
Exploring Customer Value in the Experience Economy Service Encounter – An Exploratory Study

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Abstract

Customer value has long been researched in both product and service regimes and is considered by both perspectives as a key source of competitive advantage. Despite the considered strategic advantage of the construct of customer value, there remain disparate definitions of this concept. Research on expected customer value in the service encounter within the discipline of hospitality still seems to be in its infancy. The purpose of article, based on an exploratory qualitative study is to attempt to conceptualise how hospitality frontline managers define and/or describe expected customer value in service encounters. The aim being twofold; a) to understand how practitioners, working within the experience economy understand expected customer value and b) how these descriptions relate to and/or fit with or differ from current thinking about value in the experience economy, which may contribute to a better theoretical understanding of value in the experience economy service encounter. Thematic coding of frontline managers' descriptions/definitions of expected customer value in the service encounter revealed an (untested) conceptual framework consisting of six central constructs of expected customer value; Service Value, Behaviour Value, Economic Value, Psychological Value, Social Value and Co-creation Value .

Key Words *Experience economy, value, expected customer value, service encounter, service, hospitality.*

Introduction

For any organisation, but in particular for companies working within the experience economy, understanding what creates customer value can give a competitive edge. The concept of the experience economy is not a new phenomenon. It can be traced back in time to Roman/Greco understanding of selling experiences (Boswijk, Thijssen, & Peelen, 2005). Since the rise of commoditised mass tourism in the 1970s with the advent of jumbo-jets and cost-effective transportation, tourism experiences became subordinate to money generating products with relatively little focus given to the experience (Poon, 1994). Growing affluence in western societies and changing trends in consumer consumption away from mass consumption of tourism products towards self-actualization through experiences, is changing tourism (Cordente-Rodríguez, Mondéjar-Jiménez, & Esteban-Talaya, 2012). According to a report compiled by Earnest and Young, a key emerging tourism trend consisting of increased demand for experience-based tourism is challenging the hospitality industry (EY, 2015). Changes in consumer behaviour towards experience as a key value driver, suggests a need for the tourism industry to shift from modernity driven commoditised mass-tourism thinking towards a post-modern understanding of tourism as a co-created experience rather than a product. Understanding and reacting to this shift can be a source of competitive advantage (Prahalad & Ramaswamy, 2004).

One of the core concepts of the experience economy is adding to customer value by creating memorable experiences ((Otto & Brent Ritchie, 1996; Sørensen & Friis Jensen, 2001). Customer value is a much researched phenomenon, extant literature reveals disparate understandings and definitions of the construct from both organisational and customer perspectives (Bille, 2010; Bitner et al, 1990; Gronroos, 2006; Parasuraman et al, 1985; Sheth et al, 1991; Sheth & Uslay, 2007; Vargo et al, 2008; Verhoef et al., 2009). However, there seems to be limited empirical evidence or research focused on how *front-line practitioners* understand customer value.

The purpose of this paper is to unveil how front line managers working in the Danish experience economy understand customer value. Given the strategic advantages implied with a shift from product/service based to value adding experience based management, how do practitioners who are expected to facilitate

customer value, understand the concept of customer value? What value do they expect a customer to take away from a service encounter? In order to answer these questions, the paper has been structured as follows: firstly, a discussion of the central concepts used is conducted; a) as “expected customer value” is examined in the context of the service encounter, the phenomenon of the service encounter is briefly discussed; b) because the study is set in the context of the experience economy, and the two constructs of experience and value are central and intertwined in the experience economy, an abbreviated discussion of these concepts follows; c) given the focus of the study, the concept of customer value is also debated. Secondly, the methodology used to explore frontline managers’ understanding of customer value in the tourism service encounter is explained. Thirdly, an analysis of the available data will be presented followed fourthly, by a conclusion including limitations and implications.

The Service Encounter

Extant service literature reveals varying definitions of service encounters ranging from undefined periods of time where a customer has any interaction with a firm to clearly defined touch points (Bitner et al., 1990; Mattila & Enz, 2002; Mattsson, 2009; Surprenant & Solomon, 1987). Service encounters have further been defined by Surprenant and Solomon (1987) as having a human element. Bitner et al (1990) present four typologies of service encounters based on the perceived level of customer participation (Bitner et al., 1990). These typologies range from low levels of customer participation to high level customer participation, where low participation is classified as merely the presence of the customer and little else, and high participation where the customer is engaged in co-creating the service product (Bitner et al., 1990). Shostack (1985), on the other hand, defines three concrete types of service encounters from remote encounters to telephone contact to face-to-face interaction (Shostack, 1985). In tourism literature Otto and Brent Ritchie have noted the “intimate, hands-on nature of the service encounter” (Otto & Brent Ritchie, 1996). Sørensen and Jensen distinguish three types of tourism encounters one being the customer/employee interaction, the second being customers’ usage of companies services and communication encounter, described as sales and marketing activities (Sørensen & Jensen, 2014). Moreover, Sørensen & Jensen highlight the special nature of the tourism encounter as these encounters can also embody “the end; the actual tourism experience” (Sørensen & Jensen, 2014). In the context of this study, service encounters are taken to be the face-to-face interactions between staff and customers mostly occurring on the front-line. Recognition is, in this study, given to the fact that there are varied kinds of service encounters of both typology and temporality.

Experiences and Value

It could be argued from the customer point of view, that the main purpose of the tourism industry is to expedite experiences. From the organisational perspective, the better the customer experience, the more value perceived the greater the chance of positive word of mouth (free marketing) (Taghizadeh, Taghipourian, & Khazaei, 2013). Positive word of mouth has the dynamic effect of attracting new customers with comparatively less effort than strategically designed marketing strategies. Also, the better the experience the greater the chance of customers returning the higher the probability of retaining the customer and increasing potential for augmented revenue (Mittal et al., 2005; Swanson & Hsu, 2009). Furthermore, Pine and Gilmore argue that customers are willing to pay higher prices for “an experience” describing this phenomenon as the fourth source of value (Pine & Gilmore, 2013). In the experience economy, experiences and value are inextricably linked. Boswijk et al make a distinction between experiences and meaningful experiences (Boswijk, Thijssen, & Peelen, 2007) . They define experiences as; “*An immediate, relatively isolated event with a complex of emotions that leave an impression and represent a certain value for the individual within the context of a specific experience*” (Boswijk, Peelen, & Olthof, 2011, p. 60). On the other hand, they apply Snel’s definition of meaningful experiences which is “*Experience is a continuous, interactive process of doing and undergoing, of action and reflection – of cause and effect – that is meaningful to the individual in (more than one) different contexts of his*

life, An experience causes and individual to change his perspective on the world and/or himself (Snel, For the love of experience, 2001)”.

From these two definitions, a compelling argument can be made that the more profound the experience, the more memorable and longer lasting it will be and the greater the value will be attributed to it. In the experience economy, organisations should be aiming to create profound, long lasting (positive) experiences that are remembered and talked about with others. Due to the inherent nature of the tourism product, customer involvement in the production and consumption of the experience is essential (Sørensen & Jensen, 2015). Service Dominant Logic (SDL) emphasises the role of the customer in co-creating value which is also a prerequisite for the creation of memorable experiences (Gronroos, 2006; Vargo & Lusch, 2004; Vargo et al., 2008). Chandler and Vargo argue that experiences related with the purchase of a product are essential for the realisation of its actual value (Chandler & Vargo, 2011).

Customer Value

As with service encounters, the concepts of value and customer value have varying definitions ranging from the purely economic definition of transactional value and cost, benefit, sacrifice evaluative value (Zeithaml, 1988) to service marketing definitions of value-in-use value-in-context and co-created value (Grönroos & Voima, 2011; Prahalad & Ramaswamy, 2004; Vargo et al., 2008). Untangling these varying definitions is a challenging enterprise, as Day (2002) notes “a thorough understanding of the concept remains elusive” (Day, 2002), and it is beyond the scope of this paper to nail down a paradigmatic definition of customer value. That being mentioned, some central concepts of value will be discussed. Woodruff defines two perspectives of customer value “organisational value that quantifies the monetary worth of individual customers” (Woodruff, 1997) and value from the customer perspective he labels as customer value (Woodruff, 1997). Smith and Colgate later refine these two perspectives where customer value is that value perceived by the customer (value gained) and value for the firm defined as customer lifetime value (Smith & Colgate, 2007b). The focus of this paper is the former, however seen from the firm perspective; in other words, a “company interpretation” of customer value through the voices of frontline managers. Growing recognition in service marketing literature of the central role of the customer in creating value, has given rise to concepts such as value co-creation and value in use. In tourism the customer plays a central role in value creation as it is often the experience that can create or destroy value, and the tourist is an active player in creating the experience. As noted by Grönroos & Voima, companies can only ensure value propositions, it is the customer who decides whether to partake in the proposition and thus “co-create value” and “value is socially constructed through experiences” (Grönroos & Voima, 2012). Thus, value-in-use is a longitudinal evaluative process individual to the customer and his/her experiences. Value in context, on the other hand is defined as value determined by specific environmental contexts within specifically a network setting (Chandler & Vargo, 2011; Helkkula, 2009). Various conceptual frameworks of value have also been presented, most notably by Sheth et al (Sheth et al., 1991), Holbrook (Holbrook, 1998), Smith and Colgate (Smith & Colgate, 2007b) and Woodruff (Woodruff, 1997). Given the context of this study, it is interesting to contemplate which, if any, of the above definitions of value will be applicable to how practitioners working within the experience economy, more specifically the hospitality sector, understand customer value. In other words, how do front line managers understand customer value in relation to the theories already mentioned?

As service encounters have long been recognised as the mechanism by which customers evaluate value (Palmer, 2004; Surprenant & Solomon, 1987). It therefore stands to reason, with the action of the service encounter and interaction with customers, frontline managers can develop an evaluation of expected customer value. Therefore, in this study, the face-to-face service encounter was used as the unit of analysis. Front-line managers were chosen to be the initial source of information, as they are responsible for operationalizing the strategies and values of organisation (Lockwood & Jones, 1989). Additionally, they typically over-see, if not have the direct responsibility for, training front-line employees, which was confirmed by many of the interview

respondents. Finally, many front-line managers have held front-line employee positions and often experience customer contact on a daily basis. Thus it was considered that they would be reliable, experienced and credible evaluators of customer value. The responsibilities

Methodology

Taking a constructivist grounded theory approach (Charmaz, 2014, pp. 14–15), no one particular theory was operationalised in the development of the data collection instrument. However, although one of the guiding principles of grounded theory is to begin without any specific theoretical framework (Glaser & Strauss, 1967), inspiration from already existing theories on value and customer value were used as pointers to develop the open questions for the semi-structured interview guideline. As is the principle of grounded theory, the results of this study are data driven rather than hypothesis driven (Charmaz, 2014; Glaser & Strauss, 1967). As mentioned above, the motive was to understand how frontline managers understand customer value. As exploratory research is particularly useful when there is a need to develop new understandings of existing phenomena (Mouton & Marais, 1998) this approach was taken. The explorative semi-structured interview data collection instrument was a 15 item interview guideline with open questions centred on two central themes: 1) frontline managers' understanding of the service encounter, and: 2) their understanding of value in the service encounter. In the latter case, respondents were asked (amongst others) to describe both; what they thought gave customers value in the service encounter; and were also encouraged to tell stories/incidences which exemplified customer value. In this paper, the focus is on the responses to the latter two questions.

The choice of using open-ended, semi-structured interviews was based on Brinkmann and Kvale's category of conceptual interviews whose purpose is conceptual clarification (Brinkmann & Kvale, 2015, p. 176). Conceptual interviews "explore the meaning and conceptual dimensions of central terms" (Brinkmann & Kvale, 2015, p. 177). According to Brinkman and Kvale (2015), conceptual interviews can "serve to uncover respondent's discourse models, that is, their taken-for-granted assumptions about what is typical, normal or appropriate" (2015, p. 177). Therefore, the purpose of the semi-structured interviews was to attempt to reveal frontline managers' taken for granted assumptions of customer value.

The interview guideline was debated in a focus group session consisting of a group of selected interviewers to ensure common understanding of the questions and agreement on recording techniques. This group tested the guideline to judge informant understanding of the questions and the guideline was readjusted according to feedback. The guideline was pilot tested by teachers in a Danish educational institution, who undertook thirty interviews across a broad range of service sector companies. From this pool, fifteen interviews were selected using two pre-determined criteria: 1) chosen companies had to fit within the Danish Association of Hotels, Restaurants and Tourism's (HORESTA) classification of the experience economy "tourism, hotels and restaurants only" (Road, 2012); 2) Informants' sector experience had to exceed one year. It was considered that the longer the sector tenure the higher informant credibility through more experienced accounts. Interviews not meeting these two criteria were excluded from the analysis. The selection of interviews resulted in a cross-sector group of interviewees who had an average working tenure of approximately 10 years. The majority were women and the highest educational level was at Bachelor's, although the majority of the informants had taken a two year tertiary level education with focus on the service sector. Most of the participants worked in the hotel sector although 3 represented the restaurant sector and one represented the cruise sector. The interviews were recorded and transcribed verbatim in preparation for a thematic coded analysis.

Analysis

According to Mills et al, thematic analysis is not so much a research approach, but is more an analytical method (Mills, Durepos, & Wiebe, 2010). Thematic analysis is useful for analysing and making sense of large amounts of data (Mills et al., 2010). Thematic analysis relies on the creation of codes to identify patterns, relationships and repeating themes and topics. Data driven coding is one of the key analytical tools of grounded theory (Charmaz, 2014, p. 109; Glaser & Strauss, 1967, p. 36). As customer value was only one of various

themes in the semi-structured interview, the initial coding focused on sections of the transcript where respondents specifically explained customer value or specific stories reflecting customer value were given. These descriptions and narratives were consequently positioned into a coding framework. Admittedly, this process ran the risk of taking the descriptions out of context, but care was taken to include the entire discussion from the start of the invitation to describe customer value until the context was changed with an entirely new topic such as company value derived from the service encounter. Additionally, each interview was thoroughly combed for direct or indirect references to customer value as a result of interviewer probing, which were also included in the coding framework. After close reading of the selected sections, the process of identifying initial coding categories started. Initial codes created were simple classifications of, for example, demographic aspects of the respondents, requiring no definition. After which, more advanced codes in the form of abbreviations such as CHCA were attached to common descriptions of leisure tourist's preferences for, for example, conducting casual information exchanging conversations with staff which was one typical example given of customer value. Each code assigned a particular word used to describe customer value was then defined as in the example given above. The coding process continued until all coding categories were all inclusive, in that all response possibilities were included (Gorden, 1998). After all the codes had been defined, they were refined so that they became mutually exclusive so that no one code could fall into two categories simultaneously (Gorden, 1998). The coding process proceeded hermeneutically in a back and forth process between the text and the codes until a pattern of six theoretical categories emerged.

The six categories have been labelled 1) Service Value, 2) Behaviour Value, 3) Economic Value, 4) Psychological Value, 5) Social Value and 6) Co-creation Value. Table 1 below, shows the six categories and a selected example of some of the words used by frontline managers to describe customer value in the service encounter.

Table 1: Six Categories of Customer Value from Front Line Manager Perspective

Service Value	Behaviour Value	Economic Value	Psychological Value	Social Value	Co-creation Value
<ul style="list-style-type: none"> • Fast • Effective • Efficient • Mistake free 	<ul style="list-style-type: none"> • Appropriate staff behaviour • Respect • Take time • Solve problems • Personal attention/service • Staff knowledge 	<ul style="list-style-type: none"> • Value for money • Extra services • Free “gifts” 	<ul style="list-style-type: none"> • Unique • Gems • Local experience • Relax • Fun • Feel good • Comfortable • Home • Surprise • Memorable 	<ul style="list-style-type: none"> • Social interaction with staff • Social interactions with other guests • Brand (esteem) • Lifestyle • Social journey • History 	<ul style="list-style-type: none"> • Participation

Source: 15 interviews from 8 3 to 5 star hotels, 1 upper-range hostel^a, 2 mid-range to fine-dining restaurants^b and 1 cruise agency.

Service value, as explained by the respondents, is the value the customer gets from the service itself. That is, a smooth, fast and efficient well-functioning service is considered to add value to the customer. This category can be equated to Sheth et al's (1991) and Smith & Colgate's Functional Value (2007a). There is dissension in the service literature of the relationship between quality and value; as to whether quality is a function of value, whether they are two separate constructs or if value is derived from quality (Graf & Maas, 2008; Sanchez-Fernandez & Iniesta-Bonillo, 2007; Sweeney & Soutar, 2001). It seemed apparent, in the various interviews, that most of the respondents agreed high service quality would create value for the customer. It could be argued, due to the intense focus on service quality during the 80's and 90's (Brady & Cronin, 2010; Grönroos, 1984; Parasuraman et al., 1985) and with the popularity of quality instruments such as Servqual (Parasuraman et al., 1985), that service quality (from the customer perspective) is these days taken as a given requirement.

The category termed "behaviour value" was derived from the many repetitious explanations and descriptions related to appropriate staff behaviour creating value for customers. In fact, the interviews revealed that appropriate staff behaviour seemed almost more important than service value. From the interviews, appropriate staff behaviour included smiling, having eye-contact, positive greetings, recognising the customer, listening to the customer etc. Smith & Colgate's (2007a) study include appropriate staff behaviour as part of functional value, whereas Sheth et al's (1991) functional value is merely limited to how well the product/service serves its function or purpose. Woodruff's (1997) discussion of customer value does not include staff behaviour evaluation as a source of value but, like Sheth et al, (1991) is limited to "product attribute" evaluation (Woodruff, 1997). There is extensive research on the relationship between employee behaviour and customer satisfaction (Kattara, Weheba, & El-Said, 2008; Mittal et al., 2005; Seidman & Johnson, 2002) (to name but a few) indicating a positive relationship between appropriate employee behaviour and customer satisfaction. As well, evidence has shown a positive relationship between perceived value and customer satisfaction (Gordon & McDougall, 2014; Heinonen, 2006). Moreover, as the scope is the hospitality sector and much of hospitality literature emphasises the importance of positive employee behaviour (Kattara, Weheba, & El-Said, 2008; Mittal et al., 2005; Seidman & Johnson, 2002), behaviour value could only perhaps be considered unremarkable if this were *not* mentioned. It could be relevant here to raise the question, given changing customer/tourist behaviours towards value giving experiences rather than "products", as to whether perceived service quality and behavioural value are now, in the minds of customers, actually hygienic factors rather than serving as value adding factors? In other words, value is created merely because these are present in the service encounter? Perhaps a well-functioning service is only really noticed if it does not function and/or staff behavioural aspects are non-positive.

The category of economic value arose from respondent comments related to perceived customer evaluations of price versus expectation, (such as "is this what I paid for") and remarks related to customer appreciation of "free gifts" or perceived extra services. Economic value can be equated to Smith & Colgate's cost/sacrifice source of value (Smith & Colgate, 2007b), but which is included in Sheth et al's functional value (Sheth et al., 1991). Holbrook's (1998) typology of consumer value does not include the economic aspect of customer value which is, however, extensively discussed in other literature relating to this construct (Graf & Maas, 2008; Grewal, Monroe, & Krishnan, 2014; Sanchez-Fernandez & Iniesta-Bonillo, 2007; Zeithaml, 1988) (to name but a few).

The psychological value category was derived to distinguish descriptions of customer value from "external" factors, that is, those factors that externally facilitate value, from descriptions of the "internal" value

^a An upper-range hostel is classified as having a higher price than typical hostel prices

^b Mid-range to fine dining classification of restaurants was done on a price base evaluation.

evaluating process of the customer. In other words, the value creating elements of the service encounter which reside in the mind/desires/expectations of the customer. This category could be equated with Sheth et al's (1991) emotional value, Holbrook's (1998) intrinsic and other-oriented typology or Smith and Colgate's experiential/hedonic value category (2007b). It can also be found in Otto and Brent Ritchie's "psychological environment, which they describe as the "subjective, personal reactions and feelings experienced by consumers as they consume a service (Otto & Brent Ritchie, 1996). As can be seen in table 1 above, words, expressions and phrases related to this category indicate a subjective, customer oriented perceived value. In the words of the respondents, value for the customer in the service encounter went beyond staff behaviour and service quality towards an element of specialness and unexpectedness for customer. In tourism literature, this uniqueness often refers to experiential value (Graf & Maas, 2008; Grewal et al., 2014; Sanchez-Fernandez & Iniesta-Bonillo, 2007; Zeithaml, 1988). According to Helkkula et al, (2012), experiential value is "value in the experience [considered to be] the value that is directly or indirectly experienced by service customers within their phenomenological lifeworld contexts" (2012, p. 61). It has been argued in literature that experiential or psychological value is an aspect of customer value previously understated in earlier research, but which emphasises a holistic concept of value (Turnbull, 2009).

Social value was driven from the data by often-repeated comments that customers experienced value in the service encounter if they were given opportunities, or made opportunities, to engage in informal, knowledge exchanging activities with either members of staff or with other customers. The social element of this category also included indications that customers wanted to engage with the local community and not be "just tourists" removed from or superficially engaged in the local environment. Social value is discussed in Sheth et al's five value framework as perceived value of symbolism and image in reference to other groups (Sheth et al., 1991). Smith and Colgate categorise social value within the symbolic/expressive source of value in their value framework (2007a). That is, their category of symbolic/expressive value has an element of creating social meaning through, amongst others, interactions (Smith & Colgate, 2007a). It was evident from the interviews that this category was considered an important part of value creation for customers, even if the effort to facilitate these interactions was not necessarily value creating for the respondents.

The final category called co-creation value was not created from the data as a representative category, but simply because of its comparative insignificance in the descriptions given by the respondents of customer value. That is to say, co-creation of value and recognition of the customer's role in creating value was only mentioned by two respondents. Given the theoretical recognition of the inextricable nature of tourism, experiences and value (Boswijk et al., 2007; Forder, Sørensen, & Jensen, 2014; Sørensen & Jensen, 2015) and considering the respondents all worked in what is considered to be an element of the experience economy (hospitality and tourism) (Oh, Fiore, & Jeoung, 2007) the absence of descriptions regarding the customers' role in creating value could be regarded rather unusual.

Conclusion, Limitations and Future Research

As customer value has been defined as an holistic, a-priori, active, post-priori evaluative activity influenced by past experiences with a temporal element created in part by the customer (Grönroos & Voima, 2012; Oh et al., 2007; Sørensen & Jensen, 2015; Vargo et al., 2008), it can be considered problematic to categorise the concept in a flat non-dynamic fashion as has been done in this article. However, it is important to remember here that these categories were data driven without prior reference to a specific theory. It is therefore very interesting to note that the data driven categories are very similar to Sheth et al's five value framework (Sheth et al., 1991) and Smith and Colgate's four value framework (Smith & Colgate, 2007b), thus confirming the rigorousness of these conceptual frameworks of customer value. An arguably significant difference to both of these theories is the category of co-creation value, which is not an explicit category found in either Sheth et al or Smith and Colgate. Additionally, theoretical reference to value-in-use and value in context is equally applicable to the empirical categories mentioned giving credence to these definitions of value. Two interesting variances between, for example, Sheth et al (1991) and Smith and Colgate's (2007a) studies and this study are; firstly,

aforementioned studies are not empirically based in Denmark, which could prove that customer value, as perceived by frontline managers, is well supported by customer value theory across national boundaries. Secondly, this study, unlike the study conducted by Sheth et al (Sheth et al., 1991) was undertaken in the hospitality industry, indicating that perceived customer value may not vary significantly between service vs product based industries. Additionally, although the empirical evidence for Smith and Colgate's (2007b) research is unclear, their study, similar to this investigation, also seems to be based on a multiple case analysis. In this study, representatives of a mixture of hospitality industries were interviewed resulting in very similar results. Finally, it needs to be highlighted, that the results of this research is founded on the interpretations of experienced frontline managers, they are just that, interpretations which could fit with any definition of value one propounds. Two conclusions can be tentatively drawn from this study. The first conclusion could be that frontline managers have a thorough understanding of what creates customer value supported by available theory and as evidenced by their descriptions of customer value. On the other hand, given changing consumer trends, and the resulting interest in experiences as value-creating mechanisms, an alternative argument could be proposed; that frontline managers in the hospitality sector have a "standardised" conception of consumer value and are perhaps lagging behind the consumer quest for experiences.

The analysis shows that frontline managers do make reference to good experiences, so there appears to be general awareness of the importance of experiences. Yet only sporadic use of the central terms and concepts of the experience economy is in evidence. It could be argued that frontline employees are not actively focussed on creating memorable, unforgettable experiences for customers but are perhaps more focused on other elements of the service provision, such as the service function and employee behaviour.

This study has implications for the Danish tourism industry at sector, organisational and hospitality educational levels. At a sector level, it raises questions as to whether the Danish tourism industry is managing to compete successfully for the experience seeking tourist and encourages further research as to whether this is the case or not. From an organisational perspective, further research needs to be done in order to understand if and how organisations are working to create the conditions desired by today's tourists. Finally, research into current hospitality programmes needs to be carried out to understand how new trends in the tourism sector are being incorporated into educational platforms and whether they are successfully educating experience economy employees.

Some limitations should be considered regarding this study. Although interviewees represented a broad cross-section of the tourism industry, organisations working exclusively with experiences, such as museums, amusement parks and the like were not represented, thus the potential views of these sources are not represented and may present a very different picture than that of these informants. The purpose of this study was to investigate how frontline managers describe customer; as a result the perspective of the customer has not been included in the research. This could be seen as a limitation, given the central role of the customer in the experience economy and co-creating theories. However, with the discovery of a sixth category denoting co-creation as a value creating factor for the customer in the service encounter, a strong case can be made for the need for further research in understanding customer value.

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