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**Understanding the Value Process:**  
**Value creation in a luxury service context**

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## **Abstract**

Value is an important part of the service literature, which increasingly recognizes that value cocreation is a process. The literature on the entire value process remains limited, however, with a lack of empirical evidence on how value is (co)created and what the different activities of service providers and customers are. Addressing this situation, we analyze the joint and separate activities of both the service provider and the customers in the value process. Using an ethnographic case study approach, we combine observations and interviews with managers, service employees, and customers to identify five stages of the value process and offer three main contributions. First, we show that service providers have roles extending beyond mere value cocreation. Second, we describe how customers create value independent of the provider. Third, we extend previous research on customer value-in-use by our focus on escapism as an important part of customer value in luxury services.

*Keywords:* services, service logic, value process, escapism, luxury, value cocreation

## 1. Introduction

In the service literature, customer value is foundational, with a focus on how customers perceive value (Grönroos 2008; Payne, Storbacka, & Frow 2008; Vargo & Lusch 2008) and on value-in-use (Grönroos 2008; Vargo & Lusch 2008). However, this literature diverges on the nature of value creation and cocreation. In service-dominant logic, value is always cocreated (Vargo & Lusch 2008; 2016). In service logic, service providers cocreate value only in a joint value sphere and otherwise facilitate customers' value creation, while customers are value creators (Grönroos 2011; Grönroos & Voima 2013).

The value concept, however, is elusive (Carù & Cova 2003; Helkkula, Kelleher, & Pihlström 2012; Sánchez-Fernández & Iniesta-Bonilla 2007) and encompasses value creation (Grönroos 2011), value cocreation (Vargo & Lusch 2004; 2008, 2016), and value facilitation (Grönroos & Voima 2013). Addressing these different conceptual value-related definitions, Ballantyne et al. (2011, p. 203) criticize service research's "fuzzy definitional problems". In this article, we highlight the lack of research on the actual process resulting in value-in-use as we believe an empirical understanding of the value process to be relevant for service research.

In order to study the value process, we focus on *how* the process involving a service provider and its customers leads to value for customers in the service context. We emphasize the importance of the service interactions in the value process, yet also study what customers and the service provider do both before and after the interaction. By 'interaction' we understand any contact between the customer and the service provider in-store, online, or by customers interacting with any resource provided by the firm.

Our study focuses on luxurious services. Luxury typically implies a special service experience for customers (Wirtz, Holmqvist & Fritze 2020), raising expectations and making the successful service delivery throughout the value process a crucial challenge for the service provider. While there is to date little research on luxury services, the hitherto strong focus on

products in luxury setting has started to be challenged by calls for more research into how consumers engage in luxury (Thomsen et al. 2020; Wirtz et al. 2020). In particular, recent luxury research suggests consumer escapism as a key driver of luxury experiences (Holmqvist, Diaz Ruiz & Peñaloza 2020). This article adapts consumer escapism to the value process. An outstanding luxury service experience may allow customers to become so involved in the experience that it becomes a form of temporary escape, and that this pleasurable escape is a desired part of customers' value process.

We offer three main contributions to service research. First, expanding focus on customers, we show that service providers have roles other than value cocreators. Even when service providers are included, they often play a limited role, as in Grönroos and Voima's (2013) conceptualization where service providers have no role after the interaction. In contrast, we follow the service provider throughout the value process to uncover the importance of the provider's active participation.

Second, we describe how customers create value independently of the provider after the service interaction. Customers' independent value creation is an important conceptual part of service logic (Grönroos & Voima 2013), yet most research on independent value creation remains conceptual. By actually observing and interviewing customers in store, after the interaction, and online, we show not only that customers' independent value creation exists, but also provide insights into how it plays out in their lives.

Third, we extend previous research on customer value-in-use by our focus on escapism. Previous luxury research on escapism has focused on how customers interact with products (see Holmqvist et al., 2020a for an exception). This article instead focuses on escapism in the customer experience to show that the luxury service provider carefully facilitates escapism, and that it plays a major role for customers in luxury service contexts.

The remainder of the article is structured as follows: we first review the literature on value, with particular attention to service research on the value creation, through a horizontal literature review as recommended for value research (Holmqvist & Diaz Ruiz 2017). Next, we describe our ethnographic case study approach. In the results, we organize our findings to discuss what service providers and customers do before, during and after the interaction. The discussion analyzes our findings with particular attention to the three theoretical contributions

## **2. The value process in service**

The value process is often complex, involving firms, managers, frontline employees, and customers, all of whom contribute to value in different contexts. The value process may thus lead to complex relationships before, during, and after the service (Grönroos 2011; Grönroos & Voima 2013). Value creation “may reflect true co-creation activities in direct dyadic interactions, but parts of it may be based on independent activities by the parties in a business engagement, where the focus is on the mutuality of value creation” (Grönroos & Voima 2013, p. 136). The service literature argues that customers *determine* value (Grönroos 2011; Vargo & Lusch 2008); in addition, service logic holds that the customer is the *value creator* (Grönroos 2011). According to the value-in-use notion, value emerges in customers’ processes from their actions during consumption, either interdependently with other actors (e.g., service provider, other customers) or independently.

Service logic holds that value-in-use exists only when customers use resources physically or virtually, marking a distinction with potential value (Grönroos 2017). Value-in-use emerges in customers’ interactions, in which firms may co-create value with customers. After the interaction, customers continue to create value-in-use independently or in social cocreation with peers (see Grönroos & Voima 2013), both on social media and in real life.

Service logic holds that no value-in-use exists before interactions, only potential value-in-use. Consequently, firms compile resources and processes to facilitate customers' value creation.

To understand the actors in the value process, we posit that value creation: (1) originates from customers' consumption practices, mental states, and possession of a service's material and immaterial components (Grönroos & Ravald 2011); (2) is experiential (Vargo & Lusch 2011) and thus is necessarily value-in-use; and, (3) implies customer agency exerted individually (i.e., value creation) or through social exchanges with both service providers and other customers (i.e., value cocreation) (Grönroos 2011). The service literature emphasizes that customers ultimately evaluate the value of a service (Grönroos & Voima 2013; Vargo & Lusch 2004). However, understanding how customers interpret value is notoriously difficult (Helkkula et al. 2012; Holmqvist, Guest & Grönroos 2015), as value perceptions depend on context (Akaka, Vargo, & Schau 2015). There is a lack of empirical studies treating the entire value process from both the customers' and the provider's perspective. This is particularly true of luxury service contexts; many luxury firms have tended to prioritize only one-on-one interactions rather than looking at the full picture of multi-actors interactions (Holmqvist, Wirtz and Fritze 2020).

To address this gap, we next review the several different spheres in the value process. In line with previous research using a single-case approach to understand the meanings attributed to company–customer interactions (Diamond et al. 2009; Tumbat & Grayson 2016), we employ an ethnographic case study approach (Visconti 2010) to provide empirical evidence of the value process by analyzing both the actions firms take as service providers and customers' use of the service. We adopt the micro-level conceptualization of the service logic literature, specifically in Grönroos and Voima's (2013) value model. In this model, the value process includes (1) a provider sphere closed to the customer; (2) a joint sphere in which the provider's and the customers' processes merge into one coordinated, dialogical, and

interactive confrontation; and, (3) a customer sphere closed to the provider. Though linearly presented, this model is iterative, and value spheres can follow each other in different sequences, as well as overlap.

### *2.1 Provider sphere*

Two opposite views exist on the service provider as an actor in the value process. A product-determined value logic (Bajde 2011) holds that service providers are primary agents of value creation and that value is “an inherent and universal property of products and services” (Bajde 2011, p. 333). In this view, customers are relatively passive recipients of the value that service providers create. Contradicting this view, service logic (Grönroos 2011; Grönroos & Voima 2013) posits that service providers cannot create value; value creation occurs in the presence of customers as value-in-use. Yet service providers can act as facilitators of value-in-use by developing potential value that customers will actualize (Gummesson 2007). In addition, service providers may learn from their customers how to compile resources and design processes (Karababa & Kjeldgaard 2013).

### *2.2 Customer sphere*

Understanding what takes place in customers’ social process is a key challenge for companies (Lemon & Verhoef 2016). Value-in-use is phenomenological, arising from customers’ interactions with “physical, virtual, mental, or imaginary” resources that they obtain from the provider (Grönroos & Voima 2013, p. 142). Through this interaction, customers can assess the extent to which the service has value for them in comparison with alternative options. This is of crucial importance for service providers as “value propositions need to be evaluated from the perspective of the customers’ value creation” (Skålén et al. 2015, p. 137).



Value creation can also occur socially, in interactions with customers' peers. Value creation extends to the customer sphere, in which customers continue to use resources gained from interactions in the joint sphere or discuss the service with other customers or friends to make sense of the process and the emergent value. Value cocreation with other customers assumes particular momentum in the context of consumer tribes and communities (Cova, Kozinets, & Shankar 2012), in which social links dominate the value extracted from service experience and ownership (Cova 2017).

Customers' independent value creation is an important part of the value process, but conceptual interpretations of it differ. While Bajde (2011) focuses on the service provider as value creator and Vargo and Lusch (2004, 2008, 2016) on all-encompassing cocreation, the customer as an independent value creator (Cova, Kozinets, & Shankar 2012) is largely missing from the literature, in particular for how customers create value for themselves *before* and/or *after* the interaction (i.e., following service provision), thus independently of the service provider.

### *2.3 Joint sphere*

Within the joint sphere, value creation originates from interactions between customers and service providers. Interactions leading to joint value cocreation may be of two types. *Direct interactions* occur when customers and providers concurrently exchange resources dialogically (Grönroos & Voima 2013), and take place in interactions involving the service personnel (i.e., a service's part-time marketers; Gummesson 1991) and the servicescape (Bitner 1992). *Indirect interactions* are asynchronous and emerge from customers' interactions with providers' resources before (e.g., brochures) or after (e.g., physical elements of the service a customer may subsequently interact with) the service provision (Grönroos & Voima 2013).

## *2.4 Escapism in the value process*

To study the value process, we focus on the empirical context of luxury services. Luxury research has long remained focused on a product-logic (Thomsen et al. 2020) leading to calls for more research into luxury services (Wirtz et al. 2020). The concept of luxury is notoriously difficult to define, due to competing definitions (see Ko, Taylor & Costello 2019 for a review), and intertemporal changes (Cristini et al. 2017). This article does not attempt to offer a new definition of luxury, but rather situates the empirical study in a luxury context to study the role of escapism in the value process. We draw on research identifying escapism as an important part of luxury experiences (Atwal & Williams 2009; Holmqvist et al. 2020a) to posit that escapism may be a driver of customer value in luxury service contexts.

Escapism is an important concept in consumer research (e.g. Arnould & Price 1993; Canniford & Shankar 2013; Cova, Carù & Cayla 2018) yet less frequently used in service research. Adapting the concept of escapism to understand customer value in luxury service contexts, we rely upon Turner's (1969; 1974) classic definition of escapism as a liminal state. Similarly, Pine and Gilmore (1999) described escapism as an experience as intense and involving as to make customers temporarily escape their daily life. In adapting the concept to luxury, Atwal and Williams (2009) conceptualized escapism as an intense luxury experience, although their conceptualization remained focused on more classic luxury products. Escapism allows customer a brief escape from everyday life, and to even lose sense of time (see Woermann and Rokka 2015 for a review). In short, escapism allows customers to both escape 'from' everyday chores, and briefly escape 'into' a pleasurable moment (Cova et al. 2018).

## **3. Empirical study**

### *3.1 Ethnographic case study method*

We employ an ethnographic case study method (ECS) (Visconti 2010), which stems from the integration between organizational ethnography (Cayla & Peñaloza 2012; Rosen 1991; Van Maanen 1979) and case study research (Eisenhardt 1989; Yin 2013). ECS complies with case study research in terms of (1) focus on one or a few organizational cases and (2) theoretical sampling of the case(s) (Eisenhardt 1989), consisting of the purposive selection of said case(s). It also complies with organizational ethnography in terms of the researcher's (1) emic or derived etic approach to the field (Berry 1989), (2) data collection techniques (observation and interviewing; Van Maanen 1979), (3) data analysis (Rosen 1991), and (4) reporting (Arnould & Wallendorf 1994; Cayla & Arnould 2013).

We adopt an ECS method for two reasons. First, our literature review shows that how value arises within the service experience largely depends on the way customers perceive and construct value, which Akaka, Schau and Vargo (2013) define as 'value-in-cultural-context'. Interpretive marketing research has systematically used ethnography to unpack customers' lived experiences. Ethnography is effective in addressing meaning-making processes (Cayla & Arnould 2013) as they unfold in given empirical contexts, and especially useful to study luxury contexts (Dion & Borraz 2017). We pursue a "market-oriented ethnography" to provide deeper insight into a company's market (e.g., its customers, competitors) and an "ethnography of marketing" to shed light on a company's internal marketing processes (Arnould & Wallendorf 1994, p. 484). We observed and interviewed Ladurée customers during service interactions and expanded observation after the service through netnography (i.e., collecting data on how customers discuss, present, and share their service with others in social media) (Kozinets 2010). We also carried out field observation in Ladurée stores, interacted with and interviewed frontline personnel and managers, and analyzed the company's website, social media and archival data to gain insights into the organizational culture, its value drivers, and the mechanisms of value creation in place at the company.

Second, the ECS method helps bridge the relevance gap (Starkey & Madan 2001), improving research relevance for managers and scholars (Visconti 2010). Our literature identifies a research question relevant to both managers and scholars: how the process involving a service provider and its customers leads to value for the customer. As such, certain categories central to the service literature to which we contribute were a priori given (e.g., producer/joint/customer sphere, value-in-use). However, in line with the grounded approach we neither formulated formal hypotheses nor simply moved from the theory to the field; rather, we adopted an iterative theory–field–theory approach, which fostered use of the field to generate new theory rather than simply to test theory (Van Maanen, Sørensen, & Mitchell 2007). This methodological decision is sensitive to the need to advance service research on the value process, which to date lament the shortage of empirically grounded and strongly applicable understanding of value creation in service (Helkkula et al. 2012).

### *3.2 Ladurée: When service experience sublimates “macarons”*

We selected Ladurée as our empirical case for data collection and theorizing. Ladurée is a French brand, operated since 1862 in Paris, 16 rue Royale at the corner of Rue du Faubourg Saint-Honoré, often cited as one of the world’s leading luxury street in and home to many famous luxury fashion houses. Ladurée’s founders, Louis Ernest Ladurée and his wife Jeanne Souchard quickly realized that their commercial success depended more on the service experience than on the products they could serve. Following an increasing service trajectory the store transformed from a bakery into a pastry shop, and from a pastry shop into a tea room. Exploiting the proximity to Palais Garnier (the Paris Opera House) and the Élysée Palace (residence of the President), Ladurée was designed to appeal to a wealthy, sophisticated clientele, mostly composed of women looking for escapist pleasure. Since the times of the Second Empire, Ladurée has provided customers with a place to make new or

cultivate old acquaintances, protected by the calm of the refined rooms and delighted by its atmosphere and product assortment.

We chose Ladurée for its focus on this escapist luxury service experience. While over time the brand has become worldwide-known for one of its products, the iconic macarons that it claims to have invented, the recipe of its success still relies upon the way customers are treated all along the service encounter. Our data collection revealed the extent to which Ladurée goes in terms of atmospherics, retail design, and customer management, including the codification of how clients are welcomed when entering the store, service employees' tone of voice, product manipulation, line organization, time deceleration, and more. The brand's competitive advantage thus arises from provider-customer and customer-customer interactions, and from the management of its servicescape.

To confirm our intuition, other Parisian pastry shops such as Arnaud Larher or Pierre Hermé, offer a selection of exquisite, high-end macarons, yet they employ a product strategy focusing on product excellence at little attention to the service experience. Most of these shops are in fact designed to provide *connoisseur* shoppers with easier exposure to the counter/products (i.e., what does matter) and are not equipped for *sur place* consumption (i.e., consumption on the point of sale).

We are not underrating the importance of macarons for Ladurée's patrimony. We could even dare to say that world's best-known macarons are those produced by the brand. As an illustration, when Sophia Coppola shot the film *Marie Antoinette* she asked the brand to create a special Marie Antoinette macaron flavor, hence acknowledging its reputation in this specialty field. We consider macarons in light of Belk, Wallendorf, and Sherry's (1989) theory of objectification, which argues that consumers confronted with (quasi-)sacred experiences need to concretize the sacred in an object, meaning that they need to embed something that is intangible and extraordinary (literally, escaping from the ordinary, mundane

experience) in a consumption object they can take away with them. With her own words, Mélanie, one of the employees we interviewed, confirmed this when describing shoppers' purchase of macarons as souvenirs of their store visit:

*We receive an enormous number of tourists. Especially Asians, and a lot of Americans. Also Europeans - England, Germany, Ireland, Spain – and then also many Russians. There are obviously French customers, many of them businessmen, for in this district there are many offices. We have elderly people, our regulars who come often, and French people who are visiting Paris, who do not live necessarily in the capital and come to Ladurée to bring back home a souvenir.* (Mélanie, store seller)

Building on its Parisian heritage and connection with the French aristocracy, Ladurée has moved from a single-shop company to an international brand, with, as of 2020, 107 stores in 28 countries on five continents. Despite its commercial growth, Ladurée has maintained both its service strategy and luxury positioning. As Nathalie, a Ladurée manager based in New York, confirmed, the brand is recognized for its prestige by other luxury brands:

*[A leading luxury brand] placed a big order for Christmas, because they wanted to offer a small box of Ladurée to their VIP customers, throughout the US.*

### *3.3 Data, analysis, and interpretation*

*Data set.* Schau, Muñiz and Arnould (2009) recommend participant observation to research value creation. Hence, our first-order data (i.e., collected data; Van Maanen 1979, pp. 540–41) comprised “observational and presentational data.” We conducted in-field and online observation over a period of four years (January 2015 - March 2019). In-field observation was both participant (when we took part in the shopping experience) and nonparticipant (Mariampolski 2006), and included (1) Ladurée’s historic store (16 rue Royale, Paris); (2) its

flagship store (75 avenue des Champs-Élysées, Paris); (3) its shop-in-shop at Printemps department store (64 boulevard Haussmann, Paris); (4) its kiosk at Charles de Gaulle airport, Paris; (5) its corner at Excelsior department store (Galleria del Corso 4, Milan); and, (6) its store in Rome's fashion district (Via Borgognona 4c). Ladurée provided repeated access to its facilities and the opportunity to conduct in-store interviews. Four authors took part in observations, documented through 143 photos and 27 pages of field notes, where we recorded factual observations, emerging interpretations, and feelings separately. We focused observation on material artifacts (products and their manipulation and display, store design, store décor, employees' uniforms, serving equipment, etc.), behaviors (routines, language, tone of voice, paralinguistic elements, etc.), and interactions (customer-customer, employee-customer, employee-employee, customer-product, provider-product).

In online observation, we monitored Ladurée's and Groupe Holder's websites, Ladurée's social media pages, some 5,000 Instagram pictures with the hashtag #ladurée, and customers' online exchanges through social media profiles. Following Kozinets' (2010) indications for netnography, we focused on language and interactions (in terms of comments, likes, and sharing of said posts) in the company's and customers' posts. The nature of the posts (mostly Instagram photos with little or no text) did not add much depth to our ethnographic work. Rather, they provided illustration of how customers document visits to Ladurée and how they use products as memorabilia to share their experience with others (the objectification of the sacred; Belk et al., 1989). They also visually documented the stores' material elements that customers consider key to describe their service experience. For these reasons, we mostly include textual data extracted from our fieldwork.

-----Table 1 about here-----

Presentational data comprised interview data from both short and long interviews (Table 1), focusing on Ladurée's flagship boutique in Paris. First, we conducted six long ethnographic interviews (Spradley 2016) with Ladurée representatives, including senior managers in charge of Ladurée's strategy, middle managers, and frontline service personnel. Interviews were semi-structured and addressed several aspects including professional experience, role at Ladurée, personal understanding of customers' needs, and techniques used to improve customer services. Second, we conducted twelve interviews with Ladurée customers. Interviews with representatives of Ladurée were inspired by a life story approach (Atkinson 1998), while interviews with customers were phenomenological (Thompson, Locander, and Pollio 1989), due to our interest in each customer's personal experience. The average length of interviews with managers was approximately one hour, while the average respondent interview was approximately half an hour; earlier interviews were the longest, as later interviews rapidly reached saturation. Interviews were conducted in English, French, Italian, and Swedish. All but two respondents were interviewed in their first language; the remaining two were fluent English speakers.

*Analysis, interpretation, and transferability.* We derived second-order data (interpreted data; Van Maanen 1979) through a hermeneutic process of data analysis and reduction (Thompson 1997). Data went through four steps of analysis and interpretation (Mayan 2009), which involved three of the researchers and that included: (1) comprehension, leading to a data-dense description (i.e., open coding); (2) synthesis, which derived from the identification of the connections among described data (i.e., axial coding); (3) theorizing, which implied the construction of our overarching theoretical interpretation of the data (i.e., selective coding); and (4) recontextualization, which allowed us to connect our theoretical contributions with existing service literature. Please refer to Appendix 1 for further details on how we performed each of the four stages.



Emerging interpretations were triangulated within the research team and with some key informants, in line with interpretative research standards (Silverman 1993; Spiggle 1994). The presentation of our findings provides details specific to our field context. By carefully clarifying the field, we foster transferability of our results and meet the criterion of applicability used to assess the quality of case study reports (Lincoln and Guba 1990).

#### **4. Findings**

Our findings detail the value process for both service providers and customers, addressing their actions before, during and after the interaction. In the following sections, we identify five key stages of the value process: value anticipation, value facilitation, value cocreation, value creation, and value learning. These value stages emerge from our ethnographic study, and we illustrate each stage with data from our interviews and observations. Figure 1 summarizes the value process and its five value stages.

-----Figure 1 about here-----

##### *4.1 The value process before the interaction*

**Customer sphere: Value anticipation.** Building on previous research showing that anticipation influences satisfaction (Oliver & Burke 1999), we find that many customers eagerly look forward to the experience of the interaction. Their value process already begins as they start planning and thinking about their visit to Ladurée.

*There is a certain anticipation already during the day.... Ladurée is like a famous Parisian monument that you're going to visit. (Marc)*

As the quote illustrates, the company's fame drives customer anticipation for those who have never visited Ladurée. They develop optimistic fantasies about the future visit, in line with psychological research on future expectations (Oettingen & Mayer 2002). Customers who have already visited Ladurée also anticipate their interactions, using their familiarity as a heuristics for predictions. Familiarity not only grounds expectations of continuity (i.e., repetition of past positive experienced value) but also escapist discontinuity (i.e., fantasies of unexpected additional value):

*Quite looking forward to having a good experience, for sure ... a good service. I would be expecting that I receive good service [and] maybe they'll let me try out their tea, or maybe their new macaron.... The price is high, but it's worth it cause I'm looking for that experience, to feel that prestige. (Gina)*

The quote highlights important aspects specific to upscale services, as customers reveal how they look for feeling special, or even to feel prestigious through their service interaction as in Gina's case. These feelings about Ladurée echo the hedonic exclusivity that Wirtz, Holmqvist and Fritze (2020) define as a key part of luxury services.

***Provider sphere: Value facilitation.*** In keeping with its heritage, Ladurée locates the customer at the center of the service to facilitate value creation by conveying an *iconic* authentic service (Grayson & Martinec 2004). As customers enter Ladurée, they are plunged into a visual servicescape (Bitner 1992) that brings together symbols of the French monarchy and its aristocratic splendor, granting fictional access to the court in Versailles. Studying luxury servicescapes, Dion and Borraz (2017) report how the servicescape guides customers as to how to behave in the boutique; our observations from Ladurée support this view.

Ladurée employs a carefully designed retro décor. Although the company regularly renovates its stores, nothing obviously modern is on display, leaving customers with the impression that everything around them could have been in the store for decades or longer. Crystal chandeliers, ceiling moldings, marble flooring, and pastel colors are carefully considered parts of the servicescape to set the mood and mark a spatial and temporal discontinuity between customers' ordinary lives and the exceptional service, as Nathalie, a company representative, explained:

*The boutique is designed to be aristocratic ... Louis XIV and Marie Antoinette.*

Next, we find that Ladurée also facilitates value creation through service disembodiment, with service employees almost becoming actors. Employees wear identical uniforms, behave similarly (e.g., same gestures and phrases), and limit improvisation. They follow a strict code of conduct for respectful interactions with customers and each other. Overall, this grants bold service ritualization wherein service employees become almost interchangeable.

*There is a whole compendium of instructions and every seller has a training period before starting to learn the ways to act in the boutiques. (Nathalie)*

*As we sell a luxury brand, well, we need to adopt certain codes. The most basic is the greeting. We say "Madame, bonjour" or "Monsieur, bonjour" rather than "Bonjour Madame" or "Bonjour Monsieur" which would come across as too common. (...)*

*To really enhance the image of luxury, we must always address each other [as] "vous" in front of the customers, even though we say "tu" to each other in the back office. (...) It is forbidden to run or to shout, we really emphasize self-control, smiling and caring for the customer. (Mélanie)*

Disembodiment is beneficial to the value process for three reasons: (1) it helps reduce value fluctuations due to employees' personal touch; (2) through de-humanization, service employees are liberated from human imperfection; and, (3) customers' humanity becomes more salient, making them the sole protagonists (the personnel never befriends customers). This is noteworthy as disembodiment is usually an unplanned and undesired consequence of service commodification or digitization (Bhagwati 1984). In contrast, at Ladurée this takes place in a physical context neither commoditized nor ordinary.

#### *4.2 The value process during the interaction*

***Joint sphere: Value cocreation.*** All actions in the provider sphere to facilitate customers' value creation come alive in the service encounter. The interviews and observations confirm the length to which Ladurée goes in the provider sphere to offer an aristocratic service delivery to draw in customers. We further identify the role of escapism for customers' value-in-use in the luxury service context, as escapism is jointly enacted to support value cocreation. When we asked customers about why they visit Ladurée, many mentioned how the service interaction makes them feel, both with service personnel and being in the store, and many unprompted customers talked about a brief escape to another time.

*It brings to mind a classic high-level Parisian pastry from the early 20<sup>th</sup> century.*

*You're sure you're entering a small corner of Paris and can afford yourself a break....*

*Everything in the store seems rather well designed and developed to convey this concept, I think..... (Gina)*

*It's very classy and stylish, in a timeless way. You really feel like stepping back in time when you enter. (Élodie)*

What customers seem to value the most is Ladurée’s ability to temporarily suspend them in a bubble to permit this escape. We find that escapism at Ladurée is the intended, and often obtained, end-state customers achieve through the service provider’s skills at making the interaction both intense and involving. Though escapism appears to be obtainable only through customer–personnel interaction, our results indicate that this escapism is made possible through value facilitation drivers. Iconic, referential authenticity (Grayson & Martinec 2004) enables customers to separate the service from daily life, both spatially and temporally.

Customers visiting Ladurée’s boutiques become involved in the interaction, and this experiential involvement is a key part of escapism (Atwal and Williams 2009; Holmqvist et al. 2020a), letting customers briefly ‘escape’ into another reality through the service experience. This escapism adds to customer value, exemplified by a foreign tourist who vividly phrased such sentiment as “being Parisian”:

*I was happy to be visiting Paris. And having macarons made me feel even more Parisian. .... It made me feel at one with my being Parisian for a couple of days.... Having the product [macarons] in France gave [me] a heightened sense to the experience. (Alessandra)*

In another indication of the importance of escapism, customers argue in favor of such a sense of belonging to Ladurée’s world in terms of feeling treated “like a lady”:

*I love Ladurée! The whole concept, the macarons ... but mostly the store and the atmosphere; it’s such high class. I always feel like a lady when I buy at Ladurée. (Claudia)*

*I feel like a princess. Everything is so beautiful and splendid. (Alexia)*

These expressions of feeling like a princess or a lady align with recent luxury research on how temporarily ‘transforming’ one’s identity is a key part of escapism in luxury experiences (Holmqvist et al. 2020a). Ladurée’s ability of making customers feel unique and valued, crucial to luxury settings (Kapferer and Bastien 2009), stems from its strong emphasis on treating each customer as someone special, as Yasmine explained:

*When I’m in front of a customer, she’s the only one who exists for me, everything and everybody else disappears and I focus my attention on her, caring for her.*

Describing a visit to Ladurée, one customer, Claudia, almost immediately began recounting how her interaction with the service provider made her feel:

*What makes the atmosphere, for me, is the way shop attendants talk to you. They don’t treat you as a friend. They make the customer feel refined. They clearly are very respectful.*

This customer view echoes the service provider’s aim, confirming how provider actions to facilitate value turns into cocreating customer value in the interaction. Customers tend to notice that the service employees’ behavior in this upscale setting differs from how service employees interact in many other stores. Several informants mentioned how the behavior of the service provider makes them feel when visiting Ladurée:

*They have this little extra touch, which makes our experience even better and more memorable. You feel important. (Alexia)*

*And the way they hand the bag to you ... not over the counter, but on the side.*

*Elegantly. I think it ... entire place and behavior of the sales assistants... it is gentle and highly fine. (Claudia)*

This additional value cocreated in the joint sphere arises from the provider's ability to involve customers in its story, providing further evidence that escapism plays a role in value cocreation in luxurious service experiences. By allowing an element of escapism, consumers may even see the time they spend waiting as something adding to their value process.

Next, we identify another important source of value cocreation in *time suspension*. In our observations and interviews, we find that both the service provider and customer consider the time spent in the boutique to be of utmost importance. One manager indicated that Ladurée instructs employees not to push customers to choose fast(er). This is one of the strongest key learnings in our observations and plays an important role in making customers feel special.

*Despite people queuing up to be served in the shop, assistants are doing their best to conceal their stress and to fully illustrate and describe the products before every purchase. At the cafeteria/restaurant, again, service is meticulous but not super-fast. This gives the impression that superior care is put into the preparation of the meals and/or of the drinks. (field note, Paris, October 9, 2015)*

This aspect of time suspension facilitates the cocreation of value; in our customer interviews, it became clear that the aspect of time suspension plays a positive role. Instead of feeling that they have to wait and that visiting Ladurée is time consuming, customers appear to cherish how time is spent:

*Already in the line [at the counter], I'm at the theatre.... The orchestrated ballet of sellers dressed to tens [sic] swirling around to offer stellar service à la française, giving off a whiff of stiffness. Without even noticing, I've arrived at the counter to make my choice. Eyes open wide like a five year old, even though I'm 30 years older, as if I came for the first time, even though I've been taking the same tastes for fourteen years now. (Zoé)*

*They don't want to just sell the product at once, because I can feel like they really spent time on me, and really explain to me.... I remember the last time I bought a tea, a special tea from them and I wasn't sure what kind of tea I want[ed], so I remember the representative, she just asked me "what kind of flavor do you prefer" and "do you prefer something that is more mild, or more fragrant" and she let me smell everything, and finally I say to her "okay, maybe I'll go for this one," she was just very patient, she just waits for me to decide. (Gina)*

Our interviews with both the provider and customers shed new light on the cocreation of value and clarify how cocreation plays out. Having begun data collection by interviewing Ladurée personnel to learn about the actions taken before customers enter the store, our fieldwork reveals how crucial these value-facilitating actions in the provider sphere become in the joint value sphere. Our customer informants reiterated several times how Ladurée makes them feel. These findings underscore how closely value facilitation and value cocreation are intertwined while remaining distinct, as the value-facilitating actions are part of an implemented strategy, whereas the value cocreation is part of service delivery.

#### *4.3 The value process after the interaction*

***Customer sphere: Value creation.*** For many customers, the value process does not end when leaving the store; a key part of the process is only beginning. We identify two main types of value that customers attach to the service experience at Ladurée. First, *social value* means that consuming the products is not always the main source of value for customers after visiting Ladurée; customers create value from their service in social contexts (Cova 2017). Social value is an important aspect of customer value in luxury service settings (Wirtz et al. 2020),



and our data interpretation unveils a multifaceted aspect of such social value. For example, several customers see value in displaying their trip to a Ladurée boutique and their trophy-like shopping bag.

Our observations document customers taking selfies, standing in front of Ladurée and holding up their purchases with Ladurée's logo clearly visible. Many customers immediately upload their picture on social media. Our analysis of some 5,000 pictures hashtagged #ladurée confirms that customers display their visit to Ladurée to others. During our observations at Ladurée, customers sometimes waited in line to have their picture taken in front of the door, underscoring the importance of not just visiting a luxury service provider but also sharing their experience afterward for social value. This use of social media after engaging in luxury services corresponds to Holmqvist, Wirtz and Fritze's (2020) proposition that luxury firms could benefit from providing digital platforms for customers wanting to showcase their luxury consumption to others. We also find that many celebrities share their Ladurée visits with their followers. Our interviews with customers confirm that posting about Ladurée on social media is part of the customer value.

*It was one of my first Instagram photos, and I shared it on Facebook as well, to locate the place and make people jealous. (Alexia)*

*I often post on Facebook after I've been to Ladurée! I collect the boxes [of the Ladurée macarons], so I post pictures. And lots of people like them and comment on them. Everybody loves Ladurée. (Claudia)*

Social value also depends on the social links a customer can establish or strengthen by shopping at Ladurée. Edvardsson, Tronvoll, and Gruber (2011) argue for understanding

customer value as social construction, and our findings confirm that part of the independent value creation for customers implies showing to likeminded friends that they visited Ladurée:

*After visiting Ladurée, I often bring ... macarons home, to invite friends over and share them. (Céline)*

*So we [the customer and her friends] talk about Ladurée afterward, and when we eat the macarons ... so everyone has only positive things to say. And from the girls' side there is this excitement vibe. (Claudia)*

Social links result not only from reinforcing symbolic ties with others but also from the possibility of using Ladurée products to reward a loved person, as in the case of sharing and gift giving.

*My sister is so happy when I bring her rose macarons. I remember an evening when I brought her a small box of six macarons, three rose ones that she hurried to savor with some champagne. It's a memory of shared pleasure and happiness in the family. We were on cloud nine. (Alexia)*

This quote aligns with the notion that value “should be understood as value-in-social-context” (Edvardsson et al. 2011, p. 334) and with Grönroos and Voima’s (2013) emphasis on value creation continuing in the customer sphere. The findings from our netnography further indicate how important reconnecting with Ladurée is for the customer’s independent value creation. The social media post in Figure 2 illustrates several key points.

-----Figure 2 about here-----

The post consists of a picture of a customer's Ladurée box. The colorful macarons are in the center, with Ladurée's name and logo clearly visible. Although the customer lives in Milan, she chose to write the caption of her post in French: "*Un aperçu de Paris...*" ("A glimpse of Paris"). Echoing Gina's sentiments, a friend of Alessandra comments that macarons can be bought in Milan as well, but Alessandra replies "I know! But in Paris they taste different!" illustrating how this Italian customer uses Ladurée to reconnect with a Parisian experience.

***Provider sphere: Value learning.*** In contrast to Grönroos and Voima's (2013) conceptualization of the provider's role ending after the interaction, we find that the provider's value process continues. Our findings indicate that an important part of the provider's process consists of finding ways to learn about what customers do after their interactions in the store and how they consume the product or talk about the service experience. Yasmine, a manager at Ladurée, indicated how she regularly follows what customers post on Instagram. After first mentioning two celebrities, a French television personality and a Hollywood actress, both of whom recently posted their visits to Ladurée, she describes what people post on Instagram:

*So customers post pictures all the time. Almost always it's either a picture of them in our store, or of them with the products they have just purchased.*

These kinds of insights are important for the provider, especially when considering the sheer number of pictures tagged #laduree uploaded every hour of every day on social media.

The service provider can also use insights gleaned during the interaction to reflect on its customer service and how to continue improving the customer value process. Alain, another manager, reflects on how he always intervenes with both frontline and back-office personnel if he does not deem an interaction satisfactory:

*The priority [of the way to behave], of course, is all who come into contact with customers, but also all others. I have no problem telling our operations director, for instance, “I’m sorry, but that’s not the way to talk to people.” So I can intervene in the back office as well, on the way to talk between colleagues.*

As the quote illustrates, Ladurée evaluates and tries to improve interactions not only between employees and customers but also among employees, knowing that these interactions also play an important role in customer value. Interactions with customers appear to serve a dual learning purpose for the provider; Yasmine, a manager who began her career as a seller in Ladurée’s store explains how her interactions with customers first helped her to learn more about their impressions and experiences both during and after the interaction:

*You soon learn that customers are very different. The Chinese love to take their time and discuss everything. The Russians are very direct, they pick and want it done quickly ... but the Chinese love to discuss. They talk about the different flavors, tell me their favorites, ask about my favorites.... Many customers tell me they are buying Ladurée as gifts to share with the family.*

Yasmine goes on to explain how the provider uses these insights of learning about customer value for its internal marketing to continue to improve its service processes:

*This [the experience from interacting with customers] becomes very important when we train new sellers. So I tell them about how to behave with the Chinese customers, and why not to behave the same with Russian customers.*

Further illustrating how the insights gleaned in the customer interactions and then analyzed by the service provider to help improve future value facilitation through internal marketing,

Alain, the manager of customer service, returned to the customer welcome, which all respondents appreciated. Observing the interactions in terms of how customers react to the service employees' behavior allows him to focus on:

*... the way to behave, the way to be, how to talk to customers, addressing them with 'vous', look customers in the eye, selecting the right words, knowing how to talk about the product. That's it, it's all in the way to behave.*

## **5. Theoretical contributions**

Our findings contribute to extant service literature by analyzing the value process and the actions of the different actors in that process. Extending the mainly conceptual service literature of value creation and value-in-use, this study provides an empirically-grounded analysis of the different forms of both the firm's and the customers' value creation throughout the value process. Agreeing with previous service literature (McColl-Kennedy, Cheung, & Ferrier 2015) on the importance of value creation among several actors and the importance of multi-actor interactions in luxury services (Holmqvist et al. 2020b), we analyze each step of the value process from the viewpoint of different actors. In contrast with the dominant view of value cocreation as the sole form of value creation, we argue that service research needs to understand both what actors do individually (before and after the interactions) *and* what they do together (during the interaction). We further add to the literature by extending Grönroos and Voima's (2013) model of value spheres. In addition to empirically confirming their conceptual model, we add two additional elements to it: (1) the customer's process before the interaction and (2) the provider's process after the interaction.

For customers, we find that the value process begins with the anticipation of value. Extending Oliver and Burke's (1999) research on expectations to the field of customer value, we identify an anticipatory stage of the value process, *value anticipation*, in which customers

already perceive value by looking forward to the service. This anticipatory value is positive, but could also pose a risk when expectations are not met. While respondents were lyrical about Ladurée, one customer pointed out that while loving Ladurée in Paris, and having high expectations on Ladurée in London, she was let down as she felt that Ladurée in London did not correspond to her expectations. As previous literature (Grönroos and Voima 2013) only examined provider activities before the interaction, our findings contribute to extending their model by explicitly showing how the customer value process actually begins before the interaction.

In addition to uncovering the value process for both the service provider and customers, our findings provide three main contributions to the service literature on value. We identify (1) the role of the service provider; (2) customers' independent value creation, and, (3) escapism as a key driver of customer's value-in-use in luxury services. Table 2 provides a summary of these key contributions to the previous literature.

-----Table 2 about here-----

### *5.1 The crucial role of the service provider*

The service provider's role in the value process is contested in the service literature. On one side is the view that customers are passive recipients of value created by the firm (Bajde 2011). More often, though, service research emphasizes the customer side. We agree with the service researchers (Grönroos 2011; Vargo and Lusch 2004, 2008) that customers ultimately decide what level of value has been created. However, our findings lead us to contend that treating all value creation as cocreation risks missing the importance of the service provider.

We extend the literature on value by analyzing the important and complex role of the service provider in the value process. Interviews with managers and frontline service

employees show how they actively contribute to the service provider's value propositions (see Cadwaller et al. 2010). We find that the many different actions Ladurée takes before interactions with customers are well planned and crucial to the whole value process. Ladurée employees talk in detail about the care given to the servicescape, the scripted greetings and designed uniforms of the service personnel, the stimulation of different senses, and the development of recipes. Our observations and interviews with customers show how these measures form an important part of the resulting customer value through customer escapism.

Discussing luxury brands from the firm perspective, Dion and Borraz (2017) report how some service employees may behave arrogantly. At Ladurée, we never found this attitude; quite the contrary, the service personnel is instructed to behave not unlike a traditional butler. While none of these actions constitutes value in themselves, our findings show how they influence customer value. Informed by our findings, we argue that denying the difference between value facilitation and value cocreation risks missing an important distinction in the service provider's activities. Our findings contribute to the service literature by showing how the service provider's value facilitation is distinct from value cocreation and plays an important role in the overall value process in a service context.

In contrast to Grönroos and Voima (2013) who argue that the service provider's value process is restricted to action before and during the service interaction, we extend the literature by introducing and analyzing how the service provider's value process continues after the interaction. From a provider perspective, it is crucial to grasp what customers know (i.e., their expertise) and how they acquire such knowledge (Maheswaran, Sternthal, & Gürhan 1996). By interacting with customers in the joint sphere, the provider has a chance to learn from the interaction (see Grönroos 2012). Building on Grönroos and Gummerus (2014), we posit that learning from direct interactions with customers is particularly useful as it allows providers to compare their own perceptions with what customers reveal about their

experiences. Tuli, Kohli, and Bharadwaj (2007) find that providers' and customers' perceptions vary considerably and argue that providers need to learn to understand their customers' perceptions. Our findings show that providers can accomplish this task even after the service interaction.

As a final point on the importance of the service provider in the value process, it is crucial for providers to understand their customers' lives to expand the joint sphere beyond service provision (Heinonen et al. 2010). Ladurée tries to learn not only from interactions with customers but also from customers' activities after leaving the store. As the manager who supervises posts about Ladurée on social media indicated, the firm uses social media, and along with it, the willingness and even eagerness of customer to interact with the brand, to follow what customers do. When customers share their Ladurée visits and consumption experiences online, their personal motivation is the social value with which this sharing provides them. At the same time, they offer the service provider an opportunity to learn about customers' value creation after the interaction.

### *5.2 Customers' independent value creation*

A second contribution concerns the customers' independent value creation. In much of the service literature, value cocreation remains the focus (Vargo and Lusch 2004, 2008, 2016). In contrast to this dominant view, we contribute by showing how the value process continues after the interaction. Our study provides empirical evidence for the existence of a customer sphere in which customers create value independently after the interaction.

In our context of luxury services, our observations and interviews all indicate that this independent value process is partly about social value, as exemplified in our observations of customers posting selfies with Ladurée on social media, or reusing Ladurée shopping bags to carry personal belongings. Building on Edvardsson et al.'s (2011) emphasis on understanding



value in the consumer's social context, we identify social value through conspicuously displaying that one has been to Ladurée as an important part of the customer's independent value creation for a considerable customer segment. These findings mirror luxury research on how many customers buy luxury products to signal their social status (Han, Nunes, and Drèze 2010).

However, the independent value creation is not only about conspicuously displaying the visit; it is also about indulging in special moments, mirroring luxury research on consumers' special moments of luxury (von Wallpach et al. 2020). When customers gather with friends to share Ladurée macarons, the social value comes from a shared moment, a 'moment of luxury' as indicated by our respondent Alexia who recalled the family moment of sharing Ladurée.

Our findings show that customers' independent value creation may look markedly different depending on what customers find valuable in their social context (Edvardsson et al. 2011). Common to all our informants, however, is that they all seem to continue to create value based on their interaction with the service provider long after the actual interaction is over. Here, our findings challenge the dominating view that all value is cocreation. If the firm is no longer involved, no cocreation actually occurs. Instead, the findings corroborate Grönroos and Voima's (2013) concept of the customer sphere, in which customers create value independently of the firm and show the importance of social value for understanding what customers do at this stage of the value process.

### *5.3 Escapism as a driver of customer's value-in-use in luxury services*

Our final contribution consists of analyzing customers' value-in-use to be able to identify what it is and what drives it. Much of the previous value literature is conceptual and has tended to treat customer value as a broad concept (Grönroos 2011; Grönroos and Voima 2013; Vargo and Lusch 2004; 2008; 2016). We recognize the benefits of a broad concept for

encompassing models; however, we believe that empirical research needs to go further to look not only at *whether* value-in-use is created, but also at what *drives* value-in-use.

Through our observations and interviews, we are able to identify how the strongest aspect of customers' value-in-use in this luxury service context is the escapism that this service interaction entails. Contrary to more everyday services, many customers commented unprompted on how they find that visiting Ladurée is something apart, transporting them to a different time or into a fantasy. Common to the descriptions of foreigner customers "feeling Parisian", French customers feeling "back in the court of Versailles" or female customers feeling "like a princess" is that it involves a sense of escapism. Analyzing our data, escapism emerges as the most common driver of what customers value in their service experience at Ladurée.

These findings confirm recent research on the role of escapism in luxury experiences (Holmqvist et al. 2020a). We extend research on escapism in luxury by analyzing not just consumer escapism, but also how the service provider's actions facilitate it. In line with Pine and Gilmore's (1999) definition of consumer escapism as intense and involving, we find that Ladurée skillfully creates an intense servicescape (see Bitner 1992). The bright pastel colors in the boutique, the well-orchestrated behavior of the service personnel, their polite behavior, and their use of slightly archaic, almost aristocratic French with customers concur to create an intense and stimulating experience in the boutique. As previous research has found a stimulating store interior to be particularly appreciated by customers looking for hedonism (Kaltcheva and Weitz 2006; Holmqvist and Lunardo 2015), the intense servicescape of luxury services is particularly well suited to facilitate hedonic escapism.

Looking at the other component of escapism, involvement (Pine and Gilmore 1999, Atwal and Williams 2009), we find that Ladurée manages to involve customers to a considerable extent, as exemplified by our informants saying that a visit feels like "being at the theatre"

and even indicating losing track of time. Many informants indicated how much they appreciate the service employees' efforts in making them feel like "princesses" or "ladies".

Combining the intenseness of the servicescape and the involvement of the customer, Ladurée facilitates a strong sense of escapism. This feature of escapism aligns with previous research indicating how intense and involving moments make customer lose track of time (Woermann & Rokka 2015). This is one of the strongest indicators of escapism, and our interviews repeatedly show that it is a sensation customers experience at Ladurée. Our findings thus contribute to the service literature on value that has remained vague on what value *is* by identifying escapism as a key driver of customers' value-in-use in luxury services. In addition, our interviews with the service provider also allow us to uncover how to facilitate escapism.

#### *5.4 Limitations and further research*

This article focuses on the value process in a luxury service. We recognize that services are so diverse that it would be well-nigh impossible to study the value process in an empirical setting that would capture all possible forms of value-in-use. As we uncover escapism as an important part of understanding customers' value-in-use in luxury services, we recognize that this is not applicable to all kinds of services, certainly not to more functional and mundane services. While we believe the overall value process to look similar in different services, the aspects that actually drive value-in-use will differ. We believe that understanding what drives value-in-use in different contexts is of considerable importance, and posit that uncovering the drivers of value-in-use in more everyday services represents an interesting research venue.

We further address three specific limitations. First, this article focuses on a single case to analyze the value process from both the provider's and the customers' perspectives. Single-case-based research has proved effective in providing first empirical and theoretical evidence

in marketing research (Diamond et al. 2009; Tumbat and Grayson 2016), as it allows researchers to reach an otherwise unachievable depth of analysis. Criteria to assess the case's quality are specific and include (Lincoln and Guba 1990) (1) resonance (fit between the single case and the theoretical paradigm the case illustrates), (2) rhetoric (good content organization, simplicity, and unity in the presentation of the case), (3) empowerment (a case's ability to provide actionable recommendations), and (4) applicability (possibility of transferring the case's key learnings to other similar cases). To meet these criteria, we clarified the theoretical framework that Ladurée elucidates, maintained the unity of analysis around the provider/joint/customer spheres (Grönroos and Voima 2013), illustrated implications for scholars and managers, and clarified the specificities of the Ladurée context.

As with any method, single case research has limitations due to sample size. To cope with these limitations, we used different data collection techniques (observation and interviews, online netnography), informants (managers, service personnel, and customers), types of data (primary and secondary), and sites (different stores). Yet the case belongs to one industry (luxury). While many aspects of the value spheres remain true in service contexts at large, the manifestation of these value spheres may differ among service contexts.

Second, as already indicated, we chose to focus on an upscale service provider offering a luxurious experience. It follows that many of our findings are unlikely to be representative of the entire field service, nor do we think such a generalization would be useful as services are inherently different. In addition to some of the limitations already mentioned, we believe that the role of web-based services will be more important in many other services. Even though we analyzed customers' posts about Ladurée on social media, the actual interaction in Ladurée's boutiques remained central. We believe digital services may be more important in many other service contexts. The rapid development of web-based services is a key factor in many businesses, and we recognize that distinctions between direct and indirect interactions

tend to be less clear-cut in online contexts. This is especially true for luxury services where personalized service remains a key concept and luxury brands have been slow to adapt to the digital age (Holmqvist et al. 2020b). The role of web-based interactions thus remains more marginal in our context than in some other service contexts. Future research would gain from studying the entire value process in digital services.

In more everyday services, such as taking the bus, the strength of the experience would probably be much weaker. The anticipation of a bus ride is usually limited to expecting the bus to come, rather than looking forward to the bus ride itself, and the interaction with the bus driver is limited. Within the sector of luxury services, however, we believe our findings to be relevant for the entire sector as the challenge of creating a special service allowing the customer a sense of escapism from daily chores is common to many luxurious service providers. While some previous research underlined the importance of escapism (Atwal and Williams 2009), their understanding remained limited to a product-centric context. We contribute to service literature by showing how service providers, especially in upscale service contexts, can facilitate this intense and involving escape, as it forms an important part of many customers' value-in-use, at least in the luxury service context.

Third, we recognize there may be gray zones between the value spheres. For example, many processes in value facilitation only become visible in value cocreation interactions. Furthermore, the service provider should be aware of what happens in the customer sphere. Even when the service provider does not interact directly with customers, recognizing customers' actions is both necessary and, owing to social media, increasingly feasible. Research at intersection of the value spheres would prove rewarding.

## **6. Managerial implications**

Our findings provide insights into different ways for firms to facilitate the value process. We analyze how service managers first plan their processes and the servicescape to facilitate the interaction, interact in the joint interaction with customers to cocreate value, and learn both from the interaction and from observing the customer value sphere. Furthermore, we show that these stages form a continuous process, as insights from the learning is fed back through internal marketing to further improve value facilitation. We posit that such continuous learning is a crucial part of managing luxury services in which customer anticipation is high.

For managers in luxury services, we believe the actions of Ladurée before, during, and after the interaction offer a best practice that other companies could gain from studying. In luxury, the ability to provide customers with a sense of escapism is a key challenge (Holmqvist et al. 2020a). Our study reveals how Ladurée carefully designs and executes its processes to facilitate customers achieving this sense of escapism that drives customers' value-in-use. We describe details in the provider sphere such as the careful design of the servicescape, the orchestrated behavior of the service personnel, the nostalgic appeal as well as the almost reverential customer treatment.

As our findings show, the combination of these processes facilitate the customers feeling like 'ladies', 'princesses', or 'Parisians', indicating that Ladurée succeeds in enabling the escape customers deem crucial to upscale services. Enabling this escapism requires an integrated approach. As an example, we find that 'feeling Parisian' is part of the value for many foreign customers. This impacts how service employees should interact with customers in the interaction, in order to facilitate their escapist fantasy of feeling Parisian. Foreign customers may want to use their French language skills in the interaction, as language use increases authenticity (Kraak & Holmqvist 2017). The service employee should resist switching to English, in the mistaken belief that the customer will appreciate it, as such a

language switch could backfire as it negates the customer's efforts to feel Parisian during the interaction (see Holmqvist et al. 2019).

In line with Lemon and Verhoef's (2016) study on the importance of understanding the customer journey and its social aspects, we believe managers in luxury services could gain from studying the entire value process of Ladurée with all its individual details. However, we extend their research to analyze the value stages throughout the customer journey, finding that firms apprehend what customers do after their interactions with the firm. Managers need to understand not just what happens in the joint sphere, but also how customers perceive the company's processes and how customers create value after the interaction. Ladurée's value facilitation before the customer interaction underscores the importance of a coherent strategy, as Ladurée deploys several layers to build an experiential platform. These layers include (1) maintenance of the historical atmosphere, (2) sensorial stimulation in line with its a-temporal strategy, and (3) service personnel dressed up in traditional uniforms and trained to address customers in a ritualized manner.

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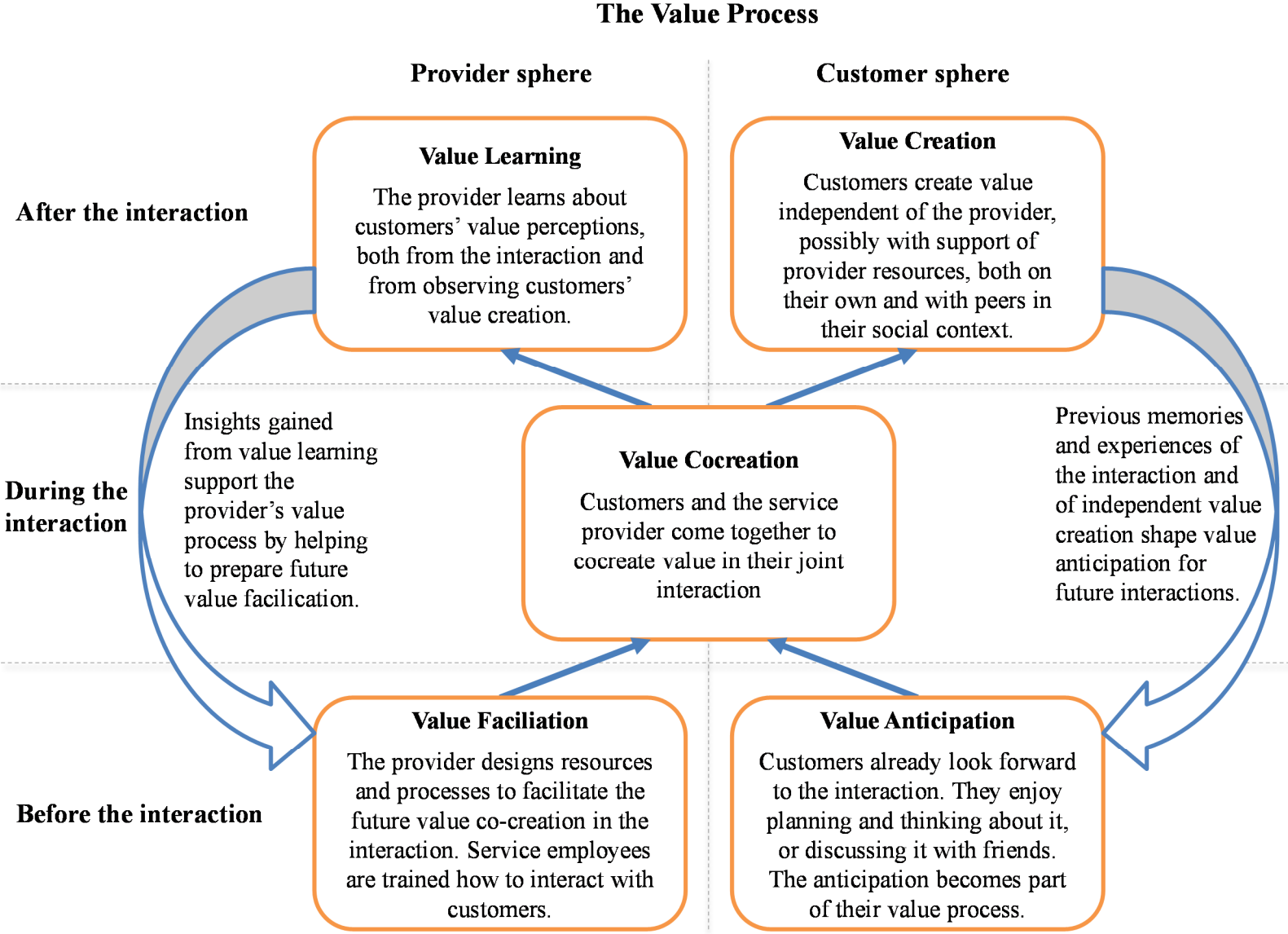
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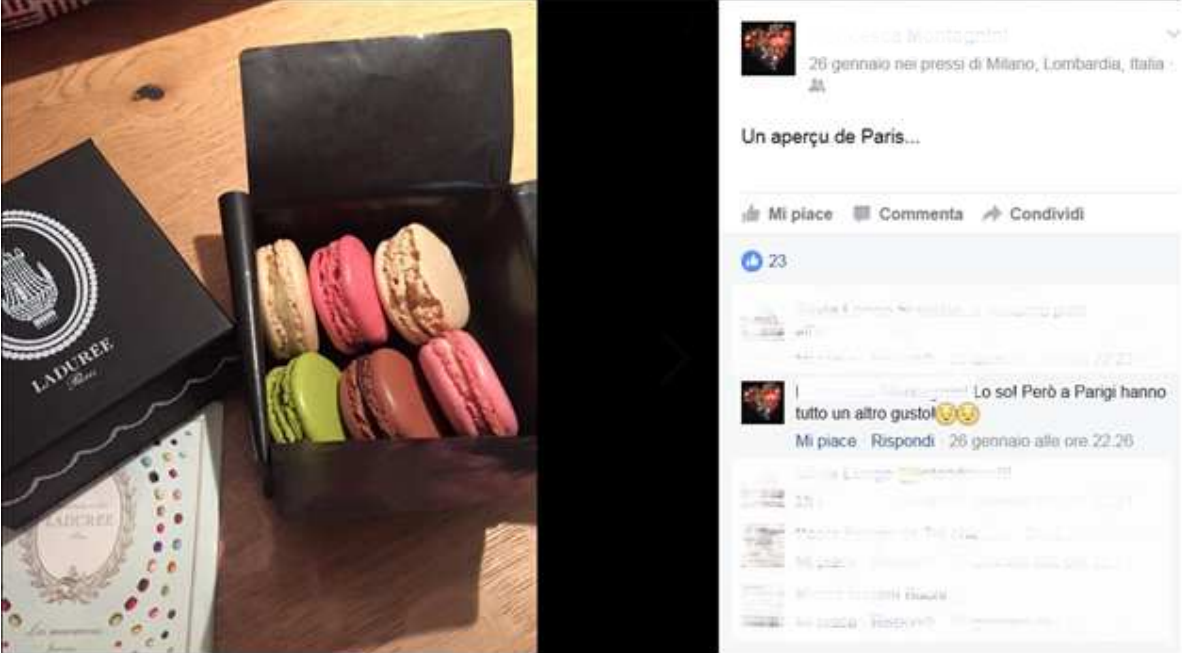
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**Figure 1: The value process**



**FIGURE 2: Customer displaying a Ladurée purchase on social media**





**TABLE 1**  
**Informants**

| <b>Name*</b> | <b>Sex</b> | <b>Age Range</b> | <b>Role</b>   | <b>Nationality</b> | <b>Language of Interview</b> |
|--------------|------------|------------------|---|--------------------|------------------------------|
| Alain        | M          | 50-55            | Manager   | French             | French                       |
| Nathalie     | W          | 25-30            | Manager<br><i>(interviewed three times, in the middle of the project and twice again toward the end)</i>    | French             | French                       |
| Sophie       | W          | 25-30            | Manager<br><i>(interviewed twice, at the beginning of the project and again toward the end)</i>             | French             | French                       |
| Mélanie      | W          | 25-30            | Frontline service employee  | French             | French                       |
| Yasmine      | W          | 20-25            | Frontline service employee<br><i>(interviewed twice, in the middle of the project and again at the end)</i> | French             | French                       |
| Alessandra   | W          | 35-40            | Customer  | Italian            | Italian                      |
| Alexia       | W          | 25-30            | Customer  | French             | French                       |
| Céline       | W          | 30-35            | Customer  | French             | French                       |
| Claudia      | W          | 30-35            | Customer  | Romanian           | English                      |
| Delphine     | W          | 30-35            | Customer  | French             | French                       |
| Élodie       | W          | 20-25            | Customer  | French             | French                       |
| Emma         | W          | 40-45            | Customer  | Swedish            | Swedish                      |
| Gina         | W          | 35-40            | Customer<br><i>(interviewed twice, at the beginning of the project and at the end)</i>                      | Taiwanese          | English                      |
| Hind         | W          | 20-25            | Customer  | French             | French                       |
| Marc         | M          | 20-25            | Customer  | French             | French                       |
| Léa          | W          | 30-35            | Customer  | French             | French                       |
| Zoé          | W          | 40-45            | Customer  | French             | French                       |

\* All names are synonyms.

| <b>Main contributions</b>  | <b>Key findings</b>   | <b>Extensions of previous research</b>  |
|----------------------------|---|---|
| The value process          | <ul style="list-style-type: none"> <li>• The value process consists of multi-actor interactions in several stages.</li> <li>• The value process engages both customers and services providers before, during and after the interaction.</li> </ul>  | Previous service research has focused on interactions, and value cocreation. We extend this focus to cover the whole value process from the perspective of both service provider and customers. We study the provider and customers before, during and after the interaction for a more complete understanding of the process   |
| Provider role(s)           | <ul style="list-style-type: none"> <li>• Value facilitation is a key component of the successful value process.</li> <li>• The service provider's facilitating actions in the provider sphere enable value cocreation with the customer.</li> <li>• The service provider's value process continue after the interaction by integrating insights from the interaction for future value facilitation and cocreation.</li> </ul> | Both SD-Logic and Service Logic have mainly focused on customers. We recognize the importance of the customer, but call for more attention to the service provider in the value process. Our findings uncover the meticulous efforts of the provider to facilitate value cocreation already prior to the interaction. We also identify an additional value sphere for the provider in the form of value learning. The provider can gain insights already during the interaction, and also after the interaction through social media. Through these insights, the provider learns about customer value in order to improve future value cocreation. |
| Customer role(s)           | <ul style="list-style-type: none"> <li>• Customers may create value independently, after the interaction.</li> <li>• Part of the customers' value-in-use come from interactions with other customers and with friends.</li> <li>• In luxury services in particular, conspicuous display of engaging in the service forms part of the customer's value process.</li> </ul>   | Contrary to SD Logic in which all value creation is cocreation (Vargo and Lusch 2016), we show that customers also create value independently in their social context. Using resources gained from the provider, customers interact with other customers to continue the value process after the interaction with the provider. We further identify a new value sphere, value anticipation. Grönroos and Voima (2013) suggested the customer role begins in the joint sphere, but our findings show that customer value emerges already in anticipating the future interaction.   |
| Escapism as a value driver | <ul style="list-style-type: none"> <li>• Escapism drives value-in-use in the luxury service context by offering a hedonic interlude.</li> <li>• For domestic customers, escapism is temporal ('becoming a princess')</li> <li>• For tourists, escapism is spatial ('becoming Parisian')</li> </ul>  | We extend previous research on value-in-use by identifying escapism as an important value driver. While recognizing that value drivers can differ between services, we believe escapism important to hedonic contexts such as luxury services. Our interviews show that customers' value-in-use is strongly driven by the escapism with which the interaction provides them.  |

**Table 2** Main contributions