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Melissa Archpru Akaka Stephen L. Vargo

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Extending the context of service: from encounters to ecosystems

Melissa Archpru Akaka
Department of Marketing, University of Denver, Denver, Colorado, USA, and
Stephen L. Vargo
Department of Marketing, University of Hawaii at Manoa, Honolulu, Hawaii, USA

Abstract

Purpose – The purpose of this paper is to extend conceptually the context of service beyond service encounters and servicescapes by applying a service-ecosystem approach to context and experiential view on value.

Design/methodology/approach – We develop a conceptual framework of an extended service context that is based on an S-D logic, service-ecosystems view.

Findings – The service ecosystem approach proposed here contributes to the advancement of "services" marketing research by extending the context of service in two ways: its emphasis on service as the basis of all exchange allows the consideration of all instances of value-in-use, in-context, to be considered as a service experience; its conceptualization of context broadens the time/place dimensions that conventionally restrain research in service encounters and servicescapes beyond physical, social, symbolic and relational dimensions to consider the multiplicity of institutions across a wider socio-historic space.

Research limitations/implications – This paper offers a broad conceptual framework for considering an extended view of service context. Future research is needed, both conceptual and empirical, to identify more specific components of service context and how they influence evaluations of experience.

Practical implications – Extending the scope of service context draws attention to the participation of customers and other actors in the co-creation of the service context, as well as the experience. This points toward the need to consider the competences and skills of customers as well as their socio-historic perspective in the design and development of a servicescape or more specific service encounter.

Originality/value – We offer a dynamic perspective of service context to help further the reach of services marketing research by extending the context of service across a variety of exchange encounters and pointing toward institutions as a central influence on phenomenological views of experience.

Keywords Co-creation, Context, Service ecosystem, Institutions, Service-dominant logic, Service experience

Paper type Conceptual paper

1. Introduction

The study and practice of "services" marketing was born out of the need to understand and deal with "unique" market offerings that are not effectively explained by goods-centered models (Judd, 1964; Rathmell, 1966; Shostack, 1977). These distinctions have helped to highlight dynamic aspects of exchange the nature of services – e.g. products that are intangible, heterogeneous, inseparable and perishable (IHIP) (Zeithaml *et al.*, 1985); as well as direct interactions between firms and customers (e.g. Gummesson, 1987) – and the context within which service occurs – e.g. service encounters and servicescapes (Bitner, 1990, 1992). Although the distinguishing characteristics of services (verses goods) have helped services marketing into a mature sub-discipline, questions have been raised regarding apparent differences in

the marketing of services and goods (e.g. Vargo and Lusch, 2004b). In 2003, a study featuring a panel of distinguished services marketing experts raised some important issues regarding the foundations of the field (Grove *et al.*, 2003). This research, published in the *Journal of Services Marketing*, suggested that:

> [. . .] many among [the] panel expressed concern that the term "services marketing" may be too limiting and observe[d] that the service versus goods distinction may be obsolete as a means of directing attention to the nature of services (Grove *et al.*, 2003, p. 115).

Since then, work has been done to extend the scope of service, beyond distinguishing characteristics of services and goods, as well as direct interactions between firms and customers. In particular, more recent conceptualizations of service emphasize experiential views on value, which points toward service as the basis of all exchange (e.g., Maglio and Spohrer 2008; Vargo and Lusch 2004; 2011).

Consider two people having dinner in a restaurant. One person grew up eating a variety of foods and is excited to try new things to eat. The other person grew up eating a limited variety of foods and has reservations about tasting new things.

The service encounter – interaction between the customer and the firm – for each person will likely lead to different outcomes because of their past experiences and preferences, as well as potential differences with employees (Bitner, 1990; Surprenant and Solomon, 1987). In addition, the servicescape – physical and social surroundings of this encounter (Bitner, 1992; Rosenbaum and Massiah, 2011) – will also influence each customer's experience differently (e.g. one person likes the décor and presence of other customers and the other person does not). Thus, restaurant settings have been generally classified as service contexts, based on the distinguishing features of services mentioned above.

Now, imagine if these same two people purchased a specific frozen meal produced by the same restaurant. It is quite likely that each person will still have a unique experience due to differences in preferences as well as past experiences and socio-historic, institutional structures that frame a particular experience (Akaka *et al.*, 2015). In fact, the latter scenario may offer more variation than the first because depending on the customers' ability to cook, the experiences may be completely different. Although the restaurant encounter would be classified as a service context, generally, the frozen meal encounter would not. This is because focusing on products (services versus goods) highlights differences in terms of IHIP characteristics and direct/indirect interaction between firms and customers. Alternatively, focusing on experiences, rather than the products, draws attention toward phenomenological perspectives of experience and the social structures that influence them (Akaka *et al.*, 2015). This makes it clear that any "type" of encounter offers opportunities to uniquely co-create value.

The purpose of this paper is to extend conceptually the context of service by drawing on a dynamic service-ecosystems approach to context and an experiential view on value (Vargo and Lusch, 2008). This broad, systemic approach is grounded in an evolving service-dominant (S-D) logic (Vargo and Lusch, 2004a, 2004b, 2008) and points toward the context of service as a complex and dynamic social and economic system, composed of networks of actors and the institutions that guide them (Akaka *et al.*, 2013; Chandler and Vargo, 2011). In this view, interactions among different actors are influenced by socio-historic structures, or institutional arrangements – interrelated sets of institutions (e.g. norms, meanings, symbols, etc.) – and value is uniquely experienced and phenomenologically determined (Akaka *et al.*, 2015). Based on this, we argue that the context of service is not limited to specific "types" of encounters or physical and social spaces. Rather, the context in which service emerges and value is (potentially) created might (or might not) involve the exchange of goods (i.e. tangible products), and is nested within broader social and cultural structures (i.e. institutional arrangements) and dynamic systems of service-for-service exchange. In short, S-D logic provides an alternative framework to address concerns that have been raised by services marketing scholars regarding: the nature of services, the scope of services and services and value creation (Grove *et al.*, 2003).

The foundational premises of S-D logic were introduced in the marketing literature in 2004 as an alternative perspective for considering how value is created through exchange (Vargo and Lusch, 2004a). The underlying premise of S-D logic is that service – the application of competences for the benefit of another – is the basis of *all* exchange. It is important to note that the S-D logic conceptualization of service distinguishes between *service (singular)* as the application of resources for the benefit of another and *services (plural)* as particular types of market offerings with unique characteristics (e.g. IHIP) (Vargo and Lusch, 2008). This is an important distinction because an S-D logic conceptualization of service (singular) helps to broaden the context of service, as opposed to services (plural), research to include all interactions that underlie social and economic exchange. Rather than focusing on *value-in-exchange*, or the price paid for something, S-D logic redirects attention toward *value-in-use*, or a market experience (Holbrook, 2006), in a particular context – i.e. *value-in-context* (Vargo *et al.*, 2008). In other words, an S-D logic view focuses on value as phenomenological and contextual, which points toward the centrality of customers' perspectives and participation in value creation (i.e. value co-creation). Over the past decade, S-D logic has been developed, revised and extended through the participation of a growing number of services marketing (and other) scholars and their various research interests (see Lusch and Vargo, 2014).

The ongoing development of S-D logic has extended an array of service-related research and highlights the importance of understanding IHIP aspects of exchange (Zeithaml *et al.*, 1985) as well as interaction (Gummesson, 1987) and relationships (Grönroos, 1995) in value creation. However, S-D logic's conceptualization of service extends the context of service beyond specific types of exchange encounters to that which frames all exchange encounters (Vargo *et al.*, 2008). Furthermore, recent research regarding *service ecosystems* extends the foundational premises of S-D logic (see Lusch and Vargo, 2014) and underscores the complexity of the context that frames value creation, as well as exchange (Akaka *et al.*, 2013). For example, rather than focusing on the co-creation of value as direct firm/customer interactions (e.g. Grönroos and Voima, 2013), a service ecosystems approach considers the direct and indirect interactions of multiple actors in value co-creation. More specifically, this approach emphasizes the importance of socio-historic contexts of value creation by considering how aggregated levels (i.e. micro, meso and macro) of interaction and institutions influence experience (Akaka *et al.*, 2015; Vargo *et al.*, 2015).

As noted, the aim of this article is to contribute to a deeper understanding of the nature of service context; how it dynamically frames the creation of value and evaluation of experience. To this end, we develop a conceptual framework of an extended service context that is based on an S-D logic, service-ecosystems view. We first explore the context of service by discussing the literature regarding service encounters, servicescapes and service ecosystems. We then highlight the experiential nature of value by discussing prior research that establishes a phenomenological conceptualization of service experience (Helkkula, 2011; Helkkula *et al.*, 2012). We align a service ecosystems view of service context with a phenomenological view of service experience and draw attention toward how institutions influence and are influenced by service experiences; how both context and experience are co-created. We conclude with a discussion of

the implications of a systemic approach to service context and directions for future research.

2. Extending the context of service

The context of service is a central feature of service research. As mentioned, service has been traditionally distinguished as having particular characteristics, such as intangibility, inseparability, heterogeneity and perishability (Zeithaml et al., 1985), as well as direct interactions among firms and customers (e.g. Gummesson, 1987). However, questions have been raised regarding the usefulness of the distinction between services and goods (e.g. Grove et al., 2003; Vargo and Lusch, 2004b). In this section we review conventional approaches to conceptualizing service context – i.e. service encounters and servicescapes – and offer a broader service-ecosystems approach to transcend the services verses goods distinction and provide a more dynamic and inclusive perspective of service context.

2.1 Service encounters
Early in the development of services marketing, the "inseparable" (Zeithaml et al., 1985) and "interactive" (Gummesson, 1987) qualities of service resulted in a stream of research focused on studying service encounters. Bitner (1990, p. 69, emphasis in original) argues that "in many cases, those discrete encounters are the service from the customer's point of view". Surprenant and Solomon (1987, p. 87) state:

> The service encounter is a dyadic interaction between a customer and a service provider. The nature of this interaction has been recognized to be a critical determinant of satisfaction in the service (cf. Czepiel et al., 1985).

In other words, the service encounter represents the context in which service is exchanged between a firm and a customer and satisfaction/dissatisfaction is determined.

As interest in service encounters grew, studies began to explore the roles (of firms and customers) in direct interactions, as well as the expectations of exchange associated with those roles (e.g. Arnould and Price, 1993; Solomon et al., 1985). Scholars also began investigating the emotional responses of customers (Johnson and Zinkhan, 1991) and multiple phases within a service encounter – e.g. peripheral service performance, core service performance and post-core service peripheral performance (Walker, 1995) – that influence satisfaction. Furthermore, the evaluation of service encounters has been extended to investigate how the presence of and interactions with other customers influence the overall service experience (Davies et al., 1999; Kim and Lee, 2012). However, even though these social interactions might be studied in a particular instance (Surprenant and Solomon, 1987) or may occur over time and space (Arnould and Price, 1993), they are generally focused on "the direct interaction between a customer and service provider" (Surprenant and Solomon, 1987, p. 87).

Importantly, this stream of research generally centers on understanding how service encounters influence satisfaction (e.g. Bitner, 1990; Bitner et al., 1990; Surprenant and Solomon, 1987) and, subsequently, lead to the development of long-term relationships (e.g. Czepiel, 1990; Gummesson, 1987). Czepiel (1990, p. 13) recognized that these interactions have both short- and long-term effects:

> In the short run, [service encounters] are the social occasion of economic exchange in which society allows strangers to interact [. . .] In the long run, encounters provide the social occasions in which buyer and seller can negotiate and nurture the transformation for their accumulated encounters into an exchange relationship.

This research draws attention toward particular outcomes, such as customer satisfaction (short-term effects) and firm-customer relationships (long-term effects) (Czepiel, 1990). One is directly related to the other – i.e. customer satisfaction leads to long-term relationships and, arguably, long-term relationships increase satisfaction. In short, the consideration of service encounters as a primary context of service focuses on dyadic interactions (short- or long-term) between firms and customers that are influenced by peripheral phases and actors (e.g. other customers), which, in turn, influence satisfaction with a particular core service offering.

2.2 Servicescapes
Shortly after research on service encounters began, the context of service was extended to investigate the servicescapes (i.e. physical and social spaces) that frame service encounters (Bitner, 1992). Bitner (1992) provides a typology of servicescapes – self-service, interpersonal services and remote services – to highlight differences in the level of importance of aesthetics of physical spaces and their influence on both employees and customers. In particular she argues:

> [. . .] in interpersonal servicescapes, special consideration must be given to the effects of the physical environment on the nature and quality of the social interaction between and among customers and employees (p. 58 emphasis in original).

Importantly, Bitner (1992) extends the context of service beyond the firm/customer interaction to consider the "environment-user" relationship, and how it influences satisfaction in service exchange.

Although Bitner's (1992) conceptualization of servicescapes largely focused on man-made, physical aspects of the environment, the literature regarding servicescapes has since been extended beyond physical environments to include symbolic, natural (e.g. Arnould et al., 1998; Rosenbaum and Massiah, 2011), and social surroundings (e.g. Johnstone, 2012; Tombs and McColl-Kennedy, 2010). Arnould et al. (1998, p. 90) explicate the relationship between service encounters and servicescapes by suggesting "we can think of servicescapes as nested products of managerial strategies and customer inputs". In other words, servicescapes are "staged" environments that are constituted by both firms' and customers' resources and perspectives. Arnould et al. explain that substantive (i.e. physical creation of contrived environments) and communicative (i.e. how the environment is presented or interpreted) staging make up the service context that is the servicescape.

Tombs and McColl-Kennedy (2003) add to the physical and symbolic context of service to include a "social-servicescape" as well. In their view, the context of service centers on the purchase occasion, which is based on the idea that "within a specific interval of time and space, certain behaviors are expected regardless of the individual's personality or recent experiences" (p. 459). In this way, service encounters are a central aspect of servicescapes because the time/place component of interaction is a critical feature of service experience. However, in addition to the

purchase occasion, Tombs and McColl-Kennedy (2003) also recognize the influence of social density (e.g. crowding of people) on evaluations of service experience. In a later study, the authors recognize that the indirect interactions among customers influence the quality of a servicescape as well (Tombs and McColl-Kennedy, 2010). However, this social context is largely tied to the physical space within which a service occasion (i.e. service encounter) occurs.

Moving beyond physical and time/space dimensions, Rosenbaum and Massiah (2011, p. 481) include socially symbolic and natural dimensions in their conceptualization of servicescapes. The authors propose that:

> [. . .] the socially symbolic dimension extends Bitner's work by suggesting that a consumption setting also contains signs, symbols, and artifacts that are part of an ethnic group's symbolic universe and possess specific, often evocative meanings for group members.

Moreover, they argue that the "natural dimension moves Bitner's work into public health by showing how a servicescape may possess restorative qualities". In addition, Johnstone (2012) further investigates the social aspects of servicescapes and finds that social dimensions extend beyond social density or indirect interactions among other customers. In his study of how non-commercial relationships influence market-place experiences, Johnstone found three additional social dimensions of servicescapes:

1 nurturing and supporting non-commercial relationships;
2 the need for social connection; and
3 identifying with place.

Importantly, these findings suggest that social needs, such as feeling like an "insider", sometimes have a greater impact on positive evaluations of experience than physical or time/space servicescape attributes.

These conceptualizations of service context (i.e. service encounters and servicescapes) have been well developed in services marketing literature and provide important insights into understanding how customer experiences are evaluated during direct interactions between firms and customers during particular, even extended, time/place encounters. However, rapid technological advancements (Bitner *et al.*, 2000) and the growth of global markets have drawn attention to the need for broader and more dynamic frameworks for understanding the processes and outcomes associated with services in general, and services marketing in particular (Grove *et al.*, 2003). Acknowledging these market dynamics, Nilsson and Ballantyne (2014, p. 375) ask, "Is the servicescape concept still adequate in the contemporary service environment?" The authors point toward the need for a more dynamic conceptualization of service, and connect the servicescape concept with an S-D logic perspective.

Nilsson and Ballantyne's (2014) review of the S-D logic literature reveals that there is little to no overlap between prior work regarding servicescapes and S-D logic. However, the authors find that at this intersection "servicescape is revealed as a *context* for service containing social dimensions critical to the co-creation of the service experience, which are not well-understood" (p. 375, emphasis added). This suggests that conceptualizing servicescapes from an S-D logic perspective moves the service context beyond particular time/space events and direct interactions between service providers and customers (i.e. service encounters and servicescapes).

More specifically, S-D logic points toward the need to consider multiple actors that directly and indirectly contribute to value creation (Vargo *et al.*, 2008) and the multiplicity of institutions that frame the evaluation of experience, and the co-creation of value (Akaka *et al.*, 2013).

2.3 Service ecosystems

Recent discussions regarding *service ecosystems* (Vargo and Lusch, 2011) help to build on and extend this intersection of servicescape and S-D logic (Nilsson and Ballantyne, 2014). Service ecosystems have been defined as "relatively self-contained, self adjusting system[s] of resource-integrating actors connected by shared institutional arrangements and mutual value creation through service exchange" (Lusch and Vargo, 2014, p. 161; Vargo and Lusch, 2016). In this view, the context of service, as well as value co-creation, is socially constructed through the exchange and application of operant resources (e.g. knowledge and skills) among multiple actors. More specifically, the networks of actors, and the institutions that guide them, are continually reproduced through the enactment of practices (c.f. Giddens, 1984), which drives both stability and change in markets (Akaka *et al.*, 2013; Vargo *et al.*, 2014).

Systemic approaches to conceptualizing service context can also be found in the work regarding service science and service systems (e.g. Maglio and Spohrer, 2008). This research points toward interaction among people, technology and organizations as driving forces for the co-creation of value and the context for service exchange. S-D logic and its service ecosystems perspective have been aligned with the discussion on service systems (Chandler and Lusch, 2014; Vargo *et al.*, 2008) and the dynamic systems through which service is exchanged. However, the research regarding a service ecosystems view has added to the complexity of this service context by considering the central role of *institutions* in both value creation and exchange (Akaka *et al.*, 2013; Vargo *et al.*, 2015). Thus, a service ecosystems perspective not only considers how interactions within networks of actors and technology influence experience, but also emphasizes the importance of the socio-historic contexts, made up of multiple institutions, that guide those interactions and value determination (Akaka *et al.*, 2013).

The study of service ecosystems has begun to explore how service experiences occur within extended networks of interaction and intersecting institutions, which influence and are influenced by ongoing efforts to co-create value (e.g. Akaka *et al.*, 2013; Chandler and Lusch, 2014; Vargo *et al.*, 2014). Broadly speaking, a service-ecosystem perspective provides a richer, more dynamic conceptualization of service context than traditionally studied in services and services-marketing research. This extended view sheds light on how various service contexts – i.e. service encounters (e.g. Bitner, 1990; Surprenant and Solomon, 1987) and servicescapes (e.g. Bitner, 1992), as well as service systems (e.g. Maglio and Spohrer, 2008) – are related through aggregate levels of interactions and institutions (e.g. Akaka *et al.*, 2013; Lusch and Vargo, 2014) and, perhaps most importantly, how these contexts concurrently influence, and are influenced by, service experiences (e.g. Helkkula, 2011). In particular, this framework integrates prior literature

regarding various "services settings" through a meta-layer lens with which researchers can oscillate among the nested levels of interaction and institutions (i.e. service context) in their efforts to understand how experiences are evaluated and value is jointly created (Chandler and Vargo, 2011).

It is important to note that shifting to a service-ecosystem view does not reduce the importance of service encounters and servicescapes in influencing service experiences. Rather, this approach helps to explain further the relationship between service encounters and servicescapes, by framing them both within service ecosystems (Vargo and Lusch, 2011). In this view, the contexts that constitute service can be considered at aggregate levels (micro, meso and macro) of interactions and institutions. In addition, a focus on institutions suggests that changes in service context, and thereby in service experience, can be made through changes in social structure (i.e. institutions). The maintenance and change of institutions in service ecosystems occurs through an iterative and recursive process called *institutionalization* (Vargo *et al.*, 2015). The following section continues the discussion of a service ecosystem perspective by elaborating how institutions frame experience at aggregate levels of service context.

3. How service context frames experience: toward an institutional perspective

The underlying need for understanding a dynamic approach for service context is evident in the research that aims to better understand what influences the creation of value and the evaluation of experience (e.g. Akaka *et al.*, 2015; Helkkula *et al.*, 2012). Recently, Helkkula (2011) conducted a systematic literature review to more clearly conceptualize the construct of service experience. Based on this research, she identified several approaches that guide the investigation of service experience and discussed how each perspective relates to services marketing and management. Her findings reveal three general characterizations of service experience in the literature: outcome-based, process-based and phenomenological.

The discussion of service context above reveals differences in the focus of service experience across particular views of context as well. For example, the study of *service encounters* generally focuses on how direct interactions between firms and customers influence satisfaction and the development of relationships – e.g. outcome-based approach to service experience – and also point toward short- and long-term effects of service encounters and pre- and post-evaluations of service – e.g. process-based approach to service experience (Czepiel, 1990). In addition, research on *servicescapes* focus on satisfaction, social connections and healing as a core outcomes related to service experience (Rosenbaum and Massiah, 2011), but also considers how other dimensions of service context (physical, social, social-symbolic and natural) contribute to the overall process by which services are experienced.

According to Helkkula (2011), recent phenomenological characterizations of service experience align with an S-D logic view of service. She argues that although much of the work done from a phenomenological perspective is focused on hedonic experiences, "The hedonic service experience has inspired research in marketing and opened new research avenues that highlight the phenomenological service experience as the foundation for all business" (Helkkula, 2011, p. 381). Largely because of hedonic connotations associated with the term "experience", Vargo and Lusch (2008) have argued for the term phenomenological, rather than experiential, in describing value creation. Importantly, in an S-D logic view, service experience can be conceptualized as hedonic and/or utilitarian, but is fundamentally centered on value-in-use (Sandstrom *et al.*, 2008), or, more specifically, value-in-context, rather than value-in-exchange (Vargo *et al.*, 2008).

In other words, rather than focusing on the price paid for something in markets (i.e. value-in-exchange), emphasizing phenomenological aspects of service points toward value as created through the application of a market offering (i.e. value-in-use) in a particular context (i.e. value-in-context). Sandstrom *et al.* (2008, p. 118) draw on this view of S-D logic and make an important connection between service experience and value-in-use by arguing:

[. . .] a service experience is the sum total of the functional and emotional outcome dimensions of any service [. . .] the service experience is always individual and unique to every single customer and every single occasion of consumption, and it assumes that the customer is an active co-creating part of the service consumption process.

In addition, this phenomenological view of experience aligns with Ramaswamy's (2011, p. 195 emphasis in original) argument that:

- "value is a function of *human experience*"; and
- "experiences come from *interactions*".

Growing attention toward phenomenological aspects of service experience (e.g. Helkkula, 2010; Helkkula *et al.*, 2012; Sandstrom *et al.*, 2008) draws attention toward the need for a broader scope of service context that moves beyond the impact of service encounters on satisfaction. Furthermore, a phenomenological view of experience suggests that all experiences are unique and dependent upon variations in social and cultural contexts (Akaka *et al.*, 2013). Thus, a service-ecosystems view suggests that *all exchange-related experiences are service experiences* (Akaka *et al.*, 2015) and are co-created (Prahalad and Ramaswamy, 2004) through the interactions among firms, customers and other stakeholders. Recent work regarding value co-creation from a service ecosystems view points toward the idea that socio-historic contexts strongly influence phenomenological views on value and the evaluations and reevaluations of experience (e.g. Akaka *et al.*, 2015).

Vargo *et al.* (2015) draw on Scott (2001) to define institutions as "humanly devised rules, norms and meanings that enable and constrain human action". Based on this, they argue for institutionalization – the maintenance and change of institutions – as a driving force for value co-creation, as well as innovation and market formation. In addition, Akaka *et al.* (2013) explore how the complexity of social context is largely based on intersecting and overlapping institutions, particularly across distinct cultural groups. They argue:

When similar institutions guide the actors entering an exchange encounter, the interaction is more likely to be successful. However, if the institutions differ between actors (which is often the case in cross-cultural exchange), the likelihood of a successful interaction, in which both parties derive value, may be reduced (Akaka *et al.*, 2013, p. 9).

This points toward institutions as a critical factor not only in the co-creation of value and positive evaluations of experience, but also in the co-destruction of value (Plé and Chumpitaz Cáceres, 2010). It is important to note that although a service-ecosystem perspective allows for "zooming out" (Vargo and Lusch, 2011) to consider and contextualize broad socio-historic structures, the interactions among individual actors remain a central aspect of experience as well (Akaka et al., 2015).

4. The extended context of service

The movement toward a service ecosystems view does not minimize the importance of research regarding particular service encounters or servicescapes. Rather, as will be discussed, conceptualizing context through a service ecosystems lens enables the situating of service encounters (i.e. interactions between firms and customers) and servicescapes (e.g. physical and social environments) within service ecosystems. Importantly, just as an ecosystems perspective of service helps to inform the understanding of direct interactions between firms and customers, the study of service encounters helps to inform the nature and dynamics of servicescapes and service ecosystems.

Table I, and the subsequent discussion, provides a framework for considering how aggregate levels of service context – e.g. service encounters and servicescapes – are nested within service ecosystems and influence evaluations of service experience. In other words, it is the multitude of interactions and multiplicity of institutions (i.e. institutional arrangements) that create phenomenological perspectives of value, and experience. Furthermore, as mentioned, a service-ecosystem approach is based on the idea that all exchange is service exchange, and, thus, the study of particular service encounters and servicescapes, as well as service ecosystems, is not restricted to any particular "type" of firm or industry. This is elaborated below.

The conceptualization of service context as a service encounter focuses on direct interactions, particularly between firms (or their employees) and customers. Although this perspective provides important insights to understanding interaction between firms and customers and how firm efforts influence satisfaction, on its own it limits the understanding of the many environmental factors that contribute to value creation and the evaluation of experience. According to Gummesson (1994):

> The purchasing behaviour of consumers is being studied, particularly at the service encounter. Although researchers attempt to use a customer-focused

and empathetic approach – ask, observe, test – the consumers are still being investigated from the vantage point of the provider.

He further argues that by extending the scope of service context to "see the same service from two vantage points, that of the consumer and that of the provider we can more easily appreciate that the context of each of them is radically different". This points toward the need for a service ecosystems perspective that removes the distinction between "producers" and "consumers" focusing on an actor-to-actor, or A2A, view of value creation (Vargo and Lusch, 2011). Although the conceptualization of servicescapes broadens the scope of service context beyond a dyadic interaction, this view also remains focused on the firm's ability to create and deliver a service experience. It is also tied to underlying distinctions between services and goods (e.g. IHIP) and continues to emphasize the need to study particular contexts that do not fit well with traditional, goods-centered models.

Alternatively, the consideration of a service ecosystems view of service context requires researchers to reconceptualize service as the application of resources for the benefits of others and the basis of all exchange (Vargo and Lusch, 2004a, 2008), rather than a product with unique characteristics. This broader definition of service automatically opens up the scope of service context beyond traditional perspectives of service settings as differentiated from the production and consumption of goods. As mentioned, an S-D logic, service ecosystems perspective provides an alternative view that removes the "producer-consumer" divide by suggesting that customers are always co-creators of value (Vargo and Lusch, 2008). This focus on service as the basis of all exchange also transcends the goods-verses-services distinction (Vargo and Lusch, 2004a) and allows for the conceptualization of interaction among multiple actors throughout markets. Nilsson and Ballantyne (2014, p. 377) argue that:

> S-D logic also reminds us that service interaction and determinations of value-in-use can occur in many contexts other than a traditional, retail servicescape. The home, office and farmers' markets are obvious examples, as well as the widening appeal of the internet as a service setting.

This S-D logic view of servicescape aligns with Sanstrom et al.'s (2008, p. 120) view that "Value in use is the evaluation of the service experience [. . .] value cannot be predefined by the service provider, but is defined by the user of a service". These phenomenological views on service experience draw attention toward an even broader scope of service context, the socio-historic structures (i.e. institutional arrangements) that frame particular places and processes of service exchange.

Table I The extended context of service

Components of context	Service encounter	Servicescape	Service ecosystems
Conceptualization of service	Market offerings that involve direct interaction between firm and customer	Self-service, interpersonal services, remote services	Application of knowledge and skills for the benefit of others
Focal relationship(s)	Firm-customer dyad	Firm-customer; customer-customer	Networks of multiple actors
Parameters of service	Peripheral and core service interactions	Contrived physical space with physical, social, symbolic and natural dimensions	Socio-historic structures; intersecting and overlapping institutions
Service experience	Satisfaction, relationship	Satisfaction, social connection, healing	Phenomenological value determination

Importantly, a service-ecosystems view highlights the embeddedness of micro, meso and macro levels of interaction and institutions that contribute to value creation (Chandler and Vargo, 2011). It is critical to note that these levels are relative, rather than fixed, and each constitutes the other – i.e. the macro does not exist without micro and meso and vice versa (c.f. Latour, 2007). For example, a restaurant encounter is influenced by micro-level institutions that guide the interactions between a customer and an employee (i.e. service encounter). These micro-level interactions and institutions are nested within meso-level institutions such as what to wear and how to tip at a particular restaurant (i.e. servicescape). Furthermore, these micro-level and meso-level institutions are nested within wider socio-historic contexts, such as the institutions tied to national culture and social norms for what to eat and how to eat it. Although dyadic interactions between firms and customers are often considered as a micro level, this is not necessarily the case. Furthermore, these aggregate levels of interactions and institutions are not limited to specific "types" of exchange encounters. Rather, they can be applied to other situations, such as the frozen meal example, because in all cases, the firm and customer interactions (e.g. meal purchase and preparation) are nested within varying levels of institutions and influence the evaluations of experience.

To account for a dynamic socio-historic perspective on context (Akaka *et al.*, 2015), a service ecosystem perspective also offers a meta layer of analysis that enables researchers to oscillate among different levels (micro, meso and macro) of aggregation and institutional structure to better understand how value is created. In this light, although multiple actors in a particular encounter may share some institutions and institutional arrangements (e.g. national culture), they may diverge across other institutions (e.g. religion or political parties), which can influence the evaluation of a given experience. Thus, researchers wanting to gain a deeper understanding of a particular service encounter (e.g. a restaurant encounter) can look at institutions associated with its particular servicescape (e.g. physical and social environment) as well as broader socio-historical contexts (e.g. local or national culture) that can potentially contribute to value creation and influence the phenomenological evaluation of a service experience (see Akaka *et al.*, 2013).

5. The co-creation of experience and context

When a service ecosystem perspective frames the study of service encounters and servicescapes, phenomenological experiences are always considered to be co-created through the actions and interactions of multiple actors integrating and exchanging resources to enhance the value of their lives and the lives of others. Thus, service experiences are not based on discrete moments in time through direct interactions between firms and customers; rather, experiences emerge throughout dynamic service contexts. These service contexts are formed and reformed through iterative and recursive social and cultural processes, and service experiences are evaluated and reevaluated over time and space (Akaka *et al.*, 2015).

Helkkula *et al.* (2012) develop the concept of "value in the experience" (VALEX), which ties an S-D logic view of value with a phenomenological view of experience. They define VALEX as "the value that is directly or indirectly experienced by service customers within their phenomenological lifeworld contexts" (p. 61). One of the central arguments the authors make is that "the context for value in the experience is not determined by the service provider, but rather by the individual's lifeworld", and this experiential type of value is "temporal in nature and subject to change". In other words, phenomenological views on experience, and value, are influenced by dynamic service contexts and subject to continual change. In this way, both service context and service experience are co-created through the actions and interactions among multiple actors.

Extending the context of service using a service ecosystem perspective not only provides insight to phenomenological conceptualizations of service experience (i.e. diverse interactions and institutions influence experience), but also sheds light on how service contexts are formed (and reformed). This is important because adopting a service ecosystem approach to service context requires the consideration of how social processes (e.g. institutionalization) shape service experiences, and vice versa. In particular, this service-ecosystem approach to context and phenomenological view on experience suggests that both service context and service experience are continually reconstituted through the enactment of practices as well as the reconfiguration of institutions and systems over time (Akaka *et al.*, 2013).

This emphasis on institutions highlights the social and cultural context that exists beyond direct interactions between firms and customers (i.e. service encounters) and the physical and social environments that surround them (i.e. servicescapes). Most importantly, it broadens the scope of service context, as well as service experience, to include *all* market interactions and their associated institutions. In other words, because service is the underlying driver of exchange (Vargo and Lusch, 2004a) and experiences are influenced by direct and indirect interactions among multiple actors, the context of service is not limited to particular "types" of products or encounters. Furthermore, by focusing on how institutions influence experience, it becomes clear that unique experiences often emerge from differences in institutions and socio-historic perspectives rather than heterogeneity of products, as traditional services models might suggest. This view of service context provides insights into the dynamics of service experiences that can help to guide future research in exploring how both service experience and service context are co-created (Akaka *et al.*, 2013).

6. Conclusion

The framework proposed here contributes to the advancement of services marketing research by extending the context of service in two ways:

1　its emphasis on service as the basis of all exchange allows the consideration of all instances of value-in-use, in-context to be considered as a service experience; and

2　its conceptualization of context broadens the time/place dimensions that conventionally restrain research in service encounters and servicescapes beyond physical, social, symbolic and relational dimensions to consider the multiplicity of institutions across a wider socio-historic space.

In this view it is the actions and interactions of multiple actors and their associated institutions that contribute to the co-creation of experience (often through evaluation of an experience) as well as context – be it service encounters, servicescapes or broader service ecosystems.

This service-ecosystem perspective provides an alternative approach for conceptualizing how value is created, and experiences are evaluated (Vargo and Lusch, 2004a, 2008). Importantly, S-D logic emerged from an effort to integrate and extend prior research that focused on the application of competences for the benefit of others (i.e. service) as the basis of exchange. This alternative logic of exchange has drawn attention toward "experiential" and "phenomenological" aspects of value and falls in line with Holbrook's (2006) view of value as an evaluation of an experience, which influences and is influenced by broader values and social structures (Penaloza and Mish, 2011). Furthermore, S-D logic broadens the context of service research as a whole because, in this view, "there are no meaningful differences between services and tangible goods or between service firms and manufacturers" (Martin, 2012). This broad approach to service has been recognized as an important theoretical framework for advancing the study of service (Martin, 2012; Ostrom *et al.*, 2010) and potentially providing a foundation for developing a science of service (Maglio and Spohrer, 2008).

The extended context of service, based on a service ecosystems view, refocuses researchers to a broader range of market offerings than previously considered to be part of services settings. It puts service at the forefront of social and economic research because all exchange is essentially service driven. In this way, "all market-related experiences can be considered as service experiences and all market contexts can be considered as service contexts". The emphasis on institutions in service ecosystems and service contexts suggests that phenomenological views on value and evaluations of experience are driven largely by differences in institutions, rather than products. Conceptualizing context as aggregate levels of institutions also provides insight to the embedded nature of service, such that all service encounters and institutional arrangements are embedded within a variety of servicescapes and both are nested within broader service ecosystems.

The idea that both service context and service experience are not restricted to specific "types" of market offerings and are co-created through the integration and exchange of resources has important implications for researchers and managers wanting to enhance service experiences. For managers, extending the scope of service context draws attention to the participation of customers and other actors in the co-creation of the service context as well as the experience. This points toward the need to consider the competences and skills of customers as well as their socio-historic perspectives in the design and development of a servicescape or a more specific service encounter. The consideration of customer competences is especially important as technological advances enable customers to take on more roles that were traditionally held by firms – e.g. design their own service provision mechanisms, such as products. This extended view also provides insight to additional social and cultural factors, particularly institutions, that influence the evaluation of a service experience as well as the context within which that experience occurs. Managers may be able to pinpoint specific social factors that can be leveraged, such as a brand or brand community, to enhance the overall service experience of a particular service encounter. Increasing the experiential value of particular service encounters and/or servicescapes can potentially help to increase the likelihood of developing long-term relationships with customers as well.

For researchers, the extended service context allows for service-centered concepts and frameworks can be reconsidered outside of their traditional "services" (i.e. services-verses-goods) frame and applied to a wider scope of social and economic exchange. This can lead to research that explores a variety of questions regarding the role of goods in the extended service context. For example, researchers might address the question, "How does the co-creation of service context and experience occur through the efforts of traditional 'goods-based' organizations?" This would enable a fresh look at manufacturing firms who are struggling to understand how to compete in a dynamic and rapidly changing environment. In addition, rather than separating services components from goods components in particular organizations, researchers might consider "What are the roles of different 'types' of market offerings in the co-creation of service?" Based on this, we could also consider a reclassification of service context (similar to Bitner's (1992) typology of servicescapes) through an S-D logic, service-ecosystem view. In other words, "How might we reclassify service contexts if we remove the goods-versus-services distinction?" This might help to uncover what components of service context, such as institutions, are most influential in evaluating different experiences.

This extension of the context of service is an initial step in developing a deeper and more dynamic understanding of how service experiences are co-created throughout markets. The framework presented here suggests that past work becomes even more important as the context of service expands. Services marketing researchers have made important strides in studying and explaining dynamic exchange-related phenomena and providing critical insights to what service experience is and how it is collaboratively created. However, the development of S-D logic over the past decade (see Lusch and Vargo, 2014) and the undeniable need for more dynamic frameworks to help understand the complexities of advances in technology and globalization indicate that there is much work to be done. We hope that this perspective helps to renew and inspire further work in this exciting field.

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About the authors

Melissa Archpru Akaka is an Assistant Professor at the University of Denver. Her research interests include value and value co-creation, collaboration in innovation and market (re)formation. Melissa Archpru Akaka is the corresponding author and can be contacted at: Melissa.akaka@du.edu

Stephen L. Vargo is a Shidler Distinguished Professor and Professor of Marketing at the University of Hawai'i. His primary research areas are marketing theory and market strategy. He received AMA's Harold H. Maynard Award for "significant contribution to marketing theory and thought", and the AMA/Sheth Foundation Award for "long-term contributions to the field of marketing".