

Value Co-creation at Service Encounters: A Practice-theoretical Approach

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ABSTRACT

Purpose –

- To explore and describe how the different elements of the service encounter are dynamically integrated through service practices at extended service encounters in high customer participation services (HCPS);
- To analyze the dynamics of resource integration and value co-creation through service practices at extended service encounters in HCPS
- To see customers as practitioners who integrate resources in a phenomenologically, interactive, co-created, and dynamic process of value creation in value systems (Normann 2001; Prahalad & Ramaswamy 2004; Ramirez 1999, Giraldo et al 2010)
- To contribute to better understanding value co-creation processes in socio-historical activities contributing S-D Logic understanding of what value-in-context really means (Vargo & Lusch 2004; Vargo & Lusch 2006; Vargo & Lusch 2008)

Design/Methodology–

The empirical research question is what are the practices and their character for value creation at service encounters for the contexts of postgraduate higher education and taerobics (fitness practice), and the focus is to understand the dynamics of value co-creation and customer participation at service encounters.

The aim of this paper is to explore these dynamic service encounters as social practices (Engeström 1987; Reckwitz 2002; Korkman 2006; Shove et al 2012). We develop a frame that helps us understand how and why the different elements of the service encounter are integrated in the value co-creation process through service practices, exploring the service encounter as a mediated, contextual, system of activity with embedded tasks, actions, and interactions (Engeström 1987; Nardi 1996) where customers are just one element of the system.

Findings –

We demonstrate that service users are not only decision makers but also active human beings embedded in a cultural, socio-historical context, who construct value through practices that are dynamic, dialogical and negotiated, aiming to get shared understandings with other elements of the practice, especially with service providers and social communities.

Research limitations/implications –

This is qualitative study that uses a range of methods to triangulate the data so that the analysis can be credible and transferable to similar settings. A thoroughly grounded understanding of situated service encounters is provided.

Practical implications –

The two-by-two matrices produced are a practical, useful tool for managers seeking to improve service encounters.

Originality/value –

The key outputs of this study are two matrices that demonstrate the transformative potential and the range of value creation options in high customer participation service encounters.

Key words (max 5)

Practices; value creation; transformative potential; service encounters

Paper type –Research paper

1. Introduction

There seem to be different views on how customer value is created at service encounters. On the one hand, traditional economics and marketing views of value creation, such as the Goods-Dominant Logic (G-D), are focused on the exchange of manufactured units of output with embedded value (value-in-exchange), seeing consumers as mere passive value receivers who assess value as a form of internal negotiations about sacrifices and benefits involved in service relationships. On the other hand, contemporary views of value creation, such as the Service-Dominant Logic (S-D), consider the idea of value embedded in service ecosystems and contextually and idiosyncratically determined (Vargo and Lusch 2008) where organizations must support customers to integrate their own resources and facilitate their efforts to co-create value with them (Grönroos 2011) seeing customers as active value co-creators.

This appealing idea of value being co-created at a process managed and supported by the consumer during consumption is the focus of current attention in the marketing literature. This is in fact a customer-oriented view of customer value creation, which takes into account the active role of consumers seeing them as resources (Constantin and Lusch 1994) who integrate resources and co-produce value, a view which has been previously proposed by various service researchers and scholars (Normann and Ramirez 1993; Ramirez 1999; Normann 2001; Storbacka and Lehtinen 2001; Prahalad 2004) and has been more recently considered by Vargo and Lusch in their S-D Logic (2004; 2006; 2008). Nevertheless, the idea of customer value creation at service encounters seeing consumers as individual resource integrators who participate doing tasks and actions as linear workflows in value co-production processes still seem to miss the complex nature of human beings who are embedded in socio-historical contexts and systems.

Consequently, there is still room to give a more detailed interpretation of customer value creation at service encounters, taking into consideration that the service encounter is a process which has been traditionally and myopically considered as a dyadic “moment of truth” (Carlzon 1987) for service exchange. According to this myopic view, individual consumers rationally and economically perform actions and operations as a sequence of steps in order to receive value and satisfaction from a service provider, something which might be possible in a closed system. Nonetheless, when seeing value creation from anthropological, sociological, and cultural psychological points of view, such as practice theory (PT), a more intricate representation of this phenomenon is exposed. Following this latter rationale, consumers participate and act as human beings socially constructing meanings in open socio-cultural systems that may be described as multi-dimensional, occasionally chaotic, not always economically purpose-oriented forms of socio-

historical relationships. This reality is applicable to service encounters as a context since service encounters are gatherings of human beings, materials, cultural images, meanings and actions. Finally, the examination of value creation in service encounters as social practice benefits from the findings on Consumer Culture Theory (CCT) which can cover consumption from pre-purchase activities to post-purchase activities (Holbrook 1987, Arnould et al 2003) covering experiential, emotional, symbolic and sociocultural aspects of consumption (Holbrook and Hirschmann 1982, Arnould and Thompson 2005)

Drawing from S-D Logic, CCT and PT, the aim of this paper is to explore the dynamics of value co-creation in service encounters as a social practice (Engeström 1987; Reckwitz 2002; Korkman 2006; Shove et al 2012), exploring the service encounter, as a mediated, contextual, system of activity with embedded tasks, actions, and interactions (Engeström 1987; Nardi 1996) where customers are just one element of the system. In this paper value creation in service encounters has been studied with a practice-theoretical (PT) lens (Korkman 2006: Holtinnen, 2010). This paper aims to contribute to the literature in value creation in service encounters by extending its scope from exchange interactions drawing from G-D Logic, economic, and cognitive standpoints to socio-cultural activities drawing from S-D Logic, PT and CCT viewpoints. It also aims to contribute to S-D Logic to provide a better understanding of what value-in-context really means.

The paper develops as follows: First, We synthesize the viewpoint of S-D Logic, PT and CCT which sheds light on value creation in service encounters through three principles. Second, based on these three principles, we introduce a proposition that guides data collection and analysis. Third, we comment on research design, methodology and analysis. Fourth we provide the findings on the cases in high customer participation services. Fifth, we propose the transformative potential for service encounters by the means of two 2X2 matrices. Finally we present the conclusions of the research.

2. On Value Co-creation at Service Encounters (SE)

2.1. Value is Co-created at SE through resource integration

Service encounters can be studied as practical constellations of activities that integrate resources. As a matter of fact, service encounters are contexts where more or less habitual actions among organized behavior systems (i.e. service providers – service users) are carried out. Furthermore, service encounters are embedded in a wider social structure in a determined socio-historical context where value is essentially co-created through everyday service practices.

Value creation for the customer in service encounters takes place through the amalgamation of their own and other resources which are present in the service activity. As a result, the firm and the customer might be identified as “resource integrators” (Lusch & Vargo 2006; Vargo & Lusch 2004: 2008) in activities in which the service provider should become a value facilitator, (Grönroos 2011; Normann 2001) helping the customer to actively participate in their own value creation through the processes of acquisition, use, and disposal of service offerings through consumption (Holbrook 1987) from pre-purchase activities to post-purchase activities (Arnould et al 2003). In addition, customers may assist service providers in varying degrees by effectively using their resources (i.e. effort, skills, networks) through co-productive practices bringing potential benefits for companies (Lovelock & Young 1979).

Resources refer to whatever element service providers and service users exercise for creating value, which could be either their strengths or their weaknesses. Constantine and Lusch (1994) have classified resources as operand (static in nature) resources and operant (dynamic in nature) resources. Moreover, value co-creation entails the link between firm resources and customer resources and is dependent on customers’ performance or use of their resources over service providers’ resources within the usage context. Arnould et al. (2006) argue that operant and operand resources closely interact with one another in shaping customers’ activities and customers employ their operand resources as well as firms operant and operand resources influenced by the configuration of their operant resources. However, this constellation of resources (i.e. skills, knowledge, emotions, networks, socio-cultural resources, physical materials, cultural images, dispositions) remain merely a potential resource for individuals and collectives until they are integrated into an actual labor process (i.e. service encounter) where in it becomes active, value-creating labor (Daniels & Warmington 2007; Warmington & Leadbetter 2010).

Consequently and taking into consideration the social realities of the actors at service encounters and the elements they use, value can be considered as a constellation of socially constructed desires, meanings, artefacts, preferences, and performances, that occur prior to, during and after the actual use and exchange take place (Arnould et al 2003). All these elements are historically dependent and have the potential to evolve as the system experiences contradictions, or new elements are introduced to the system (Engeström 2001) in resource integration. Therefore, customer participation integrating resources in value creation in service encounters move their emphasis from dyadic interactive moments for exchange to historical, practical, socio-cultural contextual activities of everyday life (Korkman et al 2010) (see figure 1).

ILLUSTRATION SHIFT SUGGESTED FOR THE STUDY OF SERVICE ENCOUNTERS

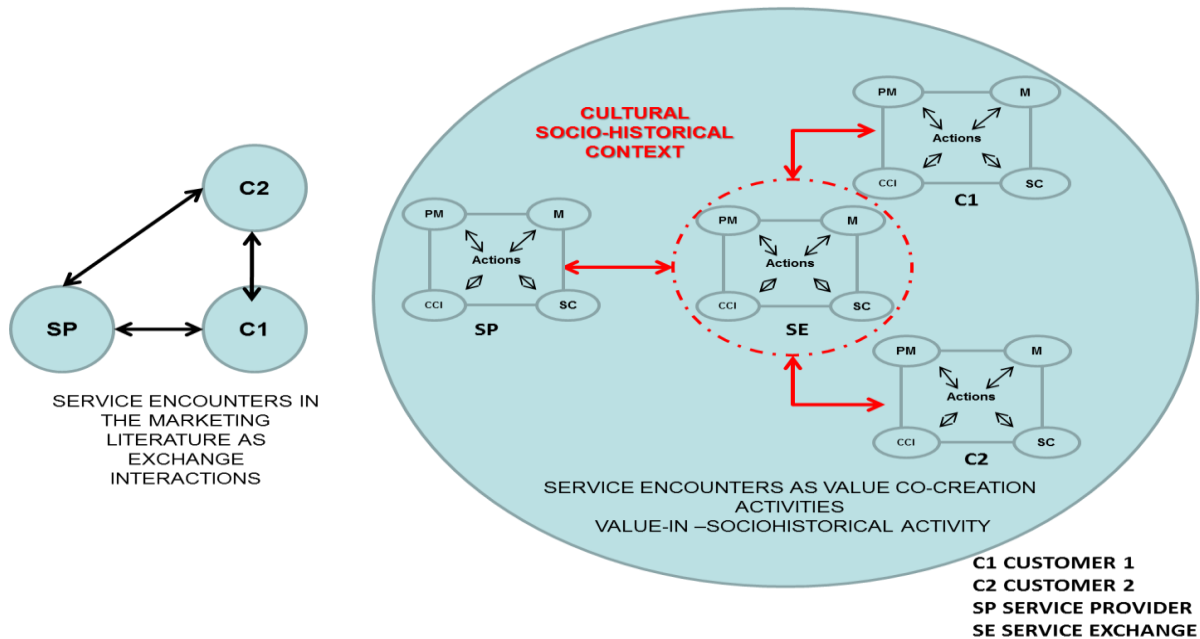


Figure 1. Illustration of the Shift Suggested for the Study of Service Encounters (Developed by authors)

To conclude, value creation takes place within a cultural socio-historical context where value emerges from a network of resources rather than just individual agents (Gummesson 2006) within the complexity of a social phenomenon in general and a business in particular (Barile & Polese 2010) through different users' activities (Engeström 2001;Korkman 2006). User's intentional participation in the activity is an explicit indication of its value creation (Holttinen 2010). Consequently, customers' participation in resource integration and value co-creation at service encounters depends on the way service providers understand user activities (Korkman 2006). Service encounters as activities are powerful but they are also a subject of intervention for any of the value creation elements (users, providers, mediators) which can develop the activity further, since activities and value creation elements are subject to change (Holttinen 2010). So service providers should be interested in improving user activities at service encounters to facilitate the construction of an important position for themselves in the user's life (Korkman 2006).

2.2. Value is Co-created at SE through Practices

The practice-theoretical (PT) approach to customer value in service encounters integrates the subject and context, the mind and body into a total system of consciousness (Engeström 1999;Vygotsky 1978). Normann and Ramirez (1993) claim that is risky to manage service development just based on customers identifiable needs, in fact, service providers should have an understanding of the activities they can either enable or relieve customers from, since service

systems are living dynamic processes which had better not be dissembled for analysis (Shostack and Kingman-Brundage 1991) but should each be treated as a whole (Normann 2001).

The concept of practice refers to “ways of doing” which are present in contexts of both subjective and objective connected elements (Korkman 2006). Consequently, practices are not identical to action and behavior, but broaden the unit of analysis to a whole that explains the systemic total that promotes action. In fact, practices are contexts where actions take place (Schatzki 2002) and are practical, contextual, based on shared understandings and considered as dynamic constellations (Korkman 2006). Practice theory can be considered as a fragmented body of theories that include disputes of central questions in the different kind of elements which are part of it, and the different roles these elements play for the analysis of social systems.

Engeström (2000) posit that it is not possible to examine actions disconnected from its social context as they are situated in a social context and are impossible to understand without that context. Furthermore, Reckwitz and Schatzky agree that practices are social even though the people involved in the practice do not always know each other; however, Schatzky calls for a more individualistic approach using practical intelligibility as a distinctive element which basically help individuals to make sense of practices on their own. Other authors such as Warde (2005), Shove and Pantzar (2005), Korkman (2006) and Shove et al (2012) make their own elements either reflecting or without reflecting on how they relate to the elements proposed by Engeström, Reckwitz or Schatzky. Table 1 shows the key elements used for understanding practices used by different researchers

Engeström (2000)	Reckwitz (2002)	Schatzky (2002)	Warde (2005)	Shove, Pantzar, (2005)	Korkman, (2006)	Shove, Pantzar, Watson (2012)
Subject	Body	Practical Intelligibility/Practical Understanding	Understandings	Competences	Subject	Competences
Community	Mind	Rules	Procedures	Products	Tools and Know How	Materials
Division of Labor	The Agent	Teleo-affective structures	Engagements	Meanings	Images	Meanings
Rules	Structure/Process	General Understandings	Items of Consumption		Physical Space	
Tools	Knowledge				Actions	
Object	Discourse/Language Things					

Table 1 Key Elements for Understanding Practices

From this array of multiple contributions from diverse theoreticians, and building from the different elements used by different authors to understand practices, there is a group of common standards for which can be determined as fundamental principles of practices. These commonalities found in

the literature are: (1) Practices are pragmatic and situated; (2) Practices are systemic and contextual; (3) Practices are everyday life understandings; (4) Practices are dynamic arrangements.

As a result, the concept of practice allows us to study value co-creation in service encounters as practical, dynamic, and contextual moving forward value creation as inherent and embedded in the practices of living in the social world. With this view, customers become practitioners in their different contexts of everyday life activities, being just participants (resources) who are embedded and sometimes (re)invented in the service encounters they participate in. This means, that the focus on value creation is taken away from “the self, the customer” responding to mental stimulus, since individual perceptions of reality do not provide a sufficient understanding of customer participation in value creation in service consumption. In fact, the practice per se (in our case, studying; working out) and the context the practice is embedded in provide a better picture of this social phenomenon.

2.3. Value is co-created at SE through Performance

By using practice theory to underpin service encounters the researcher explored “ways of doing” rather than “ways of thinking”. It is important to note that practice is not synonymous with action but it rather expands the analysis to the system that fosters actions. Therefore, by seeing service encounters as performances by the practical lens there is an emphasis in the interlinks among, motives, skills, physical tools, cultural images, and social communities and defines reality as emerging from “doings” in which these elements are orchestrated into specific forms of activities (Shove and Pantzar 2005; Korkman 2006; Shove et al 2012). Empirical accounts of activities are described in the doings of participants rather than the perceptions of this people according to the tradition of ethnography (Arnould and Wallendorf 1994; Korkman 2006). In fact, consciousness is not a group of separate disembodied cognitive acts such as decision making or remembering, and surely not just located in the brain; rather, consciousness is located in everyday practice: you are what you do (Nardi, 1996; Kaptelinin and Nardi, 2009)

The study of service encounters as practices presented in this paper, argues that services encounters are performances where the interacting parties are involved in each other practices (Gronroos and Ravald 2011) within a social structure in a social system. A practice-based approach for service encounters turns interest to usage and consumption of both service provider systems and service user systems, and posits that the creation of use-value is embedded in the historical, socio-cultural improvement of practices in social systems. This means that both service provider and service user systems should pay attention in how resources are put into work at service encounters as a part of subjects’ everyday life activities which are enabled or constrained by the social structure they are embedded in within a social-historical system they belong to. Service providers should perform

their roles supporting service user's in their value creation by understanding and providing resources that fit into their service user's practices and by helping them to make a better use of those resources.

Finally, the following proposition was formed to extend understanding of value co-creation at service encounters and guide the data collection and analysis:

Participants (service users-service providers), further elements of the service encounter, and service encounter structures, cohabit in an interdependent relationship when participants recreate service encounter structures through their individual everyday life acts co-creating value. Service practices may be transformed when practitioners resist using, ignore, or replace service encounter structures and elements, or reconfigure them in a way that differs the way it has been historically reproduced. This interdependent duality between service practices and service encounter structures is the basis for enhancing value co-creation and development in service encounters.

3. Design/Methodology/approach

3.1. Design

The research was conducted in Barranquilla, Colombia, and the different sites where value co-creation practices were explored can be considered as high customer participation services (Higher Education and Fitness Services). This is a type of encounter with several interactions between customers with different members of the service workforce, where subjects aim for transformations of their minds and bodies.

The empirical research question is what are the practices and their character for value creation at service encounters for the contexts of postgraduate higher education and fitness, and the focus of the paper is to understand the dynamics of value co-creation at service encounters as practices. This main empirical research question is worked out using Wolcott's categories (description and analysis) for transforming qualitative data from ethnographical studies (Wolcott 1994).

Data from 20 interviews to administrative staff; alumni; students; and lecturers in postgraduate higher education, and 11 interviews to administrative staff; participants; and instructors of taerobics, as well as descriptive and analytic notes from participant and non-participant observations for both contexts taken in the period of five months of fieldwork were converted into initial codes in turn to populate and define sub-categories and themes for use in the detailed analysis of the two cases approached. The design was a multi-site case study in contexts where is absolutely necessary the

active participation of customers in resource integration and co-production of the service for value co-creation in service encounters. Those practices were explored through ethnographic methods with the idea of understand the cultural and social creation of value, rather than the cognitive evaluation of the sites. Cases are instrumental ethnographic accounts which help the researcher understand the way practices can be documented, analyzed, developed, and written about (Stake 1995)

The rationale behind selecting a multiple case study resides mainly in two reasons. Firstly, the researcher purposefully selected the different cases in high customer participation services, which imply a subject transformation (Higher Education and Fitness), with the idea of exploring how and why different sites and contexts support value creation the way they do. Subject's participation in value co-creation practices in extended service encounters, focus on how and why different elements of the practice influence customer (un) desirable behaviors in value co-creation at service encounters. The idea of value co-creation in practices is to reflect either in the possibility to do something that has not been done in the past or to dismiss something that is currently being done (Engeström 2000).

Secondly, it is also important to notice how social structures affect dramatically the way practices are carried on in the contexts analyzed. These social structures represent the platform for the social, the political and the historical which act as embedded rules that are sometimes either taken for granted, or sometimes act as main justifications for practitioners observed behaviors (Giddens 1984). As a result, aspects as corruption, inequality, abusive use of power, and sly behavior (Yunis 2003) were somehow present in the practices that were observed and analyzed in the fieldwork; however, they were not the center of the analysis in this research project. With the globalization of Consumer Cultural Theory (CCT) manifestations of consumption practices in countries which were former colonies of more powerful counties and in less developed countries are a promising sphere for further inquiry (Arnould & Thompson 2005).

3.2. Methodology

The research approach taken was a materialistic practice-theoretical approach (Engeström 2000; Reckwitz 2002; Korkman 2006; Shove et al 2012) as researchers focused on the service encounter as a socio-historical space for service activity with a transformational potential (Engeström 2000). This research approach makes possible to analyze human activity focusing on dynamic interaction and consciousness surrounded by a pertinent environmental socio-historical context.

This research approach is a valuable tool for framing how value creation functions in value-creating systems (Alderson 1965) because it focuses not only in the transmission of a fixed value proposition to a consumer, but also the inter-organizational negotiations, personal communications, rules, and so on; which are not in wonderful isolation but involve various open and organized behavior systems, with motivations somehow in rivalry, made up of potential resources such as actors, physical tools, social communities, cultural images and motives. This gives the approach a sufficiently complex and dynamic theoretical frame to, in turn, provide a more comprehensive understanding of the service encounter and how and why value is co-created and resources integrated in this socio- historical activity.

3.3. Analysis

The accounts in this paper can be considered as practical but showing a thick description of a human behavior explaining not just the behavior, but its context as well, such that the behavior becomes meaningful to an outsider (Geertz 1973). The iterations between emic and etic understanding evolved during the whole research process, and resulted in a reliable description of one “truth” in two high customer participation services (Higher Education and Fitness) that also can be considered as extended service encounters, in the city of Barranquilla, Colombia.

Coding is considered as analysis (Miles & Huberman 1994) and once coding has been done a significant part of the analytical interpretation of the data is complete. Coding, on the other hand, is the analytic process of examining data line by line or paragraph by paragraph (depends on the style of the researcher) for significant events, experiences, feelings, and so on, that are then denoted as concepts (Strauss & Corbin, 1998)

Initially, following first cycle coding techniques (Saldana 2009), 168 initial grounded lump codes were produced from the study in higher education and 159 grounded lump codes were produced from the study in taerobics. However, building conceptual models require looking the particular themes and concepts in a different way, and to make links between them. As a result the initial grounded lump codes were further analyzed using second cycle coding methods following patterns of action (Saldaña 2009), based on the elements of the activity system in activity theory (Engestrom 1987) which were further developed into different principles for presenting the service encounter as an activity system based on other views of practice theory (Korkman 2006; Shove et al 2012, Giraldo and Halliday 2012). Thematic analysis was used for doing post coding and pre writing.

4. Findings

The practical nature of reality make possible to explore the embeddedness and pervasiveness of service and customer value in customers' life activities. Therefore, services can be rebuilt to explain the forms they maintain, empower, or reinvent customer practices in a contextual dynamic manner.

4.1. *Practices on High Customer Participation Services*

High customer participation services appeared to be very interesting contexts to explore practices due to the complexity of actions and the constant movement of motives that influence subject active participation in value co-creation. In high customer participation services subjects should really act as operant resources, for without their active participation integrating resources, is not possible to construct the actual potential value at service encounters. Therefore, ethnographic accounts of those practices provide a way of digging deeper into those systemic structures of value co-creation at service encounters.

4.1.1. Taerobics as Practice

“What is the motive for coming to Taerobics? Why is it the class full of women with just a couple of men participating? Are there participants who do another kind of exercise apart from Taerobics? The class seems really repetitive and routinary, why participants come to a class like this at 5:30 A.M. everyday? why have they been coming for a long time as the instructor told me before the class? The activity seem individualistic and work-like but it also has some touches of community and hedonism; it seems that people who come to class are really disciplined, care about their well-being and come to have a real workout” (Analytic Note Nov. 9/10)

The practice of Taerobics goes further than the encounter or class at the studio. Indeed, the studio is just a physical servicescape where different actions and practices are carried on; some of the practices (especially administrative) are very similar to different administrative practices happening at other places. Some practices at the studio are also similar to some practices at different workout places such as gyms, martial arts dojos, and dance studios; however, there are some others which seem very typical to the practice of taerobics. Nevertheless, the practice of taerobics can be defined “sacred”, and, a form of “vice” or “addiction” as it can be concluded by the following excerpts from some interviews to participants.

“At home they know that exercise for me is sacred. On Saturday I take two taerobics classes, from 8 a.m. to 8.30 a.m. and from 8.30 a.m. to 9.30 a.m. My daughter then tells me: “Mom, I have to be at 9 a.m. at a volleyball match”. And I tell her that she can go, but she has to leave with me at 7.45 a.m. She starts grouching and I tell her that I can leave her at a friend's house and give her other alternatives, but I don't stop the class. My children, for instance, if I have a special family activity, then I don't go to the academy” (Shosanna Dreyfus, Taerobic Participant)

“because it (taerobics) has become like a vice for me, because I go there and every time I go, I want to keep going and go more and more times, and sometimes I even want to do two classes per day” (Karen Kim, Taerobics Participant)

Taerobics are also an important part of everyday lives of participants, a part of their daily everyday routines, routines which are somewhat stable and predefined in the sense that there are not too many deviations. This can be seen in the following excerpts.

"M: What's your everyday like?"

VG: I wake up in the morning, I go to the studio (taerobics), then I take a shower, and I start doing cheese sticks and other fried snacks because I sell them..." (Vernita Green, Taerobics Participant)

"My day starts at 4.30 a.m., I leave at 5 a.m. for the academy (taerobics) and sometimes I stay there for an hour or if I can I stay there for an hour and a half, and I take the taerobics classes. Then I come back, I start working at 7.30 a.m., and I finish at 6 p.m." (Sofie Fatale, Taerobics Participant)

The practice of a taerobics class can be considered as a form of "habitual behavior" that does not allow too many variations or changes. On the other hand, motives for doing a taerobics class are constantly evolving and moving, especially for newcomers; then processes of reflection and learning from the experience of doing taerobics help practitioners construct much more realistic expectations and integrate resources accordingly to the "transformational intent" that is pursued. Habitual behavior is learned through repetition and mimetically. It refers to the participant's tendency to perform the classes (and life) in such manners that are very routinized and match practices of other participants.

Even though there are not explicit written rules and principles at the taerobics practice, subjects (participants, instructors, administrative staff) behave respectfully towards each other in a community that has the firm intention and determination of doing good exercise and improving class after class. Those principles are highly influenced by the practice of Taekwondo. This is shown in the following excerpts from the interviews

"M: What are the rules that apply for a taerobics class?"

SF: Perseverance, concentration, coordination, sacrifice, so you can do the exercise well" (Sofie Fatale, Taerobics Participant)

"M: How can you show these four principles in taerobics?"

VV: So, the way in which we transmit that from martial arts is through the counting and screaming, the environment, don't worry about the people around you, push yourself to the limit, have a good time...the idea is for them to get the confidence, the discipline to the training, the respect is more within yourself and the control is to not give up. We do it through a friendly and fun environment...I think I didn't explain it too well, but by you taking the classes you know what I'm saying." (Vincent Vega, Instructor)

With the transformational intent, the researcher refers to the interpretation that most participants tend to have the initial motive or "losing weight" or "getting fit" which moves towards the practice of "living a healthy life" in which taerobics is just one important element of such practice. Although, the transformational intent can be considered as something individual at first, the sense of community and the interventions of some other different elements of the practice of taerobics highly influence the way participants actively participate in co-productive service encounters. The sense of community, the motives of "feeling good" and "getting healthy" create a much more relaxed

environment in which different participants and elements of the practice support actions that enable subject's active participation in value creation.

In some cases other participants influence active participation in value creation, in others some physical tools (e.g. music, dumbbells) influence it, but the idea of concentration and motive pursuing (e.g. feeling good, getting healthy, finishing the class) of individual participants is not only central to communal participation and the active transformation of the practice, but also a superior, differential attribute of the value proposition of taerobics. This can be observed in the following excerpts:

"Everyone says hello, everyone is awake and talking about the class...everyone is concentrated. ... It's a nice environment, and you can see that people go to class because they want to be there, but they don't go to chat with other people, they are all there because they want to exercise, do the movements, raise your leg and work hard for it. I love that. I get there and it's really enjoyable" (Mallory Knox, Taerobics participant)

"The people who go to the 5.15 a.m. class is like...you don't feel that they are in class, they are just thinking about the report they have to present or the meeting they have to attend. Although they are doing taerobics, it's not like the people that go to the next classes...these people are more relaxed, they don't have to think about so many things, and they enjoy the class more, and I feel that energy and it gets to me" (Clarence Worley, Taerobics Participant)

In Brief, a service encounter in the taerobics practice is a way of "working together". Taerobics classes are social spaces where participants workout integrating resources and supporting each other through actively doing. Even though is also very noticeable that participants have different degrees of expertise all of them are focused on doing exercise and giving their best as it is shown in the following analytic note and the excerpt from an interview:

"A Taerobics class is a resource integrator, it brings the students, the instructors, the music, the dumbbells, the microphone, the mirror, the shouting together, all these resources interacting make a better class. Sofie Fatale mentioned the importance of skills for doing a good taerobics class, there are some movements more difficult than others, but the main idea for her is to give her best, "she likes to see her tired face" the more you sweat and suffer, the best the class it is" (Analytic Note 20-7-11)

4.1.2. Postgraduate Higher Education as Practice

Service encounters in higher education showed characteristics of being communal, social, collaborative, conflicting, emergent and political for the views and meanings of different subjects, which represent different communities. Those views and meanings heavily affected the way resources are integrated in value co-creation at those encounters.

Service encounters in higher education are communal, emergent and multi-voiced with transformational potential. They are contextually embedded and should be analyzed as a whole. Because of this state of multi-voicedness in service encounters the most dominant theme was the presence of contradictions among the different elements of the practice and the meanings pursued

by different communities. Resource integration is influenced by history, social position of the subjects within the practice and somehow more mediated by cultural images (i.e. imagination, dreams, opinions, tacitness) rather than physical tools (i.e. procedures, facts, guidelines, explicitness). Different elements bring history to the practice, therefore, it is very noticeable that participants have different degrees of expertise (i.e. academic and vocational) and bring some of their doings and habits (positive and negative) to their participations at service encounters which inevitably bring challenges to the practice of higher education. This view is presented in the following analytic note

“Higher education is a service which has a transformational potential and has several challenges for subject participation in resource integration (especially mental inputs) because of the contradictions presented on the possible meanings of the practice (studying for learning vs studying for a diploma), and the contradictions presented among the elements of the practice, such as the subject and the cultural images and unwritten rules (pleasing lecturers/pleasing students/corruption); the subject and the division of labor (position/voice/inadequate use of power) just to mention a couple. It is important to restate that the way I see service encounters are contextually embedded (altogether not just one element) and historical path dependant so there are some historical roots (Colombia as a Spanish colony, educational system) which influence those findings. (Analytic Note 20-11-11)

The Higher Education (HE) context can be considered as a group of highly related, interactional and communal human practices in which the main activity or core service is the co-created learning activity of its actors (Giraldo et al 2010). As it was mentioned before, the idea of the project has been always to dig deeper into the systemic and institutional structures of those communal activities and actions, which on the surface seem very simple but which are really intricate on a more broad sense, and how they enable/hinder actors performance in resource integration and value co-creation. The use of ethnographic methods help the researchers scrutinized in a deeper sense these aspects.

5. Practical Implications

5.1. Resource Integration and Value Co-Creation through Practices at Service Encounters

Value co-creation emerges in the dynamic reproduction and reconfiguration of elements and resources which are present at service encounters as they are integrated through actions carried by service users and user providers in service practices.

Service encounters can be enhanced through interventions in the activity concerning one or various elements of the practice. The transformational potential for service encounters for value co-creation at service encounters can be seen through two dimensions. The first dimension is related to linked/unlinked resources which refers to the integration of resources in practices and if they are integrated or not. There are some resources which being integrated may enhance the practice, as they are some others which being integrated just produce obstacles to value co-creation at service encounters. The second dimension refers to existing/new practices which refer to practices that

already exist in service encounters in the contexts, or practices which may be “benchmarked’ from other contexts to improve value co-creation at those encounters. These two dimensions produce a 2X2 matrix illustrating four possibilities of value co-creation at service encounters, three of them which may develop and enhance them. Figure 2 shows a 2X2 matrix regarding transformative potential at service encounters.

TRANSFORMATIVE POTENTIAL AT SERVICE ENCOUNTERS

	Existing Practices	New Practices
Unlinked Resources	Ex - Encounters	Proto- Encounters
Linked Resources	Habitual Encounters	Enlarged Encounters

Figure 2 Transformative Potential at Service Encounters

First of all, the researchers refer to *habitual encounters*, to encounters already established in which resources are integrated into existing practices. Those encounters are composed of practices subjects reproduce without even reflecting why they are carrying the actions they are carrying, integrating the elements present without acknowledging they may be some other elements that may improve the service encounters, or there are some elements which are being integrated that may hinder value co-creation at those encounters.

Secondly, with *Ex-encounters* the authors refer to possibilities of enhancing the service encounter by reducing the elements which are linked in existing practices. There are some elements of the practice that while being integrated through actions might endanger beneficial value creation in the service experience. There are resources considered for service providers as value-added which basically add discomfort or disjuncture to service encounters and make practices more complicated and less useful to service users. Also there are elements linked by service users (i.e. stubbornness, ego) without critical reflection which jeopardize and obstruct effective value creation.

Thirdly, with *Proto-encounters* the researchers refer to the potential to enhance value creation by making new links to resources which are at subject disposition but which are not being linked by actors in their current practices. There are elements at service encounters that subjects don't know they may use, or that they don't use because they are attached to habitual practices letting go big opportunities to enhance value creation at service encounters. It is important for service providers and service users to be aware of those resources which may reduce degrees of domination in value creation at service encounters (i.e. more knowledge)

Finally, with *Enlarged-encounters* the authors refer to the potential to enhance value creation at service encounters by bringing new elements from different contexts to better off practices. By doing benchmarking of different industries, countries, contexts, there would appear enormous opportunities to enhance value co-creation at service encounters.

In addition, value co-creation at service encounters can also be seen through two dimensions. The first dimension is related to one-party/balanced centricities which refer to the business logic of how value is created by either incorporating just one stakeholder (either the customer or the company), or multiple stakeholders to actively control the process of value creation. The second dimension refers to existing/new practices which refer to practices that already exist in service encounters, or practices which may be adopted from other contexts or developed from the same context to improve value co-creation at those encounters. These two dimensions produce a 2X2 matrix illustrating four possibilities of value co-creation at service encounters. Figure 3 shows the 2X2 matrix regarding value co-creation at service encounters.

VALUE CO-CREATION AT SERVICE ENCOUNTERS

	Existing Practices	New Practices
One-Party Centricity	Arbitrary Value Co-creation	Static Value Co-creation
Balanced Centricity	Exemplary Value Co-creation	Transformative Value Co-creation

Figure 3 Value co-creation at Service Encounters

First of all, the researcher refers to *arbitrary value co-creation*, to value creation at encounters already established in which value is co-created with one clear stake holder dominating the process of value co-creation. Those encounters are composed of practices where subjects reproduce actions in which they take advantage of their position over other stakeholders where value is co-created in favour of one of those stakeholders which gives opportunities for service providers to unethically take advantage of service users by creating value over the expense of the customer (i.e. overpromising, abusing vulnerable customers), or which give opportunities to service users who under the umbrella “the customer is always right” engage in sly, savvy and opportunistic activities which are detrimental of the service provider and some other customers (i.e. abusing front line service providers).

Secondly, with *Static value co-creation* the researcher refers to possibilities of keeping value co-creation in which value is co-created with one clear stake holder dominating the process of value co-creation as the support to create new practices. It is called static value co-creation because the process of development remains on putting one subject “truth” as the basis of service development without taking into consideration the huge role other networks of stakeholders play in the process of value co-creation. As in arbitrary value co-creation which is important is to study just one subject of the practice with a role of clear dominator of the process of value co-creation. Static value co-creation put emphasis on one stakeholder carrying the practice instead of the whole configuration of elements which make the practice alive.

Thirdly, with *Exemplary value co-creation* the researcher refers to value co-creation practices which take into consideration multiple stakeholders as the actors engaged in value co-creation. Within this view of co-creation stakeholders enhance their satisfaction, well-being, engagement, prosperity and participation since they are considered as an active part of the process of value co-creation at service encounters. Meanings, goals and interests for value co-creation of different stakeholders are aligned and service encounters that are organized in a way in which different stakeholders integrate elements coherently to those meanings, goals and interest pursued.

Finally, with *Transformative value co-creation* the researcher refers to the potential to enhance value co-creation at service encounters by bringing new elements and resources from different contexts and stakeholders to better off practices or through the evolution of elements of the existing practice which transforms into a new or enhanced practice. As a result practices are developed and taking forward by the active engagement of different stakeholders who openly participate in improving value creation. This transformation emerges from dialogical and constructive encounters where power doesn't have to be necessary balanced or aligned but well used.

Conclusion –

Service encounters are reproduced and reconfigured through the acts of everyday life practices. Indeed, service encounters are amalgamations of elements which function as a contextual, systemic, whole where value is co-created through resource integration. Furthermore, service practices are mediated by service structures which may enhance value co-creation and development at those encounters. Practices are remodeled through contradictions presented among the elements within the practice and also among different practices in a historical perspective. The transformative potential of service encounters is already presented in figure 2 where three of the fourth different options of service encounters show the potential change different forms of resource integration may produce in the process of value co-creation.

It is important to note that service users and service producers are the ones who carry on practices and they may resist, ignore, add, and reconfigure practices in different ways that practices have been historically reproduced. These potential effects of service encounters potentially experienced by practitioners and social communities might be intended, unintended, or even unknown by them; as a result they can be enhanced by intervening contradictions that arise among the different elements of the system in everyday practices.

Finally, service development and enhancement becomes thus not only the creation of a new meaningful service, but also the cultural reconfiguration of new forms of service activities which arise from dealing constructively and collectively with contradictions, and result in adopting an enhanced scope of possible actions preceding constructive methods of activity. Indeed, practitioners (service users, service providers, stakeholders) should be able to make interpretations and recreate possible opportunities to enhance service practices based on the whole systemic nature of value creation at those activities.

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