The Virtual Experience Economy:
A Service-Dominant Logic Perspective

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1 Introduction

Academics and practitioners recognize the need for a deeper understanding of the role of customer experiences in marketing phenomena (Edvardsson, Gustafsson, & Roos, 2005; Holbrook & Hirschman, 1982; Tynan & McKechnie, 2009). In this context, 3D3C worlds (Sivan, 2008) provide sites for engaging consumers in deeper and more sustaining ways, suggesting an important role in providing customer experience. 3D3C worlds provide interactive customer experiences to educate, entertain, display information, or offer an appealing visual aesthetic encounter.

We see a conjunction of the development of experience marketing with the emerging concept of service-dominant logic (S-D logic). A foundational premise of S-D logic is that the customer is always a collaborator in the co-creation of value. Previous writers connect collaboration and value co-creation with the concept of customer experience, a conclusion important for S-D logic and marketing (Pine & Gilmore, 1999; Smith & Wheeler, 2002; Vargo & Lusch, 2004). As a topic, S-D logic has moved in a relatively short time to the forefront of marketing research. Nonetheless, although for S-D logic "*information technology is a pivotal force*" (Lusch, Vargo, & O'Brien, 2007: 11), existing research focuses mainly on S-D logic within the offline context. Despite the growing concept of the experience economy (Pine & Gilmore, 1998) and the development of customer experience

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frameworks in offline contexts (e.g., Verhoef et al., 2009), 3D3C world retailers are still short of such frameworks.

We argue that the concepts of service-dominant logic present a means to reframe and improve experience marketing for increased relevance and impact within 3D3C worlds, and develop an integrated conceptual framework for the virtual experience grounded in this concept.

2 Service-Dominant Logic

2.1 *Principles of Service-Dominant Logic*

Originally devised as ten foundational premises (FPs), a re-organisation now presents four foundational axioms underpinning S-D logic, from which the other FPs result (see Table 1) (Lusch & Vargo, 2014; Vargo & Lusch, 2008). Vargo and Lusch (2004) assert that S-D Logic is a "reorientation rather than reinvention", indicating that adoption does not mean the negation of traditional core marketing concepts, such as the marketing mix, target marketing, market segmentation.

Table 1 Service dominant logic foundational premises and axioms

Ten foundational premises (FPs)	Axiom explanation
(FP1)/Axiom 1 Service is the fundamental basis of exchange	The application of operant resources (knowledge and skills) "service," is the basis for all exchange. Service is exchanged for service.
(FP2) Indirect exchange masks the fundamental nature of exchange	
(FP3) Goods are distribution mechanism for service provision	
(FP4) Operant resources are the fundamental source of competitive advantage	
(FP5) All economies are service economies	
(FP6)/Axiom 2 The customer is always a co-creator of value	Implies value creation is interactional.
(FP7) The enterprise cannot deliver value, but only offer value propositions	
(FP8) A service-centered view is inherently customer oriented and relational	
(FP9)/Axiom 3 All economic and social actors are resource integrators	Implies the context of value creation is networks of networks (resource integrators).
(FP10)/Axiom 4 Value is always uniquely and phenomenologically determined by the beneficiary	Value is idiosyncratic, experimental, contextual, and meaning-laden.

Source: Lusch and Vargo (2014: 7), Vargo and Lusch (2008)

The principal tenet of S-D logic is that *service* is the fundamental basis of exchange. 'Service' is an interactive process of "doing something for someone" that is valued. *Service* (in the singular) is the core concept replacing both goods and services, defined as "*the application of specialized competences (operant resources—knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself*" Vargo and Lusch (2004: 2). Simply, service involves applying resources for the benefit of others or oneself. This mind-set is applicable to business organizations, government organizations, non-profit organizations, households, and individuals (Lusch & Vargo, 2014).

S-D logic rejects the common distinction between goods and services (i.e., alternative forms of products) and there is no good-versus-service winner or loser in S-D logic (Lusch & Vargo, 2006). Service is what is always exchanged; it represents the common denominator of any exchange process. Goods, when provided, are aids to the service-provision process (Vargo & Lusch, 2008). Table 2 presents the essentials of S-D logic.

S-D logic views resources as anything an actor can draw on for support (Vargo & Lusch, 2004). Vargo and Lusch (2008) highlight the importance of *operant* resources (FP4) (as distinct from *operand*), which are typically human (skills and knowledge of customers and employees), organizational (routines, cultures, competencies), informational (knowledge about markets, competitors, and technology), and relational (relationships with competitors, suppliers, and customers) (Hunt & Derozier, 2004). Operand resources are typically physical (raw materials or physical products and static in nature, while operant resources are dynamic and can be rejuvenated and replenished. In S-D logic, knowledge is the operant resource, the foundation of competitive advantage and the only sustainable source of wealth. All social and economic actors are resource integrators (FP9) (Vargo & Lusch, 2008). Baron and Harris (2008) provide insights into the process of consumer resource

Table 2 Conceptual transitions

Goods-dominant logic concepts	Transitional concepts	Service-dominant logic concepts
Goods	Services	Service
Products	Offerings	Experiences
Feature/attribute	Benefit	Solution
Value-added	Co-production	Co-creation of value
Profit maximization	Financial engineering	Financial feedback/learning
Price	Value delivery	Value proposition
Equilibrium systems	Dynamic systems	Complex adaptive systems
Supply chain	Value-chain	Value-creation network/constellation
Promotion	Integrated marketing communications	Dialog
To market	Market to	Market with
Product orientation	Market orientation	Service orientation

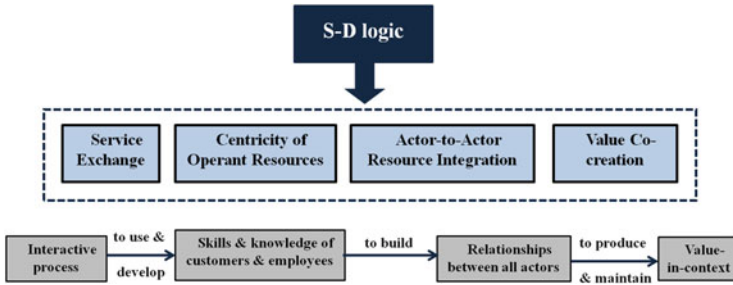*Source*: Lusch and Vargo (2006: 286)

Fig. 1 Summary of S-D logic perspective

integration through which consumers are effective participants in shaping their own experience. Jointly created value surpasses that which results from each actor alone.

Another S-D logic tenet is the *conceptualization of value and value creation*. Value is traditionally viewed as embedded in a product that is exchanged on basis of value-in-exchange. Vargo and Lusch (2004) propose that the firm cannot create value but can only offer value propositions (FP7) and then collaboratively create value with the participants (FP6). Value only occurs when the offering is useful to the customer or beneficiary (value-in-use), mediated and monitored by value-in-exchange and this is always value-in-context (Vargo & Lusch, 2008). This shift in the locus of value creation requires transforming our understanding of value from one based on outputs to one based on processes that integrate resources of different actors. Thus, all participants in the value-creation process, including customers, are dynamic operant resources, capable of creating value. Value is always uniquely and phenomenologically determined by the beneficiary (FP10), consequently customers must be the main source of value creation (Lusch & Vargo, 2006) and value is idiosyncratic, experiential, contextual and meaning-laden (Vargo, 2009; Vargo & Lusch, 2008). Figure 1 reflects a summary of these ideas.

Some relevant literature focuses on the refinement of S-D logic theoretical frameworks (Ballantyne & Varey, 2008; Vargo & Lusch, 2008), and co-creation and co-production (e.g. Etgar, 2008; Payne, Storbacka, & Frow, 2008; Xie, Bagozzi, & Troye, 2008). Most apposite to this chapter, Zwass (2010) proposes an inclusive taxonomy of Web-based co-creation. Though drawn upon multiple literatures, none of these have linked or investigated S-D logic within the context of the 3D3C worlds.

2.2 Service-Dominant Logic and 3D3C Worlds

Naturally, any application of S-D logic in 3D3C worlds cannot be made without proper consideration for the nature of the platform that produces the 3D3C environment. Very recently, Vargo and Lusch (2014: 3) emphasize that "*the overall*

narrative of S-D logic, at least in its present state, becomes one of (generic) actors co-creating value through the integration of resources and exchange of service, coordinated through actor-engendered institutions in nested and overlapping service ecosystems." The distinctive characteristics of 3D3C worlds and their similarities with real life allow actors within 3D3C worlds to co-create value through an integrated system of resources. Hence, we believe that the virtual experience can be better and more accurately understood by defining its nature and scope using a service-dominant-informed perspective. In order to show the relevance of S-D logic within 3D3C worlds, Table 3 links the S-D logic premises to the context of 3D3C worlds.

Table 3 Axioms of S-D Logic and its application to 3D3C worlds

Premise	Explanation	Application to 3D3C worlds
FP1/Axiom 1: Service is the fundamental basis of exchange	The application of operant resources (knowledge and skills) "service" is the basis for all exchange. Service is exchanged for service.	Customers, virtual retailers and 3D3C worlds providers exchange knowledge and skills to improve service offerings in particular and virtual experience in general.
FP6/Axiom 2: The customer is always a co-creator of value	Implies value creation is interactional.	3D3C worlds represent a community where people work, play and act together. Hence, important for 3D3C world providers and virtual retailers to interact with and understand their customers' virtual practice/life/behavior and their specific requirements while developing virtual experiences and delivering their service offerings. This can only be achieved through value co-creation.
FP9/Axiom 3: All economic and social actors are resource integrators	Implies the context of value creation is networks of networks (resource integrators).	Social and economic actors integrate various types of resources to create value. This represents the relationships built between all the actors to engage is a resource integration process through co-creating value. Virtual retailers and 3D3C providers have an essential role to play in such integration.
FP10/Axiom 4: Value is always uniquely and phenomenologically determined by the beneficiary	Value is idiosyncratic, experimental, contextual, and meaning-laden.	In the context of 3D3C worlds, the same offerings will provide different value to different customers, dependent upon their motivation for using the virtual context.

Since the nature of S-D logic is influenced by the type of environment and context within which services are designed, produced and delivered, the axioms of S-D logic as determined and influenced by 3D3C worlds context are as follows:

- Axiom 1: service is the most fundamental basis of exchange. Within 3D3C worlds, customer, virtual retailers and the providers of 3D3C worlds exchange knowledge, skills and resources in order to provide an enjoyable virtual experience and improve service quality and offerings.
- Axiom 2: customers are co-creators of value through continuous interaction between all actors. Within 3D3C worlds, interaction includes the entire community within which virtual retailers and 3D3C world providers must develop their understanding and knowledge of customers' needs and wants. Such interaction and understanding will allow virtual retailers and 3D3C world providers to offer a remarkable virtual experience that facilitates customer engagement in value co-creation. This engagement is vital for all actors within the community.
- Axiom 3: all actors, both social and economic actors, are integrators of resources through network integration that allows for value creation. Within 3D3C worlds, the role of both the virtual retailer and 3D3C providers is essential in driving and enabling the integration of resources to create value for both social and economic actors.
- Axiom 4: value is always unique and determined by the beneficiary. Such value is dependent on the experience, the context and meaning constructed by the beneficiary and valued through that personal lens. In 3D3C worlds, the uniqueness of value is similarly determined by the beneficiary but their motives are shaped by the virtual context within which such experience and meaning are perceived and profoundly judged. Thus, the virtuality of 3D3C world is also an influencer of value and value uniqueness.

The process of value creation is rapidly shifting from a product-and firm-centric view to personalized consumer experiences (Prahalad & Ramaswamy, 2004). Prahalad and Ramaswamy (2004) posit that co-creation converts the market into a forum for dialogue among the consumer, the firm, consumer communities, and networks of firms. Such activities of co-creation are essentially driven by the experience as perceived and felt by actors within the market where interactions take place. In return, the type of marketing experience enhances and encourages further engagement in the process of value co-creation. Thus, understanding experiential marketing within different contexts is important to the process of co-creation.

3   Conceptualization of Experience in 3D3C Worlds Using S-D Logic

This section reviews the concept of experiential marketing, then uses S-D logic can to reframe experience marketing for improved relevance to 3D3C worlds.

3.1 Experiential Marketing

Although introduced in the business field by Pine and Gilmore (1998), it was Holbrook and Hirschman (1982) who theorized that consumption has experiential aspects (see also Babin, Darden, & Griffin, 1994). Holbrook and Hirschman (1982) felt that consumer research neglected important consumption phenomena involving fantasies, fun, aesthetic enjoyment, and emotional responses. The experiential view of marketing emphasizes the symbolic meaning, subconscious processes, and nonverbal cues resulting from consumption.

Experience marketing is a relatively recent concept popular in different fields such as tourism (Leighton, 2007), retailing (Grewal, Levy, & Kumar, 2009; Verhoef et al., 2009), branding (Brakus, Schmitt, & Zarantonello, 2009; Gentile, Spiller, & Noci, 2007), entertainment and arts (Petkus, 2004). Within this chapter, we will focus on customer experience within the retailing field.

Consumer and marketing research on experience marketing is still emerging (Schmitt & Zarantonello, 2013) with key contributions by Carbone and Haeckel (1994), Pine and Gilmore (1998), Gilmore and Pine (1997) and Schmitt (1999, 2003, 2011). Popular management books (e.g., Pine & Gilmore, 1999) emphasize that firms must focus on customer experience, differentiation strategies based on service and price are no longer sufficient. Schmitt (1999) differentiates experiential marketing from traditional marketing on four characteristics: a focus on customer experience, a focus on consumption as a holistic experience, customers are rational and emotional animals, and methods and tools are eclectic. However, despite contributions to advance theory, knowledge and understanding on experiential marketing (Arnold & Reynolds, 2003; Carù & Cova, 2003; Grewal et al., 2009; Verhoef et al., 2009), the literature is arguably still in its early stages toward the development of a comprehensive theory/framework of experiential marketing as determined and conditioned by different contexts and environments.

Experience marketing is generally based on experience economy theory. Pine and Gilmore (1998) claim experiences to be the fourth economic offering (see Table 4). These authors explain the progression of value from commodities to experiences by showing how experiences differ from goods and services. Table 4 explains the Pine and Gilmore (1998) perspective and emphasizes how economic value at a societal level has progressed through three stages, and that we are entering a fourth stage: the experience economy.

Note the existing diversified relevant terminology of the term 'experience' in marketing and management literature, such as "experience economy" (Pine & Gilmore, 1998), "experiential marketing" (Schmitt, 1999), "entertainment economy" (Wolf, 1999), "a dream society" (Jensen, 1999), "emotion economy" (Gobé & Zyman, 2001), and "attention economy" (Davenport & Beck, 2002).

Table 4 Economic distinctions

Economic offering	Commodities	Goods	Services	Experiences
Economy	Agrarian	Industrial	Service	Experience
Economic function	Extract	Make	Deliver	Stage
Nature of offering	Fungible	Tangible	Intangible	Memorable
Key attribute	Natural	Standardized	Customized	Personal
Method of supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over a duration
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of demand	Characteristics	Features	Benefits	Sensations

Source: Adaptation of Pine and Gilmore (1998)
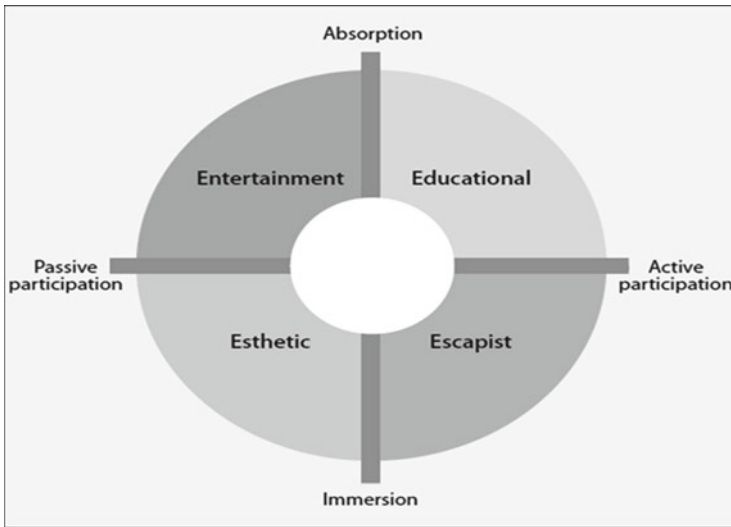
Source: Pine and Gilmore (1998, 102)

Fig. 2 The four realms of a consumption experience. *Source*: Pine and Gilmore (1998: 102)

Pine and Gilmore (1998) conceptualize experiences across two dimensions: customer participation (active/passive) and the connection, or environmental relationship (absorption/immersion), that unites customers with the event or performance. Pine and Gilmore (1998, 1999) define the four realms or so called "four Es" of a consumption experience: entertainment, educational, escapist, and (a)esthetic, by using these two dimensions (see Fig. 2). Experience marketing creates emotions in the consumer through entertainment, escape from the reality, education or giving

them aesthetic objects or places to see (Pine & Gilmore, 1999). Companies can stage an experience whenever they engage customers in a personal, memorable way (Pine & Gilmore, 1998).

With this background, we consider the potential for customer experience in the rapidly growing context of 3D3C worlds.

3.2 The Logic of Experiential Marketing in 3D3C Worlds Is Different

To extend the work by Pine and Gilmore (1998) to 3D3C worlds, Table 5 shows first how the four realms of the experience in the traditional offline context can fit into and directly be applied to 3D3C worlds. Second, areas of irrelevance or inconsistency are evident, so we raise questions concerning the relevance of the Pine and Gilmore's (1998) conceptualization to 3D3C worlds. The critique is based on the following two arguments:

- First, Pine and Gilmore (1998) believe customer participation is one dimension that characterizes the experience, we agree that participation and interaction is vital but we reject the divide between passive and active participation. We believe all users are active participants creating their own experiences because even if they are not interacting with other users, they are interacting with the virtual environment itself or even with their own avatar. They affect the virtual experience by just being present in the 3D3C worlds because without this presence, the virtual world will be empty.
- Second, according to Pine and Gilmore (1998), the connection with the environment is another dimension that characterizes the experience. Acknowledging the importance of this connection, nevertheless, we reject the divide between absorption and immersion. The virtual experience is all about immersion. Being an immersive context is one of the main features that define 3D3C worlds.

Clearly, differences between environments and contexts must be taken into account when marketers consider customer experience. Table 5 provides a detailed discussion on the Pine and Gilmore (1998) conceptualization, highlighting gaps that necessitate a fresh view about 3D3C worlds. S-D logic can provide a broader conceptualization of 3D3C worlds without limiting it to the Pine and Gilmore (1998) dimensions (i.e., passive/active versus absorption/immersion).

Table 5 The four realms of experience marketing by Pine and Gilmore (1998) and its applications to the 3D3C worlds

The four realms of the experience by Pine and Gilmore (1998)	Direct applications to 3D3C worlds	Evaluation/review in 3D3C worlds context: Raising questions to identify areas of irrelevance or inconsistency
Entertainment: **Passive Participation Absorption** Such as watching television, attending a concert—tend to be those in which customers participate more passively than actively; their connection with the event is more likely one of absorption than of immersion.	Tend to be those avatars who limit their experience to being an 'avatar' without actively taking part in any consumption or virtual activities.	**Can Entertainment in 3D3C worlds take place with passive participation and absorption?** First, the virtual experience is all about being active, even if users are not interacting with other actors and participating in any event, they are considered active participants as they actively choose their appearance and even interact with their own avatars. Additionally, they interact with the environment itself and their own appearance and existence within the environment can affect the experience of others. Second, any virtual level of interaction mainly takes place to improve the sense of presence and immersion, users use 3D3C worlds to immerse themselves in an enjoyable and entertaining context. **Therefore, it is not about consuming products but rather it is about consuming the experience itself, which can occur only if users are active and immersed in the virtual context.**
Educational: **Active Participation Absorption** Such as attending a class, taking a ski lesson—tend to involve more active participation, but students (customers, if you will) are still more outside the event than immersed in the action.	Tend to be those avatars who are more active in acquiring and learning without immersing themselves in events. For example, using Xstreet to shop instead of looking for information within the environment.	**Can avatars acquire information or buy products without immersing themselves in the environment?** First, for example if users prefer to buy products from Xstreet, at some stage after buying what they need, they will return to the virtual environment to consume their products virtually. Therefore,

Table 5 (continued)

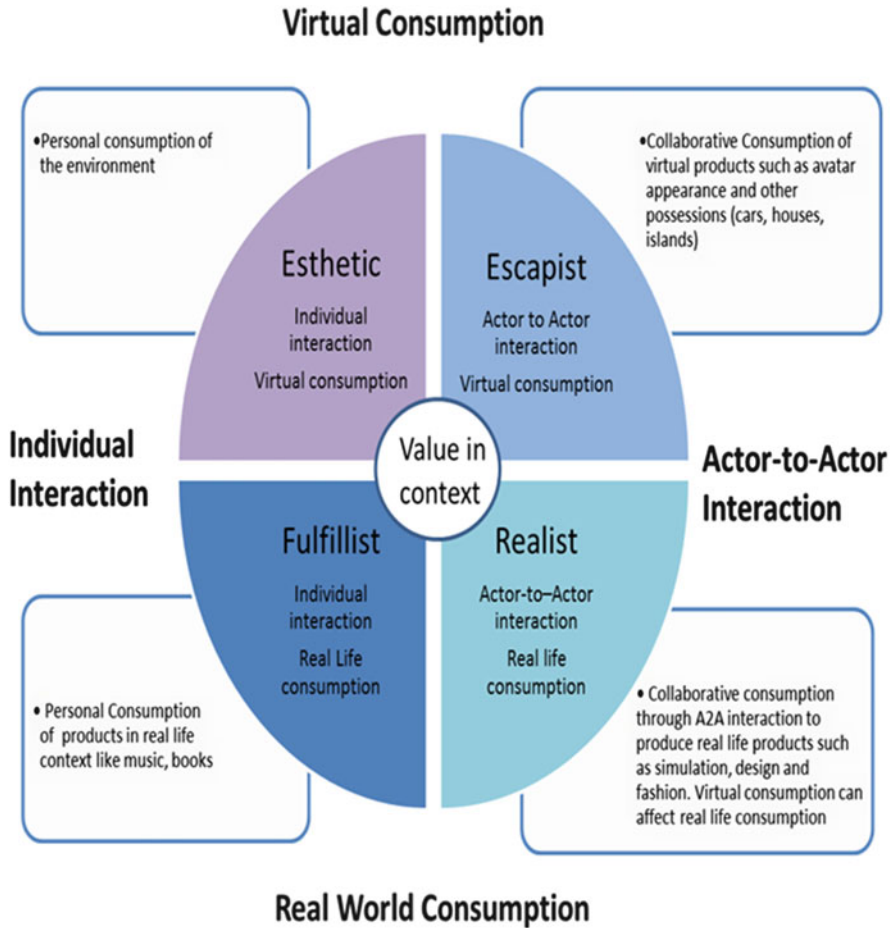| The four realms of the experience by Pine and Gilmore (1998)	Direct applications to 3D3C worlds	Evaluation/review in 3D3C worlds context: Raising questions to identify areas of irrelevance or inconsistency
		it is not absorption any more as the use of the purchased product within the virtual context will increase the level of immersion. Second, even if we took attending a class as an example, one reason of delivering online virtual classes is to increase the level of immersion, which in return can improve students' learning process. Hence, avatars in a virtual learning environment are not considered outsiders to the event. **Therefore, it is very reasonable to assume that active participation and immersion are essential for an enjoyable virtual experience.**
Escapist: **Active Participation Immersion** Escapist experiences teach equally as well as educational events, or amuse just as well as entertainment, but involve greater customer immersion. Acting in a play, or descending the Grand Canyon involve both active participation and immersion in the experience	Tend to be those active avatars that engage their real life needs to 3D3C worlds. Users are involved in interaction with others and/or virtual consumption. They are active participants in experiences that may not be doable/applicable in real life. Hence, they immerse themselves in a virtual life and invest time in interacting with different users.	**This pillar reflects to a great extent the current state of 3D3C worlds but raises two important issues:** First, active participation within 3D3C worlds is necessary for any virtual experience though to better conceptualize 3D3C worlds, it is important to distinguish the different types of interaction. In 3D3C worlds, users can interact and influence the virtual context as well as interact with other avatars. Second, the connection with the environment is considered a simple and superficial way to characterize the virtual experience when focusing on immersion without recognizing the different contexts of interaction that might take place (i.e. the

Table 5 (continued)

The four realms of the experience by Pine and Gilmore (1998)	Direct applications to 3D3C worlds	Evaluation/review in 3D3C worlds context: Raising questions to identify areas of irrelevance or inconsistency
		effect of real life). The interplay with real life is vital as 3D3C worlds do not exist in isolation. **Hence, it is important to define the virtual experience in a broader view taking into consideration possible types and contexts of interaction between different users.**
Esthetic: Passive Participation Immersion Participants immersed in activity or environment, but they themselves have little or no effect on it—as a tourist who views the Grand Canyon from its rim or a visitor to an art gallery.	Avatars who generally enjoy the 3D virtual context or particularly the creative atmospherics/aesthetics. They enjoy how the virtual context stands out from real world and immerse themselves with the virtual surroundings and the beauty attained from living virtually.	**Can Immersion take place with passive participation?** Although these avatars are not necessarily engaged in buying behavior, they are consuming the virtual context itself, the surroundings, and the beauty of atmospherics around them. Avatars are part of the virtual context by walking, running and flying around from one place to another. **Hence, all users should be considered as active participants even if they are only interacting with the virtual environment.**

4 Re-framing Experience Marketing in 3D3C Worlds Using S-D Logic

Recent research stresses the importance of the virtual consumption experience (e.g. Jung & Pawlowski, 2014). Yet, less is known about the holistic nature of the virtual experience. The adoption of S-D logic enables us to devise a holistic perspective to overcome inconsistencies identified in the previous section. Building on Pine and Gilmore (1998), we offer a broadened view of virtual experience marketing guided by service-dominant logic. With value, as determined by the

Virtual Consumption

- Personal consumption of the environment

- Collaborative Consumption of virtual products such as avatar appearance and other possessions (cars, houses, islands)

Esthetic

Individual interaction

Virtual consumption

Escapist

Actor to Actor interaction

Virtual consumption

Individual Interaction

Value in context

Actor-to-Actor Interaction

Fulfillist

Individual interaction

Real Life consumption

Realist

Actor-to–Actor interaction

Real life consumption

- Personal Consumption of products in real life context like music, books

- Collaborative consumption through A2A interaction to produce real life products such as simulation, design and fashion. Virtual consumption can affect real life consumption

Real World Consumption

Fig. 3 The four pillars of a virtual experience

context (value in-context), in the centre of the virtual consumption experience, virtual experience can be understood across two dimensions (see Fig. 3):

1. Type of Interaction: where at one end of the spectrum lies individual interaction (i.e., interaction with the environment). At the other end of the spectrum lies Actor-to-Actor interaction (e.g., interaction with other avatars; interaction with in-world companies).
2. Type of Consumption (Context of Interaction): where at one end of the spectrum lies virtual consumption, at the other end, real life consumption.

4.1 Type of Interaction: Individual Versus Actor-to-Actor Interaction

Two types of interactions form the basis of the virtual experience that will lead to resource integration within 3D3C worlds: individual where users interact with the virtual context and actor-to-actor interaction where users interact with different actors. From an S-D logic perspective, all social and economic actors are resource integrators (FP9/axiom 3). There are three different actors: customers, virtual retailers and providers of 3D3C worlds. The three actors are involved in economic exchange through resource-integration. Consistent with S-D logic, the traditional divide between consumers and producers is not applicable within the virtual context.

For individual interaction, the contents of a 3D3C world such as Second Life are created by the users. Users are empowered to freely create and control their environment. "*To me, that's the beauty of Second Life: all we've created is a platform, an almost empty world; where we got lucky is in the fact that you [users] came along and breathed life into it. If Second Life is a world at all, it's because you've created it.*" (Philip Rosedale, quoted in Rymaszewski et al., 2006: iv). Each consumer in Second Life brings a set of creative skills and capabilities that, when effectively used, produces superior resources/services/offerings to the Second Life community (all other actors). Linden Lab has embraced the interactive consumer through the open nature of its user platforms. Interactions with the context range from interacting with existing offerings simply to enjoy them or to create something new, e.g., choosing and clothing an avatar from an existing range, to full scale adaptation and creation of entirely new virtual goods and landscapes. Virtual worlds afford a much greater opportunity for co-creation, since the players actually create the world (Zwass, 2010).

Generally, virtual worlds allow people to come together virtually and engage with each other. Hence, the second type is actor-to-actor interaction. Vargo and Lusch (2011) use a generic "Actor-to-Actor" (A2A) designation, emphasizing that actors are constantly dropping and forming new connections; contexts, thus are always in flux and the experience of value is dynamic. This is evident in the context of 3D3C worlds. Fetscherin and Lattermann (2008) argue that cooperation and communication are the most important determinants of virtual worlds. Similarly, Papagiannidis and Bourlakis (2010) confirm that the distinctive active-avatar, participatory-based approach provides a unique experience wherein users can co-create their experience whilst fulfilling needs for self-expression, identity, and social interaction with others. This is relevant to the concept of the customer as always a collaborator; both a foundational premise (FP6/axiom 2) of S-D logic and a main component of the virtual experience.

4.2   Context of Interaction: The Interplay Between Virtual and Real Life Contexts

The context of interaction is the second dimension that shapes the virtual experience. First, virtual consumption is one of the popular activities that attracts different customers. Much purchasing in 3D3C worlds is of digital goods, fulfillment is immediate and these goods are also mostly 'consumed' in the 3D context. The distinct characteristic of virtual goods and services (virtual items, characters, currencies, premium memberships) is that they do not have a clear atomistic equivalent or component in them (Fairfield, 2005), and they can only be consumed and have value inside a specific virtual environment. Kish (2007) indicates that trusted relationships, both personal and professional, emerge quickly in these environments and can carry over into the real world. Thus, using a holistic approach, dictates that we go beyond the virtual consumption context to consider the interplay with real life.

Second is the real life context. The virtual experience (e.g. behavior and activities within the 3D3C world context) is not isolated from the rest of the electronic space or the real world itself (Castronova, 2005), there is interplay between virtual and real-world purchasing behavior. Although virtual products do not have physical existence; they exist digitally and socially (Brey, 2003), appearing to us as physical objects that we interact with in a manner similar to real physical objects (Brey, 2014). Moreover, Jung and Pawlowski (2014) suggest that users see their virtual activities as reflecting their social experiences in real life. Nah, Eschenbrenner, and DeWester (2011) demonstrate that pleasurable experiences with a brand in the virtual world translate into a willingness to also engage with the brand in the offline setting and Shelton (2010) finds motivations for using Second Life correlate with the purchasing of both virtual and real-life products. Bainbridge (2014) supports this user perception that virtual consumption is somehow equivalent to real-world consumption (Jung & Pawlowski, 2014), explaining that 3D3C worlds are larger than they might seem, because the social life they support extends to wikis and other forms of online communication and also to memory. Nevertheless, there are differences, for example, virtuality differentiates hedonic consumption in the virtual context from the real-world context due to the relaxation/removal of constraints (e.g. cultural, social, personal and structural) and users more freely express their individuality within a complex world (Bainbridge, 2014; Jung & Pawlowski, 2014).

To sum, it is important to consider the holistic customer experience taking into consideration all possible types of interactions between all actors that might take place in different contexts. From this perspective, the interaction between the extremes of the two dimensions as in Fig. 3 produces the following four pillars:

- The first pillar is concerned with 'esthetic' resulting from the synergy between individual interaction and virtual consumption. The value in context produced by this segment stems from the focus on the self and personal consumption of the environment where consumers engage freely with their virtual environment and

Fig. 4 The 'esthetic': interacting with and consuming the beauty of the virtual context

construct the experience they enjoy most (see Fig. 4). This allows customers to experience the virtual environment the way they want. This segment represents the simple form of interaction within 3D3C worlds. Actors within this segment are interested in consuming the beauty of the virtual context over socializing with other actors. They appreciate the effort and time taken in creating the virtual context such as Hype Park, creative architecture, attractive store designs. Hence, as an 'escapist' shopping for virtual products, the first thing that will attract them to virtual stores is beautiful, creative and novel designs.

- The second pillar concerns the interface between actor-to-actor interaction and virtual consumption. The value in context is shaped by the 'escapist' collaborative consumption of virtual products. In addition to virtually consuming the environment (i.e., 'esthetic' grouping), actors in this segment are interested in virtual ownership of digital products as well (see Fig. 5). Hence, actors within this segment could be both 'escapist' and 'esthetic'. Interaction within this segment allows actors to express their individuality and virtual persona as they desire. Such interactions influence the way actors feel about their avatar appearance or the appearance of other possessions such as cars, islands, furniture, houses, etc. Offering aesthetically pleasing, up-to-date stores and an appropriate variety of digital products represents a straightforward approach for virtual retailers to attract actors within this segment.

- The third pillar concerns fulfilling personal needs for real products. Value-in-context is shaped by a customer desire to generate their own experience and fulfillment through the consumption of real products, such as books or music but through a virtual world (see Fig. 6). The customer may have fulfilled some other need concurrently, such as, 'aesthetic': enjoying the architecture and design of a virtual bookshop and/or 'escapist': buying virtual books to decorate his/her virtual house. Paradoxically, this mixture of virtual and 'real' consumption

Fig. 5 The escapist: buy virtual products for avatars, this store sell virtual shoes that have programming for dances or other movement

may mean these consumers are especially engaged within 3D3C worlds as they are choosing to stay within the virtual to fulfill 'real world' consumption. This is an interesting segment for virtual retailers as providing for such duality of consumption can extend the present 2D online store experience and the offline bricks and mortar experience. Virtual retailers might consider providing such virtual store experiences within bricks and mortar stores, with all the capacity for offering unique experiences and settings, e.g., for bookstores, interactions with historical writers and environments, or re-creation of historical libraries within which to make purchases (imagine interacting with a Greek philosopher in the library at Alexandria).

- The fourth pillar is related to the actor-to-actor interaction as influenced by real life consumption. The value-in-context stems from the 'realist' collaborative consumption through the interaction of actor-to-actor to produce real products for real life consumption and/or to host events for real life causes (see Fig. 7). Such products are likely to be simulations, or related to design or fashion. There is a possible link here with the second pillar as virtual consumption can affect, motivate and inform real life consumption (Jung & Pawlowski, 2014). This segment represents the highest and most complicated form of interaction given the interplay with the real life context.

4.3 Value in Context: Co-creation of Experiential Value

We have consistently acknowledged throughout this chapter that an S-D logic approach means that firms cannot deliver value; they can only offer a value proposition as an invitation to engage with the firm (and potentially other actors) for the co-creation of value. Vargo (2011) claims the closer the relationship

Fig. 6 The fulfillist: fulfilling personal needs for real products such as listening to music in-world and downloading to your computer

between customers and providers, the more the emphasis of the value proposition can be placed on value-in-use. From an S-D logic perspective, value is always uniquely and phenomenologically determined by the beneficiary (FP10/axiom 4). Therefore, value-in-context is the center of the virtual experience, particularly, we also acknowledge that experiential value is a fundamental concept in experience marketing (Schmitt & Zarantonello, 2013) and that such experiential value resides in seeking out and processing information, and also importantly in the experience of consumption (Schmitt & Zarantonello, 2013). So, we argue that within 3D3C worlds, experiential values are achieved through different types of interaction in both virtual and real life contexts. Verhagen, Feldberg, Van den Hooff, Meents, and Merikivi (2011) confirm that experiential value is a strong and direct determinant of users' satisfaction with virtual worlds, but Barnes (2011) emphasizes that whilst hedonic interactions are important, this is not at the expense of utilitarian benefits. Similarly, we posit that, in 3D3C worlds both types of values (utilitarian and experiential) mutually affect each other and the absence of either will negatively

Fig. 7 The Realist: hosting events for real life causes such as making strides against breast cancer to raise awareness about breast cancer

affect the virtual experience; however, it is the presence of the experiential benefits that provides a remarkable experience.

To conclude, we claim a particular relevance of S-D logic for experience marketing as it provides a broad-spectrum perspective that integrates: the type of interaction (i.e., the co-creator of the experience who interacts either the virtual environment and/or with other actors), the context of interaction (i.e., the interplay with real life: how the virtual might affect the real life context), and how these two dimension offer experiential values gained through immersing in the context of 3D3C worlds. Retail (and other) organizations can reflect on the possibilities offered by each segment to produce compelling value propositions, bearing in mind that they are not mutually exclusive.

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