

# Bi-directional and Stratified Demeanour in Value Forming Service Encounter Interactions

## 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 Skålén, 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 1970s/early 1980s (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 Skålén, 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 Skålén, 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.

## **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.

### *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., 2007), 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; Ramírez, 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 (2006: 212) 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 1970s/early 1980s (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).

### *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; Pongsakornrunsilp and Schroeder (2011) on roles of working consumers in a co-consuming group; Skålén 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 Skálén 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 demeanour produced in these interactions that highly affect customers’ subjective experience, is not included. This shortcoming is shared by other recent studies empirically grounded in on-line community interactions (e.g. Boulaire and Cova 2013; Gebauer et al 2013; Pongsakornrunsilp and Schroeder 2011; Schau et al 2009).

A more fine grained research on this could, as Neghina et al. (2014) argue, shed light on the interaction patterns and behaviours of customers and service employees. The growing literature on value co-creation implies that, rather than being a homogeneous practice it can be realized in different ways (Baron and Harris, 2008; Gummerus, 2013; Nambisan and Nambisan, 2009; Schau et al., 2009), due to a myriad of conditions that include individual capacity, competence, and organizational prerequisites.

## **Methodology**

Patterns of interactions are not easy to grasp; there are both tacit and implicit aspects to take into consideration. To detect bi-directional patterns, we used a dataset of customer narratives on value-creating and value-destroying practices in public transport. The methodology is inspired by the thorough ways of analysing and theorizing empirical data used in the grounded theory approach but we are not using this approach in its purest orthodox sense, assuming the possibility to have an a-theoretical departure point. Similar to grounded theory we are inductively analysing empirical data without applying or testing a previously

developed theoretical framework. Rather, we analyse the data with an interest in detecting bi-directional patterns in interactions between customers and service providers in order to develop theories, grounded in empirical data.

### *Data collection*

The dataset collected consists of 1,426 short interview narratives from customers (travellers using mobility service in Western Sweden) on how it is to interact with service providers. The narratives are derived from a larger study about general travel patterns (i.e. how passengers holding a mobility service permit travel and why they choose to travel using different types of mobility services) conducted between February and October 2014 through telephone interviews (survey) by the regional mobility service office (that manages all aspects of the travel, from permit to travel to the actual travel). Two quite open-ended questions in the interviews addressed service interactions with both drivers and call centre representatives: 1) what made them or prevented them from being satisfied, and 2) of what consisted the treatment on the part of call centre representatives/drivers and themselves. In total, 1,860 persons were interviewed and about 30% of them were men and about 70% women. The age of these were: 18-59 years (about 17%), 60-79 years (about 36%), and 80+ years (about 47%). The vast majority has some form of physical disability. The demographics in the conducted interviews are similar to the demographics of mobility service users in Sweden. The transcribed short interview narratives were anonymized. They consist of descriptions on how travellers perceive and experience the service and the interaction with company representatives, often with reference to verbal expressions or physical cues. The data thus grants access to information about the bi-directional behaviour inferred from the descriptions.

### *Data analysis*



We coded the empirical dataset, by using an analysis inspired by Layder (2005). We show by induction how the categories, variables, and themes are grounded empirically, and thus provide insights on how to more specifically explain (theorize) value formation in service encounters; i.e. grounding the theories in empirical data and by that approach create more valid theories. Accordingly, we detected empirical themes and codes capable of informing gaps in previous research. More to the point, a sensitivity to the interactive aspects of service encounter guided the ongoing joint collection and analysis of data. The constant comparison of narratives made us sensitive to what is of key importance to the participants during their service encounters. Since the narratives referred to interactive practices of various kinds, we were able to trace inherent bi-directional mechanisms and the link to value formation, although we only approached the phenomenon from the perspective of the customer. The following example illustrates how instances of bi-directionality could be identified (codes within brackets).

*“The driver waited [implicitly, employee had been driving to a specific place] for me at the wrong place [employee misinterprets information]. I called again [customer repeats action] but then the driver didn't want to come [employee acting self-centred] and get me, instead insisting that [employee propose customer to take alternative action] my daughter could drive me to him. [customer waits attentively] Finally, he reluctantly came [employee driving a second time] to the right place and was very annoyed [employee acts emotionally] ... I felt completely brushed aside [employee dominates interaction] and I was silent and followed his instructions [customer subordinate own action]... I got a sharp scolding [employee boosting own ego].”*

We used empirical codes, which are either in vivo codes or simple descriptive phrases, along with the joint collection and analysis of data ending when we experienced theoretical saturation (Strauss and Corbin, 1998) a methodology used by other contemporary service

encounter researchers, such as Echeverri and Skálén (2011), Salomonson et al. (2012), Echeverri et al. (2012) just to name a few. We coded all the narratives using Nvivo 11, thus identifying the categories and themes that were salient in the empirical material. In the main, we coded non-prejudicially, i.e. without a priori coding schemes (Strauss and Corbin, 1998) except from limiting the interview scope to demeanour as experienced in interaction. The initial codes were clustered into emerging categories with regard to; i) overarching forms of practice, ii) specific forms of value co-formation sub-activities, and iii) instances of bi-directionality. We are explicitly referring to some of these categories in the quotations, while others are implicitly referred to. In order to further increase the possibility of obtaining credible results, we have used triangulation in the form of different ‘investigators’ (see Lincoln and Guba, 1985). Both authors examined the data individually and discussed the analysis jointly. Having access to a large amount and a wide range of quotations provided us with important keys to how to interpret and understand the interview narratives. In addition, we also conducted some twenty complementary observations of interactions between frontline employees and customers. We did these observations during a few days of intensive field work, on board different transport vehicles, and in order to get contextual information and a deeper understanding of how to interpret the narratives.

The analysis indicated that the identified interactions were dynamic and varied in relation to the outcome of the activities as a whole. We expanded our comprehension of the underlying interactive mechanisms—inferred from the employees’ actions and the customers’ statements—by examining the reported value co-formed practices. Finally, the iterative reflections upon the empirical material contributed to the conceptualizations made in the article.

## **Findings**

## *A classification of demeanour practices and sub-activities*

This section reports on how value co-formation is realized during service encounters. Six overarching demeanour practices are identified. These are to a substantial amount routinized and often referred to as value forming (positive or negative). Each is bi-directional and includes two or more value forming sub-activities. The practices fleshed out in what follows illustrate what doings and sayings employees and customers are involved in and represent the core mechanism of the formation of value during the service encounter. Each demeanour practice and linked sub-activities are defined and described in detail, together with illustrative quotes. Typical bi-directional sequences are also illustrated. A detailed summary is found in Table 1. It is argued that these distinct practices and sub-activities in value formation are not reported in the service and marketing literature. To unearth these contributes to the theoretical understanding of the stratified and bi-directional nature of value co-formation.

Table 1. Demeanour practice co-formation<sup>1</sup>

<b>Demeanour practices</b> (overarching socio-cultural structures)	<b>Sub-activities<sup>2</sup></b> (reciprocal)	<b>Definitions</b>	<b>Different manifestations</b>	<b>Interactional sequences</b> (typical patterns) <sup>3</sup>
<b>Mood expressing</b>	Emotionalizing	Activities that co-form the emotional state	Happiness/sourness Cheerfulness/Irritation Encouragement Bad mood	Customer approaches employee → Employee acts out emotion → Customer co-acts role emotion → Mutual form of emotional role play
	Calming	Activities that co-form a sense of instilled calmness and patience, having a situation under control	Calmness Patience Non-stressful mentality	Customer approaches employee → Employee acts calmly → Customer takes the time → Co-forms sense of security
<b>Caring</b>	Paying attention	Activities that co-form a sense of being observant	Observant Perceptive Sympathetic Listening	Employee displays attentiveness → Customer provides needs → Employee listens and shows understanding → Customer supports the care given
	Being considerate	Activities that co-form an active sensitivity to needs and solutions	Considerate Accommodating Asking about how one feels Being respectful	Customer approaches employee → Employee asks about customer's needs → Customer explains needs → Employee tries to accommodate needs → Customer co-forms care
	Assisting	Activities that co-form the physical help and care needed	Physical help with luggage/aids/ramp/ safety belt/backrest	Customer approaches employee → Employee approaches customer → Customer tries to use facilities → Employee supports customer process → Customer co-forms care
	Positioning	Activities that co-form physical positioning vis-à-vis each other	Opens door for customer without leaving vehicle Awaits customer at vehicle Approaches and follows customer to vehicle	Customer approaches employee → Employee approaches customer → Customer and employee adapt to each other's position → Positioning is co-formed
	Exceeding	Activities that co-form more service than can normally be expected	Extraordinary performance	Customer articulates needs → Employee provides service → Customer confirms service delivery → Employee adds to given service → Customer confirms addition

<sup>1</sup> We use the neutral term “formation” to connote that it can include both creation and destruction.

<sup>2</sup> Each sub-activity can take a positive or a negative form, as well as vary between these. The lingering experience must not equal the sum of the included sub-actions. It might mirror some specific sub-action during a sequence.

<sup>3</sup> This is the essence of co-formation and is established during the sequences as such. Initiatives-responses can alternate between actors. It is difficult to exactly define where interaction starts and ends and can take atypical forms.

<b>Connecting</b>	Small talk	Activities that co-form the conversational lubrication of social contact	Social Relaxed talk No nonsense talk	Employee makes small talk → Customer gives emotional responses → Employee comments on things → Customer plays the game → Employee depicts relationship
	Personalising	Activities that co-form a social bond	Share personal information	Employee expresses personality → Customer fills in → Employee accentuates personality → Customer imitates personal relationship
	Formalizing	Activities that co-form a formal socio-cultural baseline	Courtesy Civility Polite greeting	Employee articulates politeness → Customer adapts to courtesy → Employee embodies formality → Customer confirms convention
<b>Responding</b>	Adjusting	Activities that co-form adjustment to wants and needs	Adaptation Problem-solving Speed	Customer raises issues – Employee adjusts to customer issues → Customer confirms responsiveness → Employee solves problem → Customer co-formation of effectiveness
	Giving feedback	Activities that co-form a sense of acknowledgement of the reception and correct understanding of information	Confirmation Feedback Repetition	Customer requests → Employee acknowledges request → Customer provides details → Employee repeats → Customer confirms → Employee gives feedback
	Disputing	Activities that co-form conflicting views	Mutual clarification Argumentation Processing of information	Customer introduces complaint/question → Employee negates issue → Customer argues → Employee defends position → Co-formation of dispute
	Dominating	Activities that co-form power, command and control	Constant interruptions Uni-directional talk Accepts being silent	Employee is self-centred → Customer waits attentively → Employee dominates interaction → Customer subordinates own action → Employee boosts own ego
	Ignoring	Activities that co-form neglect and reduced influence	Ignore Disregard Diminish	Customer approaches employee → Employee is inactive → Customer raises issue → Employee ignores customer → Customer accepts and co-forms invisibility
<b>Substantializing</b>	Explaining	Activities that co-form the clarification and reduction of uncertainty	Explain Inform	Customer seeks clarification → Employee explains why → Customer confirms → Employee adds details → Customer confirms own understanding
	Being factual	Activities that co-form a concise and factual meaning	Objective Correct Concise Accurate Precise	Customer raises an issue → Employee replies in a factual way → Customer acts concisely → Employee effectively rounds off

<b>Embedding</b>	Delivering	Activities that co-form flow in the execution of the service task	Convenient and effective driving Keep to timetable Sitting still	Employee acts in parallel → Customer observes influence on demeanour → Employee displays limited customer attention → Customer holds back interaction → Creates customer experience
	Ambiencing	Activities that co-form efforts to create a nice indoor environment	Noise Odours Lighting Cleanliness Hot/cold	Employee environment preparations → Customer perceives ambience → Employee has workflow → Customer value is formed
	Knowledge gaining	Activities that co-form the know-what and know-how	Raising questions Information about needs and preferences	Employee acquires knowledge and skills → Customer requires information → Employee informs promptly → Customer experiences service competence

## *Expressing Mood*

This first overarching demeanour practice mirrors a key aspect of what interactants (typically an employee and a customer) mutually produce during interaction. It deals with temper, i.e. expressing an emotional state, but also cognitive aspects (expressed through actions) such as consciously infusing calmness, patience and a sense of control into the service task and the situation to hand. Expressing mood adds information to meanings accompanying the bi-directional interactional sequence, and this is something both actors contribute to via different interactional patterns. The practice is normalized and two categories of sub-activity are identified, i.e. emotionalising and calming. Both can vary in meaning and form, but they do contribute substantially to value co-formation and the overarching practice of expressing mood.

*Emotionalising.* This category of value co-forming activity is defined as the bi-directional interaction between an employee and a customer which forms an emotional embeddedness. This can take various forms and might include displaying happiness or sourness, cheerfulness or irritation, encouragement or just being in a bad mood. A typical bi-directional sequence occurs when a customer approaches an employee and the employee is acting out an emotion, in turn making the customer co-act this emotional role.

*“A driver was in a very bad mood and raised his voice to everybody. He was very grumpy towards an old lady. This makes you feel alone and helpless ... You should see on them that they’re happy to be working.”*

*Calming.* In contrast to the previous category, this includes activities that mutually instil a sense of calmness, of being patient, or displaying a stress-free mentality. This is something other than being emotional and is quite central to expressing what interactants have in mind (mood) and is forming value. If emotionalizing gives energy to the interaction, calming displays a firm grasp of the issues to hand. Calming is not a zero emotion, rather an activity of

being in control and is thus a connotation of security. Typically, the bi-directional aspect is displayed when a customer approaches an employee and the employee acts calmly, thus inducing the customer to take enough time to contribute to the enactment of a smooth service process.

*“It matters a lot to me that the drivers show they understand that it [undertaking the procedure] takes time. Sometimes, I use a wheelchair and sometimes I don’t. It depends on the shape I’m in.”*

### *Caring*

The second overarching demeanour practice includes activities that co-form a sense of consideration for the other’s physical and emotional wellbeing. Caring is key to service production and a joint action based on helping and being helped, a practice both interactants contribute to. This overarching practice is in turn based on five distinct sub-activities: paying attention, being considerate, lending a helping hand, body position, and exceeding the normal scripted procedure.

*Paying attention.* This category includes activities where the interactants *passively*, although very observantly, co-form an understanding of the important needs and solutions regarding the situation in question. The interactants remain in this position in the sense that they pay attention to each other include being observant, perceptive, sympathetic, and listening. Bi-directionality is when the employee’s attentiveness is followed by a customer providing needs, followed by the employee listening and showing understanding, and finally customer adjusts to the care given.



*“They must see the needs I have as a traveller, my physical needs. They need to help me into the vehicle and put my safety belt on. Getting the help you need without asking for it.”*

*Being considerate.* This category includes activities where the interactants *actively* co-form an understanding of the important needs and solutions of the particular situation. In contrast to the previous category, being considerate involves an active approach in the sense that the interactants either ask for or provide needs or undertake a physical activity that demonstrates consideration. Instances of value co-formation include activities such as asking about needs or accommodating requests.

*“I want them to listen to me, to let me finish talking. If they have both listened to me and let me finish talking, then they’ve treated me well. They should ask me if I need anything else.”*

*Assisting.* The category includes activities where the interactants co-form the required physical help and care. Instances of co-formation activities include employees providing physical help by carrying travellers’ luggage/bags or aids (e.g. walking sticks or walking frames), or by helping travellers to put on safety belts and adjust their seats in some way. The customer tries to use facilities or ask for help, and the employee supports the customer process by helping the customer. The customer co-forms the care by commenting or making adjustments.

*“They should help me when I have something to carry, and they should help me to fasten my safety belt.”*

*Positioning.* This category includes activities where the interactants co-form their physical positioning vis-à-vis each other. Examples of co-formation activities include employees opening doors for customers, awaiting customers outside vehicles, or approaching and

accompanying customers to their doors. It is obvious that interactants position themselves in relation to each other in specific patterns and, in doing so, show that they care. An interesting thing is that body positioning is also a bi-directional construction. Both actors adapt to the other's position, bringing flow to in their joint action.

*“They [drivers] should be polite and leave the car and help me when I'm entering and then accompany me to the door [at the destination] when I'm leaving.”*

*Exceeding.* This category includes activities that co-form more service than may be expected. This is very common in service production. Most service processes have a basic pattern of interaction, a skeleton-like structure, a scripted procedure. The interactants follow this pattern to varying degrees, but distinctively add to it from their respective sides. This can include everything from stretching out with a pen to giving extra information. Exceeding is of key importance in caring. It entails adding to a scripted and predetermined procedure and, in doing so, co-forms a mutual perception of service that is above expectations.

*“The driver waited for me for 40 minutes and made sure that I got home. He looked after me in a way that the mobility service doesn't usually do.”*

### *Connecting*

The third overarching demeanour practice includes activities that co-form a sense of connection on interpersonal level, something that develops and/or maintains social contact, a social bond, or a deeper relationship between the interactants. This practice goes beyond previous practices in that it addresses the relational dimension. Connecting is about defining the kind of relationship that is desired and can be characterized in many ways (e.g. distance, closeness, etc.). Three categories of sub-activity are identified: small talk, personalizing, and formalizing.

*Small talk.* This category relates to activities that co-form the conversational lubrication of social contact. During small talk, the actors orient themselves towards each other with the sole intention of establishing and maintaining social contact. It (mostly) lends the interaction a friendly and positive touch. Instances of small talk include; “here we are again”, “that’s very kind of you”, “that’s life isn’t it”, “see you next week?” etc. In connection with such simple utterances, small conversations might arise which mark and define the type and level of the relationship.

*“He talked about the weather ... He was talkative, so I forgot about my pains ...*

*Nice when they make me laugh ... when they talk and they’re sociable.”*

*Personalizing.* In this category, we include activities that socially bond interactants together by giving things a personal flavour. Instances of this kind of value co-formation are seen when the interactants share information of personal significance to them, e.g. information about their families, personal interests, or what they plan do at the weekend. A sense of personal relationship is created which strengthens the social bond between them, irrespective of whether it is weak or strong. This type of activity is distinct from small talk, which only lubricates the interaction itself.

*“It felt like we were acquainted when we talked. She had an amicable manner.”*

*Formalizing.* This category includes activities that produce a sense of courtesy and civility between the interactants. Instances of value co-formation occur when the interactants greet each other and articulate forms of politeness during different parts of the interaction. In doing so, they mark the fact that the interaction is institutionalized, giving it a formal frame. Formalizing activities rely on socio-cultural conventions (e.g. showing respect, integrity, etc.) and provide a structural set-up to adhere to. This connotes the socio-cultural baseline of interaction. Reproducing this premise (a representational practice), by formalizing activities, helps them to feel more relaxed.

*“They [the drivers] should introduce themselves by name, and wish you a nice day and a pleasant journey. In brief, behave in a nice and pleasant way ... They should be genuinely polite.”*

### *Responding*

The fourth overarching demeanour practice includes activities that jointly form a sense of responsiveness during the interaction, a definition and understanding of what is considered to be important by the other party. Responding is more than connecting and caring. Individuals can connect and/or care without being responsive. Responding to what matters to the other is a core mechanism of value formation activities. This practice is based on five different sub-activities: adjusting, giving feedback, disputing, dominating, and ignoring.

*Adjusting.* This kind of activity relates to adjustments needed in order to meet the interactants’ wants and needs. Instances of co-formation can be identified during interactions whereby individuals exchange information about their wants and needs before, during, and after the interaction. Adjusting is about adapting resources and/or behaviour to one another.

*“It shouldn’t be a stressful conversation [with call centre staff], instead you should be able to talk until you’ve reached a solution. If you get a suggestion [about a trip] that doesn’t work, then you should be able to discuss it and find out if there’s another car that suits you better.”*

*Giving feedback.* This category includes activities that co-form a sense of acknowledgement of the reception and correct understanding of information. Instances of this include when interactants confirm to each other or repeat their requests for additional feedback. This common type of activity stresses the importance of mutual affirmation.

*“That they [call centre staff] make sure to repeat what I’ve said so that they get it right.”*

*Disputing.* Another kind of sub-activity when responding is disputing. Often, this is related to negative connotations such as misdirected arguing against the other person on a specific issue. But it can also be positive, i.e. in situations where there is conflicting information to hand and there is a need to clarify things. In such situations, there is a need to argue and, in doing so, to facilitate action. If feedback deals with mutual confirming and requesting, disputing deals with mutual clarification, argumentation, and the processing of information.

*“The driver shouldn’t say that we weren’t on time.... The boat arrived on time at 4.27 and we went to the taxi that we’d booked for 4.45. Then the driver was standing by the car saying we were late.”*

*Dominating.* Another type of sub-activity is dominating. It concerns the amount of ascendancy, the execution of power and command during the interaction. It is distinct from disputing in that an individual can dispute without dominating, and dominate without disputing. Dominance is about being keen to exert control over the other party and can be loud or quiet, emotional or cognitive, wordy or laconic. Domination can also be both positive and negative as regards the interaction, partly due to socio-cultural norms and preferences.

*“The driver waited for me at the wrong place. I called [the call centre] again but then the driver didn’t want to come and get me, instead insisting that my daughter could drive me to him. Finally, he reluctantly came to the right place and was very annoyed ... I felt completely brushed aside ... I got a sharp scolding.”*

*Ignoring.* The sixth type of sub-activity used in responding is ignoring, which demonstrates a mechanism that neglects and reduces the influence of the other party. Both actors need to ignore the other to a certain extent; this can be either effective or ineffective, positive or

negative, or can be seen as displaying patience or disrespect. A typical sequence here is: The customer ignores the employee as a person, the employee ignores the other party as customer (e.g. talking to his/her assistant instead of to the functionally-limited traveller), the customer adapts to this displayed ignorance, the employee ignores redundant or irrelevant talk by the customer, the customer ignores the silence of the employee, the employee ignores additional responses.

*“He didn’t talk to me. Instead, he turned to my assistant ... He ignored me.”*

### *Substantializing*

The fifth overarching demeanour practice mirrors how interactants flesh out the inherent body of information on which the conversation focuses. This practice is displayed in situations where the actors explain something, or exchange facts about an issue. By giving substance to the issue, and accepting or rejecting it, both parties help to define and mutually understand what is relevant in the situation, and what is not. Substantializing is based on two different sub-activities: explaining and being factual.

*Explaining.* This category includes activities that make sense of issues which initially contained some uncertainty and were in need of clarification. Explaining is what individuals do when describing relationships between phenomena, i.e. why things are as they are, why the train is late, why the ticket machine is not working, etc. This is an established practice during most service processes. Instances of a value co-formation activity in this category could include when interactants explain (or explain away) or when they deepen (or overcomplicate) an issue in order to enlighten either themselves or the other person. Providing explanations is a very common activity during service interactions, in most cases being linked to positive

connotations (but exceptions do occur). Both parties contribute to this practice by providing, adding, changing, and/or accepting statements.

*“The driver should be friendly and he should listen and explain things to me when I have stupid questions.”*

*Being factual.* Another sub-category of the practice of substantializing is being factual. This is different to explaining. Being factual is a bi-directional activity whereby both actors orient and/or limit themselves to facts. In doing so, they peel away all emotionality, redundant talk, and explanations and stick to the factual, concise, and objective matters in hand. This class of sub-activity keeps to the core, i.e. the most important, information and, in doing so, the interactants mutually refine and clarify the bare bones of what they need to know (e.g. where, when, who, and how), thus skipping background explanations, additional information, relational talk, and ambiguous connotations. This helps the interactants to avoid, or limit, any uncertainty that might occur during the interaction, and speeds up the interaction process.

*“That they [call centre staff] give clear answers about when the car will arrive at my place, whether I’ll need to travel together with other passengers, and when the car will arrive at my destination ... They need to be factual about when and where the vehicle will arrive.”*

### *Embedding*

The sixth and final demeanour practice mirrors the fact that service is embedded in the very core tasks of service production. We treat this as a separate practice, parallel to other practices. The label connotes that demeanour is embedded in regular organizational procedures and that these are used to influence the customer while he/she is involved in these

procedures. This means that embedding is also a joint process and that three sub-activities are identified: delivering, ambiencing, and knowledge gaining.

*Delivering.* A sub-category of embedding which concerns the way the core service is executed. In this context, it can be illustrated by means of the desire for a convenient, but still effective, journey (keeping to the timetable), a wish for the employee to concentrate on the core service task, and not on extraneous activities, and a wish for the customer to contribute to the work flow, and to sit still during the trip. In that sense, transportation is a joint action and is only realized when travellers are aboard.

*“The driver kept to the timetable. There was another passenger in the car who was going further than me, and that was okay. It was good that they made this work.”*

*Ambiencing.* Another cluster of sub-activities used in embedding is ambiencing, which includes all efforts made by the employee and the customer to create a nice (indoor) environment. The customer experience is dependent on a wide range of ambient conditions (noise, odours, lighting, whether the vehicle is clean, etc.). This environment can be arranged in a proper way, beforehand, and then maintained during the trip. Arranging these ambient conditions is normally standard procedure for the employee and influences the customer greatly.

*“He [the driver] was very kind and turned down the air conditioning since I can’t stand the cold.”*

*Knowledge gaining.* The third cluster of sub-activities used in embedding concerns knowledge that is gained, prepared, and used before, during, and after entering into the service process (the employee and customer processes partly overlap). This includes basic employee training and customer learning, employing actual know-what and know-how



regarding organizational prerequisites, work procedures, traffic systems, actual conditions, real-time checks on traffic updates (e.g. delays), etc. Both the employee and the customer add to this value-forming activity by bringing questions, and information, regarding needs and preferences during a mutual exchange.

*“She [call centre staff] understood my special needs and was clear, and she informed me. The whole thing was handled efficiently.”*

### *Modalities used*

As indicated it is possible to identify an additional level in this stratified phenomenon, a sub-sub-level of a wide range of multimodal communication by which the interactants use specific context relevant modalities in the actual production of activities. In quite many of the narratives these element are referred to, explicitly or implicitly, in terms of body language or nonverbal communication. These paralinguistic codes (messages originating from tone of voice, speech tempo, and other sometimes patronizing paralinguistic markers) are, implicitly, used indirectly or in parallel with verbal expressions. These sub-sub-activities are shown to have a specific function during the analysed interactions. The shared meaning that comes from the connotations of this multi-modal use adds to what is otherwise articulated using words or written information. This resource provides the possibility of creating a wide range of communicative activities, e.g. the practices and sub-activities described. When communicative skills, both verbal and nonverbal, are activated and the wide range of expressions is articulated during interaction, they convey meanings and attitudes. These markers do not just provide clues as to how to understand what is being said (and not said), they also structure the interaction as such, and inform the interactants as to how to navigate within the myriad of interaction components.

## **Discussion and contributions**

This study centres on understanding the specific formation of customer value during service encounters (face-to-face and voice-to-voice) and addresses recent calls for more elaborate analyses of how value is realized during co-creation (Echeverri and Skålén, 2011, McColl-Kennedy et al., 2012; Payne et al., 2008; Schau et al., 2009). We have argued that there is a need for more in-depth analyses, demystifying how customers and employees actually co-form value and to provide more detailed and advanced theories regarding how value formation can be explained.

### *Implications for research*

In our analysis, we unfold specific socio-cultural demeanour practices and sub-activities based on the assumption that practices and activities are not random. Rather, they have an inherent stratified structure, have a bi-directional character, and have a specific value forming function during service encounters processes. The stratified structure previously discussed is a classification of ways by which value is formed in interactions (see Figure 1).

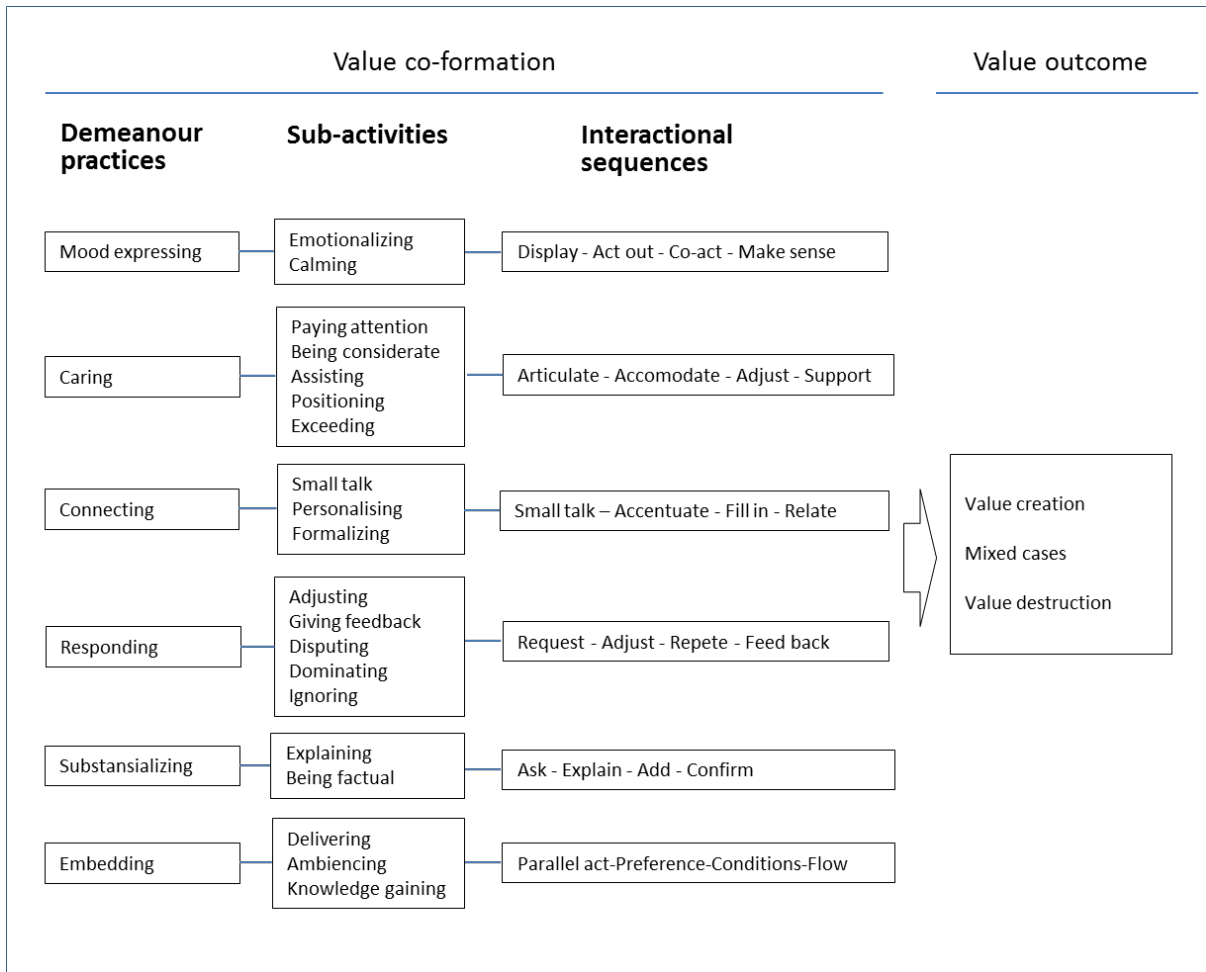


Figure 1. Linkages between demeanour practices, sub-activities, interactional sequences, and forms of value outcome.

Grounded in the idea that practices have an inherent power to explain why and how value is realized, the theoretical model shows how the six socio-culturally defined overarching demeanour practices with their 20 related sub-activities and interactional sequences informs the formation of perceived customer value-in-use (value outcome). As such, the model provides a theory for explaining value formation (creation, destruction, and mixed cases) in relation to inherent interactive mechanisms and stratified demeanour practices in service encounters.

As in most classifications, elements can be combined in a wide range of configurations. Practices with linked sub-activities might occur simultaneously, or in a

sequence. The bi-directional patterns informed by these stratified practices are multiple and context specific. Normally, they are reproduced in the form of mutual sequencing of joint actions. In the model, typical sequences for each demeanour practice are shown. These joint actions are by nature interdependent. That is, when a second person responds to the activities of a first person, then how the second person reacts cannot be accounted as wholly their own activity. Their responses are always partly formed by the first persons' actions (which are also responses). As a joint action it is something else than its components. The findings show that demeanour in service encounters are co-formed by this mutual sequencing and adaptation of individual actions.

Our findings address the micro-level of interaction (Leroy et al. 2013) and extend previous research by specifying a series of activities and identifying the overarching practices of value co-formation during the interplay between customer and employee. In relation to the practice typologies, such as the one by Echeverri and Skålén (2011), our findings address the socio-cultural expression, the demeanour aspect of service encounter interaction. As such, our findings provide a more detailed and fine-grained classification, shifting from *what* interactants do to *how* they do it. Their analytic framework of procedures, understandings, and engagements (see also Shau et al., 2009) is useful in identifying cognitive and emotional dimensions of practices, but limited when focusing on interactive aspects of service. Our take on this provides a nuanced supplement to the understanding of how practices are co-formed (and in which value is created or destroyed). In addition we provide examples of value destruction activities and how these are related to overarching practices (cf. Echeverri and Skålén, 2011). We also extend the work of Neghina et al. (2014), on co-creation as a joint action, by specifying its specific bi-directional nature, specifically the mutual sequencing of sub-activities. Furthermore, we complement the findings of McColl-Kennedy et al. (2012) and Sweeney et al. (2015), on customers' own value co-creation activities, by addressing co-

formation as a customer-employee issue (dyad). The identified classification reveals the interactive mechanisms that directly influence the well-being and the quality of lives of people with functional limitations. In that sense the study also contributes to the transformative research agenda (Anderson and Ostrom 2015; Anderson et al., 2013; Kuppelwieser and Finsterwalder, 2016; Ostrom et al., 2010), which includes services that ensure access to public settings for people with functional limitations, that add to their quality of life, and include treatments in non-discriminating ways.

In relation to Skálén et al (2015) on collaborative practices between firms and brand communities, our study takes a more detailed look on ‘*interaction practices*’, one of their identified aggregates of practices. But instead of a three-divided set of practices (i.e. Questioning and answering, Dialoguing, and Translating), we provide a more fine grained structure (a stratified classification consisting of six practices and 20 sub-activities) and instead of focusing re-alignment strategies based on separate elements of practices (procedures, understandings, and engagements), we focus on the bi-directional practice in which all these elements are entangled. In relation to Skálén et al (2015) we argue that there is a need to also create strategies that align the three elements as such, and not only understand value co-formation as a result of separate alignment strategies. By that take, our study contributes to a more nuanced understanding of bi-directionality, empirically based in a sample of narratives of demeanour in provider-customer interaction. Finally, our findings point to inherent multimodal components, important elements by means of which interactants form demeanour practices and activities. We provide indications of how these are linked to the classification. By giving an account of the stratified and mutual bi-directionality of demeanour practices, we add insights to the ontological issue of what a practice really is.

### *Implications for service work*

Based on the findings of the study, we can offer some implications for the employees and customers of service work. Value is realized when interactants enact the identified practices and sub-activities as they are scripted in a specific service context. From a managerial perspective, it is not enough to provide basic services. Value is formed by the ‘contour’ of the service encounter, rather than by value propositions. Preferably, the interactants will enact these in a congruent way that makes sense to both actors in each specific temporal and spatial situation. Individual customers and employees are likely to have differing views of their interactive roles, partly due to their skills and their interest in contributing to service work. Their pre-understanding and view of their role are likely to influence the take-up of different types of practices and activities. Both need to be sensitive to bi-directional input and to how to interpret the actual use of different modalities. Intercultural conditions might also be an issue. The outlined classification of interactive practices can guide managers in developing services for a wide range of service encounters in different areas. An awareness of the value co-formation activities in these practices enables a more precise strategy for employee education and customer involvement in the services. More service staff training in interactional techniques can thus be beneficial (cf. Värlander and Yakhlef, 2008). Education could include discussions about general practices in services for functionally limited customers and the delicate balance of assisting the customer and letting the customer decide how much assistance that is needed. The latter requires sensitivity to verbal and non-verbal cues that only can be picked up in the meeting with each customer.

## **Conclusions and future research**

The discussion concerning value co-creation has been at the heart of service and marketing research for some time, and lately discussed in terms of co-formation (a less biased term that connotes both co-creation and co-destruction). In this article, we address the stratified and bi-

directional micro-practices of service encounters. This is done against the backdrop of the limitations shown in previous research into service encounter and value co-creation.

Based on an analysis of 1,426 empirical narratives, the study uncovers six overarching demeanour practices: expressing mood, caring, connecting, responding, substantializing, and embedding. Each is associated with 20 specific value co-formation sub-activities, according to a stratified classification structure (see Table 1). By providing insights into the bi-directional nature of service encounter interactions, and by giving an account of how interactants mutually contribute to each other's actions, the article adds to the theoretical understanding of how value is co-formed. It is suggested that value derives from contextual sensibility of how to express these practices and sub-activities, avoiding counterproductive interactions.

Our study has some limitations that should be addressed in future research. It is grounded in narratives reported by customers. Future research would benefit from additional qualitative studies analysing interactions in more depth by means of employing methods such as observations, video ethnography, and interviews with different actors. This would provide more contextual factors for inclusion. Other issues to explore include the interaction patterns effects on employee well-being, job autonomy, turnover intentions, or the influence of organizational prerequisites.

The findings are empirically grounded in the context of service encounters in public transport, seen from the perspective of individuals with functional limitations. These informants offered a significant opportunity to provide sensitivity to behavioural issues common in most interactions. Although these informants were very informative, future research would benefit from testing the applicability of our classification in other empirical contexts. Studies of other service industries may add to or refine the classification. The relevance of the identified practices may hold for a wide range of service settings but may somewhat vary with the type and length of customer-firm relationship and the roles enacted

by the interactants. However, we believe that the classification has the capacity to explain a wide range of interactive value formation phenomena, especially in service encounter settings where there is more time and space for interactions, as in encounters face-to-face, voice-to-voice and body-to-body.



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