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# Characterizing Value as an Experience: Implications for Service Researchers and Managers

Anu Helkkula<sup>1,2</sup>, Carol Kelleher<sup>3,4</sup>, and Minna Pihlström<sup>1</sup>

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**Abstract:** Within contemporary discourse around service-dominant logic, phenomenologically (experientially) determined value has been placed at the center of value discussion. However, a systematic characterization of value in the experience has not been presented to date. In this article, the authors outline four theoretical propositions that describe what value in the experience is, which are then illustrated using a narrative data set. The propositions consider both lived and imaginary value experiences and posit that current service experiences are influenced by previous and anticipated service experiences. The article contributes to the service literature by characterizing value in the experience as an ongoing, iterative circular process of individual, and collective customer sense making, as opposed to a linear, cognitive process restricted to isolated service encounters. The authors recommend that service researchers should consider the use of interpretive methodologies based on the four theoretical propositions outlined in order to better understand the many ways that service customers experience value in their lifeworld contexts, which extend well beyond the service organization's zone of influence. Service managers should also consider how a richer understanding of past, current, and imaginary value in the context in service customers' individual lifeworld contexts might generate novel insights for service innovations.

## Keywords

experience, phenomenology, value, service, narrative

## Introduction

Customer value has long been considered the next source of competitive advantage for service organizations (cf. Woodruff 1997). However, service researchers have yet to respond to Woodruff's (1997) exhortation to develop "... *richer customer value theory that delves deeply into the customer's world of product use in their situations* ..." (p. 150). While numerous methods and measures have been developed to research customer value, such as customer-perceived value, value-in-use, and value-in-context, value in the experience in the broader context of service customers' lifeworlds has received limited interest among service researchers. *Lifeworld* (Lebenswelt) refers to a world that is grounded in an individual's everyday lived experience in which meaning is prioritized in the individual's social contexts (Husserl [1936] 1970; Langdridge 2007; Merleau-Ponty [1945] 1962).

In the 10th foundational premise of service-dominant (S-D) logic, Vargo and Lusch (2008) assert that "... value is always uniquely and phenomenologically determined by the beneficiary ..." (p. 7). However, the nature of phenomenological value has not been elaborated or characterized to date. Woodruff Smith (2007) defines phenomenology as the study of phenomena as they appear in an individual's experiences and identifies different types of experience, for example, perception, imagination, thought, emotion, desire, volition, and

action. In this article, we adopt a phenomenological perspective and conceptualize "value in the experience" as individual service customers' lived experiences of value that extend beyond the current context of service use to also include past and future experiences and service customers' broader lifeworld contexts. Within this view, "value resides not in the object of consumption, but in the experience of consumption" (Frow and Payne 2007, p. 91). Similar to other conceptualizations, value in the experience is a subjective phenomenon (Holbrook and Hirschman 1982; Goulding 2005).

Individual sense making of value in the experience can mean, in a hairstyling context, for example, that a person may choose to go to a new hairdresser simply to try something new even though his or her current hairdresser provides good service at a reasonable price. In addition to the current actual service experience (e.g., servicescape, atmospherics, etc.), the value in the

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experience of the new hair salon may also be influenced by such factors as previous experiences of hair salons, friends' stories about their experiences and possible recommendations, the presence of other customers, or the type of day that the customer has had, for example, enjoying a day's vacation or rushing to the salon after a busy day at the office prior to attending an important evening business function. At first, the service customer may feel awkward with the new hairstyle and doubt if the service was worth paying so much for. However, after receiving positive feedback from others, the value in the experience may cause the service customer to dismiss her concerns about the price, and reflect on how trendy the end result is, and to become more aware of the other types of clients of the same hair salon rather than the price.

Despite this recent interest in value in the experience in current academic discourse within and outside S-D logic, it is apparent that the epistemological and ontological foundations of value in the experience have not been previously characterized in a systematic way in the value literature to date. This article seeks to address this deficit by presenting a conceptual characterization of value in the experience. In doing so, we draw on Hart's (2005) typology of how concepts can be characterized. To paraphrase Hart, the questions to be addressed in the characterization of value in the experience are as follows: (a) What is value in the experience? (an ontological question); (b) What can be accepted as evidence regarding value in the experience? (an epistemological question); and (c) What methods and techniques should be adopted for collecting data about value in the experience? (a methodological question).

The remainder of the article is organized as follows: First, we examine how customer (perceived) value has been characterized and measured in the literature to date. This is followed by four theoretical propositions that characterize what value in the experience is and a description of each using the hermeneutic spiral (cf. Gummesson 2000; Heidegger [1927] 1962; Husserl [1931] 1967 and [1936] 1970; Jacoby and Braun 2006; Tuomi and Sarajärvi 2003). Next, we present a range of methods and techniques that are suitable for understanding value in the experience. One such method and technique, namely, the event-based narrative inquiry technique (EBNIT; Helkkula and Pihlström 2010), is subsequently illustrated using a narrative data set that shows how service customers individually and collectively make sense of lived and imaginary value experiences. The article concludes with a discussion of the implications of the propositions characterizing value in the experience for researchers and practitioners and suggests future research directions.

## Value in the Experience and Applicable Evidence

### *Existing Characterizations of Customer (Perceived) Value*

A review of the extant customer (perceived) value literature reveals that "... *marketing thought is (still) seriously deficient*

*in its understanding of customer value-related phenomena ...*" (Woodruff and Flint 2006, p. 184). Despite the vast literature on customer (perceived) value, several authors continue to argue that the customer value construct requires further refinement and development (e.g., Sanchez-Fernandez and Iniesta-Bonillo 2007; Sanchez-Fernandez, Iniesta-Bonillo, and Holbrook 2009; Smith and Colgate 2007; Woodruff 1997; Zeithaml et al. 2006). Within the literature, however, there seems to be consensus that value and value creation can be studied either as single universal concepts or from the vantage and contingency perspective of a particular source of value (Lepak, Smith, and Taylor 2007). It is therefore possible to consider value from a number of perspectives, including those of the service customer and service provider (Payne, Storbacka, and Frow 2008; Smith and Colgate 2007). In this article, we adopt the perspective of individual service customers who experience value, which we term value in the experience.

Many previous studies on customer (perceived) value have assumed that service organizations and their customers perform different predefined roles in relation to value cocreation. The role of the service organization has been viewed as that of predetermining the sources of value in the service offering and delivery, while service customers are primarily viewed as passive buyers and users of a particular service (Graf and Maas 2008; Shah et al. 2006). Within this view, value is seen to derive from the characteristics of the firm's service offering or to stem from the activities of the service organization, as opposed to resulting from the service customers' activities or efforts (Clulow, Barry, and Gerstman 2007). While this is a laudable and notable improvement of a "product-centric" company orientation, this view still seems to promote the belief that value or the benefits to be derived from the consumption of a particular service offering can somehow be largely predetermined by, controlled by, and communicated to customers before or during the service encounter itself (Kelleher and Peppard 2010). Such perspectives conceptualize customer (perceived) value as a rather objective construct at the expense of a more holistic appreciation of the multidimensional aspects of customer (perceived) value including affective and experiential aspects.

However, more recent definitions of customer (perceived) value emphasize the notion that value stems from service customers' learned perceptions and preferences based on evaluations of the probable and resulting consequences in certain situations (Woodruff 1997). In contemporary service marketing and management discourse, customer value is no longer "objectified" and reduced to that which is produced or processed for customers; rather, customer value is now considered a phenomenon that relates to customer experience and value-in-use (Heinonen 2009; Heinonen et al. 2010; Kelleher and Peppard 2010; Sandström et al. 2008;). For example, Sanchez-Fernandez, Iniesta-Bonillo, and Holbrook's (2009) conceptual framework describes customer value in terms of economic, social, hedonic, and altruistic categories in an effort

to capture the intrinsic, extrinsic, affective, and cognitive aspects of customer value in the context of service.

### *Characterizing Value in the Experience*

As previously stated, the current discourse around S-D logic has refocused the attention of service scholars and managers on the phenomenological nature of value (Edvardsson, Tronvoll, and Gruber 2010). The phenomenological epistemology legitimizes the primacy of individuals' or, in this case, service customers' views and subjective experiences as data (Goulding 2005). Meaning emerges from individuals' everyday lived experiences and is prioritized in some form by those individuals (Langdrige 2007; Woodruff Smith 2007).

Within the contemporary discourse pertaining to S-D logic, Vargo (2008) uses (but does not thoroughly characterize) the term "value-in-context" as part of the continuing move from the more "goods-dominant" (G-D) logic-focused term "value-in-use." The use of the term value-in-context emphasizes the notion that it is possible for service customers to experience value even if they do not use or have not had direct experience of the service or the service provider in question. Service customers can, for example, construct future or potential service experiences from their imagination or from other indirect sources, such as the stories and narratives of other people (Meyer and Schwager 2007), or the shared value-in-context experiences of other actors or beneficiaries (Vargo 2008).

In order to define "value in the experience," we draw on the phenomenological approach and ontologically focus on subjective experience in a social context. Specifically, we consider value in the experience to be the value that is directly or indirectly experienced by service customers within their phenomenological lifeworld contexts. This article proposes that service customers make sense of and experience value in an iterative way, based on their previous experiences or understanding (i.e., preunderstanding). The ontological recognition of the subjective nature of experience predetermines what evidence can be accepted in relation to value in the experience. To outline the authors' understanding of what can be accepted as data on value in the experience, the latter will be characterized through the presentation and discussion of four theoretical propositions, which are collectively referred to as the VALEX (value in the experience) propositions.

*Proposition 1:* Value in the experience is individually intrasubjective and socially intersubjective.

Phenomenologically (experientially) determined value is uniquely determined by the beneficiary (Vargo and Lusch 2008), in this case, the service customer and is therefore subjective. According to the phenomenological approach, the intersubjective nature of value in the experience acknowledges service customers' individual and collective relational engagement with the world and how they seek to make sense of this both at an individual and at a collective level (Smith, Flowers, and Larkin 2009). Value in the experience is, therefore, also interactional within the context of service

customers' phenomenologically determined social networks (cf. Finsterwalder and Tuzovic 2010; Grove and Fisk 1997; Palmer and Koenig-Lewis 2009; Vargo and Lusch 2008).

In addition to value being cocreated through service customers' integration of the various physical resources provided by service organizations, value also emerges from service customers' integration of other cultural and social resources, including other service customers, within their lifeworlds (Arnould, Price, and Malshe 2006; Baron and Harris 2008; Chronis 2008). Service customers experience value and infer credibility from other customers based on the shared experiences of value (Hennig-Thurau et al. 2004). Therefore, it appears that even if service customers individually experience value, they also tend to share certain type/types of experience/experiences with other service customers, that is, the data are intrasubjective and intersubjective (Schutz 1967). Furthermore, individual customers, as well as groups of customers, may hold common, "generalized" perceptions of phenomena and events within the various social groups to which they belong (Johns and Tyas 1997).

*Proposition 2:* Value in the experience can be both lived and imaginary.

The interaction between service customer/customers and service provider/providers does not always need to be practically lived. Within the phenomenological perspective, service customers have direct experience of a particular service when they are actually participating in the service encounter (Meyer and Schwager 2007). Service customers may also experience value and service as a result of indirect interactions with the service phenomenon, for example, through word-of-mouth recommendations, reviews, or advertisements (cf. Meyer and Schwager 2007; Miller, Fabian, and Lin 2009). In addition, value in the experience may incorporate imaginary experiences without any actual contact with the service provider (Helkkula 2011).

*Proposition 3:* Value in the experience is constructed based on previous, current, and imaginary future experiences and is temporal in nature.

As postulated by Belk (1975), "... time may also be measured relative to some past or future event for the situational participant ..." (p. 159). Human experience is a dynamic construct that is subject to continuous change as individuals engage with others in their lifeworlds (Pollio, Henley, and Thompson 1997). Pollio, Henley, and Thompson (1997) further elaborate on the nature of human experience, stating that experience "... is always intensely personal and only infrequently transparent to itself; the meaning of one's experience frequently changes as it is described and/or reflected upon ..." (p. 29). Accordingly, service customers' experiences of value may iteratively flow back and forth between current, future, and past experiences within a hermeneutic spiral of sense making. Service customers' imaginary experiences of value, as outlined in the second proposition, may include nostalgic reinterpretations of previous experiences of value that

represent service customers' interpretations or reinterpretations of what might have been or anticipated experiences of what might be in the future (Arnould, Price, and Zinkhan 2002; Thompson, Locander, and Pollio 1989; Tynan and McKechnie 2009). Thus, current value in the experience can affect how a customer makes sense of past and future experiences.

*Proposition 4:* Value in the experience emerges from individually determined social contexts.

Within the S-D logic discourse, customer value is viewed as being "... *idiosyncratic, experiential, contextual, and meaning-laden* ..." (Vargo and Lusch 2008, p. 7). Service customers are always, consciously and unconsciously, accessing and modifying, to use Schutz's (1967) term, their "stock of knowledge" of their individual and collective "*lifeworlds*." Value in the experience is determined by the individual service customer's context and is constantly changing and will very much depend on the particular service customer's specific interest and personal lifeworld context. The contexts in which service customers experience value do not necessarily equate with the service contexts offered or proposed by the service organization. Indeed, within the service customer's lifeworld, the service contexts proposed by different service providers may or may not be integrated into the customer-to-customer (C2C) network context. Even if the service context proposed by service organizations is experienced by the service customer, such experiences will not be identical for each service customer (cf. Chronis 2008).

When considering these four propositions in relation to researching value in the experience from the service customer's perspective, it is important to acknowledge that "pure" experience will never be fully accessible to the researcher, or to the pertaining individual service customers, using phenomenological or indeed any other research methods (Smith, Flowers, and Larkin 2009). The ontological focus of phenomenology is subjective experience and how the individual service customer makes sense of it (Goulding 2005; Woodruff Smith 2007). Therefore, inner thoughts and explicit speech are an essential part of sense making that illuminate but do not and cannot fully reveal lived experience. Although lived experience is emphasized in phenomenology, it does not need to denote externally observable actions but rather represents an individual mental construction. Thus, evidence in relation to experience is never an objective record of what really happened but rather represents respondents', researchers', and readers' sense making in relation to particular phenomena. In addition, service customers' iterative sense making is not a linear process, as current value in the experience is constructed based on previous and imaginary future experiences (e.g., Gummesson 2000; Heidegger [1927] 1962). Accordingly, and in acknowledgment of the caveats above, the individual service customer's view is taken as a "fact." Figure 1 presents a holistic summary of the four VALEX propositions that can be applied when researching how individual service customers iteratively seek to make sense of value in the experience in different social contexts and lifeworld situations.

## Method and Techniques for Understanding Value in the Experience

### *Established Customer (Perceived) Value Measurements*

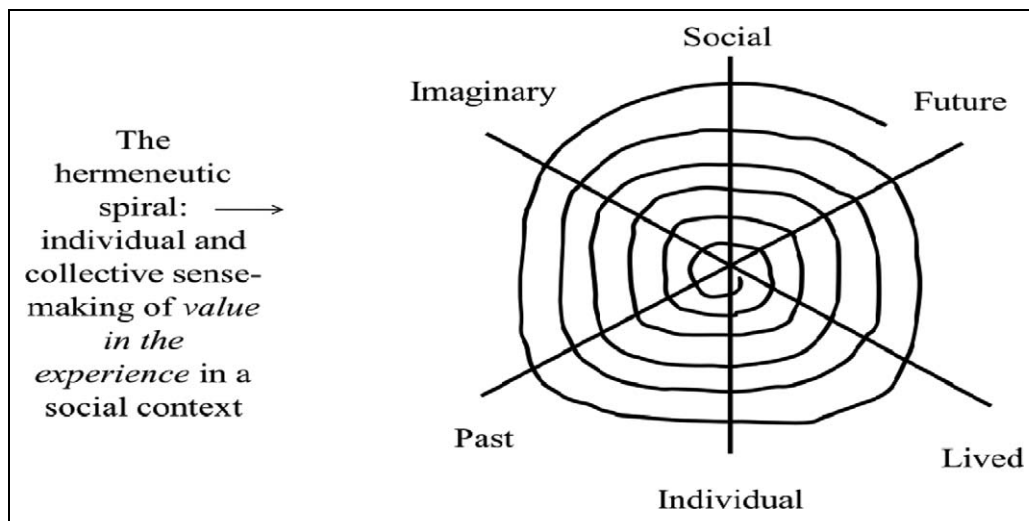
Many traditional customer (perceived) value measures are best suited for analyzing the experiences of current customers, and they tend to focus on a specific perspective rather than a holistic view of customer value. Established customer value measures, such as the Customer-Perceived Value Measurement scale (PERVAL), introduced by Sweeney and Soutar (2001), conceptualize customer value and its associated measurement as a linear process involving pre-service, in-service, and post-service consumption phases (Sweeney and Soutar 2001), or merely as a value judgment based on in-use experience. Value judgments and evaluations of the perceived benefits and sacrifices of using a particular service are based on perceptions of some type of customer trade-off, for example, between price and quality. Other alternative approaches to measuring customer (perceived) value focus on predefined value categories in the context of a particular type or category of service and fail to incorporate a more longitudinal perspective (Flint, Woodruff, and Gardial 2002; Holbrook 1994; Rescher 1969; Zeithaml 1988). Typically, deductive measures that require consumers to evaluate their experience of using a service do not adequately capture the perceptions of noncustomers or prospective customers of the particular service or its competitors (Zeithaml et al. 2006).

Alternative customer value measures, which are primarily economic in nature, for example, customer assets (Gupta and Lehmann 2003), customer equity (Blattberg and Deighton 1996; Hogan, Lemon, and Rust 2002), customer lifetime value (Berger and Nasr 2002), and customer profitability (Reinartz and Kumar 2003), do recognize the longitudinal aspects of value. However, such measures are unable to capture the total customer experience in a holistic way over time. Many traditional customer (perceived) value measures focus on postuse evaluations of a particular service without explicitly taking into account how the use of other services or imagined experiences may affect customer (perceived) value judgments. Indeed, Sweeney (2002) states that some factors used to evaluate or anticipate customer-perceived value prior to the service encounter are no longer important in postpurchase evaluation, for example, the inconvenience of using the service. They fail to acknowledge how past and future experiences of service customers and noncustomers are intersubjectively and intrasubjectively related when new and existing service customers seek to make sense of and evaluate perceived value within their idiosyncratic and socially constructed frames of reference.

### *Interpreting Value in the Experience*

Due to the limitations of current conceptualizations of customer (perceived) value and associated measurement scales that have been previously outlined, further academic research is required to better understand the customer value construct (Sanchez-Fernandez and Iniesta-Bonillo 2007). In line with





**Figure 1.** The hermeneutic spiral of individual and collective sense making of value in the experience.

the phenomenological epistemology, interpretive research methods that endeavor to illuminate how service customers make sense of subjective experience can be used to achieve this research objective. In contrast, research methods that aim at objective approximations and generalized outcomes are not applicable.

Narrative methods offer one illustration of a category of research approaches that interpret and make sense of human experience by listening to, collecting, and analyzing stories (Webster and Mertova 2007). Stories can be used to explore the VALEX propositions in different contexts. Narratives reveal the individual's retrospective sense making of human experiences and enable the phenomenological researcher to illuminate the implicit—as well as explicit—meaning of a particular phenomenon (Atkinson and Delamont 2008; Smith, Flowers, and Larkin 2009). While narratives reveal service customers' retrospective sense making of their experiences, they do not simply impart a passive mirroring of experience; rather, they reveal how service customers iteratively construct and reconstruct past, present, and anticipated future experiences using systems of signs, numbers, words, or pictures (Czarniawska 2004). While temporal order is often present within service customers' narratives, the latter do not necessarily need to flow in a linear way as events; their importance and structural connections to each other make the temporal, spatial, and character details of the story explicit (Riessman and Speedy 2007, p. 430). This is in line with the phenomenological approach, as sense making moves backward and forward between specific events and experiences to illuminate such experiences from the perspective of the individual storyteller (Crossley 2006) or, in this case, the service customer.

Narrative data collection methods, such as phenomenological or lifeworld interviews, can be used to explore how respondents make sense of their value experiences in a particular event and social context (Kvale and Brinkmann 2009). Such “interviews” are dialogical, intersubjective, social constructions (or

coconstructions) of respondents' sense making of their experiences, as opposed to knowledge discovery of “objective” facts by an omnipotent interviewer or researcher (Kvale and Brinkmann 2009). Projective techniques (Boddy 2004; 2005; Webb 1992) can also be introduced during phenomenological interviews in order to uncover or illuminate those experiences that respondents may be reluctant or unable to express directly.

Other methods that can be used to elicit service customer narratives include personal introspection, which requires service customers to analyze and record their own individual value experiences. Researchers then study service customers' self-recollection of their life stories in the form of personal diaries or autobiographical accounts, which in turn illuminate such experiences for others, including the researcher (Baron and Harris 2008; Brown 2006; Holbrook 2005; Patterson, Hodgson, and Shi 2008).

### *Illustration of Researching Value in the Experience Using Narrative Methods*

The EBNIT (Helkkula and Pihlström 2010) was used to analyze a data set of service customer narratives obtained from personal interviews, which illustrate the four VALEX propositions previously outlined. EBNIT combines narrative analysis and critical events (Czarniawska 2004; Webster and Mertova 2007) with projective techniques in the form of metaphors. In EBNIT, the storyteller, in this case, the service customer, spontaneously, and in an unsolicited naturalistic fashion, indicates which value experiences are lived and which are imaginary. By focusing on service customers' narratives of experienced critical and imaginary events, the respondent is invited to reflect on the possible meaning of the experiences and to coconstruct meaning together with the interviewer. In addition, respondents are triggered to reveal their imaginary value experiences through the use of metaphors, such as a magic wand, genie servant, or an ideal world, where everything is possible and there

**Table 1.** Summary of the Data Collection

Source of Data	25 Narrative Interviews
Service category	Web 2.0 service used (music, pictures, videos, and social networking sites)
Study conducted	2008
Preliminary questions	What Web 2.0 services have you used? (A list of the most popular Web 2.0 networking services was provided to respondents), For example, Facebook, LinkedIn, Second Life, MySpace, IRC Gallery (a social website for young people), photo sharing (Flickr, Picasa Web), and video sharing (YouTube, Google video) How many times have you attended or participated in the event/social networking site in question?
Data collection methodology	Research questions: 1. Describe how you use online social forums relating to this event? 2. Describe other similar events 3. Tell me an imaginary story of how you would have acted if anything were possible? Forget technical restrictions; anything is possible. In the future, there will be a magic wand to help you do whatever you want
Metaphors used	A magic wand, an online genie servant, or avatar
Search criteria	Event-based need, which spontaneously emerged during the interviews
Time series	Interviews were conducted in June, July, and August of 2008
Lived versus imaginary experiences	25 storytellers expressed lived value experiences and 23 storytellers expressed imaginary value experiences based on their lived value experiences
Final sample	25 service customer interviews
Analysis of cases	The interviews were transcribed, saved as separate Microsoft Word documents and analyzed both as separate cases and in relation to each other, based on lived and imaginary value experiences using the QSR International product, NVivo

are no financial, technical, or other restrictions to their ideal stories.

The structure of EBNIT analysis mirrors the typical structure of a narrative, identifying actors, key events, and their sequence and settings that are context-specific. Within the EBNIT framework, the interdependence of events, their importance, and their structure make the temporal, spatial, and character details of the story explicit to the service customers concerned, as well as to the researcher (McKee 1997). EBNIT recognizes that multiple perspectives, divergent viewpoints, and customer voices may exist at various points in time (Helkkula and Pihlström 2010). Narratives of individual service customers' experiences in their specific social context are therefore considered to represent dynamic, subjective—as opposed to objective, static—realities that reveal how service customers iteratively make sense of value in the experience. The latter is cocreated between the storyteller (service customer), the interviewer, and the reader or within the service customers' social network (cf. Schutz 1967). As part of the empirical EBNIT study, 25 service customers were individually interviewed regarding their experiences of using social forums in connection with various types of events, including cultural, sports, and family events (specifically a musical event, an orienteering event, a football tournament, and a bachelorette party). All 25 respondents had direct experience of the specific phenomenon being explored (Table 1).

Each service customer narrative (story) relating to various value experiences was transcribed and saved as a separate word document. Each narrative, together with related narratives, was then read in full in order to gain a holistic picture of the

intrasubjective and intersubjective value experiences of the service customers involved. A minimum of two researchers reviewed each service customer narrative at least three times. Subsequent readings of the service customer narratives followed using the EBNIT technique. Using NVivo, themes were categorized as either lived critical experience or as imaginary experience based on the criticality of the event. Critical events, that is, those events that were remembered by respondents as being especially valuable, positive service-use situations, were coded as lived experiences. Other lived events, that is, more incidental events that were not reported by respondents as being critical, were also identified and coded in the analysis, which in turn facilitated a more holistic understanding of how service customers connect events when making sense of their experiences (Gough 1997). Events, which the storytellers presented as imaginary events and which often revealed customers' imaginary, idealized experiences, were also coded; for example, situations where a new service would be valuable to the respondents, but one that does not yet exist. Differences in coding were discussed and mutually agreed upon.

Next, we illustrate the four VALEX propositions using the narratives that emerged from the EBNIT analysis. While each of the narratives analyzed was unique and tended to focus on particular themes, all four propositions relating to the characterization of value in the experience were identified in the narratives.

VALEX Proposition 1 (*Value in the experience is individually intrasubjective and socially intersubjective*) is the first proposition illustrated by the customer narratives. The intrasubjective nature of value in the experience reflects individual

service customers' sense making of value in the experience, which takes place as inner thoughts and which may or may not be externalized in the form of words or gestures. When individual service customers seek to make sense of their experiences in a social context, they interact with each other and discuss value in the experience. Such experiences may be shared directly with other customers or through online social networking sites. For example, an individual who attended a jazz festival made sense of value in the experience of attending the musical event. In addition, he wanted to know what his friends had experienced and wanted to share his experiences with them.

I decided to attend this jazz festival, as the weather was so nice and many concerts were outdoor concerts. Even if I was told that this was a good festival, I just did not like it. Don't even know why, but I just did not. Afterwards, I followed other people's status updates and uploaded pictures. I wanted to know where they have been, what they had done, and with whom. But I didn't want them to know that I've been looking at their profile and pictures. (19-year-old male who attended a jazz festival)

It is clear that social networking forums are important for the social construction and sense making of different types of phenomena, such as value in the experience (cf. Cova, Kozinetz and Shankar 2007; Kelleher and Helkkula 2010). While the first customer narrative refers to "lurking" behavior on social networks, that is, nonparticipant observation and reading of Facebook posts in order to understand the value in the experience of others, the second example illustrates how an individual service customer, by creating and sharing content on Facebook, seeks to assist her friends.

When I tag pictures that I've taken at this event, I don't tag them for my own benefit. When other people, who attended this event, check Facebook, it's nice that they understand that they get information from the pictures below by using this file tag. (26-year-old female who attended an orienteering event)

VALEX Proposition 2 (*Value in the experience can be both lived and imaginary*) demonstrates that value in the experience does not have to be based on an external event that has an external replica (Valberg 1992); rather, value in the experience can also be based on an imaginary event or thought. The narratives of the service customers interviewed reveal how service customers make sense of their previous lived experiences and illustrate how such experiences could become more valuable to them. Some of the imaginary value in the (future) experiences revealed in the following customer narratives included adding sunshine, wind, and sound to photos and the provision of the precise location and position of friends at a festival or football tournament.

I think it is useful to see the date and time in the photo. I imagined I would automatically get the location where the picture was taken as well. [...] If it were possible, I'd like my friends to sense the sunshine, rain, and wind in the pictures too. (26-year-old female who attended a football tournament)

I took a nice short video with my cell phone at the party. But I also imagine that pictures could include voice to express the atmosphere. (25-year-old female who attended a bachelorette (hen) party)

The following narrative shows that people may relate their imaginary value experiences to actual events in their lifeworld. In the next example, a young male revealed that he would like to be able to locate his friends at an event; however, he would not like others to be able to locate him.

[At this music festival] I would like to be able to use my cell phone to locate my friends, but I would not like to be located by them. (18-year-old male who attended a musical event)

It is important that service organizations recognize that future service innovations and development ideas can originate from such imaginary experiences. For instance, in the illustration quoted above, the imaginary experiences of incorporating sound into pictures or including a voluntary location-based option within a cell phone application provide interesting and novel insights for service innovation and development for companies in the mobile and web services sectors.

VALEX Proposition 3 (*Value in the experience is constructed based on previous, current, and future experiences and is temporal in nature*) refers to the ongoing reconstruction of value experiences based on previous, current, or imaginary future contexts, that is, the hermeneutic circle. Previous and anticipated future experiences of value will also, both subconsciously and consciously, become figural and brought to bear on current value in the experience. In the next illustration, one service customer made sense of current and future value in the experience based on past value in the experience of sharing photos with her friends.

In the past, I downloaded photos when we refurbished our apartment and then invited our friends to check them out. [Her friends told me they appreciated her downloading the photos.] I am planning to download some pictures I just took [of the event, which she attended with her friends]. It will be nice to see the pictures and create memories of past events. (29-year-old female who attended a bachelorette (hen) party)

Other service customer narratives revealed the multidimensional and temporal nature of value in the experience. For example, the following quotation demonstrates how one service customer made sense of her value in the experience before, during, and after a football tournament. She decided to attend the event on the recommendation of the friend and received an information package from the organizer of the event prior to attending. Prior to the event, she also started to think about her previous experiences in relation to playing football with her friends. She also continued to make sense of her value in the experience during and after the tournament had taken place, reflecting also on whether she would attend such an event again.

[First recommendation of her friend] First, I heard from Mary [names changed] that this event would be interesting." ...



[Second recommendation from another friend] Susan told me the same. I have enjoyed jogging with them . . . [She looked for information in the Internet] I read about this on the Internet. . . . [imaginary/experience] I imagined it would be nice to attend. . . . [She decided to take part in the event] Then, I decided to attend and registered for the event on the Internet. . . . [The event arranger contacted her by mail] I received an information package by mail. There was a lot of useful information. . . . [She made sense of the value in the experience after the event and considered whether she would attend again.] I thought the tournament was fun. I might attend in the future as well. (49-year-old female who attended an orienteering event)

These service customers are making sense of their current, and imaginary future, value in the experience based on their past experiences. Sense making is related to different events and points in time, which makes it temporally contextual. Current temporal contexts and experiences may cause service customers to revise, revisit, and reinterpret past experiences. For example, even if a person might feel stressed during a sports competition or if a sports event is scheduled during bad weather, the value in the experience, considered retrospectively, may be reinterpreted in a more positive light. For example, an individual may fondly remember the friends with whom they shared an event, or may consider that a previous negative experience was indeed a positive and formative experience.

VALEX Proposition 4 (*Value in the experience emerges from individually determined social contexts*) indicates that the context of the value in the experience is individually determined in a social context and cannot be determined by the service provider. Sense making in relation to value experiences moves backward and forward: the customer's lifeworld experiences act as the foundation for service customers' understanding of value in the experience and other phenomena. For example, one young male indicated that value in the experience is affected by other individual/individuals who belong to the same social context.

I spend many hours a day on IRC [an online social networking website called IRC Gallery]. In my network of friends [an individually determined social context] are people that I know. I like most of the people, but some of them I dislike very much. I am updated about where people go, and I also share my experiences. If I get to know that a person I very much dislike will attend an event, I may not go there just because he will be there. Just meeting him there would destroy my good experience. (18-year-old male who attended a football event)

Other narratives indicated that individually determined social contexts are not stable and may affect value in the experience. For example, one service customer recounted that while she initially took up orienteering after meeting her husband, she now personally enjoys attending orienteering competitions and enjoys sharing this experience with her extended family.

Previously, I did not go orienteering at all. I was interested in other sports. But since I met my husband, orienteering has

become a family thing. It was not just my husband who went orienteering, but his brother, sister, and parents used to go with as well. So, I actually just more or less had to start orienteering. That is why I go orienteering nowadays and decided to attend this ladies' orienteering competition. Even though I went orienteering because it's just a family thing, I enjoyed myself and the orienteering event was good. (41-year-old female who attended an orienteering event)

Table 2 summarizes the four VALEX propositions. Value in the experience is not an objective measure of customer (perceived) value but is based on individual sense making in a social context. In addition, value in the experience may be based on an event or thought that has previously taken place, on stories of other people, or on an imaginary idea. The four propositions are not mutually exclusive; rather, they overlap and are interrelated with each other. For example, when the respondents determine the social context of the value in the experience (Proposition 4), it is often based on previous experience (Proposition 3). Thus, value in the experience cannot solely be restricted to the current service context proposed by the service organization.

## Implications for Service Researchers

This study has characterized value in the experience and presented four VALEX propositions that conceptually broaden the perspective of value. The central premise of this characterization is that value in the experience is an intrasubjective, socially intersubjective, context- and situation-specific phenomenon that is both lived and imaginary, constructed based on previous, current, and imaginary future experiences and is temporal. In addition, it was illustrated, using the event-based inquiry technique, how the VALEX propositions can be used to analyze a data set of service customer narratives. Characterizing value in the experience has a direct impact on the ontological, epistemological, and methodological choices of a specific study or project.

### *Implications of Characterizing Value in the Experience and Acceptable Evidence of It*

Clearly, it is possible to view value from a number of perspectives, including those of the service customer and service provider (Payne, Storbacka, and Frow 2008; Smith and Colgate 2007). For service researchers, this implies that, while service organizations have certain perspectives relating to their value propositions, service customers possess their own approach to value, which does not always correspond with the value proposed by the company (Grönroos and Helle 2010; Heinonen 2009).

The application of the VALEX propositions to the narrative data set analyzed illustrate that value is indeed uniquely and phenomenologically determined by the service customer. This finding would seem to align with Vargo and Lusch's (2008) and S-D logic's tenth foundational premise: value is phenomenologically (experientially) determined by

**Table 2.** Interpreting Value in the Experience

Propositions Relating to the Characterization of Value in the Experience	Individual Value in the Experience Relates to the Social Context	Relationship to Previous Literature
Proposition 1: Value in the experience is individually intrasubjective and socially intersubjective.	People make sense of value in the experience with subjective inner thoughts that reflect personal preferences or what is socially beneficial. The experiences are discussed and shared with others face-to-face, on the phone, and increasingly through online social networks such as Facebook.	Individual customer social networks were an important forum for the social construction and sense making of different types of phenomena, such as value (cf. Cova, Kozinets, and Shankar 2007; Kelleher and Helkkula 2010).
Proposition 2 Value in the experience can be both lived and imaginary.	Value in the experience can be based on individuals' previous lived experiences of service-use situations or events where services could have been useful but were not used. Imaginary value experiences may also be based on other peoples' experiences, on stories communicated through various media, or on individually imagined thoughts and beliefs.	Individuals socially and contextually construct what reality is for himself or herself (cf. Shankar and Patterson 2001 refer to Hudson and Ozanne 1988).
Proposition 3 Value in the experience is constructed based on previous, current, and imaginary future experiences and is temporal in nature.	Current and future experiences are based on previous experiences and as such incorporate a temporal dimension. As people make sense of previous value in the experience at different points in time, they may see the past experience in a new light. Therefore, value in the experience is temporal in nature and subject to change.	The reconstructive or cumulative nature of experiences has been recognized in the hermeneutic spiral, which indicates that sense making and understanding is based on previous understanding (i.e., preunderstanding, cf. Husserl [1931] 1967; [1936] 1970; Gummesson 2000; Tuomi and Sarajärvi 2003).
Proposition 4 Value in the experience emerges from individually determined social contexts	The context for value in the experience is not determined by the service provider, but rather by the individual's lifeworld. Individuals make sense of value in the experience in relation to that context.	Sense making in relation to value experiences moves backward and forward: the customer's lifeworld experiences act as the foundation of the customers' understanding and experience of value and other phenomena, that is, phenomenological and experiential nature of value creation (cf. Crossley 2006, p. 429; Helkkula and Kelleher 2010; Vargo and Lusch 2008).

beneficiaries or actors (Vargo and Lusch 2008). Characterizing value in the experience using the VALEX propositions, therefore, reveals individual service customers' dynamic, subjective, and event-specific interpretations of value in the experience (Woodruff Smith 2007, p. 209).

The insights derived from this study also have implications for service researchers who are interested in examining C2C value cocreation and different perspectives of value. The nature of C2C value cocreation and social value experiences has been considered only to a limited degree in extant research in the form of social value (Sheth, Newman, and Gross 1991), social esteem (Konanam and Balasubramanian 2005; Laukkanen and Lauronen 2005), social pressure (Kleijnen, Wetzels and de Ruyter 2004; Venkatesh, Morris, and Davis 2003), and the social context of service-use situations (Pura and Heinonen 2008). To date, much of the extant research on customer (perceived) value has considered individual customer value independently of other customers and has ignored the effects of

the latter (Graf and Maas 2008; Kelleher and Peppard 2010), with some notable exceptions, including the Nordic School of Marketing, S-D logic, and the work of Schau, Muniz, and Arnould (2009). The VALEX propositions and related service customer narratives indicate that value in the experience cannot solely be restricted to a single dyadic relationship between an individual service customer and a service organization, but rather occurs within a value constellation of multiple firms, customers, and other actors with a service system or network (Gummesson 2008; Vargo and Lusch 2008).

We summarize what value in the experience is and what evidence is acceptable with regard to it in Table 3. In addition, Table 3 compares the characteristics of the various interpretive research approaches compatible with the VALEX propositions to alternative deductive measurement scales, such as PERVAL (Sweeney and Soutar 2001), that were developed to measure customer-perceived value of different types of services. When compared to linear measurement scales, such as PERVAL, a

**Table 3.** Comparison of Individual and Collective Sense Making of Value in the Experience (VALEX) to the Customer-Perceived Value Measurement (PERVAL) Scale

Characterization	Inductive Value Measurement Techniques, such as VALEX Propositions	Deductive Value Measurement Models, such as PERVAL
Philosophical perspective Evidence about value in the experience Form of knowing	Phenomenological (experiential) Interpretive: individuals' (service customers') subjective experiences are justified as data Sense making that is based on an iterative and cumulative process of previous and current understanding (the hermeneutic spiral)	Realist or critical realist Aims to present objective, generalizable results that are based on subjective self-reported data Based on theoretically justified hypothesis
Individual versus social value perspective	Experiences of value are both individually (intrasubjective) and socially (intersubjective) constructed	Service provider's perspective on how individual service customers perceive value Analyzes the effects of customer-perceived value on other constructs Aims to generalize findings on a population
Lived and imaginary perspective	Includes lived and imaginary value experiences. Incorporates both direct and indirect value experiences, that is, the individual service customer can imagine the experience of service in the inner world without ever having experienced the service in the external world	Focuses on customer-perceived value. Does not discuss imaginary customer-perceived value; therefore, necessitates direct experience or use of a particular service
Temporal nature	Value experiences are based on current, previous, and imagined future experiences within and outside the context of the specific service	Value is perceived in preservice, inservice, and postservice consumption phases
Context	Event-specific and justified by the individual service customer in the individual's lifeworld, which is socially constructed. Identifies the world as lived, in comparison to the world as construed by an external entity, for example, a service provider	Defined by the service provider
Theoretical contribution	Suggestive propositions may act as an invitation for further work on the phenomenon or set of issues revealed by the study	A measurement scale that enables analysis of relationships between constructs; may add specificity, new mechanisms, or boundaries to existing theories

number of ontological and epistemological differences are evident. PERVAL has a predefined measurement scale as a starting point, and it aims to present objective and generalizable findings in preservice, inservice, and postservice phases of a specific service or context, as defined by the service provider. While PERVAL focuses on perceived value, the VALEX propositions center on lived and imaginary value in the experience. Applying the VALEX propositions, service customers define event-specific contexts by describing the current service experience in relation to previous and imaginary future events.

The comparison elucidated in Table 3 indicates that the application of the VALEX propositions is suitable for analyzing how service customers dynamically intertwine their lived and imaginary value experiences in a hermeneutic spiral of nonlinear, cyclical sense making.

### *Implications Relating to the Possible Methods and Techniques That Could be Used for Collecting Data About Value in the Experience*

While certain aspects of subjective meanings of everyday lived experiences might be evident or figural to individual service

customers in certain contexts, sometimes value in the experience may be hidden from service customers and researchers within the "natural attitude" and may need to be uncovered using phenomenological research methods (Langdridge 2007). As illustrated, studies conceptualizing value in the experience can be operationalized using methods and techniques that understand sense making as a form of knowing and that focus on individual subjective experience in a social context. In this article, a narrative technique to collect data was employed, but any research method or technique that is interpretive and focuses on the subjective experience and how individuals make sense of it can be used to collect data in relation to value in the experience. Table 4 presents a summary of the characteristics of such methodologies.

It is important to note that it is not our intention to suggest that interpretive methodologies are the only methods applicable for studying customer value or that they should serve as a replacement for other alternative methods, such as linear measurement scales. We consider that the VALEX propositions offer a useful characterization of value in the experience that complements other predefined customer (perceived) value measurement scales, for example, using phenomenological research methods and techniques as a prestudy. The VALEX propositions, therefore, are an example of "nascent theory"

**Table 4.** Methodological Approach for Collecting Evidence About Value in the Experience

Characterization	
Research approaches	Interpretive
Constructs and measures	The phenomenon of value in the experience is the starting point of the research as opposed to existing constructs, measures, and scales
Research question	Open-ended inquiry about lived and imagined value in the experience in service customers' lifeworlds
Methodologies	Do not aim to use linear measures, but rather use first-person illustrations of customer sense making in relation to value in the experience Seek to examine the dynamic and complex phenomenon of value in the experience before, during, and after actual or imaginary service consumption Also, consider the effect of and interrelationships between other types of actual or imaginary service consumption within an individual's lifeworld context
Goal of data analysis	Possible pattern identification
Data analysis method	Thematic content; aims to interpret and make sense of value in the experience
Examples of possible techniques	Narrative inquiry, protocol writing, and phenomenological interviews (service customer lifeworld descriptions and sense making of what happened) Personal introspection (e.g., using diaries, journals, and blogs) Critical incident technique (interviews or written stories of specific events) Projective techniques including metaphors Ethnographic techniques including autoethnography, netnography, participant and nonparticipant observation

(Edmondson and McManus 2007), which holds that "... researchers do not know what issues may emerge from the data and so avoid hypothesizing specific relationships between variables..." (p. 1162). Predefined scales, such as PERVAL, can be used in conjunction with phenomenological research methods and techniques, as both approaches can provide complementary insights regarding the nature and experience of customer (perceived) value.

Analyzing value in the experience using the VALEX propositions does not aim to generate generalizable findings from large samples, but rather seeks to learn something new from examining value in the experience within service customers' lifeworld contexts. In addition, the phenomenological approach provides a longitudinal perspective of customer value (Kumar, Lemon, and Parasuraman 2006), as service customers reconstruct current value in the experience based on their past and imaginary value in the experience.

### Implications for Managers

From the service organization's perspective, relatively little is known about customer value-related phenomena (Flint, Woodruff, and Gardial 2002; Woodruff and Flint 2006). While Priem (2007) acknowledges the pivotal role of customers as the arbiters of value, he notes that customer value is primarily conceptualized as something that is embedded or transferred in market offerings and value chains to customers. In this context, the service organization's overarching objective is to develop and provide services and service experiences containing some type of embedded value to customers, at a profit, in order to generate a return for shareholders (Priem 2007). The notion of exchange value (or value-in-exchange), which pertains to the actual price paid by the customer to the firm for the service

purchased, becomes the predominant consideration (Bowman and Ambrosini 2000). In that vein, strategic business decisions are typically based on the company perspective including, for example, market potential, competitors, the price customers are expected to be willing to pay, and short-term and long-term profitability calculations. However, a broader perspective from the customer's point of view is needed. Frow and Payne (2011), for example, note that few organizations actively consider how they might better engage with stakeholders to develop more relevant value propositions.

Based on the characterization of value in the experience, we provide managerial implications that enable service managers to better understand what value in the experience is, what can be accepted as evidence about it, and how to collect data on it.

### Implications to Understanding What Value in the Experience is and Acceptable Evidence of It

According to the VALEX propositions, value in the experience is based on previous experiences, related to service customers' lived and imaginary value in the experience in specific, contextual settings. The VALEX propositions indicate that value in the experience goes well beyond the interaction between service customer/customers and the service provider. It is therefore imperative that service managers broaden their perspective in order to analyze service customers' lifeworld contexts and social networks, to observe both existing and imaginary customer practices, and to explore expectations based on the past as well as the future. We recommend that service organizations not only research and identify the core values and lived experience of service customers but also extend observations to include socially constructed experiences in order to successfully cocreate relevant value propositions.



For a service organization, characterizing value in the experience complements more traditional customer-perceived approaches and enables a deeper understanding of (perceived) value in service customers' lifeworld contexts. The changing conditions in different contextual settings are difficult to anticipate but should be included in strategic decision making in the quest for estimating service customers' willingness to cocreate value in the experience. When aiming to cocreate value with potential or existing customers, service organizations are faced with questions about how, when, and the degree to which current and prospective service customers are willing to financially support or pay for current or imaginary future value experiences. For development purposes, as the narratives suggest, it is important that service organizations recognize that future service innovations and development ideas can originate from service customers' imaginary experiences. This is particularly important, for example, in contexts where service innovations are so new that service customers or organizations do not have access to service customers' prior perceptions or expectations in order to form a basis for their value judgments. Any value propositions that plan to incorporate new technology into the service offering in ways that have not been available before rely on imaginary future experiences of how value can be experienced before the first service offerings are available for trial and use. Examples of such technologies in the past included, for example, text messaging, location-based services and augmented reality, to name but a few.

### *Implications Relating to the Possible Methods and Techniques That Could be Used for Collecting Data About Value in the Experience*

Currently, interpretive approaches using customer narratives are to some extent used by service organizations to illustrate customer practices in their everyday lives.

We suggest that using interpretive methodologies and analyzing value in the experience using the VALEX propositions provides new insights on how value is constructed in the service customers' lived contexts. Managers would benefit from collecting evidence on lived and future customer experiences, identifying possible patterns as to why, when, and what customers are willing to purchase in the future, as well as which parties should be involved in the holistic value experience. Interpretive methods, such as diaries, journals, blogs, interviews, or written stories of specific events and observations, are recommended for collecting data about value in the experience.

### **Future Research Directions**

As the implications of this article highlight, value in the experience is a meaningful research topic for service marketing scholars with direct implications for practitioners. The leading service marketing and management scholars in the world have ranked value among the top 10 research priorities, and in particular, the requirements to measure and optimize the value of

service and to enhance the service experience through cocreation (Ostrom et al. 2010).

This is primarily a conceptual article with limited empirical illustration using interpretive research methods. In this article, we have endeavored to contribute to the topical discussion and research priority of value by characterizing value in the experience (VALEX) as a complementary, phenomenological perspective for examining customers' value experiences and to present some future research directions in Table 5 to deepen the understanding of this phenomenon.

Like all studies, the present investigation has certain acknowledged limitations. The illustrations used in this article are from a single service category, namely, Web 2.0 services, which potentially limits the generalizability of the findings to other contexts. We believe that the propositions apply regardless of the service field, although the social context may be easier to identify in digital than traditional retailing contexts. Therefore, we encourage researchers to collect additional examples of service customer narratives and experiences in other service categories using, for example, blogs, customer diaries, customer feedback, personal customer service situations, and interviews. This would facilitate deeper contextual insights in different service fields, such as retailing, travel, and financial services. In such fields, customer communities or online forums are often used to elicit future value proposition ideas from a panel of current customers. Insights relating to imaginary future experiences can also be extracted from these types of forums using appropriate methods. Nevertheless, it should be noted that the subjective meaning of customers' consumption contexts may change over time. Thus, interpretive research approaches that adopt a longitudinal perspective and acknowledge the dynamic and iterative nature of value in the experience from the individual service consumer perspective are needed.

We encourage empirical studies that characterize value in the experience and reflect the epistemological and ontological position that knowledge is dynamic, intersubjective and intrasubjective, and socially constructed. While studies on customers' subjective value experiences in a specific lifeworld context will not provide generalizable findings for researchers and practitioners, they capture subjective value experiences in the social context. Thereby, they will facilitate a deeper understanding of how service customers make sense of their lived and imaginary value experiences in specific social contexts. Alternative research methods and techniques need to be developed to further explore subjective experiences in a social context. Future research on value in the experience would enable service organizations to make sense of how current and prospective customers make sense of their event-specific value in the experience in their own lifeworld. With increased understanding, companies may be better prepared to facilitate value in the experience and offer meaningful value propositions.

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**Table 5.** Future Research Directions for Value in the Experience

Implications	Topics and Propositions	Current Insights	Important Research Questions
Implications for understanding what value in the experience is	Individual social (P1) Social context (P4)	<p>Researchers should make explicit the perspective from which value is being analyzed and in which context.</p> <p>Researchers should also consider and acknowledge the social networks and lifeworld contexts of respondents.</p> <p>Both individual and collective value experiences should be considered and include sharing with others and nonmonetary service exchanges.</p> <p>The epistemological, phenomenological understanding focuses on subjective experience, which relates to past current and future events.</p> <p>Further research should also incorporate imaginary experiences in connection with lived experiences. This is particularly relevant in relation to new service innovations.</p>	<p>How does customer context affect customer value in the experience?</p> <p>Does individually constructed perceived value differ from socially constructed value in the experience?</p> <p>How is value in the experience shared with others?</p>
Implications as to what can be accepted as evidence about value in the experience	Lived imaginary (P2) Past future (P3)		<p>How do past and future lived value in the experience affect current value in the experience?</p> <p>How can value be optimized in future experiences?</p> <p>How can service organizations innovate by combining customers' lived and imaginary experiences?</p>
Implications as to what methods and techniques should be adopted for collecting data about value in the experience	Interpretive methods and techniques	<p>When focusing on value in the experience, researchers should use interpretive research approaches and methods that are flexible enough to include events that service customers see as relevant, despite the fact that events are related to the specific service, provider, or use situation at hand.</p> <p>Alternative research methods and techniques need to be developed to further explore subjective experiences in a social context.</p>	<p>What methods can be used to illuminate and interpret subjective and context specific value in the experience?</p> <p>How do interpretive methods and techniques complement objective research methods?</p> <p>Could other types of data, for example symbols, art, drama, or videos, be used to illuminate customers' sense making of their experiences?</p>

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