Service Systems: A Broadened Framework and Research Agenda on Value Propositions, Engagement, and Service Experience

Jennifer D. Chandler¹ and Robert F. Lusch²

Abstract
The proposed framework sheds light on the fundamental role that value propositions play in service systems. Building on service-dominant logic from marketing and structuration theory from sociology, the authors theoretically link three service constructs: value propositions as invitations from actors to one another to engage in service, engagement as alignment of connections and dispositions, and service experience as many-to-many engagement. The proposed framework generates future research directions and theory development regarding the crucial role of value propositions in service systems; ultimately, it contributes to a deeper understanding of markets that is different than that which is guided by the standard neoclassical economics view of markets.

Keywords
value propositions, engagement, service experience, service systems, service-dominant logic

Introduction
Service management, service marketing, and service theory have advanced considerably over the last several decades (Chase and Apte 2007; Fisk, Brown, and Bitner 1993). This continues today, as service¹ is increasingly viewed as a fundamental basis of exchange, despite its varied representations in the service literature (Edvardsson, Gustafsson, and Roos 2005b; Vargo and Lusch 2004, 2008). Perhaps this can be attributed to service-related technologies liberating us from constraints particularly in terms of time (when things can be done), place (where things can be done), actor (who can do what), and constellation (with whom it can be done) (Lovelock and Gummesson 2004; Normann 2001).

In this article, we focus specifically on time (when) and constellation (with whom) in service management. We move from the traditional view of service that emphasizes dyadic one-to-one service encounters, to a more encompassing view of service within service systems. This perspective emphasizes the larger constellations within which actors² become joined by service over time and space (Achrol and Kotler 1999; Iansiti and Levien 2004; Tax, McCutcheon, and Wilkinson 2013) or what is referred to in service-dominant logic as service ecosystems (Vargo and Lusch 2011). As Tuunanen and Cassab (2011) as well as Sampson (2012) explain, service involves multiple processes of interactions among many different actors. Based on this, we outline a theoretical foundation for exploring how actors can be engaged in many-to-many service experiences at different points of time and place. We also illustrate how actors may be involved in service experiences at varying levels, including, for example, the individual, group, organizational, or societal levels (Chandler and Vargo 2011; Grönroos 2011; Gummesson 1994).

This approach is important because, in many ways, all actors continually influence one another in today’s environment largely due to technology and globalization; that is, they overcome time and space constraints to engage with one another (Achrol and Kotler 2012; Rosenzweig, Laseter, and Roth 2011). Value propositions are advanced in this article as invitations from actors to one another to engage in service. Stated differently, a value proposition invites actors to serve one another in order to attain value, whether it is economic, financial, or social value or some combination of these. Furthermore, all actors continually face multitudes of value propositions from among which they must decide to whether or not to engage in service. Because many actors offer value propositions, it is often not possible, feasible, or necessary for an actor to accept all value propositions.

To this end, the proposed framework explores how and why actors, whether inadvertently or subconsciously, engage or disengage with one another. We begin by discussing value propositions. We then conceptualize engagement as consisting of two core properties—connections and dispositions. Next, we articulate

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how a service experience, as influenced by value propositions and engagement, may progress through four phases. Finally, we present a research agenda and discuss practical implications.

Value Propositions

Conceptual Background

Service scholars across disciplines have argued that value is not something embedded in things (Chase and Apte 2007; Holbrook 1994; Tuunanen and Cassab 2011). Normann and Ramirez (1998), for example, argue that value emerges from business activities and that management is the organization of those activities. For example, timber, gold, grain, wine, or automobiles are things that do not inherently carry value. Rather, their value originates from processes that are intertwined with other actors’ processes (Vargo and Lusch 2011; Zimmerman 1951).

These processes are brought together through service (Tax, McCutcheon, and Wilkinson 2013). According to service-dominant logic, actors integrate resources and do not use resources in isolation (Vargo and Lusch 2008). Furthermore, resource integration transpires across many different processes (Boyd and Levy 1963). For example, the various hardware components used for smartphones are not valuable unless they become integrated with a wider telecommunications network, as well as different types of software systems. Furthermore, the end user integrates this hardware into his or her everyday life in order for the smartphone to become valuable within his or her personal context. In this way, various processes are brought together through the mobile device service.

For these reasons, it is necessary to look at the deeper nature of service in bringing processes or systems together. Service occurs across consumption systems; it occurs when “the total task of whatever is [being] accomplish[ed] when using the product—not baking a cake, but preparing a meal; not installing a transmission, but building an automobile” (Boyd and Levy 1963, p. 130) is accomplished. However, the traditional study of service typically focuses on a specific task within a specific context, rather than on how tasks and contexts come together.

To begin developing a framework that explores how service joins disparate systems and processes, it is necessary to look more closely at the role of value propositions (Frow and Payne 2011; Payne and Frow 2005). Because one of the biggest challenges in service research is identifying and communicating with relevant stakeholders, value propositions play an integral role by initiating and guiding stakeholder communications (Ballantyne et al. 2011; Kowalski 2011). Webster and Lusch (2013) emphasize how value propositions help to coalesce layers or subsystems of actors—including customers, firms, value constellations, and society—that contribute to the elevated marketing concept.

Nonetheless, this emphasis on value propositions in the last decade of service research was preceded by industry research in the 1980s, and logic programming research in the early 1990s (Frow and Payne 2011; Gelfond and Lifschitz 1993). As described in the Journal of Logic Programming, Gelfond and Lifschitz (1993) describe a value proposition as resulting from both situation and action; they argue that a value proposition specifies an occurrence that is dependent on a particular situation or the performance of a sequence of actions.

With a similar emphasis on both situation and action, marketing and strategy scholars in the late 1990s began studying value propositions within organizational contexts. Evans and Wurster (1997), for example, view a value proposition as intertwined with the core activities of an organization (Webster 1994). A value proposition, in this literature, is viewed as a beacon and “point of difference” that distinguishes an organization from its closest competitors (Anderson, Narus, and Van Rossum 2006; O’Dell and Grayson 1999; Slater 1997). To illustrate, each of the following companies has been distinguished in some way based on its value proposition: Louiseville distinguishes its baseball bats as “best quality,” Jet Blue distinguishes its service as “best bang for your buck,” Hermes distinguishes their products as “luxury and aspiration,” and West Law distinguishes their legal journals as “must-have” (Tjan 2009). In this way, value propositions are “directed to one convincing, ‘shattering value’ and communicated through all promotions” (Anderson and Narus 2004, p. 274).

Because this communication can be relative to a target market segment, Bolton, Lemon, and Verhoef (2004) emphasize that market context can shape a value proposition. This coincides with an emphasis on customer orientation, or customer perspective, that has become fundamental to the role that value propositions play in customer relationship management and marketing (Bititci et al. 2004; Bohling et al. 2006; Heim, Wentworth, and Peng 2009; Slater 1997). This link between value propositions and customer orientation has also become fundamental in technology outsourcing (Levina and Ross 2003).

Because value propositions help organizations to relate with their customers, value propositions have also been linked to value cocreation (Prahalad and Ramaswamy 2004; Vargo, Maglio and Akaka 2008). This is because value propositions convey “customer solutions” in ways that customers appreciate; they bring together “a network of activities involving a host of stakeholders” (Gummesson 2008, p. 16). Accordingly, the crafting of a value proposition necessitates “[an actor] taking ‘one step backward’ to reflect on their own processes and how they engage in practices involving [others]” (Payne, Frow, and Storbacka 2008, p. 88). This leads to the view that “... the firm is no longer restricted to making value propositions only, but can engage itself in customers’ value fulfillment as well” (Grönroos 2008, p. 308). “By doing so, [a] supplier cannot rely on a predefined offering having a predetermined value proposition corresponding exactly to what he would like to sell or do; this is much more a question of taking into consideration the stakes of the customer and his network” (Cova and Salle 2008, p. 276).

As illustrated previously, there is divergence in the understanding of the term “value proposition,” and recent studies show that this has contributed to a gap in the service literature (Anderson, Narus, and Van Rossum 2006). In order to begin
addressing this gap, it is necessary to develop a definition of value proposition based on the disciplines that contribute to service research (Rintamäki, Kuusela, and Mitronen 2007). Along the same lines, there is also a need to examine how value propositions are fulfilled (Tuominen 2004), how value propositions extend firm boundaries and interfirm complementarity (Levina and Ross 2003), and how value propositions address the entire supply chain rather than only the next-stage customer (Bititci et al. 2004).

Value Proposition Intensity

We begin by exploring value propositions with respect to how they join processes, systems, and actors together through service. We define value propositions as invitations from actors to one another to engage in service. We assert that a value proposition invites actors to serve one another in order to attain value, whether it is economic, financial, or social, or some combination of those (Emerson 2003). In this way, value proposition development serves as one of multiple steps in service design and value creation (Pawar, Beltagui, and Riedel 2009).

It is important to note that value propositions are not always successful. This is because, nestled in a sea of value propositions, an actor can favorably reply to only a small number of value propositions. Because value and hence value propositions are uniquely and phenomenologically accessed by each actor (Vargo and Lusch 2008), different actors can potentially evaluate the same value proposition in different ways. As a result, from the viewpoint of a service beneficiary, a value proposition can range from high to low intensity; the “intensity” level of a value proposition refers to how strongly it reflects an invitation from one actor to another to engage in service. As value proposition intensity increases, the invitation is more relevant to an actor. As value proposition intensity decreases, the invitation is less relevant to an actor. Furthermore, we assert that a value proposition can invite engagement not only from customers but also from a constellation of other actors such as suppliers, distributors, buyers, sellers, and other actors. For these reasons, value proposition intensity is important because, in service systems, value propositions offer connections among actor competences, upon which service experiences can emerge. Because of this, highly intense value propositions can also be competitive, successful, superior, and compelling (Lusch, Vargo, and Tanniru 2010; Payne, Frow, and Storbacka 2008; Rintamäki, Kuusela, and Mitronen 2007). In the next section, we discuss engagement.

Engagement

Some of the earliest scholarly research on engagement comes from the education and learning literature in which it is found that greater student engagement leads to greater knowledge acquisition and cognitive development (Kearsley and Schneiderman 1998; Pascarella and Terenzini 1991). Csikszentmihalyi (1997), whose work is based in psychology and management, discusses engagement as related to “flow,” which “tends to occur when a person faces a clear set of goals that require appropriate responses” and “when a person’s skills are fully involved in overcoming a challenge that is manageable” (p. 29). Comparing engagement and flow, engagement is described as a long-term psychological state, while flow is described as a short-term “peak” psychological experience.

Engagement has also been related to psychological presence (“to be fully there”; Kahn 1990, 1992), which is “an experiential state that accompanies ‘personally engaging behaviors’ that involve the channeling of personal energies into physical, cognitive, and emotional labors” (Schaufeli et al. 2002, p. 73). However, engagement differs from psychological presence because it is not object-specific or moment-specific in the way that psychological presence refers to a specific moment.

In the management literature, engagement has typically been studied with respect to the application of one’s self to workplace tasks and environment. Schaufeli and colleagues (2002) assert engagement as the opposite of workplace burnout and its three dimensions: emotional exhaustion, depersonalization, and lack of personal accomplishment. Building on the work of Maslach and Leiter (1997) who proposed that engagement is comprised of three dimensions (i.e., energy, involvement, and efficacy) that directly oppose the three dimensions of burnout, Schaufeli et al. sought to represent “a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior” (p. 74). In doing so, their conceptualization of engagement removes emphasis on momentary and specific psychological states. They propose three dimensions of engagement: vigor (“high levels of energy and mental resilience”), dedication (“sense of significance, enthusiasm, inspiration, pride, and challenge”), and absorption (“being fully concentrated and deeply engrossed”; pp. 74-75). Based on this, Schaufeli and Bakker (2004) define engagement as a “persistent and pervasive affective–cognitive state that is not focused on any particular object, event, individual, or behavior” (p. 295).

This can be contrasted with service and marketing research that emphasizes engagement as a psychological state emerging from specific interactive experiences; to this end, Brodie and colleagues (2011, p. 258) develop five propositions relating to customer engagement. First, they argue that customer engagement “reflects a psychological state, which occurs by virtue of interactive customer experiences with a focal agent/object within specific service relationships.” Moreover, they assert that varying states of customer engagement “occur within a dynamic, iterative process of service relationships that cocreate value.” Given this, customer engagement thus plays a “central role within a nomological network of service relationships” and “is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional, and behavioral dimensions.” Finally, it is proposed that customer engagement “occurs within a specific set of situational conditions generating differing customer engagement levels.”

Notably, in this literature, engagement is most studied as customer engagement. However, recent studies have expanded
The Five Properties of Engagement

In the service literature, it has been established that “customer engagement reflects a psychological state, which occurs by virtue of interactive customer experiences with a focal agent/object within specific service relationships” (Brodie et al. 2011, p. 258). But, because each and every experience occurs in a specific time and place, the connections surrounding the experience contribute to the framing of a psychological state or disposition (Chandler and Vargo 2011). For example, engagement can emerge from a positive service encounter with a rental car service agent. However, a rental car service encounter may occur via a telephone call, during face-to-face service with an actual person or self-service kiosk, or in an online Internet chat application. Based on this, we assert that engagement is based on both the connections of an actor and the psychological dispositions of an actor. We refer to these as the properties of engagement, and, as seen in Table 1, these properties are either external to an actor (i.e., connections) or internal to an actor (i.e., dispositions). Each property summarizes the established theoretical underpinnings relevant for these connections and dispositions.

First, we discuss the external properties. The first two properties of engagement refer to the external connections of an actor that occur over time (temporal) and relational space (relational). Formally, these can be referred to as temporal connections and relational connections (Anderson, Hakansson, and Johanson 1994). These connections have been studied as the environment of exchange, or context, that actors sense, respond to, and draw upon (Hall 1976; Holloway and Hancox 1969). They have been studied as culture (Graham 1985; Hofstede 1991; Triandis 1977), political economy (Arndt 1983; Stern and Reve 1980), family worlds (Hess and Handel 1959), social relationships and interpersonal factors (Moorman, Deshpande, and Zaltman 1993), the institutional environment (Grewal and Dharavadkar 2002), or organizational culture and orientation (Jaworski and Kohli 1993), to name a few. These two properties are detailed in the following section.

<table>
<thead>
<tr>
<th>Property</th>
<th>Internal or External to Actor?</th>
<th>Illustrative Example Provided in Text</th>
<th>Formal Statement of Property</th>
<th>Relevant Cites</th>
</tr>
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<tbody>
<tr>
<td>Temporal connections</td>
<td>External</td>
<td>Letter written from one actor to another</td>
<td>Present-day connections that have emerged from the past and are oriented toward future service experiences</td>
<td>Anderson, Hakansson, and Johanson (1994), Eggar (2008), and Kjellberg and Andersson (2005)</td>
</tr>
<tr>
<td>Relational connections</td>
<td>External</td>
<td>Scholar-parent actor who misses family dinner to work with coauthor to meet publication deadline</td>
<td>Present-day connections are comprised of other actors and the social roles that affiliate them with these actors</td>
<td>Freeman (1977), Frenzen and Nakamoto (1993), Brown and Reingen (1987), Snijders (2001), and Akaka and Chandler (2011)</td>
</tr>
<tr>
<td>Future disposition</td>
<td>Internal</td>
<td>Siblings who inherit family business but have different plans for running the business</td>
<td>Appropriation, renovation, or innovation of connections toward a specific future</td>
<td>Ballantyne et al. (2011) and Emirbayer and Goodwin (1994)</td>
</tr>
<tr>
<td>Present disposition</td>
<td>Internal</td>
<td>White headphones gaining meaning</td>
<td>Appropriation, renovation, or innovation of connections in the current time and place</td>
<td>Emirbayer and Mische (1998) and Arnould and Thompson (2005)</td>
</tr>
</tbody>
</table>

upon this, and view engagement as nested within a larger set of relationships or networks. Some marketing studies view engagement as a state of stronger than normal affinity by a customer for a firm, such as brand loyalty or brand attachment (Appelbaum 2001). Customer engagement, specifically, has been studied as “a sense of involvement, of being connected with something” (Calder and Malthouse 2008, p. 2), a “behavioral manifestation” (p. 280; Kumar et al. 2010; Van Doorn et al. 2010), or an attachment between firms and their customers that “goes beyond transactions” (p. 248; Verhoef, Reinartz, et al. 2010), or an attachment between firms and their custom- ers (Ander-...
Temporal Connections: First Property of Engagement

Often, service draws actors together into a specific connection (Holt 1998). That is, service connects systems and processes—and the actors involved in them—together (Granovetter 1985). The resulting connections are a repository of exchanges from the past that continually influence actors in the present time (Etgar 2008; Kjellberg and Andersson 2005). This can be seen when one actor writes a letter to another actor and the other actor accepts the letter; the acts of writing and receiving the letter may be finished, but the resulting connection between the two actors continues to join them together. This may also be seen when, after a service agent and service customer interact, the service experience continues to positively influence the customer’s perception of the service organization, or, vice versa, when the agent is affected by a customer’s complaint to his or her manager. In this respect, connections represent service experiences from the past continuously joining actors over time (Giddens 1984).

Temporal connections refer to current connections stemming from service experiences in the past and giving rise to service experiences in the future. Temporal connections also represent the passage and influence of time, much like a still photograph illustrates one single moment of time between two actors but represents their many years of friendship (Iacobucci 1996). Consider that there was a relationship between the two actors before the photograph was taken. Like the photograph, temporal connections—as represented by the photograph—can continue to influence the actors over time and are also influenced by the actors over time.

In these ways, the temporal connections surrounding each actor are based on a unique history of service experiences that continually influence each actor. Two customers may be at the same automobile dealership interacting with the same salesperson to obtain information about the same automobile. However, because of different past service experiences, each customer may have different service expectations. As a result, these actors may integrate resources in different ways (Graeber 2001; Mattsson 1985). In the same vein, each actor experiences a unique version of time with respect to service experiences to which the actor has been and continues to be tied (Robins, Woolcock, and Pattison 2005). For this reason, engagement is seldom understood when viewed as an isolated event; rather, engagement can be ongoing and continually changing with respect to the connections of an actor (Breiger 1974; Iacobucci and Hopkins 1992; White et al. 2004). The preceding discussion leads to the first property of engagement, temporal connections. Temporal connections: Engagement is based on actors’ present-day connections that have emerged from past service experiences and are oriented toward future service experiences.

Relational Connections: Second Property of Engagement

The second property of engagement is relational connections or the connections through relational space that emerge from service experiences with many actors. Relational connections emerge when—through each service experience—actors take on social roles, or sets of practices, that connect them to one another (Akaka and Chandler 2011). They include the actors and the social roles that are associated with a service experience. For example, when actors take on simultaneous social roles as scholars, parents, friends, or spouses, they serve different sets of actors. Actors in scholar roles may engage with their coauthors while simultaneously engaging with their children if they are also parents. Thus, the relational connections of the scholar-parent actor include, for example, coauthors and children, as well as the social roles of coauthor and parent.

Although the actor’s coauthors and children are not directly linked to one another, they indirectly influence one another because of their relational connections with the scholar-parent actor (Wasserman and Faust 1994). In this way, relational connections are the conduits by which actors may influence one another, and actors are the points at which otherwise nonintersecting systems become joined (Brown and Reingen 1987; Homans 1967). In other words, the scholar-parent actor is the point at which the service systems of the actor’s children and the service systems of the actor’s coauthors intersect. The scholar-parent actor is a bridge or broker among those systems. Because of this, relational connections act as conduits along which service can send ripples and reverberations throughout the consumption systems of many actors, much like the wake of a small pebble ripples outward in a pond (Freeman 1977; Frenzen and Nakamoto 1993). Also, relational connections are the mechanism by which a single service experience can potentially influence many different actors and, vice versa, how different actors can be influenced by a single actor (Snijders 2001), such as in families (Bott 1957), communities (Davis, Gardner, and Gardner 1941; Muñiz and Schau 2005), organizations (Powell 1990), publics (Meynhardt 2009), or the market (Venkatesh, Penaloza, and Firta 2006).

It is important to note that relational connections continuously evolve. Sometimes, relational connections evolve in response to symbiotic, or mutually beneficial, exchanges among actors (Baggozzi 1975). At other times, service experiences that are beneficial to some may be harmful to other actors. In the earlier scholar-parent actor example, the focal actor may work late hours on a manuscript and be absent from dinner to the detriment of relational connections with the actor’s children. This may damage one set of relational connections but enhance another set of relational connections. Relational connections evolve in response to actors’ efforts: “ends and means develop cotermously within connections that are themselves ever changing and thus always subject to reevaluation and reconstruction” (Emirbayer and Mische 1998, p. 967). The preceding discussion supports relational connections as the second property of engagement. Relational connections: Engagement is based on actors’ present-day connections as comprised of other actors and the social roles that affiliate them with these actors.
Future Disposition: Third Property of Engagement

Dispositions refer to the internal proclivities, or psychological states, of an actor, including dispositions toward a unique future, a unique past, or a unique present. These are based on the notion of agency from the sociology and structuration theory literature; they refer to the capacity of actors to appropriate, reproduce, or potentially innovate upon connections with respect to their personal and collective ideals, interests, and commitments (Emirbayer and Goodwin 1994). The connections discussed previously—temporal connections and relational connections—are largely neutral on their own. Through service experiences, these connections can be “adapted to human goals and purposes” to either move toward a unique future, reinforce a unique past, or underscore a unique present (Simon 1996, p. 3). When connections can help them, actors tend to reproduce the connections to remain in a present situation. But, when connections do not help them, actors may renovate them or seek different connections to move toward a specific future (Emirbayer and Mische 1998; Robins, Woolcock, and Pattison 2005). Similarly, actors may continually refocus their memories of their past.

For example, a proprietor who inherits a successful and lucrative family business may have a tradition of entrepreneurship in the family; however, the proprietor may have a different future in mind and view this business responsibility as an impediment to a worldly travel schedule. On the other hand, an entrepreneurial sibling may look forward to building the family business into a billion dollar empire. This example demonstrates how two actors’ temporal connections influence their engagement with a family business; although they have the same temporal influences, they choose to engage differently and move toward different futures. The goals, desires, and needs of each actor (i.e., an actor’s dispositions) influence how the actor chooses to draw on his or her connections. Subsequently, we outline three internal properties of engagement: past disposition, present disposition, and future disposition.

Future disposition refers to the capacity of actors to integrate connections toward a specific future (Brodie et al. 2011). Future disposition is how actors appropriate, reproduce, or potentially innovate on connections as resources for moving toward a specific future (Constantin and Lusch 1994; Hunt and Morgan 1995; Penrose 1959; Peteraf 1993). This occurs when actors exchange “their often collective and distributed specialized skills for the individual and collective skills of others” (Vargo and Lusch 2004, p. 8). It is motivated by actors’ potential abilities to access a multitude of other resources (because of their connections) that they would not have been able to access on their own. For example, firms affiliate with supply chains to access resources that they would not be able to access on their own. The affiliation moves the actors toward a specific future. Future disposition thus focuses on the market (Bagozzi 1975; White 1981) or generally on exchange systems (Madhavaram and Hunt 2008; Podolny 1994). Consequently, we identify future disposition as a third property of engagement. Future disposition:

Engagement is based on an actor’s appropriation, renovation, or innovation of connections toward a specific future.

Past Disposition: Fourth Property of Engagement

Past disposition refers to actors integrating connections based on a specific past or experience (Thompson, Locander, and Polio 1989), as based in the thick (Geertz 1983), the habitus (Holt 1998), or the collective programming of the mind (Hofstede 1991). In marketing, this has been studied, for example, as psychological influences of culture, ranging from assumptions of homogeneous social psychological mechanisms within national groupings (Aaker and Williams 1998) to distributions of heterogeneous actors in “overlapping cultural groupings” (Arnould and Thompson 2005, p. 869). Mostly, past disposition has been studied in consumer behavior (e.g., Thompson and Tian 2008) from perspectives of attitude as “a psychological tendency expressed by evaluating a particular entity with some degree of favor or disfavor” (Eagly and Chaiken 1993, p. 1), evaluation, memory (Johar, Maheswaran, and Peracchio 2006), or affective and cognitive responses (Oliver 1993). The preceding lends support to past disposition as the fourth property of engagement. Past disposition: Engagement is based on an actor’s appropriation, renovation, or innovation of connections in response to a specific past.

Present Disposition: Fifth Property of Engagement

Present disposition refers to agency that prompts actors to integrate connections based on the current time and relational space. This occurs through meanings and meaning making, which enables actors to assert importance to current temporal and relational connections (Arnould and Thompson 2005; Mick 1986).

Because temporal and relational connections (the external properties of engagement) always change, the meaning associated with a service experience always changes. Meaning may intensify if disposition toward the future and disposition toward the past become salient within an actor’s current connections. For example, when an actor attends career development workshops (thereby aligning the past) to achieve (future) career ambitions, meaning intensifies in the current context. It also may occur, for example, when—because of past disposition—a customer comes to associate white headphones with a particular service experience and—because of future disposition—purchases the white headphones to continue exchanging with that particular company. The white headphones now hold meaning for the customer in the customer’s current connections; they become a sign or symbol to which this actor ascribes importance in the current time and space (Holt 1998). Meaning, in this example, leads to engagement, or alignment of an actor’s connections and dispositions.

In this way, meaning making can be compared to the stickiness that meshes Velcro™ patches together. Meaning making joins together “past disposition” as one patch and “future disposition” as the other patch, and fastens the patches to one
another in the present time and space. That is, meaning making bridges the past and the future. With stronger meaning, disposition toward the past and future are more tightly juxtaposed within one’s current connections. However, with weaker meaning, disposition toward the past and disposition toward the future slowly disintegrate; temporal and relational connections no longer align with an actor’s past or future disposition. And, the patches of Velcro become less sticky because dissonance grows between past and future dispositions. As a result, meaning making can facilitate service experiences by continually refocusing and aligning past and future dispositions in an actor’s current connections. In this way, meaning making can disintegrate from the actor’s current connections. That is, engagement is an alignment of past, present, and future dispositions, along with temporal and relational connections. Because it is often difficult for actors to align these dispositions and connections on their own, actors offer value propositions to one another, as explained in the next paragraph.

A value proposition is an invitation from one actor to another to engage in service, or to align their connections and dispositions with one another. Actors may help one another move toward a particular future, reinforce a particular past, or create meaning in the present. Value proposition intensity refers to how strongly a value proposition represents this potential engagement, or potential alignment of connections and dispositions. Thus, a highly intense value proposition corresponds more closely with an actor’s connections and dispositions, while a lower intensity value proposition corresponds less with an actor’s connections and dispositions.

Because all actors always face multitudes of value propositions and many choices for engagement or disengagement, every actor’s engagement is fleeting and continually changing over time. As a result, the experience of actors with one another’s engagement is also fleeting and continually changing, as are value propositions and every actor’s evaluation of those value propositions. Thus, every service experience is fleeting and continually changing. We propose a framework for exploring how service experience evolves with respect to value propositions and engagement in service systems.

**Service Experience in Service Systems**

Generally speaking, service experience has been studied as “the outcomes of interactions between organizations, related systems/processes, service employees and customers” (Bitner et al. 1997, p. 193). It includes many “contributory events and a number of transactions or interactions” (Hume et al. 2006, p. 307) that together “create [a] customer’s cognitive, emotional and behavioral responses, resulting in a mental mark, a memory” (Edvardsson, Enquist, and Johnston 2005a, p. 151).

Based on this, the proposed framework outlines how a service experience involves both the external connections and internal dispositions for each actor engaged in a service. Because value propositions can invite different actors to engage in a service experience, there are potentially many different sets of connections and dispositions that may contribute to a service experience. For this reason, each emergent service experience is also unique. Service experience is “when the service comes alive” for each actor, regardless of where and/or when the actor is engaged (Sandström et al. 2008, p. 120). It is the experience of service in its totality, a sensation, or knowledge acquisition that emerges from being engaged with many actors at different times and places (Tseng, Qinhai, and Su 1999).

In the service literature, service experience has been related to, but is different from the service encounter—a direct dyadic interaction between customer-contact employees and customers (Bitner 1990)—and the servicescape—the built environment within which service encounters occur (Bitner 2000). Both of these have specific boundaries; they have beginnings and endings, while a service experience does not. Service experience is also related to user experience, a term from the human-computer interaction literature that focuses on the functional and aesthetic dimensions of interfaces between users and the visual content that they consume via technological devices (Fleming and Koman 1998; Garrett 2010). Service experience and user experience are similar because they both go beyond the practical aspects of features and usability to explore the emotion, subjectivity, and context-dependent nature of service (Froehle and Roth 2004; Hassenzahl and Tractinsky 2006; Law et al. 2009).

With respect to each of these concepts, extant service research provides in-depth assessment of the role that firms play in providing service quality (Parasuraman, Zeithaml, and Berry 1985), and the role that individual employees play in customizing service encounters and service experiences (Bettencourt and Gwinner 1996). However, it has become increasingly salient that all actors engaged in service—such as, for example, customers, suppliers, or society—also play roles in customizing their own service experiences (Otto and Ritchie 1996). The proposed framework builds on extant service research integrating the experiences of service providers and service beneficiaries—both internal and external—to assert that a single actor, transaction, or incident does not define a service experience (Bitner et al. 1997). Rather, a service experience depends on many actors, times, contexts, or meanings (Tombs and McColl-Kennedy 2003; Tseng, Qinhai, and Su 1999). As Berry, Wall, and Carbene (2006) explain, “They may interact in person, over the telephone, through the Internet, or through other means, but they will always have an experience” (p. 53).
In line with this perspective, we emphasize that service must not be viewed as a “preproduced offering,” but instead be viewed as an ongoing process of differentiation that facilitates unique and heterogeneous service experiences customized to the unique skills, desires, or motivations of those involved (Patrı´cio, Fisk, and Cunha 2008; Schembri 2006). To study this more closely, we define service experience as many-to-many engagement. It is the ongoing and dynamic alignment of the connections and dispositions of many actors. This occurs before, during, and after a service encounter, as actors tap into their unique dispositions and connections to engage with one another. Based on this, service experience evolves according to value proposition intensity and engagement. This occurs over four phases that may repeat as cycles. The four phases are stimulation, replication, synchronization, and dissipation (Emirbayer and Mische 1998; Holbrook 2003). Movement through these phases is largely invisible, but at certain times, each phase may become empirically observable when value proposition intensity and engagement change (Goldenberg, Libai, and Muller 2002; Turchin 2003a, 2003b). How this occurs is detailed subsequently.

**Phase 1 of Service Experience: Stimulation**

In the stimulation phase, service experiences begin to appear in the market. There is no clear pattern to the nature of these service experiences. As seen in Figure 1, value proposition intensity is high at the beginning of this phase because actors are trying to figure out how and why to align with one another. Actors are all offering value propositions to one another. Because there is a lack of meanings associated with these service experiences and because existing service experiences are not continually aligned with other actors’ connections or dispositions, value proposition intensity is high because engagement is being catalyzed.

The stimulation phase is characterized by high value proposition intensity and steadily increasing engagement, as shown in Figure 1. To the extent that engagement increases, value proposition intensity decreases (but is still at a relatively high level) because actors become engaged. Phase 1, the stimulation phase, can be characterized in the following way:

**Phase 1.** The beginning of the stimulation phase is marked by low engagement and high value proposition intensity. The duration of this phase is characterized by increasing engagement and high value proposition intensity.

**Phase 2 of Service Experience: Replication**

We view the end of the stimulation phase as the intersection of the engagement curve and value proposition intensity curve; it is at this point that the once seemingly random service experiences begin to show patterns and repetition. This intersection demonstrates that many actors have begun to engage with one another. Alignments (among actors) are replicated, and there is momentum in the service experience. As a result, many actors begin to repeatedly align their connections and dispositions with one another.

Because each actor is different, service isomorphisms or replications begin to emerge in three ways. First, actors’ future dispositions point emergent service experiences toward specific futures. Second, actors’ past dispositions anchor emergent service experiences to specific pasts. Third, actors’ present dispositions bind emergent service experiences within current contexts. Then, as these actors at different times and places align meanings, these service isomorphisms become melded together. This sometimes catalyzes new service opportunities, and even more actors may begin to engage. Conversely, however, actors may disengage because the emergent meanings may diverge from their own ascribed meanings and cause a service experience to unfurl or disintegrate. Service experiences may react back on, or negatively affect, a service experience because newly engaged actors bring their own unique meanings to the experience (Giddens 1984). As a result, many-to-many engagement in this phase can either catapult the service experience.

![Figure 1. Phases of service experience.](image-url)
experience through to the next phase or it may stir disengagement and ultimately disrupt the service experience.

Although this is somewhat transparent to actors, it is largely unpredictable because of large-scale tipping points that are difficult to navigate (White et al. 2004). This occurs because the engagement of some actors may manifest as disconcerting shocks to other actors who were previously engaged. As this occurs, temporal and relational connections that were originally aligned may suddenly be withdrawn from the service experience. As a result, some service experiences no longer make sense and fall by the side or are discontinued.

As shown in Figure 1, the beginning of this replication phase is marked by the point at which engagement and value proposition intensity are equal, or, in other words, the point at which these curves intersect. This intersection is important because this is when many-to-many engagement begins to transpire: that is, many actors align their connections and dispositions with one another. From this, service experiences may converge and a dominant service pattern may begin to create order in the market. Because many actors are engaged in a service, value proposition intensity declines. Phase 2, the replication phase, can be characterized in the following way:

Phase 2. The beginning of the replication phase is marked by the intersection of the engagement curve and the value proposition intensity curve. In other words, the replication phase has begun when the levels of these two curves are equal. The duration of this phase is characterized by increasing engagement and decreasing value proposition intensity.

Phase 3 of Service Experience: Synchronization

The beginning of the synchronization phase, or the end of the replication phase, occurs when the engagement curve reaches its highest point, and the value proposition intensity curve reaches its lowest point. This occurs because engagement follows the patterns developed during the stimulation and replication phases, and service experiences become synchronized. In other words, the engagement of multiple actors in different times and places becomes synchronized and many actors comprehensively contribute to one another’s service experiences. When compared to the other phases, this phase is when the service system, service ecosystem, or service delivery network is most evident (Tax, McCutcheon, and Wilkinson 2013). Because multiple actors contribute to one another’s service experiences, service systems, service ecosystems, and service delivery networks are dynamic and ever changing. Moreover, their boundaries consistently change and are difficult to define.

Because of this, the synchronization phase is typically difficult to sustain because of the required multiple-actor engagement. In order to maintain a service experience in this phase, the engaged actors would need to continue aligning their connections and dispositions. Because each actor has a unique service experience, actors’ connections or dispositions may not continue to adhere to the patterns established in the stimulation and replication phases. Any change can disrupt an actor’s service experience and send it into disarray. Disruption may also occur if actors conflict due to lack of resources or divergence in meanings. Sometimes, actors stimulate different patterns that change the nature of a service experience. At other times, disruptive external forces may attenuate service experiences much to the dismay of engaged actors.

Because of synchronization, value proposition intensity is typically low so as to prevent disruption. Changes anywhere in the alignment of connections and dispositions are compensated for elsewhere in the service experience. Together, the actors—along with their connections and dispositions—move through time, adjusting and adapting as needed. As Goode-nough (1969) describes, “Change in any part of a stable system sets in motion a series of compensatory adjustments in its other parts and in their mutual arrangements until a new equilibrium is reached” (p. 322). Referring again to Figure 1, many actors are engaged in Phase 3. Many actors, because of their engagement, create meaning in their current connections in ways that align their connections and dispositions with one another. This alignment “supports” the service experience. As such, Phase 3, the synchronization phase, refers to:

Phase 3. The beginning of the synchronization phase is marked by the peak, or highest level, of the engagement curve and the lowest level of the value proposition intensity curve; these curves remain at these levels for the duration of this phase.

Phase 4 of Service Experience: Dissipation

The beginning of the dissipation phase, or the end of the synchronization phase, is marked by a directional change in the engagement curve and the value proposition intensity curve. This suggests that a service experience has begun to lose synchronization and that engaged actors have begun to fall out of alignment. As a result, value proposition intensity begins to increase once again.

Simply put, when engagement is unattainable, given an actor’s specific connections or dispositions, that actor will look for or consider other value propositions. This search is continual and multiplex in nature because actors continuously engage in many different simultaneously evolving service experiences. Also, actors continually offer value propositions to one another. Eventually, the phases repeat again. Phase 4, the dissipation phase, is characterized in the following way:

Phase 4. The beginning of the dissipation phase is marked by a change in direction of both the engagement and value proposition intensity curves. The duration of this phase is characterized by a high but decreasing level of engagement, and a low but increasing level of value proposition intensity.

Throughout these four phases, service experiences emerge because actors engage with one another, as shown in Figure
1. Some service experiences exhibit cyclical patterns, when value proposition intensity and engagement oscillate over time. Furthermore, because this oscillation is constant, service experiences do not evolve by a single pattern, but by a layered process informed by an interweaving of multiple webs of connections and dispositions (Stark and Vedres 2006). As the actors (along with their connections and dispositions) evolve jointly over time, service experiences also seamlessly morph and evolve.

To illustrate, consider that, much like living organisms, service experiences are always transforming. In this way, the transformations can be compared to the development of young children. Separate from the connections in which a child is raised, a child can also affect these connections while simultaneously being molded by them. As the child’s organs and subsystems develop synchronously in the child’s physical body, so too do the child’s cognitive and affective facilities. Together these processes continuously move through time, compensating and adapting to one another for survival. A service experience is alive like this child, comprised of multiple interrelated actors, processes, and systems that together move through phases and cycles. Similar to children and other living organisms, service experiences thrive in some environments and do not thrive in other environments. Like living organisms, some service experiences may wither away. On the other hand, service experiences may spin out from other service experiences. This may occur, for example, when communities form around online blogs and actors break away to begin other conversations that engage different actors. Then the evolutionary cycle of service experience begins again. Because service experiences are highly interdependent and therefore delicate in this way, value propositions are very important because they are service experience catalysts.

**A Research Agenda**

The proposed framework represents a first step toward theory development with the market conceptualized as a nonlinear and dynamic service system. This system is based on actors—including customers, organizations, and stakeholders—becoming connected and evolving jointly in ways that are not necessarily coordinated via economic transaction or the invisible hand of the market. To continue theory development in this direction, it is necessary to examine how all actors offer and choose from many value propositions to engage in service. Using a cross-disciplinary approach, we integrate service-dominant logic from marketing and structuration theory from sociology—but also include literature from management, logic programming, education, psychology, and anthropology—to conceptualize service systems and the market as more than a preproduced offering of a product or service in return for a medium of exchange (economic currency).

Just as we argue for a service system perspective of markets, we argue for multiple methods of discovery and justification. Case studies, historical, ethnographic, literary, survey, experimental, analytical, simulations, and other approaches for understanding the complex and adaptive systems that comprise the ground for value propositions (but also which value propositions help to structure and shape) are needed. In addition to deeper examinations of value proposition intensity, engagement, and the phases of service experience, future research is needed to draw stronger theoretical links to five existing service research areas: time, stakeholders, context, meaning making, and institutions. Discussed here and summarized in Table 2, we outline research questions in each of these areas to provide a research agenda toward a better understanding of service systems.

**Research Question 1:** The role of time

a. *Beyond product life cycles:* The traditional product life cycle is focused on goods and services in isolation, or extracted, from the service system. However, products are typically durable while service experiences change continually over time. How does service influence the product life cycle? How can time be used as a resource? Is value proposition intensity the same throughout a product life cycle, including the storage, disposal, or reuse of a good? Can product life cycles be extended or shortened with the unanticipated engagement of some actors? Does the product life cycle coincide with the cycles and phases of service experience? Does an extended synchronization phase in the service experience necessarily extend the life of a product?

b. *Throughout group cycles and dynamics:* Groups—whether they are families, organizations, or societies—move through cycles and stages that present different needs and challenges. Does time typically disrupt or cultivate group cohesion? How do service experiences influence these group dynamics? At which stage in a group cycle are value propositions most intense? Over time, how does a group’s within-group engagement affect its outside engagement? Why is this important?

**Research Question 2:** The role of stakeholders

a. *Beyond customers to stakeholders:* Value propositions are invitations from actors to one another to engage in service. Does an actor’s engagement necessarily entail that the actor is a stakeholder? Is it possible for actors to become so deeply engaged that a service experience is disrupted from its original trajectory? How do brands convey value propositions? How can actors mitigate unintended consequences of a value proposition? Is it harmful or beneficial to relinquish control of a value proposition during any phase?

b. *Value proposition intensity:* Value proposition intensity can determine the level of engagement in a service. How do actors transform value proposition intensity over the phases of the service experience? Should highly intense value propositions be offered to all actors? Does a highly intensive service require highly intense value propositions? What makes a value proposition intense? How do actors in their roles as
Table 2. Future Research Agenda.

<table>
<thead>
<tr>
<th>Key Research Area: Time</th>
<th>Key Research Area: Stakeholders</th>
<th>Key Research Area: Context</th>
<th>Key Research Area: Meaning Making</th>
<th>Key Research Area: Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>How does service influence the product life cycle? How does service influence group dynamics?</td>
<td>Can actors become so deeply engaged that the service is disrupted from its original trajectory? Does an intensive service require highly intense value propositions?</td>
<td>How can service catalyze these new beginnings or regressions to the past? How can service provide order during chaotic times?</td>
<td>How do organizations (profit and nonprofit) develop service systems to monitor individual values? How do organizations develop service systems to monitor social institutions?</td>
</tr>
<tr>
<td>Value propositions</td>
<td>Is the value proposition the same throughout a product life cycle? At which stage in a group cycle are value propositions most intense and effective?</td>
<td>How do actors transform value proposition intensity over the phases of the service experience? How do brands convey value propositions? What makes a value proposition intense?</td>
<td>When service is related to a critical event, how should a value proposition be crafted? How do actors offer value propositions that are sufficiently intense to attract engagement during transitions?</td>
<td>How do communication systems contribute to the development of symbols, signs, and meaning making? Is there a difference in value propositions that elicit short-term versus long-term engagement?</td>
</tr>
<tr>
<td>Engagement</td>
<td>Are product life cycles extended or shortened by service experience? Over time, how does a group’s within-group engagement affect its outside engagement?</td>
<td>How can an actor mitigate the unintended consequences of a value proposition? How do actors in their roles as consumers, employees, parents, spouses, or partners offer value propositions? How do actors accept, evaluate, or act on value propositions?</td>
<td>How can value propositions solicit the engagement of actors necessary to perpetuate a critical service experience? How does the nature of engagement change during a tipping point?</td>
<td>How does engagement influence symbols, signs, and meaning making efforts in a given context? Can a service experience exist without engagement or vice versa?</td>
</tr>
<tr>
<td>Service experience</td>
<td>Does the product life cycle coincide with the cycles and/or four phases of service experience? When can service experiences enhance group dynamics?</td>
<td>Is it harmful or beneficial to relinquish control of a value proposition? How do actors adapt or transform value proposition intensity throughout a service experience?</td>
<td>When critical events occur, do they disrupt or catalyze a service experience? When there is a tipping point, can a service experience lead to the emergence of a new local or world order?</td>
<td>Can sign systems be linguistically analyzed to give insights into the evolution of a service experience?</td>
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...consumers, employees, parents, spouses, or partners offer value propositions? How do actors accept, evaluate, or act on value propositions that they receive? How do actors transform value proposition intensity over the phases of a service experience?

**Research Question 3**: The role of context

a. **Critical events**: The context and events surrounding actors may spur desires to start anew or perhaps return to distant pasts. When critical events occur around a service experience, do they necessarily disrupt or catalyze a service experience cycle? How can service catalyze these new beginnings or regressions to the past? When service is related to critical events, should value propositions be crafted differently and how? How can value propositions solicit the engagement of actors necessary to perpetuate a critical service experience or deter certain actors from engaging?

b. **Macro tipping points**: Just like there are individual critical events, there are also large-scale changes or tipping points in the macro environment. Examples of these
might be economic depressions, social unrest, or natural disasters. Can a service experience lead to the emergence of a new local or world order when there is a tipping point? Can a service experience provide order during these possibly chaotic times? How do actors offer value propositions that are sufficiently intense to attract engagement during these transitions? How does the nature of engagement change during a tipping point?

Research Question 4: Meaning making

a. Symbols, signs, and meaning making: With respect to the five properties of engagement, an actor’s current disposition is based on meaning in the current context. What are the roles of symbols, signs, and meaning making in service systems? How do communication systems contribute to the development of symbols, signs, and meaning making, especially in the creation of intense value propositions? How does engagement influence the symbols, signs, and meaning-making efforts that are relevant to a service? Can these sign systems be linguistically analyzed to give insights into the evolution of the four service experience phases?

b. Relationships and resource integration. Relationships, along with the willingness and ability to integrate resources, largely influence how actors engage in service. What is the nature and scope of the resources and relationships that actors draw on during service; are they market based or not? Is there a difference in value propositions that elicit short-term (i.e., transactional) versus long-term (i.e., relationship) engagement? Can a relationship exist without engagement, or vice versa? How does resource integration change over the service experience phases?

Research Question 5: The role of institutions

a. Values: Values influence engagement because they contribute to whether an actor accepts and/or acts on a value proposition. How do organizations (profit and nonprofit) develop service systems to monitor an individual’s values? How do actors determine the values upon which to build value propositions? How quickly does engagement change when an individual’s values change? How do service experiences change or stabilize an individual’s values?

b. Institutions: Institutions are often taken for granted because they are accepted and deeply enmeshed into society, but they still influence engagement. How can organizations (profit and nonprofit) develop service systems to monitor social institutions? When does it make sense for an actor to offer value propositions related to institutional entrepreneurship or deinstitutionalization processes? How does engagement occur when there is divergence with an existing institution? Can service experiences change or stabilize institutions?

Conclusion

Reaffirming that the joining of disparate processes and systems resides at the heart of service, we underscore the importance of engagement, and, consequentially, value propositions as invitations from actors to one another to engage in service. The proposed framework emphasizes that service rarely begins or ends with a single actor or at a single point in time. Instead, each service experience casts a shadow (often long) on the future through which constellations of many-to-many service experiences may coalesce as “nonlinear and highly dynamic” agencies, institutions, organizations, communities, and individuals (Maull, Geraldi, and Johnston 2012, p. 72). Value propositions thus invite, shape, and potentially transform engagement in service.

The insights presented here offer potential for a deeper understanding of markets that is different than the dyadic buyer and seller standard equilibrium neoclassical economic model. Based on this, we hope the this research agenda can guide the study of service systems. From this systems perspective, actors—including firms—cannot sustain service experiences by themselves. They need to engage others and, in this respect, can only offer value propositions as invitations to engage in service systems.

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Notes

1. We use service in the service-dominant logic manner. Service is the “application of specialized competences (knowledge and skills) through deeds, processes, and performance for the benefit of another entity or the entity itself” (Vargo and Lusch 2004, p. 2). From this perspective, service can be provided directly or via a good; a good is a service appliance.

2. Many of these actors are market actors, but the generic term “actors” suggests a broader perspective that includes customers, firms, stakeholders and—both—market and nonmarket actors.

3. This is different than notions of agency from legal or economics perspectives, which refer to agency broadly as the ability of entities to act on behalf of a principal.

References


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