



Bi-directional and stratified demeanour in value forming service encounter interactions



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1. Introduction

Recent research into service and marketing conceptualizes value in terms of being interactively formed, meaning that value is realized during the interaction between a provider and a customer (Echeverri and Skälén, 2011; Grönroos, 2008, 2011; Grönroos and Gummerus, 2014; Prahalad and Ramaswamy, 2004; Schau et al., 2009). The interaction can be direct or indirect and may result in both positive and negative value for those involved. This implies that customers are no longer viewed as passive recipients or assessors of value as in earlier service encounter research focusing on the *outcome* of interaction, such as customer satisfaction, perceived quality, politeness etc., and *aggregations of interactions* such as roles, relationships, conduct, etc., key issues since the early formation of the service marketing research stream in the late 1970 s/early 1980 s (Grönroos, 1982; Shostack, 1977).

Although this research stream has acknowledged the central role of interaction, empirical work has mainly been preoccupied with accounting for how customers 'evaluate' service encounters, often in terms of customer satisfaction (Price and Arnould, 1999; Bitner et al., 1990; Meuter et al., 2000; Surprenant and Solomon, 1987) and the phenomena is mainly studied as 'uni-directional' (Oliver, 2006), implying that service encounters and the actual co-creation of value is produced by one actor and directed to and received by another actor. It has not, in any greater extent, addressed the mutual creation, i.e. the 'bi-directional' back and forth actions, between customers and employees. Research has also largely overlooked that actions are stratified, i.e. has both overarching and sub-levels of different activities that these interactions produce. In spite of the continuing calls in marketing for closer empirical analyses of everyday micro-level interactions in different service settings (Echeverri and Skälén, 2011; Neghina et al., 2014; McColl-Kennedy et al., 2012; Oliver, 2006; Sweeney et al., 2015; Woodruff and Flint, 2006) we still lack rich descriptions and empirically grounded theories with capacity to explain in more detail the inherent mechanisms of value co-creation in service encounters. This makes previous research poor in terms of theoretically explaining and practically guiding managers and employees.

In the article, we outline a classification of interactions in terms of stratified demeanour practices—i.e. doings and sayings—and these are used to identify patterns of bi-directionality. It is argued that such a framework is lacking. In addition we also believe that research on demeanour practices is highly needed on a practical level to provide more detailed insights on how to conduct service work among frontline employees. An understanding of the often subtle actions that make out interactions between customers and service representatives can provide managers with more sensitive tools to be used in employee education and in service development.

In order to overcome the limitations, we draw on an empirical study of service encounter interactions between frontline employees and customers. The study is based on service logic, which helps us to identify the dynamic complexity of forming value in co-creation (both positive and negative) and identifying the overarching practices and sub-activities, and how these are bi-directionally created. In the article, the term 'value formation' is used in line with more recent thinking on value creation. In the introduction and the theoretical foundation sections the term 'creation' is sometimes used when referring to the work of other researchers, using that term. However, value formation mirrors the fact that it is not always the case that value is created. Direct interactions between provider and a customer in the joint sphere (Grönroos and Gummerus, 2014) may have both positive (value creation) and negative (value destruction) impacts on the customer (cf. Echeverri and Skälén, 2011; Grönroos, 2011). 'Formation' is argued to have a more neutral connotation than 'creation'. Forming connotes a process of determining, shaping or reshaping something. Value outcome perceptions (value-in-use) are multiple, as Gummerus (2013) discusses it. We acknowledge that in order to explain value formation more broadly researchers may have to include a number of factors such as other stakeholders, industry contingencies, culture-specific factors, etc. and situations with remote, limited, or no face-to-face interaction. But in order to reach a more profound understanding of the phenomenon, we argue that research also has to focus on the details, the actual 'bi-directional practices' in service encounter dyads.

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2. Theoretical foundation

In what follows, we account for how value co-formation in service encounter interaction is understood in earlier and contemporary research. We address the limitations, address some overlooked aspects, and point to the need for a somewhat novel direction for analysis.

2.1. Value co-formation

In marketing theory, two major views of conceptualizing value are articulated, i.e. the exchange view, which has dominated conceptualizations of value in marketing research (Alderson, 1957; Bagozzi, 1975; Hunt, 1976), dealing with value in terms of being embedded in products or services and in terms of being added during the production process and separated from the customer. In this understanding, value is objectively measured in terms of money and is consumed. In contrast to this, a contemporary view of value in marketing theory is associated with value co-creation (value co-formation) and stipulates that value is co-created and experienced as ‘value-in-use’ by the beneficiary. Applied to direct interactions in dyadic micro-level service encounters, this perspective specifies that interactants (employee and customer) are actively engaged in a collaborative dialogical process of creating (or destroying) value during interactions (e.g. Gohary et al., 2016; Grönroos, 2008, 2011; Grönroos and Gummerus, 2014; Grönroos and Voima, 2013; Payne et al., 2008), rather than conceptualizing value in terms of being embedded in the product or in a company-driven process. We argue that this premise is crucial for a proper understanding of service encounter interaction but it is to date mainly studied as an outcome or an aggregated phenomenon, not analysed as bi-directionality. This leaves us with poor empirical grounding of these premises and an under-explored theory of the inherent mechanisms driving the formation of value-in-use.

This implies that value, rather than being evaluated as a perceptual outcome (e.g. in terms of customer satisfaction or experienced quality), is co-created, realized, and assessed in the social context of the simultaneous production and consumption processes. The understanding of co-creation, as initially specified in service encounter and service marketing research (Price and Arnould, 1999; Bitner et al., 1990; Meuter et al., 2000; Surprenant and Solomon, 1987), has been elaborated on during work on the service-centric view (cf. Lusch and Vargo, 2006; Vargo and Lusch, 2008, 2011; Etgar, 2008; Payne et al., 2008). Work on the boundary between marketing and strategic management has also contributed to this elaboration (e.g. Prahalad and Ramaswamy, 2004; Ramirez, 1999). However, much of the conceptualizations made, especially within the S-D logic framework leaves us with several unclear and vague conceptualizations of what value co-creation really is (Grönroos and Gummerus, 2014; Grönroos and Voima, 2013; Leroy et al., 2013).

This conceptualization of value that underlies interactive value formation and the corresponding interaction view of value resonate with Holbrook's (2006) definition of value, which states that value resides in actions and interactions, and that it is collectively produced but subjectively experienced. More precisely, Holbrook : 212) (2006) refers to value as an ‘interactive relativistic preference experience’. This definition implies that value; (a) is a function of the interaction between subjects, or a subject, and an object; (b) is contextual and personal; (c) is a function of attitudes, affections, satisfaction, or behaviourally-based judgements; and (d) resides in a consumption experience. The perspective is rooted and informed by early service marketing research in the late 1970 s/early 1980 s (Grönroos, 1982; Gummesson, 1987; Shostack, 1977) and recently articulated by Grönroos (2011) who define interaction as a mutual or reciprocal action where two or more parties have an effect upon one another, having some contact with each other and opportunities to influence each other. This contact is normally more complex than the literature expect it to be since it is also influenced by other factors such as

expectations and organizational promises (e.g. Fellesson and Salomonson, 2016; Higgs et al., 2005; Payne et al., 2008). In service contexts, interactions take place in service encounters and are joint dialogical processes (cf. Grönroos and Gummerus, 2014) that merge into one integrated process of coordinated actions. The quality of the interactions between the parties is fundamental for value co-creation but as Grönroos argues, the implications of interactions for value creation have not been studied in service encounter research (Grönroos, 2011).

2.2. Service encounter

Value formation has implicitly been an issue in service encounter research, which deals with how the outcome of contact between provider and customer is realized. By articulating the notion of ‘interactive marketing’ (Grönroos, 1982; Gummesson, 1987) service marketing scholars have claimed that marketing is not only realized through efforts coordinated by the marketing department, but rather during interaction between providers and customers where the customer's prerogative is to decide on value. It has mainly been preoccupied with accounting for how customers evaluate service encounters (cf. Meuter et al., 2000). In the language of Oliver (2006), service encounter research has been ‘uni-directional’, implying that the co-creation of value between providers and customers has not been systematically studied. Oliver (2006) conceptually (but not empirically) explores the dynamics underlying this symbiosis in terms of mutual satisfaction and bi-directionality, referring to the assessment and fulfilment of the other party's needs. According to this view, both provider and customer are obliged to exceed the other's expectations of them, i.e. mutual expectations regarding appropriate requests. Value formation, in this sense, is interactional, a reciprocal action, although the power balance between the parties could be more or less asymmetric.

Contemporary research tends to avoid this specific micro-level (Leroy et al., 2013). Interactions are analysed instead as more ‘zoomed out’ aggregations with attributed meaning, e.g. Boulaire and Cova (2013) on entangled system of evolving practices; Gebauer et al. (2013) on experiences of conflict and fairness in online co-creation in innovation communities; Gummerus (2013) on conceptual propositions on value co-creation; Pongsakornrungrungsilp and Schroeder (2011) on roles of working consumers in a co-consuming group; Skälén and Edvardsson (2015) on institutional logics and its relation to firm practices.

Based on a recent literature review, Karpen et al. (2012) implicitly address value co-creation dimensions from an S-D logic perspective (albeit focusing on the firm level and firm capabilities) and propose a conceptual framework consisting of six dimensions corresponding to simpler joint actions: i.e. individuating, relating, empowering, ethical, developmental, and concerted joint actions. Neghina et al. (2014) combine four different conceptualizations and add nine antecedents to the dimensions of Karpen et al. (2012), arguing that they can be applied as a framework for understanding value co-creation on the micro level in terms of joint actions. However, their framework is based on a literature review and generates propositions awaiting validation. Talking in terms of collaborative joint action, in these dyads, is an important step forwards, although their framework does not provide insights into how interactions are enacted, or what the bi-directional nature is.

In a recent article of Skälén et al. (2015) on collaborative practices between a firm and a brand community, the provided analysis is more detailed. They identified three collaborative practices—i.e. Questioning and answering, Dialoguing, and Translating—and provide some examples of these. Although relevant, this three-divided set of collaborative practices is from a bi-directional view quite unspecific. The bi-directional aspect is limited to ‘questions and answers’ and ‘dialogue’. No other interactional patterns are identified and the socio-cultural

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