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Service Experience and Phenomena

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A Conceptual Paper
Service Experience and Phenomena – what actually happens?

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1- Abstract

The motivation of the paper comes from meeting Bob Lusch in London, UK, 2010, and discussion on service dominant logic principals. The interest level developed since the introduction of articles in marketing literature on service dominant logic (SDL) by Vargo and Lusch (2004a, 2008) and other authors. There have been further research articles in journals, which raised the relevance of various themes in SLD, and the lack of research into the service experience and what is defined as the phenomena (Vargo and Lusch, 2008, pp2). The research question is vital in the understanding of "experience" and "phenomena" in service marketing adding to theory and practice of SDL. This conceptual paper looks at the relevant literature (secondary research) on service experience and the phenomena of what actually happens, thus constructing a framework of service experience looking at levels of service experience (experience of meaning and emotional experience).

The findings found in response to the research question are that service, experience, phenomena and co-creation overlap and are judged in the real world based on our pre-conditioning (knowledge) and our disposition at the time. The conclusions that can be drawn are that service and the phenomena are based on exchange of information, which is judged individually at the time and in hindsight. The phenomena are based on our conditioning and patterns we consider as humans in the service experience, which makes the experience judgemental.

Key Words- Experience, Phenomena, SDL, Meaning, Emotion

Relevance to Marketing- The theoretical framework discussed in this paper can be of value to academics and managers interested in what actually happens in service experience and the related phenomena, which may influence better delivery of service.

Author Bio

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His research interest's lie in modern marketing methods, strategic marketing intelligence, customer insight, delivering value propositions, marketing and enabling new marketing technology, and recently higher education marketing. In addition, he has written books and journal articles and externally lectures on (CEM) and marketing higher education as an academic visitor or to industry.
2- Background

In the Vargo and Lusch (2008, p2) paper the authors define one of the general issues raised by other researchers of their (2004a) paper as "observation that we were not sufficiently explicit on our acknowledgement of value creation being phenomenological and experiential in nature". Although some of this question(s) were addressed by Vargo and Lusch (2006, and 2008) papers, as the authors point out they do not "own" SDL. It is "evolving" and the SDL guiding principals will be improved as knowledge renewal is a constant (Ballantyne and Varey, 2006).

3- Literature

3.1 Definitions (service, experience, phenomena, co creation)

Service

There are eleven forms of service definition in the Webster dictionary (2011) the most relevant are "the occupation or function of serving"; the work performed by the one that serves"; a facility of supplying some public demand. Services marketing are a sub field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast moving consumer goods (FMCG) and durables) and services marketing. Services marketing typically refer to both business to consumer (B2C) and business-to-business (B2B) services, and include marketing of services like telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services. The range of approaches and expressions of a marketing idea developed with the hope that it be effective in conveying the ideas to the diverse population of people who receive it.

Services are economic activities offered by one party to another. Often time-based, performances bring about desired results to recipients, objects, or other assets for which purchasers have responsibility, See Appendix A.

In exchange for money, time, and effort, service customers expect value from access to goods, labour, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.

There has been a long academic debate on what makes services different from goods. The historical perspective in the late-eighteen and early-nineteenth centuries focused on creation and possession of wealth. Classical economists contended that goods were objects of value over which ownership rights could be established and exchanged.

Ownership implied tangible possession of an object that had been acquired through purchase, barter or gift from the producer or previous owner and was legally identifiable as the property of the current owner (Lovelock and Gummerson, 2004).

Experience

Webster(2011) defines five definitions of experience they are " direct observation of or participation in events as a basis of knowledge"; "the fact or state of having been affected by or gained knowledge through direct observation or participation"; "practical knowledge, skill, or practice derived from direct observation of or participation in events or in a particular activity"; the length of such participation has 10 years' experience in the job"; "the conscious events that make up an individual life the events that make up the conscious past of a community or nation or humankind generally", "something personally encountered, undergone, or lived through"; "the act or process of directly perceiving events or reality".
Customer experience (CX) is the sum of all experiences a customer has with a supplier of goods or services, over the duration of their relationship with that supplier. From awareness, discovery, attraction, interaction, purchase, use, cultivation and advocacy. It can also be used to mean an individual experience over one transaction; the distinction is usually clear in context (Peppers and Rogers, 2008). See appendix B

Phenomena

There are three definitions of phenomena in Webster(2011) they are "an object or aspect known through the senses rather than by thought or intuition"; "a temporal or spatiotemporal object of sensory experience as distinguished from a phenomenon"; "a fact or event of scientific interest susceptible to scientific description and explanation"

Hunt (1978, pp11) "describes marketing adopts the perspective of trying to describe, explain, predict, and understand the marketing activities and phenomena that actually exists. This perspective describes what is". See appendix C

Co-creation

Co-creation is a form of marketing strategy or business strategy that emphasizes the generation and on-going realization of mutual firm-customer value. It views markets as forums for firms and active customers to share, combine and renew each other's resources and capabilities to create value through new forms of interaction, service, and learning mechanisms. It differs from the traditional active firm – passive consumer market construct of the past (Prahalad and Ramswamy, 2000). Co-created value arises in the form of personalised, unique experiences for the customer (value-in-use) and on-going revenue, learning, and enhanced market performance drivers for the firm (loyalty, relationships, customer word of mouth).

Value is co-created with customers if and when a customer is able to personalize his or her experience using a firm's product-service proposition – in the lifetime of its use – to a level that is best suited to get his or her job(s) or tasks done and which allows the firm to derive greater value from its product-service investment in the form of new knowledge, higher revenues/profitability and/or superior brand value/loyalty (Ramaswamy and Gouillart, 2010). See appendix D

In summary, service is the supply and exchange usually an intangible, the experience is what actually happens in the exchange, which drives an experience, which is sensory in nature. The service is co-created between the seller and the buyer through the exchange.

3.2 Service and SDL

Service is not a new topic in marketing. Pine, Gilmore were discussing the experience, service economy in the early 1990, what has changed is the emphasis Vargo, and Lusch (2004) have placed marketing emphasis on the dominance of service in our economies and the exploration behind this dominance by way of creating some logic of explanation. Vargo and Lusch (2011) try to defend their position in response to criticism. Notwithstanding this controversy, one has to recognise Vargo and Lusch (2004) basic principles of the conceptual transition to SDL:

- Providing service experience solutions
- Co-creation of value
- Financial feedback
- Value propositions
- Creating a complex but adaptive service system
- Building a value creation network in an organisation
- Understanding through dialogue
- A market with a SD orientation

Graph 1 SDL Principals


The SDL approach considers marketing curriculum reform and places emphasis on the following:

1. The fundamentals of marketing have a service dominance as 70% of key economies are now service economies (OECD, 2000, Service Economy Report)
2. Service dominance can build a competitive advantage.
3. Marketing is one element in a business process with a focus on the customer.
4. The design and delivery of value propositions from the customer perspective in organisational communications.
5. Developing and managing value networks for understanding (knowledge) from all organisational touch points.
6. Being open to the organisation and the customer co-creating value in services.
7. Designing and delivering service flow.
8. Understanding the wider role of marketing in society.

The logic of this approach would seem sound and does not in any way claim to tear up the theory and practice of marketing built up since McCarthy's (1960) 4Ps (product, price, place, promotion) popularised by Kotler which as any marketing student understands due to time and change shifted to the 7Ps with (people, process and physical evidence being added). Moreover, even the 7Ps of marketing are under question based on the new DNA of marketing (Seligman and Harrigan, 2009, Hulbert and Harrigan, 2011).
3.3 The Experience

The experience equates to involvement it is about connection Schmitt (2003) between the organisation and the customer in a marketing contextualisation. It is about taking the customer seriously and looking at the consumption of products and services from the customer position. These dimensions could include how a product or service performs or satisfies a need or want, what emotional attachment exists, and how the usage of a product or service may help a customer(s) relate to likeminded groups. To put experience into perspective managing the experience is the process of strategically in marketing, managing a customer's entire experience journey with a product, service or organisation (Bradley and Lang, 1994; Russell, 2003).

The need for the experience approach is justified in marketing as it considers product or service value during decision-making, purchase and usage (MacMillan and McRath, 1997). According to Hekkert (2006) there are three types of experience 1) aesthetic 2) meaning and 3) emotion although identified separately they work in close harmony. Aesthetic experience is primary in a product context as a product can influence people by look, sound, feeling Norman, (2004) or in some cases smell such as freshly baked bread (Hekkert, Snelders, & van Wieringen, 2004). As the papers focus is on service focus here moves to meaning and emotion in summary.

3.4 Experience of meaning

In research by Crilly et al (2004), the author debates the components of the experience and the categories of semantic interpretation and symbolic association based on the personality expressed as characteristics created in communication. As humans we are influenced by our environment, our knowledge creates a cognitive response, and we understand that for example we can interpret linguistic expression (Gibbs, 2003) and physical expression by observation. Savas (2004) for example, promotes feelings of confidence, independence, relaxation, achieving, security, friendship, control, belonging when we buy and use a luxury product or service. The characteristics of the service have a profound meaning to us as individuals and send a message to others as someone who is discerning with related values to the brand of use.

It is the "semantic interpretation" by us that drives choice, and the "symbolic association" that drives individual and cultural differences, services have a meaning to us as individuals and premised by the value propositions we pick up and store in our conscious mind (knowledge) promoted in all forms of communication in our real world. Examples of experiences of meaning cover items like "attachment or a luxury items", something of symbolic value, an item or experience that has a profound or symbolic meaning (holiday, meeting someone, health, sunset).

3.5 Emotional Experience

Considered in emotion psychology emotion theorists (Smith and Kirby, 2001) for example view emotions as organised, very coherent and functional as the establish our position in a given environment in the real world around us. The position is about choice certain people, objects, actions, ideas pulling or pushing us (Frijda, 1986). In appraisal theory, an emotion is done by us doing an evaluation of an event or situation Desmet, (2002) it is our interpretation of an event rather than the event itself, which drives an emotional response either positive or negative. The appraisal can be described as our diagnosis that allows us to respond (Hekkert, 2004).
The appraisal is based on what we understand is knowledge; information received either the truth or distorted. O'Connor and Dermont (1996) in discussing neuro linguistic programming consider this point and here is an example. Mary and Jane live in houses next to each other and they are watching TV and their Mums are close by. Mary sees a blob on the wall and cries out to Mummy asking what it is, the reply is oh it just a spider, leave it alone and it will carry on in its world and not harm you. At the same time Jane next door sees a blob on the ceiling and cries out to Mummy asking what it is, the reply is oh my goodness it's a spider, do not touch it, it might bite and harm you, I must kill it. The next day Mary and Jane are in a park with Mums close by kicking a ball, which rolls into high grass, the girls follow. Next to the ball is huge spider Jane yells stop, do not touch it will kill you! Mary puzzled looks at Jane and states, it is just a spider do not be silly.

In short, the emotional experience is based on our conditioning, which is framed and appraised at the time, which forms our behaviour and attitudes, and this explains why we all react differently to an experience.

Can our emotional states be changed? Spitzer and Bandler (1992) believe they can through reconditioning of our anchors in our belief system; a good example is repositioning a brand using modern communication. VW on ownership of Skoda shifted the UK public mind-set of a Skoda being an emotive piece of junk of a car, to actually something the public now would consider buying. The emotional experience is therefore changeable and our reaction to what we know and understand as the truth.

3.6 Phenomena

In work by Hunt (2010), the author discusses marketing phenomena as a collection of items that make up what is called the scope marketing. The scope of marketing is broad and includes consumer behaviour, pricing, purchasing, sales management, product management, marketing communications, comparative marketing, social marketing, efficiency of marketing systems, marketing ethics, marketing economics, packaging, positioning, targeting, channels, research, wholesaling and retailing, domestic and international marketing, brand value propositions, planning and execution, analytics, assessment, product development and R&D, the list goes on and is subject to varying literature interpretations (Kotler, 1972, McCarthy, 1960, Kaplan, 1964).

However, there are many sides to what is called "phenomena" in marketing and in a service framework the phenomena is described as "what happens in the service exchange and experience", by using this description in this paper the assessment will be closer to phenomena in service and SDL. The behavioural approach in research is relatively new as most service research was around conceptual modelling (Zeithaml, 1988; Oliver, 1997; Sweeney, Soutar and Johnson, 1999).

Reviewing the Journal of Service Research looking at behavioural techniques some sixty-two studies were identified, many considered "unscientific" however, a conceptual foundation is starting to be established in literature and notwithstanding this point, and considerable behavioural research is needed. Behavioural phenomena embraced by the term “cognition” are distinctive in that commonly some portion of the performance is unobserved, and that portion that is observed is often insufficient to permit prediction or control.

Classical conditioning involves learning the relations between stimuli. In its simplest form, a neutral stimulus precedes a stimulus (the unconditioned stimulus, or US) that elicits a response (the unconditioned response, or UR).
Learning is indexed by the development of a response (the conditioned response, or CR) to the neutral stimulus (which is now a conditioned stimulus or CS). The interval between the onset of the CS and the onset of the US is called the inter stimulus interval (ISI). Stimuli that can become CSs may be discrete or more contextual, and they need not even be external (Bouton, Mineka, and Barlow, 2001). Responses to stimuli (both CRs and URs) may be as simple as an eye blink or more complex, such as approach and withdrawal. Originally thought to be due simply to contiguity between the CS and US, modern conceptions of learning in classical conditioning emphasize that the CS must provide information about the US, and that the CR is both elicited by the CS and anticipates the US.

According to Maslow (1971), there are general types of needs (physiological, safety, love and esteem) that must be satisfied before a person can act unselfishly. Maslow calls these needs "deficiency needs", and this is the driver of our behaviour.

However, stimulus of modern marketing creates needs and desires and is absorbed by us as individuals which we use when completing choice decisions, it moves from the subconscious to the conscious (Ryan and Deci, 2000, Franken, 2001).

In summary, if one accepts phenomena as behavioural which is based on conditioning through stimulus received, which creates knowledge, which then develops and drives a individuals response, it is the conditioning in a marketing context, which drives the phenomena in service and experience. The phenomena are what happen in the exchange, the need to know and understand from the seller and buyer positions: how to satisfy (Maslow, 1971).

Figure 1: Conceptual Phenomena Exchange Model

Source: Seligman, 2012

Based on the literature, the researcher believes, the "knowledge exchange" in services is complex and needs to consider 1) cognitive (to know, to understand, explore) 2) esteem (approval and recognition) 3) self-actualisation (fulfilment) 4) psychological needs (rapport, relatedness, bonding, needs and wants), 5) tangibles (options, price, payment, warranties, guarantees, servicing, personal details, delivery, installation) 6) intangibles (history, reputation, image, brand values) (Franken, 2001, Nohria, Lawrence and Wilson, 2001).

3.7 Co-creation

Co-creation of value has been one of the central notions in the recent development of service research. While it is important to take the inter subjective nature of value co-creation into consideration for understanding the phenomena of value co-creation, there has not been much discussion as to how to approach the phenomena despite existent approaches having limitations. (Wikstrom, 1996).
Co-creation is a form of open innovation: ideas are shared, rather than kept to oneself. It is closely connected to - and mentioned alongside - two other buzzwords: ‘user-generated content’ and ‘mass-customisation’.

There are two central dimensions that define types of co-creation: 1) openness (can anyone join in or is there a selection criterion somewhere in the process?). 2) ownership (is the outcome and challenges owned by just the initiator or by the contributors as well.). These two dimensions lead to the four main types of co-creation, club of experts, crowd of people, and coalition of parties and community of kindred spirits (Huston and Sakkab, 2006).

The five principals in co-creation are seen as inspire participation, select the very best, connect creative minds, share results and continued development. These principals create the best results and most spin offs from the co-creation process (Lakhani and Panetta, 2007).

4- Methodology

The research philosophy was phenomenological Remenyi (1998), as the researcher was interested in the need to discover looking for visible symbols and espoused values and their underlying assumptions (Schein, 1992). The approach was inductive as theory would follow data and consider the context (Easterby – Smith et al, 1991). The strategy adopted was action research, the focus on and emphasis on the purpose of the research: the management of change Cunningham (1995) as the researcher wanted to be explicit in developing thought and change within organisations on the research question posed.

Further, the study was cross sectional, and data was collected and analysed as follows:

1. Identifying sources of information, gathering data, normalising and analysing data.
2. The gathering of data systematically which engaged the researcher in investigating the literature covering some 269 journal articles and books up to early 2012.
3. Normalising the data through ensuring a process where key literature findings are identified and expressed in the paper.
4. The analysis of data was used to answer the research question, and make sense of the data collected.
5. Reliability was considered and managed through reduction in subject error as material was secondary from reliable sources and there was no observer error or bias. Validity was managed through the extensive literature search on the research question with the findings considered generalizable as the findings can be used in a range of industries and organisations (Raimond, 1993; Creswell, 2003)

5- Findings

The literature describes a topic map that is complex and layered when it comes to service and the phenomena within service: the experience. This means however, the discussion on service, experience, phenomena and co-creation partly overlap in marketing. The growing interest in service, experience and the phenomena in research reflect the usability of services in our culture and its usage volume.

Services are used to serve a range of purposes: they are used to satisfy a need and a want perceived or real by society. Service usage involves satisfying the service goals related to both parties. Whether a user achieves a goal is dependent on the properties of the service and the skill of the parties involved in the exchange.
In some cases, goals are not achieved because of perceived barriers reflected upon, after the experience. The usability of the service, the extent to which a user can employ a service to achieve a particular goal is down to the services operational usability and effectiveness (Dyche, 2001).

The concept of usability is considered relevant because service is a process of two parties as it focuses on the relationship between the parties, as well as the purchaser's relationship with the service after purchase. The construct of usability is similar in many ways to experience: they are both relational, an outcome of human interaction. This interaction drives the experience, as usability is an affective experience that is the usability influences change (Scherer, 2001). Usability in services involves goal attainment, which in appraisal theory is one of the primary dimensions of the service experience (Blattberg, Getz and Thomas, 2001). Events that are appraised as providing for goal achievement elicit positive emotions, which is part of the phenomena.

Phenomena drive positive or negative emotions such as frustration, anger, satisfaction and happiness. Hence, services that are co-created through engagement are more likely to elicit positive emotions as they are seen as more valuable. The level of experienced satisfaction (a pleasant emotion) is often considered the value of the services usability and delivering on the service promise (Lindgaard and Dudek, 2002).

People respond to services differently, the experience phenomena outcome is a human service interaction and thus dependent on what emotive and dispositional characteristics are around at the time. People as individuals have different thought patterns and values and thus their response to events vary. Desmet, Hekkert and Hillen (2003) found a correlation between one's personal life and described values. The relationship between service experience and values is of interest to marketers and scholars, as it studies culture and implicit and explicit values (Kim and Lee, 2005). Which leads to better understanding and although literature is inconclusive at present, there are correlations between culture and experience based on work by (Schein, 1992).

6- Conclusions

The debate on service experience and the phenomena considers the effect of experience concepts (Lewis, 1996; Gummerson, 1997; Flint and Woodroof, 2002). This variety is of direct value for the exploration of what are the phenomena in services and related experience. The process of service, experience, phenomena and co-creation are linked and are influenced by human behaviour and attitude at the time, as well as the quality of the communication exchange. In this context, the four components identified have an influence on the relationship and interact with cognition and behaviour, as well as each other. Although the four components are seen as simple, they are made complex due to real world activity, which makes them feel complex, multi-layered and interactive.

There has been a shift in service focus from user behaviour and cognition to the user's affective experience and involvement in the human service interaction and delivery. The paper, on assessment of the literature, identifies as marketers there is a need to understand affective experience and consider behaviour, cognition and that experiences in services are human.

The phenomena come from the exchange and are judgemental based on prior conditioning (knowledge) through communication, and as seen in our real world environment.
The phenomena patterns require further research; however, pattern recognition and pattern prediction is within our reach (Scheurmann, 1996, Bishop, 2006). Issues in service of 1) degree of complexity 2) economic theory 3) determinism 4) ambiguity and 5) ignorance in the service phenomena, provides a rich vein of future research.

7- References


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8- Appendices

Appendix A – Service

Appendix B – Experience

Appendix C – Phenomenon

Appendix D – Co - Creation
Appendix A – Service Model

- **Dependability**
  - Consistency, 24/7, History, Reputation

- **Knowledge and Courtesy**
  - Customer, Product, Price, Behaviour

- **Tangible and Intangible Evidence**
  - Systems, Processes, KPI’s, Management

- **Trust and Confidence**
  - Warranties, Guarantees, After Sales

- **Individual Attention**
  - Empathy, Understanding, Rapport, Communication

- **Capability and Capacity**
  - Touchpoints, Data bases, Mining, Offers

Source: J. Seligman, Service Model, University of Southampton
Appendix B – Experience Model

Phenomena
"What happened"

Processes
"How and what made it happen"

Outcomes
"Why it happened and its importance"

Source: J.Seligman, Experience Model, University of Southampton
Appendix C – Phenomena Model

Source: J. Seligman (2012) University of Southampton
Appendix D – Co-Creation Model

Clear Objectives both sides

Right Customers to engage

Needs and Wants specified

Design limits construction Price

Shared Value Identified

Overcoming Resistance to Change

Source: J. Seligman (2012) Co-Creation Model, University of Southampton