of symbols in value cocreation by discussing four critical processes that are required for value cocreation to occur and reoccur in service ecosystems—the coordination of interaction, the communication of information, the integration of resources, and the evaluation of value. We provide evidence for how symbols guide these important processes by discussing examples from a case study of *LEGO* and shed light on how different symbols associated with this company contribute to the coordination of interaction and communication among employees and customers and other stakeholders. In addition, these examples provide support for how symbols guide the integration of resources and evaluation of value differently depending on the sociohistoric context and institutions that guide actions (i.e. practices) and interactions.

This present research explores the role of symbols in value cocreation, but we have only begun to scratch the surface for understanding the particular processes by which symbols guide coordination, communication, integration, and evaluation in service ecosystems. Moreover, little is known about how symbols are jointly created through the interactions of multiple stakeholders and how signs, as well as associated practices and meanings, change over time. Further empirical research is needed to explore more deeply the cocreation of both symbols and value as well as service ecosystems. It is our hope that this research will help to provide a conceptual framework

from which more empirical studies can be done, and a deeper understanding of the role of symbols in value cocreation can be developed.

## Note

1. Daniela Corsaro and her colleague, Roberta Sebastiani, at Università Cattolica di Milano have been involved in the data collection of a broader case study of *LEGO*.

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