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Designing Transformative Tourism Experiences: An Empirical Study of Service Providers' Strategies and Challenges

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Master in Tourism Development & Culture

Supervisor:

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Department Marketing, Operations and General Management, ISCTE –
University Institute of Lisbon

July, 2024



**BUSINESS
SCHOOL**

Department of Marketing, Operations and General Management

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Dedicated to Lisa, my wife

Lua and Eli

Acknowledgements

Prof. Alvaro Dias, my supervisor, thank you for your guidance and insightful discussions. You brought me back to focus every time my thoughts spread out.

My mother, thank you for your support and patience, also when at times I lost it long ago. Your experience and comments help me a lot on my path to become a well-versed critical thinker.

Friends, you were there when I needed to unwind with people who understand. Thank you.

And Lisa, my wife, thank you for being there with me all along. Words cannot encompass how much your presence helped me in the process, even just by knowing that there's someone who'd always listen to me when I'm up or when I'm down.

Resumo

Esta tese examina os fatores que afetam o design de experiências transformadoras, a co-criação de valor e os seus resultados, no contexto do turismo transformador. Contribui para a literatura existente ao adotar um método de investigação quantitativo, pesquisando prestadores de serviços turísticos transformadores, ao contrário da maioria das pesquisas anteriores neste campo até à data, que têm sido conceptuais e orientadas para o cliente. Os resultados da pesquisa são analisados aos níveis micro e macro. A nível micro, apenas algumas das relações hipotéticas foram consideradas significativas. As atividades e o capital humano afetam o design da experiência transformadora, a experiência e as atividades sensoriais afetam a co-criação e o design da experiência transformadora afeta a auto-mudança. Várias explicações possíveis para estas (des)correlações são oferecidas e as suas implicações são discutidas. A nível macro, as conclusões são interpretadas no quadro mais amplo das fases da economia da experiência e da transformação, e o resultado desafia as afirmações conceptuais de uma “experiência transformadora co-criada”. Consequentemente, os prestadores de serviços de turismo transformador ainda não encontraram uma forma de integrar plenamente a co-criação e a concepção de experiências transformadoras, refletidas numa aplicação fragmentada de recursos e fatores desencadeadores. Assim sendo, a desejada transição para a economia da experiência 3.0, conhecida como economia da transformação, deve ser abordada como um trabalho em curso. Este artigo é o primeiro, segundo o conhecimento do autor, a fornecer evidências empíricas deste tipo e, consequentemente, serve como uma base sólida para futuras explorações do design de experiência transformadora, da co-criação de valor e da sua dinâmica no contexto do turismo transformativo.

Palavras-chave

Turismo transformativo, design de experiência, SEM, economia de transformação, cocriação de valor, perspetiva do prestador de serviços

Código de classificação JEL

L83 Sports – Gambling – Restaurants – Recreation – Tourism (under L8 Industry Studies: Services)

Z33 Marketing and Finance (under Z3 Tourism Economics)

Abstract

This thesis examines the factors that affect transformative experience design, value co-creation and their outcomes, in the context of transformative tourism. It contributes to the existing literature by adopting a quantitative research method, surveying transformative tourism service providers, unlike most previous research in this field to this date, which has been conceptual and customer oriented. The results from the survey are analyzed on both micro- and macro-levels. On the micro-level, only some of the hypothesized relationships were found to be significant. Activities and human capital affect transformative experience design, sensory experience and activities affect co-creation, and transformative experience design affects self-change. Various possible explanations for these (dis)correlations are offered and their implications are discussed. On the macro-level, the findings are interpreted within the broader framework of the stages of the experience and transformation economy, and the outcome challenges the conceptual assertions of a 'co-created transformative experience'. Accordingly, transformative tourism service providers have not yet found a way to fully integrate co-creation and transformative experience design, reflected in a fragmented application of resources and triggers. Therefore, the desired transition to the experience economy 3.0, known as the transformation economy, should be approached as work-in-progress. This paper is the first to the author's knowledge to provide empirical evidence of that sort, and consequentially, serves as a strong base for future explorations of transformative experience design, value co-creation, and their dynamics in the context of transformative tourism.

Keywords

Transformative tourism, experience design, SEM, transformation economy, value co-creation, service provider perspective

JEL classification codes

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List of Abbreviations

ACT = activities

COCRE = co-creation

HUMCAP = human capital

MARCAP = marketing capabilities

SELCH = self-change

SENEX – sensory experience

SOCCAP = social capital

TED = transformative experience design

TT = transformative tourism

1. Introduction

Tourism research has always been concerned by the capacity of travelling to invoke meaningful experiences and even transform the tourist (Brown, 2013; Cohen, 1979; Graburn, 1989; Wang, 1999), as “no other human activity... has greater potential to alter your perceptions or ways you choose your life” (Kottler, 1998, p. 26). These studies highlight the liminal nature of the tourist experience, contrasting them with the structured and routine nature of everyday life. They also contextualize its historical evolution, tracing its development from pilgrimages and the Grand Tour to modern-day tourism, where the tourist might experience existential authenticity (Morgan, 2010; Robledo & Batle, 2017). Recently, there has been a rising interest in this aspect of tourist experience under the sub-field of ‘transformative tourism’ (Rus et al., 2022). While any tourism type could invoke such a transformation, and discussions pertain as to the serendipitous aspect of transformative experiences (Kirillova et al., 2017c; Ross, 2010), intentionality has been highlighted as a determining factor in supporting transformation, both on behalf of the tourist (Ross, 2010) and the service provider (Neuhofer et al., 2020; Rossman & Duerden, 2019).

This Master Thesis examines the efforts of service providers in the tourism industry to facilitate transformative experiences for tourists. Two main concepts provide the foundational structure for approaching this topic: ‘transformative experience design’ or the “intentional design of a transformative vehicle that offers a fertile ground for human transformative stimuli to be triggered” (Neuhofer et al., 2020, p. 2894), and ‘value co-creation’ or the “joint creation of value by the company and the customer” (Prahalad & Ramaswamy, 2004, p. 8). By focusing on these concepts, the paper aims (1) to test the factors (triggers & resources) that influence these concepts and their outcome in the context of tourism, and (2) to explore how these concepts are currently realized as different stages within the broader framework of the ‘experience economy’. The study employs structural equation modelling (SEM) analysis, followed by importance-performance map analysis (IPMA) to achieve these objectives.

Transformative experience design emerges as increasingly relevant to tourism research as it becomes apparent that not only hedonic enjoyment is perceived as a desirable outcome of the tourist experience, but also eudemonic outcomes such as psychological well-being, quality of life and meaningfulness, which effects can be seen beyond the moment of experience (Knobloch et al., 2017; Pasaco-González et al., 2023). This design is essentially geared towards planning experiences that guide customers through the transformation process and result in lasting transformative outcomes (Bettencourt et al., 2022; Pine & Gilmore, 2014; Rossman & Duerden, 2019). Jack Mezirow’s transformative learning theory is a useful framework for understanding and facilitating the transformation process within the field of tourism, as has been previously acknowledged (Bueddefeld & Duerden, 2022; Soulard et al., 2021; Walter, 2016; Wolf

et al., 2017). While service providers should be concerned in supporting both peak experiences and consumer experiences (Quan & Wang, 2004), this thesis is primarily concerned with the operations and integration of resources towards facilitating the former.

Also, the perspective of value co-creation is highly relevant to the present study, given the experiential, customer-focused, and meaning-oriented nature of transformative tourism (Kabra & Singh, 2023). Value co-creation emphasizes the dynamic, interactive and relational process of value creation, departing from the traditional view where the supplier delivers value unilaterally (Vargo & Lusch, 2004, 2008). Instead, it underscores the role of the supplier in facilitating resources with which customers can create value-in-use for their personal benefits (Grönroos & Ravald, 2011). As such, service providers are encouraged to design experience spaces wherein “the individual consumer is central, and [events] trigger a co-creation experience” (p. 14). The personal meaning that emerges, in our case, transformation, determines the value. Consequently, value is construed as experiential (Vargo & Lusch, 2008).

Notably, this study represents a pioneering effort, as it goes beyond conceptualizing the link between the transformative experience, its design and co-creation, to empirically testing this relationship. Several conceptual models situate co-creation as a major component of the transformative experience and its design (Kirillova et al., 2017b; Kuokkanen & Kirillova, 2024; Soulard et al., 2019; Teoh et al., 2021), because “transformations... are achieved in partnership with the person being transformed” (Bettencourt et al., 2022, p. 79). Building on this assumption, this paper is, to the best of my knowledge, the first to examine various factors that influence both transformative experience design and co-creation among transformative tourism practitioners. Consequently, the implications of this research are expected to assist practitioners in determining which triggers and resources to incorporate in order to achieve co-creation, transformative experience design and/or transformative outcomes, as well as gain further understanding of what these constructs and their interrelationship entail.

Since its original introduction in 1998 (Pine & Gilmore, 1998), the concept of the ‘experience economy’ has been continuously evolving and recently entered a new phase, coined the ‘transformation economy’ (Kirillova et al., 2017a, 2017c) whereby “experiences should yield transformations” (Pine & Gilmore, 2014, p. 26). Originally, the term was used to describe a shift from delivering services to staging engaging experiences for customers (‘experience economy 1.0’). In the ‘experience economy 2.0’, the focus shifts from staging experiences to co-creating unique experiences, where value is created *with*, rather than *for* the customer (Pralhad & Ramaswamy, 2003). In the emerging ‘experience economy 3.0’, the core economic value is derived from transforming the customers, rather than just engaging them or co-creating experiences with them. The goal is to partner with consumers to help them “improve some

fundamental aspect of their lives—to achieve a “new you” (Bettencourt et al., 2022, p. 72). However, as transformative experiences are inherently rare (Rossman & Duerden, 2019) and highly customized (Bettencourt et al., 2022), and comprehensive socio-economic evidence on this transition has yet to emerge, statements that the transformation economy will replace co-creation should be treated with caution. As such, this new stage should currently be seen as a “promising frontier” (Pine & Gilmore, 2014, p. 26) for customers and service providers alike. Some scholars regard the three stages as complimentary elements in designing meaningful experiences rather than linear developments, and thus recommend combining staged, co-created and transformative experiences for best outcomes (Amaro et al., 2023; Chirakranont & Sakdiyakorn, 2022). What is of interest for this paper is the transitional phase in which the transformation economy currently finds itself, and its implications for the design of tourism experiences. Exploring the relationship between transformative experience design, co-creation, and transformative outcomes, directly and indirectly through affecting factors, contributes to this discussion and to mapping the current tourism landscape in this context.

Despite a surge in scholarly interest in transformative tourism over the last decade (Nandasena et al., 2022; Rus et al., 2022), significant gaps and opportunities for further research remain. Previous research set a solid theoretical foundation, exploring topics such as tourist motivations, triggers to transformation, the transformation process, in-situ experience, impact on tourists and strategies for designing transformative experiences (Amaro et al., 2023; Bueddefeld & Duerden, 2022; Kirillova et al., 2017b, 2017a; Pung & Chiappa, 2020; Sheldon, 2020; Soulard et al., 2021; Tasci & Godovykh, 2021; Wolf et al., 2017). Yet, most research has remained conceptual and exploratory. Rus et al. (2022) have found that 80.8% of transformative tourism research has been qualitative, compared with only 9.6% applying a quantitative approach. This paper follows the calls to further investigate managerial approaches to designing transformative experience (Soulard et al., 2019). In addition, it introduces a measure for transformative experience design, based on Mezirow’s (1978, 1991, 2012) transformative learning theory, which may be applicable in further tourism contexts beyond this study. Moreover, tourism research tends to be more concerned with the tourist perspective, as is also the case in transformative tourism research (Nandasena et al., 2022; Rus et al., 2022; Soulard et al., 2019). This tendency undermines the role of experience facilitators in the process (Teoh et al., 2021). This paper fills these gaps, adopting a quantitative research method from the service providers’ perspective. As such, it will help to empirically tests some of the concepts discussed previously, and support the predictability of transformative tourism. Lastly, by empirically investigating experience design from a service provider perspective, this paper contributes to this underexplored field, which is still fragmented and theoretically inconsistent (Duerden et al., 2018).

The paper is structured as follows: first, a literature review elaborates on transformative experience design, transformative learning theory and value co-creation followed by the conceptual model and hypothesis development, setting the theoretical background. The remaining of the paper outlines the research methodology, data analysis, discussion and implications. It concludes with recommendations for further research and limitations.

2. Literature Review

2.1 Transformative Tourism Experience Design

Design, at its core, is linked with transformation as it focuses on changing existing resources and conditions into better ones (Simon, 1969). As transformative tourism is primarily concerned with “an individualized process which can lead to a critical awareness of the self, leading to a new self-definition” (Coghlan & Weiler, 2018, p. 567) an evolved customer is the product (Pine & Gilmore, 2014). Zomerdijs & Voss (2010) argue experience design should be perceived as a distinct strategic approach, given its dynamic and continuous nature, as opposed to traditional service design’s rigidity. It is about designing *for* experiences rather than designing experiences, as these can never be fully controlled or predetermined (Rossman & Duerden, 2019; Svabo et al., 2013). As such, transformative experience design is the “intentional design of a transformative vehicle that offers a fertile ground for human transformative stimuli to be triggered” (Neuhofer et al., 2020, p. 2894).

When designing an experience, it is crucial to consider both the macroexperience, and the microexperiences that constitute it. Experience designers use tools known as experience maps (i.e. customer journey maps, service blueprints) with touchpoints, the participant’s interaction with experience elements, as the core feature (Rossman & Duerden, 2019). Before building the experience platform, it is important to understand the customers’ experiential worlds (Schmitt, 2010), as well as the perceived benefit, interest and familiarity they assign to certain experiences, in order to assess their market fit (Alcántara et al., 2014). These insights, in turn, support the designer in characterizing different types of moments-based microexperiences, sequencing and structuring them mindfully within the larger customer journey to achieve the desired outcomes (Stienmetz et al., 2021). In tourism, this approach is even more critical because tourist experiences involve multiple phases, with each one being rich in experiences and interactions (Binkhorst & Dekker, 2009; Cutler & Carmichael, 2010).

From an organizational perspective, “well-designed experiences can help companies build customer loyalty, attract and retain employees, and rise above the competition” (Rossman & Duerden, 2019, p. 3), supporting the notion of experience marketing (Schmitt, 1999, 2010). Nevertheless, experience design should not be caged within the experience economy’s fiscal orientation, but rather serve a higher purpose (Lundberg, 2018) as is the case with transformative tourism design.

An infinite number of scenarios can transform tourists (Sheldon, 2020, p. 5) and as such, various types of tourist experience could lead to such outcomes, such as adventure tourism (Arnould & Price, 1993), nature-based tourism (Wolf et al., 2017), cultural tourism (Chirakranont & Sakdiyakorn, 2022), backpacker tourism (Noy, 2004), wellness tourism (Smith, 2013) and spiritual retreats (Fu et al., 2015). Moreover,

individuals experience certain triggers and/or the transformation process as a whole differently, which makes it even harder to systematize transformative tourism experiences (Rus et al., 2022). Rossman & Duerden (2019) argue that “it’s a bit unrealistic, as well as ineffective, to aim to design only transformational experiences” as “it’s the less frequent experiences that have the greatest potential effect” (p. 40). This implies that understanding the factors and triggers that support transformation, as well as the transformation process is needed even more in the design of transformative experiences.

Several attempts were made to characterize and segment the transformative tourist, as a foundation for managerial decisions (Fu et al., 2015; Haq, 2022; Ross, 2010; M. Smith & Kelly, 2006; Wolf et al., 2017). Particularly noteworthy is the model proposed by Wolf et al.’s (2017) given its empirical approach that details participant characteristics, participant motivations, experience characteristics and experience benefits as a base for segmented transformative experience design, marketing and monitoring. These studies portray the transformative tourist as a ‘seeker’, whether the sought after transformative outcome is relaxation, psychological balance, spiritual or personal growth. Thus, effective transformative design involves creating highly customized experiences tailored to individual needs and goals, maximizing the potential for achieving desired transformative outcomes (Bettencourt et al., 2022; Pine & Gilmore, 2014).

An emerging literature observes transformative experience design strategies. Kuokkanen & Kirillova (2024) highlight the importance of both media, “the vehicle that drives change” (i.e. triggers), and form, “the style by which transformative content is delivered” (p. 6) as elements that should be taken into account in transformative design. These include creating an extraordinary liminal space through aesthetics, sensory design, storytelling and theming (Neuhofer et al., 2020). A combination of deep human connectivity, deep environmental connectivity, self-inquiry and engaged contribution were also identified as holding a greater opportunity for transforming visitors especially when designed together with transformational moments such as peak experiences, flow or simple, authentic experiences (Sheldon, 2020). The socio-cultural organizational aspect was analyzed by Souldard et al. (2019), using the globalization framework, pointing out to the importance of empowering employees as agents of change. Their strategies can be summarized as establishing legitimacy in the local community, breaking down cultural barriers in the organization and staging transformative encounters (ibid, p. 97). Lastly, service and experience quality should not be dismissed as they effect transformative outcomes (Fu et al., 2015; Pasaco-González et al., 2023).

Through their offer, transformative experience designers should help tourists achieve their ‘jobs to be done’ – functional jobs (i.e. resolve a problem), emotional jobs (i.e. enhance / diminish certain feelings), social jobs (i.e. be perceived by others in a certain way) and aspirational jobs (i.e. bolster what motivates

them). This requires them to define what tourists' success looks like at every point along the transformation journey and identify potential barriers customers might encounter, along with ways to overcome them (Bettencourt et al., 2022). Godovykh & Tasci (2022) have empirically validated a positive change in personality traits such as adventurousness, compassion and emotional stability following transformative trip experiences. On another study, they show that propelled inner power, personality change and change in outlook on life and others are transformative outcomes of trip experiences which lead to actual behavioral change in actions (Tasci & Godovykh, 2021). Lastly, Fu et al. (2015) point out to the multiple dimensions of change including bodily, emotional, attitudinal and skill change, as well as to the fact that some changes are more enduring and significant than others.

Tour guides, as “the eyes and ears of the organization” (Soulard et al., 2019, p. 100) are one example of tourism professionals who play a vital role in the tourists meaning-making process in relation to both their inner and outer worlds (Cohen, 1985; Farkić et al., 2020; Zatori et al., 2018). Parsons et al. (2019) regard spiritual tourist guides as ‘experience brokers’ who facilitate self-development for the customers through pre-trip preparatory questions, creating a safe space for exploration, mentoring, triggering group reflections, and finally, guiding the integration of the insights gained in the trip.

It should be therefore re-emphasized that transformative experiences can only be invited or facilitated rather than fully constructed (Gaggioli, 2016). This paper supports this approach by focusing on organizational resources and factors that may support transformative experience design, and consequently, transformative outcomes.

2.2 Transformative Learning Theory and the Transformation Process

Drawing primarily on transformative learning theory, this subsection discusses the stages of the transformation process that underpin transformative experience design. Transformative learning theory was developed by Jack Mezirow and has since been applied to different tourism contexts, highlighting the link between travel and learning (Stone & Duffy, 2015). It has been used as the basis to describe multiple transformation tourism process models (Bueddefeld & Duerden, 2022; Soulard et al., 2019, 2021; Wolf et al., 2017) and can therefore serve as a guiding framework for the elements that constitute transformative experience design.

Mezirow's theory constitutes of 10 stages – A disorienting dilemma; self-examination; critical assessment of previous assumptions; acknowledgement of the shared human nature of the transformation process and the challenges along the way; exploration of new possible roles; planning a course of action; acquisition of knowledge and skills; trying out new roles; building competence and self-

confidence; reintegration of the new perspective into one's life (Mezirow, 1991). It finds parallels with Kolb's (1984) experiential learning cycle, where a concrete experience serves as a trigger to begin the process, similar to the disorienting dilemma (Walter, 2016). Direct experience in educational tourism settings is shown to be a catalyst for developing new attitudes and behaviors, while indirect experience leads to growth in knowledge (Duerden & Witt, 2010). The hero's journey (Campbell, 1968) also provides a useful framework, emphasizing the potential that lays in the liminality of travel. When travelling, one engages with a source of power, leading to a process of integrating the yet unknown, experienced in his journey, into everyday life upon his return (Robledo & Batle, 2017). Taken together, these models bring attention to the steps and stages involved in how individuals learn and undergo personal growth through meaningful experiencing, based on the idea that learning, change and reflection are deeply connected to personal experiences (Mackeracher, 2012).

The theory has evolved over the years in response to criticism that it overly emphasizes rational thought and follows a too linear progression. Dirkx (2012) calls for acknowledging the role of the "voice of the soul" (p. 123) as part of the learning experience, providing space for the symbolic, emotional and imaginative aspects of meaning making. Others have shown the disorienting dilemma might occur at different points of time, potentially even only after returning home (Kirillova et al., 2017b; Soulard et al., 2021). For the purpose of this paper, the stages of the transformative learning theory, alongside its critics were used to create the measure for transformative experience design.

Along these lines, transformative learning in tourism settings should be seen as both a product and a process (Bueddefeld & Duerden, 2022). Each stage can be seen as part of a different learning domain – introspective (i.e. self-examination), communicative (i.e. making sense of encounters), instrumental (i.e. knowledge & skills) and transformative (i.e. new roles) (ibid). Assisting the customer in making sense of the triggers throughout the experience is just as important, if not more impactful than the experiences themselves given learning's highly individual nature and link with one's prior knowledge and motivations (Falk et al., 2012; Kirillova et al., 2017b). As consequence, the tourist should be engaged towards self-inquiry, and incorporate the new insights through both cognitive and affective means (Mezirow, 2012; Tasci & Godovykh, 2021). Transformative experience design is therefore a crucial mediating factor in the process of meaning construction towards transformative outcomes.

2.3 Value Co-creation and Experience

The transformative experience has been described as co-created (Teoh et al., 2021), making it challenging at times to conceptually separate one from another. This section would elaborate on value co-creation as a separate construct, in order to set a foundation for exploring its function in transformative tourism.

Value creation has become the locus-point of contemporary marketing, and firms need to allocate their limited resources accordingly to facilitate this process (Cabiddu et al., 2013; Grönroos, 2008). Value co-creation, embedded in the service dominant logic, implies that “the consumer is always involved in the production of value” (Vargo & Lusch, 2004, p. 11). Firms need to see themselves as enablers of a reciprocal value creation process rather than distributors of value (Bettencourt et al., 2014; Grönroos & Ravald, 2011). In other words, two processes take place simultaneously – service-providers act as value facilitators, producing resources from which the customers create value for themselves. These merge into a coordinated, interactive, and integrated joint value creation process, as the provider can enhance the value created by the customer throughout the process (Grönroos & Ravald, 2011). This requires the service provider to be open-minded, innovative and proactive (Chirakranont & Sakdiyakorn, 2022, p. 8).

Value is thus determined by the customers, based on whether the service meets their specific needs, their 'jobs-to-be-done' (Bettencourt et al., 2014). Thus the value emerges as value-in-achievement, realized when customers successfully accomplish their 'jobs' using the resources provided by the service provider (Grönroos, 2008; *ibid*). Moreover, the customer's experience plays a crucial role in this process of value co-creation. Hence, no longer is value embedded in the product itself but is largely determined by the customer's experience during its consumption (Schmitt, 2010; Vargo & Lusch, 2008). On a similar note, shifting to co-created experience encounters instead of rigid service encounters “can uncover tourists' experiential purposes and (latent) desires, raise the potential value of tourism experiences and facilitate new knowledge development” (Sørensen & Jensen, 2015, p. 339). Considering both value-in-experience (Minkiewicz et al., 2014) and value-in-achievement, it is evident that value co-creation entails facilitating experiences that help customers to achieve their goals.

Firms should facilitate the creation of experience environments as a “robust, networked combination of company capabilities (including technical and social capabilities) and consumer interaction channels (including devices and employees), flexible enough to accommodate a wide range of individual context-and-time-specific needs and preferences” (Prahalad & Ramaswamy, 2003, p. 15). The more engaging an experience environment is, the more affordances it has (Rossman & Duerden, 2019), and the larger its potential to accommodate various combinations of experience encounters scenarios (Eide & Mossberg,

2013). Tourism holds the potential to offer such experience networks, or 'tourismscales', as demand for participatory, authentic and co-created experiences is rising (Binkhorst & Dekker, 2009).

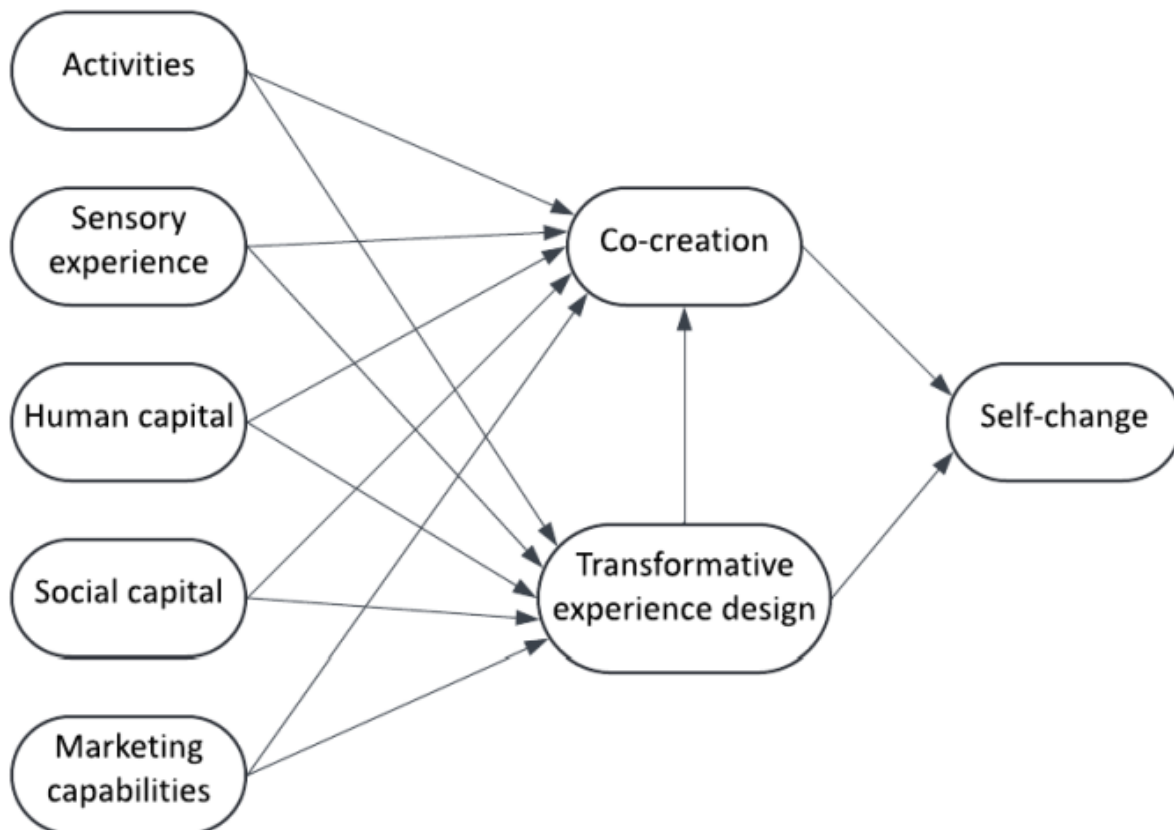
Adopting a co-creation mindset is crucial for firms to gain a strategic advantage, especially in today's uncertain and ever-changing market conditions. This is because such an approach encourages the continuous adaptation of value propositions, in a way that is sensitive to emergent customer aspirations, while envisioning future possibilities, in line with the firm's knowledge and capabilities (Bettencourt et al., 2014). Such an approach leads to a higher probability of making the right resources available in the market, those that potential customers value and need (Vargo et al., 2008). Moreover, co-creation has been shown to effect emotions and drive customer loyalty (Pullman & Gross, 2004).

From the above we can infer that experience design can be harnessed in the process of value co-creation. Customers should be perceived as co-designers, co-actualizers and co-curators at the anticipation, participation and reflection phases, respectively (Rossman & Duerden, 2019). Morelli et al. (2021) identified three levels of value co-creation in experience design that require different firm capabilities – interaction, infrastructure and social institution. In any case, experience design should strive to facilitate human-centered interactions, grounded in co-creation, rather than limited commercial customer-supplier dynamics (Arnould & Price, 1993; Binkhorst & Dekker, 2009).

3. Conceptual Model and Hypotheses

A model (figure 1) was constructed to explore whether certain elements influence transformative experience design, and value co-creation. Both firm resources (human capital, social capital, marketing capabilities) and major value triggers (sensory experiences, activities) were chosen as independent variables, to provide a wider perspective. Furthermore, the relationship between transformative experience design, co-creation and self-change was explored. The original model included 'place dependence' as an independent variable, to explore the influence of the physical environment, but it was unintentionally excluded from the survey, and therefore from the analysis.

Figure 3.1 Conceptual model.



Several conceptual models inspired the creation of this model. First, Activities are widely accepted as major elements and triggers in the transformative experience process and design (Kirillova et al., 2017b; Tasci & Godovykh, 2021). Second, Kuokkanen & Kirillova (2024) model describing transformative

experience process in hospitality settings assumes the relationship between a sensory experience, performance of employees (corresponding to human capital), co-creation, transformative content and outcome. Finally, Clauss's (2017) breakdown of sub-concepts in business models that support innovation in value creation and proposition, guided the inclusion of human capital, social capital, and marketing capabilities as major firm resources.

Activities are inseparable from the transformation process. This is more so in the context of tourism where activities are a major experiential content which affects the outcome for the participants (Kirillova et al., 2017c). Tourism professionals facilitate the transformation process through activities (Soulard et al., 2019), and therefore use them as a base for experience design and further stimulation (Tasci & Godovykh, 2021). It has been shown that both positive (novelties and gains) and negative (tolls & pains) activities trigger transformative outcomes (Tasci & Godovykh, 2021). Meaningful activities effect experience memorability and participants' well-being (Sthapit & Coudounaris, 2018) and are the core of many transformative tourism providers' offers (Kelly, 2010). In a similar vein, trigger activities are a foundational element that is co-created towards the value the customer seeks. As such, customer needs, and what they 'seek' should be reflected in flexible, customized activity programming that facilitates co-creation (Fu et al., 2015). Based on the above, the following hypotheses are proposed:

H1a. Activities positively relates to transformative experience design.

H1b. Activities positively relates to co-creation.

The tourism experience is "involved in our aesthetic or sensual existence" (Quan & Wang, 2004, p. 303), through a sensory mechanism which is constantly operating, alongside other subsystems (Stienmetz et al., 2021). Therefore, it is through the senses that one experiences the external environment. Senses are used as marketing tools to differentiate companies, add value, provide more engaging experiences and essentially influence consumer perceptions and behavior (Bitner, 1992; Kotler, 1973; Schmitt, 1999). Moreover, sensory brand experiences are shown to be positively related to consumer brand engagement, encouraging managers to co-create unique sensory experiences with their customers (Hepola et al., 2017). Sensory design is fundamental to experience-based services and value, and its and organizations with a stronger orientation towards design, approach sensory design more seriously (Zomerdijs & Voss, 2010). Accordingly, 'sensitizing', that is, designing to delight and surprise the senses, is crucially important (Rossman & Duerden, 2019, p. 155). Transformative processes are "emotionally intensive, sensorially impressive and cognitively stimulating" (Kirillova et al., 2017a, p. 645). As such, sensory experiences and design can facilitate an accommodating environment for transformative content and customer

engagement (Kuokkanen & Kirillova, 2024; Neuhofer et al., 2020). Thus, the following hypotheses are proposed:

H2a. Sensory experience positively relates to transformative experience design.

H2b. Sensory experience positively relates to co-creation.

Service is the “application of competences (such as knowledge and skills) by one party for the benefit of another” (Vargo et al., 2008, p. 145) as people don’t possess value, but rather the capabilities to create it (Bettencourt et al., 2014). Both value co-creation and transformative experience design and facilitation give a central place to the service-provider’s capacities (Sheldon, 2020; Vargo et al., 2008), hence their essential link to human capital. Service providers “use their personal knowledge to assist tourists in co-creating their individual desired experiences” (Sørensen & Jensen, 2015, p. 344) as meaningful experience brokers (Farkić et al., 2020; Parsons et al., 2019). Teoh et al. (2021) regard three major dimensions that interact to co-create a transformative experience – experience facilitator, experience consumer and the experience itself. Access to resources is not enough for designing and providing services; providers need to have the right personal and professional capabilities to use them wisely and effectively (Morelli et al., 2021). On a similar note, managers should be familiar with fundamental concepts of experience design in order to apply it (Kuokkanen & Kirillova, 2024). As consequence, tourism professionals should strive to be transformative leaders who can stage, co-create, and facilitate transformative experiences (Chirakranont & Sakdiyakorn, 2022). Thus, the following hypotheses are proposed:

H3a. Human capital positively relates to transformative experience design.

H3b. Human capital positively relates to co-creation.

Social capital can be defined as “the value of the resources obtained from relationships with other agents” (Rastrullo-Horrillo & Rivero Díaz, 2019, p. 1577). Value co-creation should be seen as value configurations within interactive networks of social and economic actors based on collaborative resources (Bettencourt et al., 2014; Vargo & Lusch, 2004), also in the tourism context (Cabiddu et al., 2013). Therefore, both concepts are fundamentally tied. In a similar vein, the service provider’s capacity to collaborate and engage stakeholders facilitates service design (Karpen et al., 2017; Morelli et al., 2021). In the context of transformative tourism, Soulard et al. (2019) have emphasized the importance of firms’ establishing legitimacy and sustaining partnerships with the community. Transformative design, as consequence, should incorporate local communities’ well-being, by integrating their wishes and values (Sheldon, 2020). Accordingly:

H4a. Social capital positively relates to transformative experience design.

H4b. Social capital positively relates to co-creation.

From a service dominant perspective, marketing is a core firm competency supporting value co-creation (Grönroos, 2008; Vargo & Lusch, 2004). Alcántara et al. (2014) identify two stages in strategic experience design – “identifying experiences from people's perspective and assessing their market position” (p. 1080). This reinforces the idea that successful experience design is linked with understanding and catering for customer characteristics and needs, incorporating triggers, gathering feedback and adapting accordingly (Binkhorst & Dekker, 2009; Rossman & Duerden, 2019; Tasci & Godovykh, 2021). Marketing capabilities support experience designers to ensure alignment with brand values (Martins & Santos, 2022) and when applied purposefully, these capabilities hold potential to induce transformative outcomes (Karpen et al., 2017). Therefore, it is recommended to provide marketing tools in retreat operators trainings (Kelly, 2010). As such:

H5a. Marketing capabilities positively relates to transformative experience design.

H5b. Marketing capabilities positively relates to co-creation.

The link between co-created experiences and the transformation process was reinforced throughout the introduction and literature review. For instance, Teoh et al.'s (2021) model highlights that transformative customer experiences are influenced by both the customer and the service provider, along their predispositions. The customer is seen as a partner, as the desired outcome is his own self-change (Bettencourt et al., 2022). As such, customers should be included throughout the experience design process, as design is inherently inclusive (Karpen et al., 2017; Rossman & Duerden, 2019). Mathis et al. (2016) show that a co-created tourist experience leads to satisfaction with the vacation experience which improves the tourist's life satisfaction after returning home. Interactive authenticity has also shown to influence transformative experience, both directly and indirectly through value co-creation (Kabra & Singh, 2023). In addition, transformative experience design's contribution to transformative outcomes was postulated (Kuokkanen & Kirillova, 2024; Teoh et al., 2021). This is driven by the intentionality on the side of the service provider, strategic planning and knowledge of the transformation process and learning (Bueddefeld & Duerden, 2022; Rossman & Duerden, 2019). According to these considerations, the following hypotheses are proposed:

H6a. Transformative experience design positively relates to co-creation.

H6b. Transformative experience design positively relates to self-change.

H6c. Co-creation positively relates to self-change.

4. Research Methodology

4.1 Data collection and sample

To test the aforementioned model, a quantitative research methodology was adopted. The target population were transformative tourism service providers as they design experiences for transformative outcomes. Consequently, the inclusion criteria was a clear indication that the firm offers a transformative outcome through a tourism-related experience. The respondents were primarily sourced from –

- Transformational Travel Council's, a leading organization promoting transformative tourism, ally members list (<https://www.transformational.travel/our-allies>);
- Businesses listed on the 'we love transformational travel' platform (<https://www.welovetransformationaltravel.com>);
- Retreat providers on 'book retreats' platform, after applying the filter 'transformative retreats' (<https://bookretreats.com>).

Additionally, several life-coaches offering self-development nature trips were found through google search, and contacted. These were included following the observation that these kind of coaching trips are offered by the Transformational Travel Council's allies. A non-probability convenience sampling approach was adopted, given the limited number of self-described TT service providers. A questionnaire in Google Forms was created based on a literature review. Invitations to participate in a survey were distributed through various digital contact means including firm websites contact forms, emails and the abovementioned platforms messaging. The reach-out message included an explanation of the research objectives and inclusion criteria, as well as reassured participants' anonymity. A link to the Google Forms was included in the message, as well as the option to access the form through the author's LinkedIn profile, to increase reliability and response rate.

Survey items were mixed to reduce fatigue and predictability. A total of 92 full survey responses were collected between March-April 2024. Table 4.1 illustrates the profile of sampled firms.

Table 4.1 Sample characteristics.

Number of Employees	
1-5	85.6%
6-20	7.8%
21-50	5.6%
51+	1.1%
Firm Location	
Europe	45.1%
North America	37.4%
South America	7.7%
Africa	5.5%
Asia	3.3%
Oceania	1.1%
Years in Business	
<5	46.2%
6-10	19.8%
11-20	16.5%
21+	17.6%

4.2 Measures

This study adopted existing measures for all variables, except for transformative experience design, because no appropriate measure was found. Some of the measures were assuming a customer perspective, and were therefore adapted to fit a service provider standpoint. All variables were measured using a five-point Likert scale, and respondents were asked to indicate their degree of agreement with each statement, between one (strongly disagree) and five (strongly agree). Activities (ACT) and self-change (SELFCH) were measured using two and eleven items, respectively, adapted from Tasci & Godovykh (2021). Sensory experience (SENEX) was measured through a three-item scale, adapted from Brakus et al. (2009). Human capital (HUMCAP) was measured using a five-item scale adapted from Sharabati et al. (2010). For marketing capabilities (MARCAP), a six-item scale was adapted from Mohammed et al. (2017). Social capital (SOCCAP) was measured using a one-item scale adapted from Rastrollo-Horrillo & Rivero Díaz (2019). The three-item co-creation (COCRE) measure was adapted from Mathis et al. (2016).

The seven-item measure for transformative experience design (TED) was constructed based on the transformative learning theory stages (Bueddefeld & Duerden, 2022; Mezirow, 1991), extending it to include the emotional aspect (Dirkx, 2012), and intentionality in experience design (Rossman & Duerden, 2019). The measure, therefore, holistically represents the essential elements that can potentially guide customers through their transformation process.

4.3 Statistical Analysis

Partial least squares structural equation modelling (PLS-SEM) was chosen as the method to test the proposed model, using SmartPLS 3.0 software. It was chosen given its compatibility with relatively small sample sizes and a strong capacity to estimate causal relationships. The analysis and interpretation followed a two-step procedure – (1) evaluation of the reliability and validity of the measurement model, and (2) assessment of the structural model (Hair et al., 2017). It is followed by an importance-performance map analysis, to gain further managerial insights (section 4.5).

Confirmatory factor analysis (CFA) was carried out to assess the measurement model through individual indicator reliability, convergent validity, internal consistency and discriminant validity (Hair et al., 2017). Several items were omitted in the process, to enhance internal construct reliability, resulting with the current configuration of items (annex 1). Standardized factor loadings of all remaining items were above the recommended threshold of 0.6, and significant at $p < 0.001$, confirming individual indicator

reliability (Hair et al., 2017). As shown in table 4.2, internal consistency reliability was verified because all the constructs' composite reliability (CR) values exceeded the threshold of 0.7 (Hair et al., 2017). Additionally, the average variance extracted (AVE) values were above 0.5, meaning all items explained more than 50% of the respective constructs' variance (Bagozzi & Yi, 1988), confirming, along the factor loadings and CR values, the model's convergent validity.

Table 4.2 Composite reliability, average variance extracted, correlations and discriminant validity.

Variables	CR	AVE	1	2	3	4	5	6	7	8
ACT	0.816	0.689	0.830	0.611	0.670	0.238	0.186	0.918	0.816	0.682
SENEX	0.927	0.810	0.421	0.900	0.589	0.243	0.129	0.407	0.841	0.484
HUMCAP	0.847	0.527	0.460	0.511	0.726	0.619	0.323	0.756	0.694	0.806
SOCCAP	-	-	0.180	0.230	0.551	-	0.278	0.380	0.412	0.435
MARCAP	0.937	0.715	0.182	-0.125	0.242	0.272	0.845	0.165	0.107	0.109
TED	0.892	0.544	0.631	0.357	0.656	0.356	0.183	0.737	0.578	0.926
COCRE	0.842	0.641	0.521	0.690	0.548	0.346	0.040	0.459	0.801	0.614
SELCH	0.945	0.615	0.494	0.440	0.712	0.418	0.084	0.841	0.498	0.784

Note: CR – Composite reliability; AVE – Average variance extracted; ACT = Activities; SENEX = Sensory experience; HUMCAP = Human capital; SOCCAP = Social capital; MARCAP = Marketing capabilities; TED = Transformative experience design; COCRE = Co-creation; SELCH = Self-change. Bolded numbers in diagonal are AVE's square roots. Below the diagonal elements are the correlations between the constructs. Above the diagonal elements are the HTMT ratios.

Discriminant validity was evaluated using two approaches. First, according to Fornell & Larcker (1981) AVE/SV method, a construct's correlation values with any other construct is to be lower than the construct's square root of AVE. This criterion was satisfied for all constructs except for TED, whereby AVE's square root (0.737) was lower than its correlation value with SELCH (0.841). AVE/SV is considered by researchers a very conservative and stringent method (Voorhees et al., 2016), and therefore a single mismatch should be tolerated. Second, HTMT values are required to be below 0.85 (Voorhees et al., 2016). This was satisfied for all constructs except for the intersection of TED with ACT (0.918) and SELCH (0.926). This can be explained by the constructs' similarity, as these constructs revolve around the transformative aspects of triggers, experience design and outcomes. In such cases, a threshold closer to 1 should be used (Sarstedt et al., 2023).

The structural model was evaluated through the variance inflation factor (VIF) for collinearity, the coefficient of determination (R^2) for predictive accuracy, the Stone-Geisser's indicator (Q^2) for predictive relevance and the statistical significance of the path coefficients (Hair et al., 2017). VIF values ranged between (1.00-4.59) and thus were below the critical value of 5 (Hair et al., 2017). R^2 values for the three

endogenous variables of transformative experience design, co-creation and self-change were 55%, 54.6% and 71.7% respectively, thus exceeding the threshold limit of 10%. The Q^2 values for all endogenous constructs (0.52, 0.42 and 0.49 respectively) were greater than zero (Hair et al., 2017). These results confirm the model's non-collinearity and predictive accuracy and relevance. Bootstrapping with 5,000 subsamples was used to evaluate the significance of the parameter estimates (Hair et al., 2017).

4.4 Results

Table 4.3 summarizes the assessment of the structural model and the path coefficient between the constructs. Activities has a significant positive effect on transformative experience design ($\beta=0.447$, $p<0.001$) and co-creation ($\beta=0.221$, $p<0.01$). These results provide support for hypotheses 1a and 1b respectively. Sensory experience has a significant positive effect on co-creation ($\beta=0.508$, $p<0.05$) supporting hypotheses 2b. Human capital has a significant positive relationship with transformative experience design ($\beta=0.485$, $p=0.001$), supporting hypotheses 3a. Transformative experience design has a significantly positive effect on self-change ($\beta=0.776$, $p<0.001$), supporting hypotheses 6b.

Social capital was found to have no significant relationship with neither transformative experience design nor co-creation ($\beta=0.040$, n.s.; $\beta=0.124$, n.s. respectively), thus rejecting hypotheses 4a and 4b. The

Table 4.3 Structural model assessment.

Path	Path coefficient	Standard errors	t statistics	p values	Supported
ACT → TED	0.447	0.108	4.130	0.000	Yes
ACT → COCRE	0.221	0.082	2.685	0.007	Yes
SENEX → TED	-0.093	0.100	0.932	0.351	No
SENEX → COCRE	0.508	0.204	2.490	0.013	Yes
HUMCAP → TED	0.485	0.148	3.281	0.001	Yes
HUMCAP → COCRE	0.098	0.150	0.650	0.516	No
SOCCAP → TED	0.040	0.089	0.446	0.656	No
SOCCAP → COCRE	0.124	0.082	1.510	0.131	No
MARCAP → TED	-0.038	0.089	0.426	0.670	No
MARCAP → COCRE	0.001	0.090	0.008	0.994	No
TED → COCRE	0.030	0.106	0.281	0.779	No
TED → SELCH	0.776	0.077	10.126	0.000	Yes
COCRE → SELCH	0.142	0.087	1.634	0.102	No

Note: ACT = Activities; SENEX = Sensory experience; HUMCAP = Human capital; SOCCAP = Social capital; MARCAP = Marketing capabilities; TED = Transformative experience design; COCRE = Co-creation; SELCH = Self-change.

same applies for marketing capabilities ($\beta=-0.038$, n.s.; $\beta=0.001$, n.s.), rejecting hypotheses 5a and 5b. Moreover, no significant relationship was identified between sensory experience and transformative experience design ($\beta=-0.093$, n.s.), human capital and co-creation ($\beta=0.098$, n.s.), transformative experience design and co-creation ($\beta=0.030$, n.s.), and co-creation and self-change ($\beta=0.142$, n.s.). These results indicate a rejection of hypotheses 2a, 3b, 6a and 6c, respectively.

4.5 Importance-Performance Map Analysis (IPMA) and Results

Importance versus performance map is a useful analysis method, which extends PLS-SEM findings. It considers not only the constructs' importance, based on the path coefficients, but also their performance, their average value. Combining these two metrics makes it easier to identify variables that have a relatively high importance (total effect) on a certain construct, but also relatively low performance. (Ringle & Sarstedt, 2016). It is particularly applicable for

Table 4.4 Performance values – all constructs (IPMA).

Construct	Performance (average scores)
SENEX	89,400
HUMCAP	88,271
COCRE	85,600
SELCH	84,393
TED	83,507
ACT	81,626
SOCCAP	80,072
MARCAP	48,124

Table 4.6 Importance values of constructs on SELCH (IPMA).

Construct	Importance (total effects)
TED	0,780
HUMCAP	0,393
ACT	0,380
COCRE	0,142
SOCCAP	0,049
SENEX	-0,001
MARCAP	-0,030

Table 4.5 Importance values of constructs on TED (IPMA).

Construct	Importance (total effects)
HUMCAP	0,485
ACT	0,447
SOCCAP	0,040
MARCAP	-0,038
SENEX	-0,093

Table 4.7 Importance values of constructs on COCRE (IPMA).

Construct	Importance (total effects)
SENEX	0,505
ACT	0,234
SOCCAP	0,126
HUMCAP	0,112
TED	0,030
MARCAP	0,000

Note: Values are listed in descending order.

management contexts, as it helps decision-making and prioritizing actions and resources (Machado & Bertucci Ramos, 2023). As this paper adopts a service provider perspective, IPMA is applied to gain further insights on the predictor constructs and items that are expected to improve transformative experience design, co-creation and self-change.

Tables 4.4 and 4.11 show the constructs' and items' performance, respectively. Tables 4.5-4.7 show the importance values of constructs on TED, SELCH and COCRE. Tables 4.8-4.10 show the importance values of items on COCRE, SELCH and TED, correspondingly¹.

All constructs, except for marketing capabilities, exhibit a high performance, with sensory experience (89.400), human capital (88.271) and co-creation (85.600) having the highest values (table 4.4). The highest performing items are HUMCAP3 (96.739 – passion about work), SENEX3 (91.304 – strong impression on senses), HUMCAP2 (91.033, motivation to explore new ideas) and TED1 (90.489, encourage reflection) (table 4.11).

In terms of importance the IPMA results correspond the path coefficients. HUMCAP (0.485) and ACT (0.447) are the best predictors for TED (table 4.5). SENEX (0.505) and ACT (0.234) are the best predicting factors for COCRE, followed by SOCCAP (0.126) and HUMCAP (0.112) (table 4.7). TED (0.780), HUMCAP (0.393) and ACT (0.380) are the best predictors of SELCH, followed by COCRE (0.142) (table 4.6).

Items that improve COCRE fully correspond to the construct analysis with SENEX, ACT, SOCCAP and HUMCAP items grouped together in descending order (table 4.8). ACT2 (0.241, self-improvement activities) and ACT4 (0.217, challenging activities) are the strongest predictors of SELCH, followed by TED2 (0.189, developing new attitudes), TED7 (0.174, intentional transformative design) and HUMCAP3 (0.156, passion about work), followed by the rest of TED items (table 4.9). TED is best predicted by ACT2 (0.283, self-improvement activities) and ACT4 (0.217, challenging activities), followed by HUMCAP items (table 4.10).

¹ The full items list can be found in annex 1, and the full matrixes for all constructs in annex 2.

Table 4.8 Importance values of items on COCRE (IPMA).

Item	Importance
SENEX3	0,205
SENEX2	0,183
SENEX1	0,174
ACT2	0,148
ACT4	0,134
SOCCAP1	0,126
HUMCAP3	0,045
HUMCAP2	0,034
HUMCAP1	0,026
HUMCAP6	0,025
HUMCAP4	0,022
TED2	0,007
TED7	0,007
TED1	0,006
TED4	0,005
TED3	0,005
TED8	0,005
TED6	0,005

Table 4.9 Importance values of items on SELCH (IPMA).

Item	Importance
ACT2	0,241
ACT4	0,217
TED2	0,189
TED7	0,174
HUMCAP3	0,156
TED1	0,154
TED4	0,137
TED3	0,136
TED8	0,129
TED6	0,128
HUMCAP2	0,118
HUMCAP1	0,091
HUMCAP6	0,089
HUMCAP4	0,077
COCRE6	0,065
COCRE5	0,064
SOCCAP1	0,049
COCRE4	0,047
MARCAP3	0,003

Table 4.10 Importance values of items on TED (IPMA).

Item	Importance
ACT2	0,283
ACT4	0,255
HUMCAP3	0,193
HUMCAP2	0,146
HUMCAP1	0,112
HUMCAP6	0,110
HUMCAP4	0,096
SOCCAP1	0,040
MARCAP3	0,003

Note: Values are listed in descending order. Only items with a value above 0.000 were included. Highest negative value was -0.038 and therefore eliminated (tables 4.8-4.10).

Table 4.11 Performance values – all items (IPMA).

Item	Performance
HUMCAP3	96,739
SENEX3	91,304
HUMCAP2	91,033
TED1	90,489
SELCH6	89,674
COCRE5	89,674
SELCH8	89,402
TED2	89,130
TED7	89,130
SENEX1	88,587
SENEX2	87,772
ACT2	87,500
SELCH2	86,413
SELCH9	86,141
SELCH4	85,326
SELCH7	83,967
COCRE6	83,967
SELCH3	83,967
SELCH1	83,696
COCRE4	80,707
TED3	80,707
SELCH5	80,163
TED6	80,163
SOCCAP1	80,072
SELCH11	79,348
HUMCAP4	79,076
HUMCAP6	75,543
TED8	74,728
HUMCAP1	73,913
ACT4	73,370
SELCH10	73,098
TED4	68,116
MARCAP2	52,174
MARCAP3	50,815
MARCAP6	50,000
MARCAP5	47,283
MARCAP4	44,022
MARCAP1	41,576

5. Discussion and Implications

While most of the previous research on the subject of experience design and co-creation in the context of transformative tourism has been conceptual in nature, this empirical study validates these concepts in real-world settings thus providing a clearer understanding of their potential for implementation, dynamics and the factors that shape them. The findings suggest an incomplete, fragmented operational landscape among TT service providers, as many of the presumed correlations prove to be insignificant. Nonetheless, the significant relationships reveal an interesting overlap in the factors that influence TED and COCRE, and validate the effectiveness of TED in driving self-change. This section discusses and interprets the results, both at the micro-level of the specific correlations and at the macro-level, embedding them in the wider discussion of the experience and transformation economy.

5.1 Micro-level discussion

The results confirm that human capital affects the design of transformative experiences. This means that the skills, capabilities and knowledge of the TT service provider and its employees can contribute to or hinder the design and delivery of meaningful experiences. This is in line with Morelli et al. (2021) who highlight the necessity of expert knowledge in designing services, both on the professional and personal level. While many design tools exist, not everyone who has access to them necessarily has the right capabilities to maximize their potential towards transformative outcomes. In the same way, not everyone can design or manage a transformative tourism business – a certain level of professional competence is needed, combined with motivation and dedication. Strong familiarity with the transformation process and experience design concepts is thus crucial for their successful application.

Activities, particularly challenging and self-improvement activities as the items that constitute ACT (annex 1), have also been found to affect transformative experience design. Content, therefore, is not to be disregarded when designing transformative experiences. This means, for instance, that a relaxing beach holiday package, dedicated to rest may be less transformative than one that engages the tourist in some kind of activity. A significant relationship between transformative travel experiences (activities) and affective and cognitive stimulation leading to self-change is already demonstrated by Tasci & Godovykh (2021). Combined with this thesis's results, it can be safely concluded that transformative experience design should be very much about stimulating participants. Moreover, it empirically validates multiple past discussions around the role of challenge in the transformation process, in line with Tasci & Godovykh's, (2021) statement that "activities involving a reasonable degree of adversity should be embedded in the [transformative] experience" as "tourist comfort zones should be tested, religiously held

assumptions should be challenged, and previously unrecognized needs should be exposed” (p. 23). Challenging activities can act as a springboard for incorporating different aspects of transformative learning, such as exploring new possible roles or building competence and self-confidence. The same is true for self-improvement activities, as previously argued by Fu et al. (2015), in the context of retreats.

Transformative experience design affects customer self-change, thus confirming TED’s role in driving transformative outcomes. As transformative experience design draws from transformative learning theory, it validates the latter’s application in tourism experience design is impactful, and correspondingly, past models that proposed this relationship. TED’s effectiveness also suggests that the intentionality of the service provider contributes to achieving transformative outcomes. So far, two clear pathways are clear, as shown in figure 5.1 – human capital and activities, respectively, affect TED, which leads to self-change. This implies human capital and activities have an indirect effect on customer self-change, reinforcing their significance for TT practitioners.

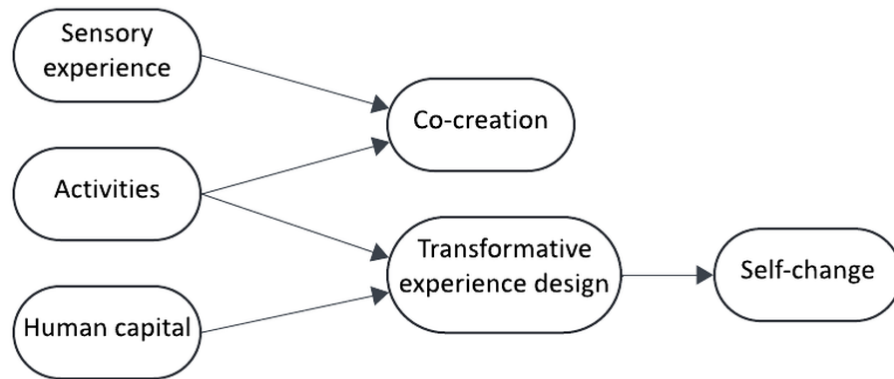
Sensory experience affects co-creation, suggesting it's a powerful strategy for TT service providers to create deeper customer engagement. The role of the senses in engaging customer experiences is well established (Hepola et al., 2017; Kotler, 1973), and engaging aesthetics were perceived as a base for co-creation (Kuokkanen & Kirillova, 2024).

Activities are also correlated with co-creation, being the only independent factor that impacts all dependent variables. Challenging and self-improvement activities (see annex 1) are thus a fertile ground for COCRE and TED alike (figure 5.1). That makes activities presumably the most important factor in shaping holistic, transformative co-created experiences. Their pivotal role may stem from their experiential nature and the need for both human and spatial support frameworks to incorporate and facilitate them in the transformative tourism context.

Figure 5.1 summarizes the significant relationships and highlights the divide between the independent effects of sensory experience and human capital. It can offer insights into the perception of TED and COCRE. Co-creation is perceived more as a physical, experiential phenomenon, affected by sensory experiences rather than by human guidance. On the contrary, TED is perceived as primarily driven by human intervention, described as “human- and meaning-centered in nature” (Karpen et al., 2017, p. 388), yet not so much geared for the physical sensory realm.

Meanwhile, social capital was found to not affect any dependent variables. This is probably because of the nature of the responding firms, and potentially of transformative tourism providers as a whole. As seen in table 4.1, **Figure 5.1** Significant positive effects.

there has been a notable rise in new firms over the last 5 years (46%, compared to 17-20% in every other 'years in business' category). They may not yet



have fully integrated themselves into the local environment in ways aligned to TED or COCRE. Additionally, most respondents were involved in nature-based/adventure tourism or retreats which are typically more isolated environments. This finding contrasts with Souldard et al.'s (2019) study, which found that collaboration strategies are crucial for transformative tourism design. This gap can be explained by the fact that their study involved many respondents from volunteer and cultural tourism firms, which are normally more engaged with local communities.

Marketing capabilities non-affecting of any variable can be attributed to several factors: the firms' short tenure in business, small size (85.6% of firms smaller than 5), and overall low performance (table 4.5). Their limited capabilities may primarily be directed to more basic needs, such as positioning and audience reach, rather than coordinating with experience design efforts or building more sophisticated co-created marketing platforms.

Regarding the relationships between the dependent variables, a clear divide was identified. First, transformative experience design does not affect co-creation, which can be interpreted in two different ways: as either an area for improvement for TT service providers, as addressing this disconnect would enhance their services, or it could indicate a conceptual mismatch between TED and the concept of COCRE itself, contradicting the common view of the 'co-created transformative experience' (Teoh et al., 2021). The fact that customer change is the value created in transformative tourism does not necessarily imply that the customer is actively co-creating this change. The discrepancy could be due to a rigid experience design approach, whereby the expected change in the customer is largely predetermined by the service providers. It might also be derived from a lack of cohesive implementation that fully integrates both concepts. As explained above, there is a need for a holistic and integrated operational procedure that

bridges the gap between TED and co-creation of value. Further research should directly explore the co-created aspects of transformative tourism experiences and design, both quantitatively and qualitatively, to clarify this topic.

Second, the fact that co-creation does not affect self-change highlights the unique role of transformative experience design in driving transformative outcomes. It underscores Kirillova et al.'s (2017b) assertion that “co-creation by itself may not lead to transformations of identities, perspectives, or worldviews” (p. 508). The next section will provide a wider perspective on the current state of co-creation and transformative experience design, in light of the experience economy stages.

5.2 Macro-level discussion

The results indicate a fragmented application of resources and triggers in transformative experience design and co-creation. Consequently, it is premature to declare a robust functioning transformation economy within the tourism context at the present moment. As outlined earlier, several authors postulate a shift from experience economy 2.0, with co-creation at its core, towards experience economy 3.0, known as the transformation economy (Kirillova et al., 2017c). Ideally, each stage builds upon the previous one, incorporating its benefits, strategies and novelty (Amaro et al., 2023; Chirakranont & Sakdiyakorn, 2022). This thesis provides empirical evidence that challenges the conceptual discussions about the transformation economy. Based on that, it can be argued that as much as a shift might be desirable and feasible, its proper realization requires more time and a fundamental shift in approach. The data presented in table 4.5 shows that current performance is higher in areas related to co-creation and sensory experience, which are aspects linked with experience economy 2.0. In contrast, performance is lower in areas related to transformative experience design and self-change, which are associated with the transformation economy. This indicates that while businesses are doing well in creating engaging and sensory-rich experiences, they are less successful in designing experiences that lead to deep personal transformation for customers. The highest performing item is HUMCAP3 which measures the passion of employees for their work (according to table 4.11 and annex 1). While passion is valuable and commendable, it should be more effectively transformed into concrete operations and knowledge. In that respect, this thesis agrees with Kuokkanen & Kirilova's (2024) statement that transformative tourism models should be regarded as utopian. Yet, they should not be dismissed, as they show a desirable direction. These models should be viewed with an understanding of the practical complexities involved in designing or facilitating transformative experiences.

It might even be that the shift towards co-creation (experience economy 2.0) has not yet been fully embraced by TT practitioners, as evidenced by its correlation with triggers (sensory experience and activities) but not with the necessary resources to support it. This incomplete adaptation makes it challenging to holistically integrate co-creation further towards transformative design and achieve the intended outcomes. Even though consumers are eager to co-create (Cabiddu et al., 2013), service providers may not be fulfilling this demand adequately.

On the other hand, it might be that co-creation is not as important for transformative experiences as previously assumed, especially when a transformative experience is viewed as an "*individualized* [emphasis added] process which can lead to a critical awareness of the self, leading to a new self-definition" (Coghlan & Weiler, 2018, p. 567). If so, further research should explore to what extent the customer is genuinely part of the designed transformation process, and whether transformative experience design is taking a rather top-down approach, focusing on a pre-conceived idea of the transformed self.

Nonetheless, a partial overlap between the two concepts was identified, with activities affecting both. This signals that some interaction is taking place and encourages further exploration of the role of these activities in bringing these concepts together. Based on the above analysis and figure 5.1, three categories of experiences provided by transformative tourism practitioners can be identified –

- Activities grounded in co-creation and the senses – do not drive transformative outcomes;
- Activities guided and designed by dedicated professional transformative tourism practitioners – drive transformative outcomes;
- Activities that combine both – drive transformative outcomes, albeit likely a minority category. The outcomes from these activities are anticipated to be deeper, more personal, engaging, and enduring.

The suggestion is for practitioners to design a mix of these experiences as it might be too early or too challenging to solely design experiences for transformation. This approach allows for experimentation with various design elements, facilitating informed decision-making and improvement of desired outcomes.

Moreover, it is important to acknowledge the benefits of co-creation, such as driving customer loyalty, that have been demonstrated in similar contexts (Pullman & Gross, 2004). Therefore, creating platforms for sharing insights is crucial for advancing the understanding of transformative experience design and co-creation. Likewise, there is significant potential for knowledge sharing among/between practitioners (i.e. life coaches, tour-guides) and other tourism stakeholders (i.e. tourism boards,

researchers) – the latter by incorporating approaches for creating meaningful, collaborative inner experiences, and the former, especially operators of retreats, by incorporating knowledge and approaches grounded in the tourism experience and industry expertise.

5.3 Theoretical Implications

On a theoretical level, this study offers an evidence-based foundation of the triggers and resources that affect transformative experience design and co-creation, and of how these factors contribute to the desired outcome of customer self-change, from a service provider perspective. Thus, it departs from most previous research in the emerging fields of transformative tourism and experience design by adopting a quantitative approach, rather than the more common conceptual exploration. The findings uncovered an unexpected correlation matrix, which was interpreted in light of the latest discussions about the stages of the experience economy.

The major contribution of this study is the identified discrepancy between co-creation and transformative experience design and outcomes. This challenges the somewhat automatized consideration that transformative experience is ultimately co-created. Consequentially, this study serves as an empirical base for further explorations of the role of co-creation in transformative tourist experience and design. In a similar vein, the findings suggest that TT service providers are yet to create an effective and integrated business landscape that could adequately reflect the aspired transformation economy. While transformative experiences are clearly provided by service providers and supported by certain elements, there seems to be an untapped potential for greater impact on customers, tourism service providers, and even society as a whole. This study has exposed this potential and provided a fresh perspective on the current dynamics and state of transformative tourism experience design.

5.4 Managerial Implications

This thesis provides several practical implications for managers who wish to deliver transformative experiences, primarily derived from the IPMA results. These results help to prioritize certain resources and actions based on their importance and performance, especially those that are highly important but currently exhibit relatively low performance. On the basis of these results, it follows, first, that TT practitioners should put more effort in enhancing self-improvement activities, and even more, challenging activities as their importance is high across all three dependent constructs, yet their performance is relatively low. Second, transformative experience design is shown to improve self-change and should therefore be further explored, applied, and prioritized. More effort should be made to “provide

opportunities for customers to actively experiment with new roles, different from their home environment” (TED4) given its low performance, as well as evoking customers emotions and inner worlds (TED6) and accommodating challenging situations (TED8). Moreover, the power of transformative experience design to drive transformative outcomes lies in its totality as a process, rather than in each single item. This can be deducted from the fact that on the whole construct level, TED’s importance on self-change is significantly higher than activities’ importance (table 4.6), while on the item level, the activities items perform better in terms of importance on self-change (table 4.9). _Third, firms should allocate resources to develop their competences and knowledge in experience design and transformative tourism, in order to create and facilitate more impactful customer experiences. While the current performance of human capital is relatively high, so too is its importance, and it is therefore essential to sustain this level. Furthermore, deepening and specializing existing competences can further clarify the role of co-creation in delivering transformative tourism products. Fourth and last, managers should keep engaging customers’ senses, as sensory experiences lead to co-creation. Given their high performance, an indicator of their successful integration, it is worth further exploring their impact on customers and their potential to support transformation.

6. Conclusions

This master's thesis has set itself two objectives – (1) to explore the factors that influence two increasingly relevant concepts in tourism research – transformative experience design and value co-creation, and (2) to explore the realization of these concepts within the broader framework of the experience and transformation economy. To date, most of the research on these topics and their outcomes has been conceptual in nature, and what is lacking is empirical research that validates these concepts in real-world settings. This research provides such evidence, adopting a quantitative approach, and evaluating its implications for the service providers in the tourism industry.

Addressing the first objective, a conceptual model was tested, to identify the resources and triggers that affect TED, COC and their outcomes. The model was based on transformative tourism service providers survey responses. The conclusion drawn from the survey data is that transformative experience design and value co-creation are not yet fully integrated into the operations of these service providers. This is evidenced first by the fact that TED and COC were unaffected by multiple factors, with only activities showing correlation with both concepts, and secondly, by the lack of significant relationships between TED and COC or COC and self-change. These findings suggest that while transformative tourism service providers acknowledge the importance of these concepts, and make efforts to incorporate them into their offer, they have not yet found the way to *holistically* tap into their combined potential. As a result, they are not consistently delivering enhanced transformative outcomes for their customers.

The statistically significant correlations identified in the model (see figure 5.1) confirm several important points: they underscore the importance of service providers competences for designing transformative experiences, the impact of sensory experience on co-creation, and the influence of transformative experience design on the extent of personal transformation experienced by customers. self-change. These empirically supported relationships identified in this study provide a concrete initial base for further development of transformative tourism. They stress the necessity for a deeper understanding of how transformative value is created and delivered, which is essential for both academics and practitioners. The field of transformative tourism is in its infancy emerging, so continuous learning through experimentation, monitoring and knowledge sharing is crucial for advancing its impact. In particular, and in line with past recommendations (Farkić et al., 2020; Kelly, 2010; Walker & Weiler, 2017), more training and certification programs should be developed to support transformative tourism provision.

Regarding the second objective, and in light of the fragmented yet functioning transformative tourism business landscape, we can conclude that we are in a transitional stage. It may be that the shift towards

experience economy 2.0, which highlights co-creation between the service provider and the customer has not yet been fully realized, making the transition towards the transformation economy challenging in practice, despite the fact it has been widely discussed. Rather than assuming the existence and effectiveness of both concepts, this research advances the need to approach them seriously, empirically, and as distinct concepts that continue to take shape. This is in line with Jaakkola et al. (2015) assertion that “viewing co-creation as a default feature of any experience overlooks the nuances of the collaborative, interactive aspect of service experience”. A nuanced and attentive approach is crucial if we strive to create a responsible, sustainable transformative tourism economy. This is all the more so as transformative tourism aims at shaping customer consciousness and identity, and a lightheaded approach can potentially do more harm than good.

It is important to acknowledge that this study has several limitations. From a methodological perspective, the sample size is relatively small (92), and the discriminant validity of the statistical model did not meet to the strictest standards. These limitations were tolerated because of the small overall number of transformative tourism service providers and the relative similarity of some concepts justifying looser standards. Moreover, given that all respondents were transformative tourism service providers, extension of these findings to other contexts should be undertaken with caution. From a conceptual perspective, the discussion on the macro-level went beyond the usual interpretation of quantitative results, which is typically concerned with validating hypotheses. I ventured to expand the interpretation because the discussion raised important questions about the past, present and future of the experience economy within transformative tourism, challenging the general conceptual optimism around the emerging transformation economy. These conclusions should therefore be taken with a pinch of salt, but should not be disregarded, as they bring a critical mindset that is most needed when discussing and advancing societal changes.

Many opportunities for further research exist, given the evolving nature of the fields of transformative tourism and experience design. Empirical research should be prioritized, in order to ground and direct the conceptual discussions that have dominated these fields so far. First, the role of value co-creation in transformative tourism and experience design should be further explored. For instance, a follow up qualitative research with TT service providers could contextualize and enrich the understanding of the results obtained in this study. Second, the significant relationships identified in this study could be elaborated to gain further insight, for instance by investigating which competencies contribute to the design of transformative experiences and/or influence their outcomes. Third, the newly constructed ‘transformative experience design’ measure is flexible and has utility beyond the specific

context of this study. It can contribute to broader applications within the field from both the service provider and customer perspectives. A customer perspective on this topic will complement this research's findings, providing insights on how the service providers efforts are actually experienced. Lastly, it is recommended to compare the performance, experience design and impact of self-declared TT service providers with similar tourism providers, such as adventure and nature-based tour operators, who do not identify as 'transformative', because it will shed more light on whether and how the intention to be 'transformative' makes a difference in reality. This comparison should be conducted from both the customer and service provider perspectives. As a whole, this study has provided a fresh perspective on transformative tourism, along with a strong theoretical and empirical base for future explorations.

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Annex 1 – List of Survey Items

Activities

- We engage customers in self-improvement activities (ACT2)
- Customers are taking on challenging activities in the experiences we offer (ACT4)

Sensory experience

- The experiences we offer are interesting in a sensory way (SENEX1)
- The experiences we offer appeal to customers' senses (SENEX2)
- The experiences we offer make a strong impression on customers' visual sense or other senses (SENEX3)

Human capital

- Our competences are equal to the most ideal level (HUMCAP1)
- We are highly motivated and committed to explore new great ideas (HUMCAP2)
- We are passionate about our work (HUMCAP3)
- We are considered creative and bright compared with other companies in the industry (HUMCAP4)
- Our performance affects company's productivity (HUMCAP6)

Social Capital

- We maintain a good relationship with the local community (SOCCAP1)

Marketing capabilities

- We have superior marketing planning skills (MARCAP1)
- We develop creative marketing strategies (MARCAP2)
- We segment and target markets effectively (MARCAP3)
- We deliver marketing programmes effectively (MARCAP4)
- We execute marketing strategies quickly (MARCAP5)
- We monitor the performance of marketing strategies (MARCAP6)

Co-creation

- The setting of our business allows an effective collaboration between us and the customers (COCRE4)
- The experiences are enhanced because of our customers' participation in the activity (COCRE5)
- We feel confident in our ability to collaborate with the customer in co-creating experiences (COCRE6)

Transformative experience design

- We encourage reflection and self-examination (TED1)
- We help customers' develop new attitudes, skills, and/or behaviors which support their personal growth (TED2)

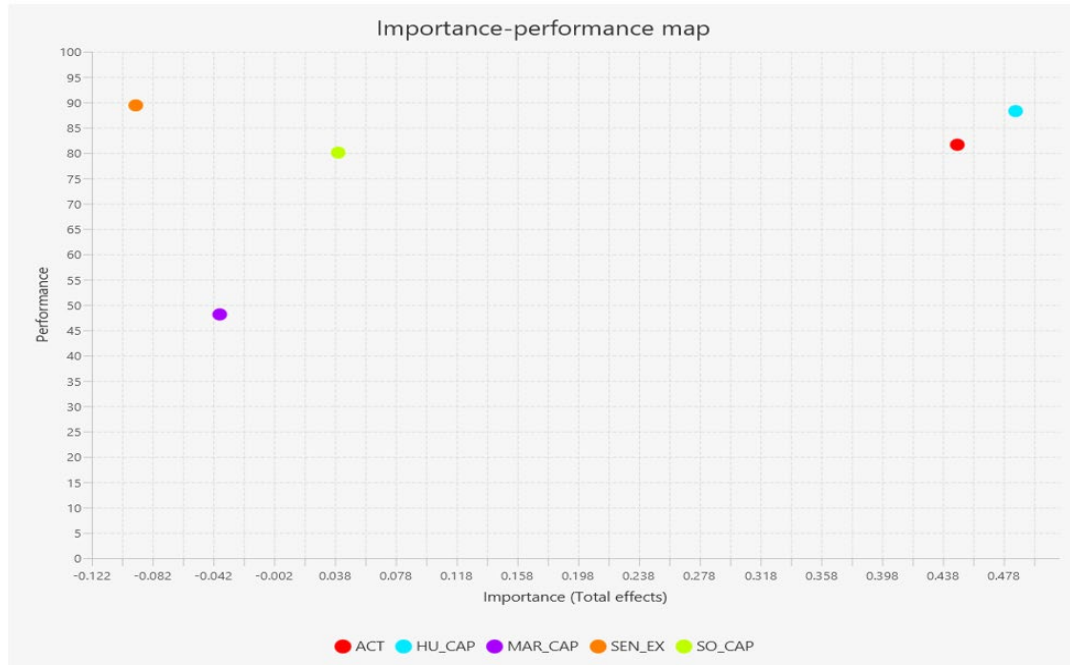
- We facilitate a dialogue whereby customers can articulate their experience in a meaningful way, and listen to the experience of others (TED3)
- We provide opportunities for customers to actively experiment with new roles, different from their home environment (TED4)
- We use storytelling, symbols, rituals, art or similar methods to evoke the customers' emotions and inner worlds (TED6)
- We intentionally design experiences to be transformative (TED7)
- We design experiences that create, or accommodate, a challenging situation for the customers, whereby they question their previous knowledge or perceptions (TED8)

Self-change

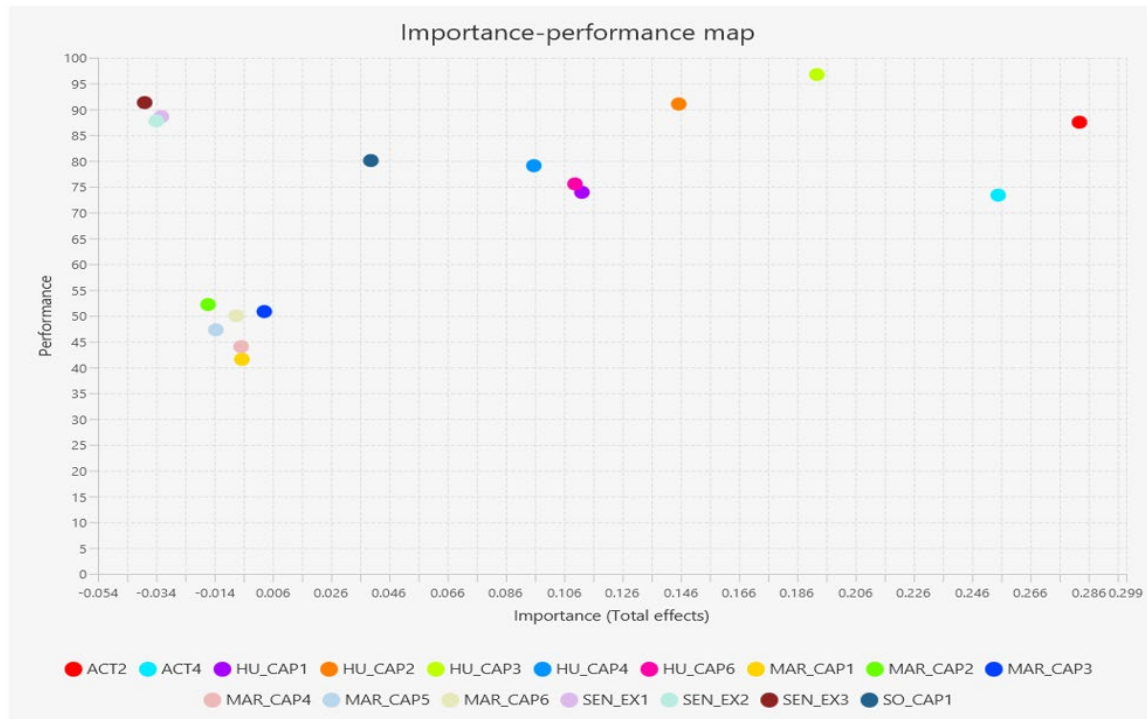
- Our customers find balance as an outcome of our service / product experience (SELCH1)
- Our customers feel more power and freedom as an outcome of our service / product experience (SELCH 2)
- Our customers feel extraordinary energy as an outcome of our service / product experience (SELCH3)
- Our customers reach a higher level of consciousness as an outcome of our service / product experience (SELCH4)
- Our customers take control of their life as an outcome of our service / product experience (SELCH5)
- Our customers grow personally as an outcome of our service / product experience (SELCH6)
- Our customers change their perception of the world as an outcome of our service / product experience (SELCH7)
- Our customers start to view life from a larger perspective as an outcome of our service / product experience (SELCH8)
- Our customers start to appreciate more as an outcome of our service / product experience (SELCH9)
- Our customers start to overlook unimportant things in their lives as an outcome of our service / product experience (SELCH10)
- Our customers accept different people and ideas as an outcome of our service / product experience (SELCH11)

Annex 2 – IPMA Matrix Maps

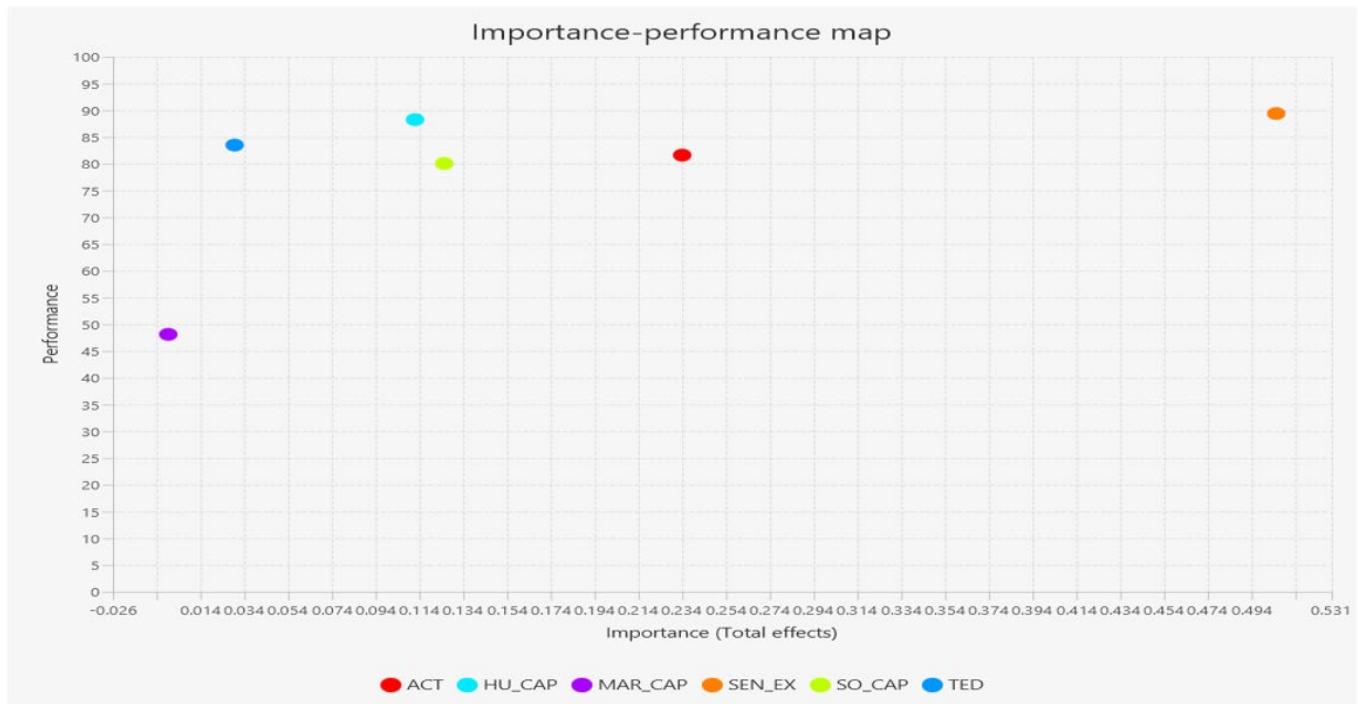
Transformative experience design – concepts



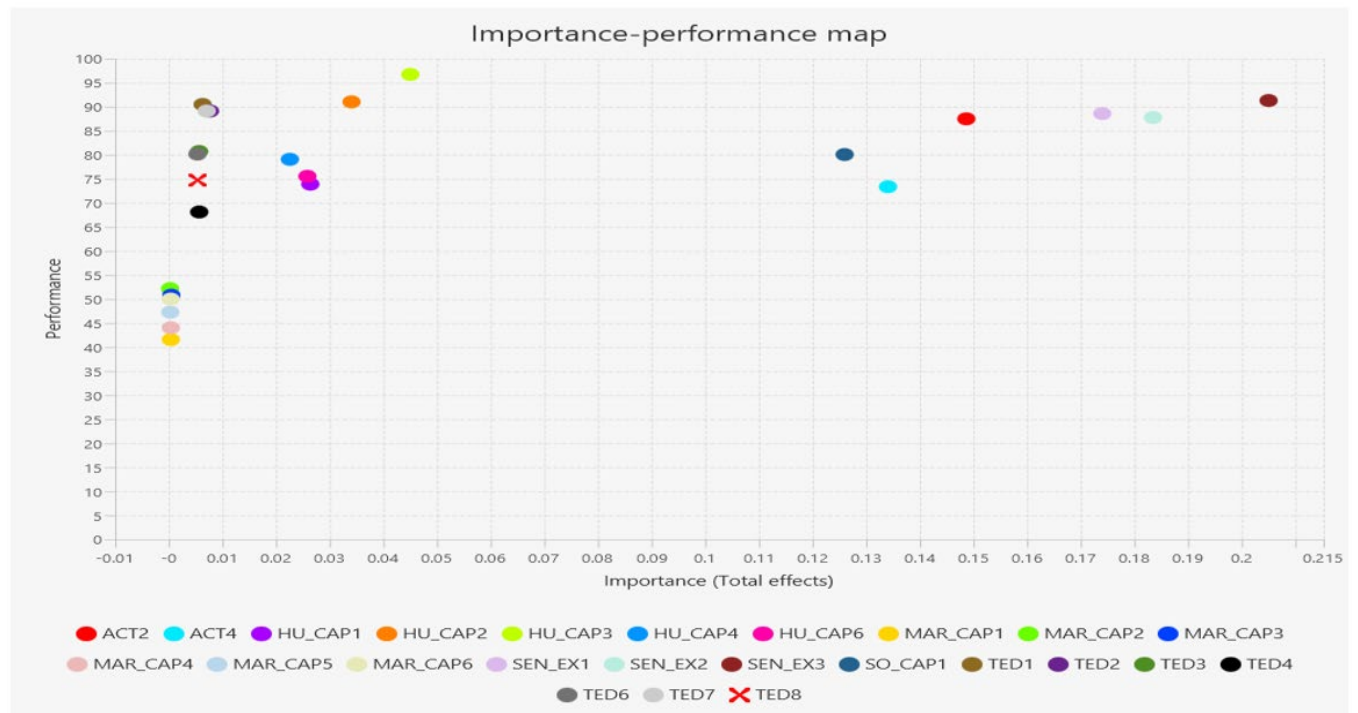
Transformative experience design – items



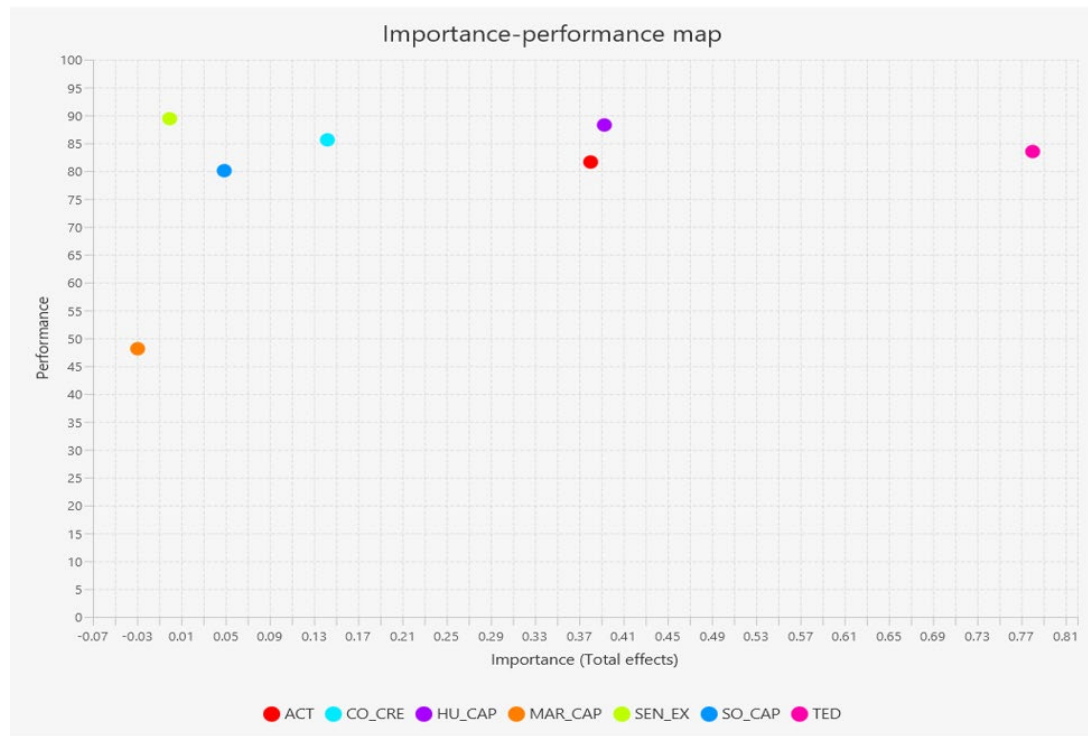
Co-creation – concepts



Co-creation – items



Self-change – concepts



Self-change – items

