

Published in the Journal of Marketing Management

**Making value co-creation a reality –  
Exploring the co-creative value processes in customer-salesperson interaction**

Jasmin Baumann<sup>1</sup>

and

Kenneth Le Meunier-FitzHugh<sup>2</sup>

Norwich Business School,  
University of East Anglia, UK

Accepted 11 April 2014

---

<sup>1</sup> **Correspondence:** Jasmin Baumann, Norwich Business School, University of East Anglia, Norwich, NR4 7TJ, UK. Tel: +44(0)1603 597399 Fax: +44(0)1603 458553, E-Mail: *j.baumann@uea.ac.uk*

<sup>2</sup> Kenneth Le Meunier-FitzHugh, Norwich Business School, University of East Anglia, Norwich, NR4 7TJ, UK. Tel: +44(0)1603 456161 Fax: +44(0)1603 458553, E-Mail: *k.le-meunier-fitzhugh@uea.ac.uk*

**Jasmin Baumann** is a Lecturer in Brand Management at Norwich Business School, University of East Anglia. Before obtaining a Ph.D. in Marketing from University of East Anglia, she worked several years as marketing manager for FMCG and service organisations. Her research interests focus on the co-creation of value within and outside of the context of service-dominant logic, the development of mutual value propositions and relationship marketing in service industries. She has presented her research at a number of international academic conferences, as well as published in the *Journal of Marketing Theory and Practice* and the *AMS Review*.

**Kenneth Le Meunier-FitzHugh** is a Senior Lecturer in Marketing at Norwich Business School, University of East Anglia. He obtained a Ph.D. in Marketing and Strategic Management from Warwick Business School, The University of Warwick. Prior to undertaking an academic career, he spent 20 years working in sales and marketing at senior levels for a range of organisations. His research interests focus on exploring the interface between sales and marketing. He has a number of publications in academic journals including, *Industrial Marketing Management*, *Journal of Marketing Management*, *European Journal of Marketing* and *Journal of Personal Selling and Sales Management*. He is also co-editor of *The Oxford Handbook of Strategic Sales and Sales Management*.

**Making value co-creation a reality –  
Exploring the co-creative value processes in customer-salesperson interaction**

**Abstract**

We examine how value co-creation is engendered in transactional and relational interaction in a professional B2C service industry through exploratory interviews with six organisations' sales personnel and their customers. A dyadic model and propositions conceptualise the process of value co-creation at the interpersonal level. It was found that the customer and salesperson take on very distinct roles in the co-creative interaction, which is driven by characteristics previously unidentified in the context of value co-creation, such as a commitment to achieving common goals, establishing equitable dialogue and sharing interests. Examination of the value dimensions co-created found that reciprocal value realisation is not limited to B2B contexts, as the involved parties create mutual episode value in discrete transactions, and mutual episode *and* relationship value in relational exchanges.

*Summary statement of contribution*

Our study offers insight into the processes and drivers of value co-creation across a range of interactions, thereby extending existing frameworks, enabling future quantitative research and facilitating the achievement of co-creation in practice. We further provide evidence for the notion of *mutual* rather than unidirectional value creation in a B2C setting by demonstrating that through jointly generating value for the customer, the two actors also co-create value for the salesperson (and thus the service provider).

*Key words: value co-creation, buyer-seller interaction, relationship marketing, customer value, qualitative exploratory research.*

The co-creation of value is contingent on buyer-seller interaction as the ‘locus of value creation’ (Prahalad & Ramaswamy, 2004, p. 10), and has been suggested to be the *raison d’être* of interaction and business relationships (Vargo, 2009). However, value co-creation has not yet been rigorously analysed (Grönroos & Voima, 2013) and the processes involved in its implementation remain unclear (Vargo, Maglio, & Archpru Akaka, 2008). Ballantyne and Varey (2006) have suggested relationship development, communicative interaction, as well as knowledge renewal, as three enablers for the co-creation of value-in-use (also called value co-creation), but these activities remain abstract in their conceptualisation and require refinement and exploration in practice. Co-creation of value-in-use has so far mainly been examined in interorganisational or interdepartmental contexts (e.g. Haas, Snehota, & Corsaro, 2012; Kowalkowski, Persson Ridell, Rödell, & Sörhammar, 2012), which do not consider the importance of personal interaction in the co-creative process. As such personal interaction between buyers and sellers is mainly implemented by the salesperson operating at the organisation’s boundaries, salespeople presumably have the best insight and opportunities to co-create value with their customers (Blocker, Cannon, Panagopoulos, & Sager, 2012). This study therefore investigates the co-creation of value on the interpersonal level by exploring the co-creative roles of the customer and salesperson in a service context. Our conceptualisation also extends the service co-creation framework of Hilton, Hughes and Chalcraft (2012), as well as the insights into co-creative practices outlined by Kowalkowski et al. (2012), by making the precise roles of the actors involved in co-creation more palpable. These refinements are highly relevant as, in many service industries, salespeople have evolved from being mere sales makers into consultative value co-creators and partners, who act as the customer’s advisor and main contact person throughout their entire service experience (Terho, Haas, Eggert, & Ulaga, 2012; Weitz &

Bradford, 1999). This particularly applies to professional service contexts in which the ‘salesperson’ also delivers the service itself, such as lawyers, real estate agents, financial advisers and travel agents. Although these service providers might not necessarily consider themselves to be salespeople in the traditional sense and often use industry-specific titles such as ‘broker’ or ‘consultant’, they fulfil the evolved sales role. We therefore refer to them as salespeople, while simultaneously acknowledging the extensive function their profession entails. Since value accrues over the course of the customer’s value-creating process (Grönroos & Voima, 2013) and service production and consumption are intertwined (Gummesson, 1998), value-in-use arguably begins to arise during the service process (Grönroos, 2011b). This process can comprise both sales encounters and service delivery, which are equally implemented by the salesperson, and thus presumably consists to a large extent of interaction between the two parties. Due to this prominent role of the salesperson for a customer’s service experience, the former can therefore be assumed to play a central role in the co-creation of value-in-use (Blocker et al., 2012). However, the specific function of salespeople in joint value realisation and the actual processes they are involved in remain unclear (Blocker et al., 2012; Corsaro & Snehota, 2010; Terho et al., 2012). Our study adds to marketing management thought by advancing the co-creation of value-in-use from its current conceptual state towards understanding how it can be achieved in reality.

This work offers a number of contributions. (1) We examine the variables engendering the co-creation of value in interpersonal interaction, thereby addressing calls for research investigating the actual processes encompassed in co-creation (Vargo et al., 2008). (2) We explore which types of value are realised in customer-salesperson interaction, building on the work of Biggemann and Buttle (2012) and Corsaro and Snehota (2010). (3) We identify the direct consequences of value co-creation for the seller as well as the customer, with particular

emphasis on the benefits beyond remuneration that the co-creative process entails for the salesperson (and thus the service provider) in a B2C context. (4) We integrate our findings into a conceptual model and related set of propositions intended to facilitate future research into the co-creation of value-in-use in both transactional and relational interpersonal exchange interaction.

The remainder of this paper is structured as follows: After a brief overview of the relevant literature to put the themes emerging from the data analysis into context, we present our findings and develop related propositions, which are summarised in our model. In the subsequent discussion, we consider managerial implications arising from our study and outline limitations as well as possibilities for future research.

### **Conceptual development**

#### *Value co-creation*

The term ‘value’ has a number of connotations (e.g. ‘added value’ or ‘high-value customer’). For this study, we have therefore adopted Holbrook’s (2006, p. 212) definition of value as an ‘interactive relativistic preference experience’, as it goes beyond a cognitive state of fixed value assessments, and instead comprises multiple dynamic phenomena revolving around customers’ activities and their interaction with service and product offerings. More research is required, however, to generate rich insight into customers’ perceptions of and engagement in value processes (Woodruff & Flint, 2006) as value creation ‘is one of the most ill-defined and elusively used concepts in service marketing’ (Grönroos, 2012, p. 1521). According to the service-dominant logic school of thought, the construct of value *co-creation* in turn entails that value is not embedded by the selling organisation, but engendered by the customer in use, turning them into a co-creator of value (Ballantyne, Frow, Varey, & Payne, 2011; Vargo &

Lusch, 2008). Since this view raises questions with regards to the actual role of the seller and the necessity of interaction for joint value realisation, this perspective is refined in Grönroos' (2008, 2012) *service logic* by stating that organisations always act as value *facilitators* by providing customers with the resources they need to create value-in-use. The seller, however, can only act as a value *co-creator* if there is engagement through interaction (e.g. via salespeople) to identify the customer's value systems (the kind of value the buyer seeks to realise) and take part in their value-generating processes (how they endeavour to obtain the outcome necessary to achieve this value) (Grönroos, 2004; Grönroos & Voima, 2013; Payne, Storbacka, & Frow, 2008).

Continuous value creation requires the seller to not only understand the customer's current value-generating process, but also how it develops over time (Slater & Narver, 1994). Therefore, like the concept of value, this process is a dynamic and non-linear phenomenon (Payne et al., 2008). Hilton et al. (2012) distinguish four stages of co-creation from a related resource-integrating perspective: *resource contribution* towards the attainment of *value propositions*, which results in *resource integration* and *modification*. As the generation and consumption of services are intertwined, we do not concur though with the view that service co-creation and value realisation are separate, with the latter taking place outside of the co-creative process. Similar to Ballantyne and Varey (2006), Hilton et al. (2012) furthermore identify value creating activities, but do not consider the specific and potentially different functions that individual actors might have in the joint realisation of value.

Woodruff and Flint (2006, p. 191) posit: 'Customer value studies should not be limited to just customers in the traditional sense. Sellers also experience valuation processes, and marketing should have an equally in-depth understanding of their nature.' However, the concept of seller-perceived value has not yet received significant attention (Songailiene, Winklhofer, &

McKechnie, 2011). Although Grönroos (2012) conceptualises that both organisation *and* customer can act as value facilitators and creators and thus engage in mutual value creation (Ballantyne et al., 2011; Kowalkowski, 2011), this notion still requires empirical support (Grönroos, 2011a; Grönroos & Voima, 2013). It has also been suggested that the seller is unlikely to need the customer's value 'contribution' beyond the financial means provided by the latter (Vargo, 2009). Walter et al. (2001) in contrast propose a number of 'value functions' for the selling organisation, but these are not derived from co-creation, i.e. the customer's active engagement in a joint value realisation process. The identified aspects also only comprise economic benefits, whereas 'soft value-creating functions' or potential experiential value are disregarded, although the motives for forming relationships might not always be economical, let alone rational (Walter et al., 2001, p. 373). Songailiene et al. (2011), in turn, name 'co-creation value' as only one aspect of the total supplier-perceived value and that is of secondary importance compared to financial or strategic value derived from the relationship with a customer. Therefore, neither of these studies considers the co-creation context in full. Further, most value perception research has so far focused on only one party involved in the dyad, usually the buyer (e.g. Biggemann & Buttle, 2012). Consequently, Woodruff and Flint's (2006) call to investigate value phenomena and differences in their perception in dyadic interaction from the perspectives of both customer and seller still needs to be addressed.

#### *Transactional and relational buyer-seller interaction*

To fully understand the dynamic processes occurring in interaction, the differentiation between individual exchange episodes and long-standing collaborations has to be clear (Morgan & Hunt, 1994). Although up to four levels of analysis have been proposed (e.g. Holmlund, 2004;

2008), we followed Anderson (1995) and limited our study to two aggregation levels of interaction, i.e. short-term episodes such as individual exchange transactions and long-term relationships.

A discrete transaction is characterised by a short duration as well as a clear-cut beginning and end (Dwyer, Schurr, & Oh, 1987), has a narrow focus, low switching costs and an economic rather than strategic purpose (Sheth & Shah, 2003). Relational exchange, in turn, is associated to past agreements, has a longer duration and constitutes a continuous process (Dwyer et al., 1987). Although a relationship also consists of individual transactions, these have to be seen in light of their history and expected future – as episodes in a continuous story (Ford & Håkansson, 2006; Harker & Egan, 2006). Accordingly, Håkansson and Ford (2002, p. 134) emphasise that ‘no one interaction ... can be understood without reference to the relationship of which it is a part’ as marketing exchange becomes an open-ended process with customer interactions happening across time and place, and relationships are always present wherever interaction between at least two actors occurs (Ballantyne & Varey, 2006). Since the co-creation of value is impossible without interaction (Grönroos, 2012; Prahalad & Ramaswamy, 2004), the initiation and development of such relationships to customers becomes crucial for value realisation and thus has been identified – together with communicative interaction and knowledge renewal – as a co-creation ‘enabler’ in Ballantyne and Varey’s (2006) exchange schema. Shortened to *relating*, *communicating* and *knowing*, Ballantyne and Varey (2006) argue that these value-creating activities augment the implementation of S-D logic by facilitating service experience. However, these enablers are conceptualised as abstract productive exchange connections between buyer and seller, without clarifying their implementation, precise outcomes or the involvement of

individual actors such as salespeople in the endeavour to achieve co-creation in organisational practice.

### *The role of the salesperson*

Salespeople have a central function in the customer interface by acting as ‘ambassadors’ for their organisation (Geigenmüller & Greschuchna, 2011) and simultaneously ‘translating’ the customer’s voice back into the firm (Blocker et al., 2012). The connection between customer and salesperson impacts significantly on the former’s assessment of the service delivered and their overall relationship to the service provider (Gremler & Gwinner, 2000). Consequently, relational strategies are most effective when these bonds are built with individuals rather than organisations (Palmatier, Scheer, & Steenkamp, 2007). The salesperson’s role has changed considerably since the production-focused era in which the task of an organisation’s salespeople was to make cold calls, persuade customers and close sales (Weitz & Bradford, 1999). While this approach might still exist in some transaction-orientated businesses today, many sales functions in both B2B and B2C settings have moved towards value-based or solution selling strategies. These approaches enable salespeople to not only act as partners and relationship managers for a customer, but also to co-operate with the latter to identify their explicit and latent needs. As the salesperson acquires an in-depth understanding of the customers’ processes, they are able to help craft a market offering that has the potential to engender both value-in-use and value-in-exchange for the benefit of the buyer (Terho et al., 2012; Tuli, Kohli, & Bharadwaj, 2007).

Due to the growing body of work on value co-creation in the organisational sphere (e.g. Kowalkowski et al., 2012; Payne et al., 2008) and the recognition that the salesperson is of strategic significance in realising the seller’s value proposition (Terho et al., 2012), investigating

the function of salespeople in co-creating value becomes increasingly important (Blocker et al., 2012; Corsaro & Snehota, 2010; Terho et al., 2012). The co-creation of value is contingent on interaction (Grönroos & Voima, 2013; Prahalad & Ramaswamy, 2004), which to a large extent takes place between the customer and the salesperson, who is acting as an advisor and representing the service provider. Kowalkowski et al. (2012) investigate the co-creation of value, in particular the development of value propositions, in a B2C loyalty scheme context on the departmental level of different resource-integrating functions and customer groups. Many of their identified ‘practices’, however, can also be assumed to be implemented by the salesperson. Due to the significant shift in the latter’s role as outlined above, salespeople can play a pivotal part in engaging in customers’ value fulfilment (Blocker et al., 2012) by acting as the main implementers of Ballantyne and Varey’s (2006) three co-creation enablers (relationship development, communicative interaction and knowledge renewal). Consequently, through their interaction with the customer, the salesperson can be assumed to contribute to the service provider’s move from being a value facilitator to being a true co-creator of value-in-use.

### **Research Methods**

The objective of this study was to gain meaningful and rich insight into the co-creation of value between the customer and the salesperson. This allows the examination of the co-creative process from the perspectives of both actors, enabling us to establish their different roles in the interaction. We determined at the start of our study that the concept of value co-creation resembles ‘nascent’ theory, characterised by tentative insights into new phenomena and requiring novel frameworks intended for subsequent investigation (Edmondson & McManus, 2007). In line with the recommendations of Edmondson and McManus (2007) for achieving a

methodological fit between the developmental stage of theory and methods for data collection used, we therefore chose an exploratory qualitative study design. Qualitative research generates idiographic description, i.e. ‘thick’ or in-depth, context-rich data (Silverman & Marvasti, 2008). Due to its ability to uncover meaning, qualitative data was deemed to be most appropriate to enable us to achieve our research objectives and gain detailed insight into the phenomenon of value co-creation (Bryman, 2012).

### *Sample and data collection*

We were interested in exploring a service sector that, in contrast to industries such as banking or financial consulting, had received comparatively little attention in marketing research so far. Therefore, we selected the fine arts auction business as a setting for our study, as it features a number of characteristics that are highly interesting for investigations into co-creative processes. The participating auction houses (five from different European countries and one from the US) operate internationally, are major players in their respective domestic markets and have a diverse customer base. Their clientele consists of both buyers and consignors of art, between which the auction houses act as intermediaries receiving remuneration from both actors.<sup>3</sup> However, these two parties are often inseparable as many customers sell objects to purchase others in turn (Robertson & Chong, 2008). Further, customers are highly international and heterogeneous, ranging from novices selling an inherited object to experienced private collectors, professional dealers, museums and corporate collections (Robertson & Chong, 2008). They come from all walks of life and backgrounds, have a wide variety of (financial as well as emotional)

---

<sup>3</sup> To avoid confusion, we differentiate between the two types of auction house customers by using the terms ‘buyer’ and ‘consignor’ (the denotation of sellers of artworks in the auction business). The term ‘seller’ is reserved to denote the service provider throughout our paper.

reasons for buying and selling at auction and thus seek to gain very diverse kinds of value from the art specialists' services.<sup>4</sup> Customer interactions range from discrete transactions to close generation-spanning relationships. This variety of multi-level interactions and the fact that the customers comprise both buyers and sellers of art, whose value-generating processes can differ considerably, make our chosen context particularly interesting for the study of interpersonal co-creative interaction.

Since competition (especially for high-quality consignments) is fierce, the auction houses implement comprehensive relationship marketing strategies to foster customer loyalty (Thompson, 2008). The focal point of these relational activities are the specialists, as they do not only evaluate objects of art, but constitute the sales personnel of an auction house who act as relationship managers and the main point of contact for clients (Thornton, 2008).<sup>5</sup> Besides functioning as business getters by actively pursuing consignments, the specialists also offer guidance on purchases and collections in their role as consultative value co-creators (Liu & Leach, 2001). They are thus in a key position to provide advice in episodic transactions as well as develop long-term connections to promising customers. While the clientele is arguably more diverse than in other service sectors, the scope of the specialists' role and the auction houses' relational focus are therefore similar to the orientation of other service providers, e.g. law firms, real estate and travel agencies, architects or financial consultancies.

The participating auction houses were recruited initially via a personal contact (cf Tuli et al., 2007) and then through snowball sampling (Bernard & Ryan, 2009). Consistent with other

---

<sup>4</sup> The most common reasons for selling at auction are known as 'The Three Ds': death, debt and divorce (Thompson, 2008).

<sup>5</sup> When describing our empirical research, we use the term 'specialist' to identify the sales personnel of an auction house, as this denotation is commonly used in the auction business. The terms 'salesperson' and 'salespeople' are used when developing our paper conceptually and abstracting our findings into theory.

qualitative marketing studies (e.g. Tuli et al., 2007), in-depth interviews were conducted with 18 art specialists and 13 customers over a period of six months. The specialists were suggested by their respective auction house based on their availability during our fieldwork visits. Further, we requested contact details of in total 60 ‘representative’ customers in terms of the duration of their dealings with the auction house, their activities as buyers and/or consignors, as well as the closeness of their relationship to the specialist. From the overall list, 20 customers were randomly chosen and contacted. 13 agreed to participate in our study. Although it can be difficult to establish the appropriate size of a sample in qualitative research, research of this type looks for ‘theoretical saturation’ (Glaser & Strauss, 1967), and there is evidence that 20-60 knowledgeable individuals are sufficient to gain understanding of any specific lived experience (Bernard & Ryan, 2009; Creswell, 2007). The total number of participants in the present study amounts to 31, thus corresponding with this argument. Tables 1 and 2 provide an overview of the background of the respondents.

**Table 1: Overview of respondents (art specialists)**

<b>Alias</b>	<b>Age</b>	<b>Gender</b>	<b>Position</b>
Specialist 1	30-40	Male	Specialist for Old Masters
Specialist 2	50-60	Male	Head of Contemporary Art Department, Board Member
Specialist 3	40-50	Male	Specialist for Art Deco/Jewellery, Managing Director
Specialist 4	40-50	Female	Head of Modern Art Department
Specialist 5	40-50	Male	Specialist for Modern Art and Silver, Board Member
Specialist 6	40-50	Male	Head of Furniture and Decorative Arts Department
Specialist 7	30-40	Male	Head of Fine Arts and Antiques Dept., Board Member
Specialist 8	50-60	Male	Specialist for Modern Art
Specialist 9	40-50	Male	Specialist for Modern Design
Specialist 10	30-40	Female	Specialist for Photography
Specialist 11	50-60	Male	Specialist for Old Masters and Sculptures
Specialist 12	40-50	Female	Specialist for Applied Arts
Specialist 13	30-40	Male	Head of 19 <sup>th</sup> Century Paintings Department
Specialist 14	40-50	Male	Specialist for Old Masters
Specialist 15	50-60	Male	Head of Old Masters Department, Managing Director
Specialist 16	30-40	Male	Specialist for Autographs
Specialist 17	40-50	Male	Head of Africa-American Fine Art Department
Specialist 18	30-40	Female	Specialist for Prints and Drawings

Please note: Denotations for departments may vary between auction houses.

**Table 2: Overview of respondents (customers)**

<b>Alias</b>	<b>Age</b>	<b>Gender</b>	<b>Position</b>	<b>Interaction Type</b>
Customer 1	60+	Male	Private collector	Regular buyer/consignor for 40 years; relational interaction with specialist
Customer 2	50-60	Male	Private collector	Regular buyer/irregular consignor for 26 years; relational interaction with specialist
Customer 3	50-60	Male	Unknown	Regular buyer/irregular consignor for 3 years; transactional interaction with specialist
Customer 4	60+	Female	Private collector	Irregular buyer/consignor for 55 years; transactional interaction with specialist
Customer 5	40-50	Male	Private collector	Regular buyer/consignor for 12 years; relational interaction with specialist
Customer 6	30-40	Male	Private collector	Irregular buyer/consignor for 4 years; transactional interaction with specialist
Customer 7	50-60	Male	Private collector	Regular buyer/rarely consignor for 25 years; relational interaction with specialist
Customer 8	60+	Female	Private collector	Regular buyer/rarely consignor for 7 years; transactional interaction with specialist
Customer 9	40-50	Male	Professional art dealer and private collector	Regular buyer/consignor for 12 years; relational interaction with specialist
Customer 10	50-60	Male	Unknown	Regular buyer/consignor for 30 years; transactional interaction with specialist
Customer 11	50-60	Male	Professional art dealer and private collector	Regular buyer/consignor for 17-20 years; relational interaction with specialist
Customer 12	40-50	Male	Professional art dealer	Rarely buyer/regular consignor for 10 years; transactional interaction with specialist
Customer 13	50-60	Male	Private collector and professional art consultant	Regular buyer/consignor for 15-20 years; relational interaction with specialist

The in-depth interviews with specialists from the European auction houses were conducted face-to-face. The US- specialists and all customers were interviewed via telephone. This combination of face-to-face and telephone interviews is justified as there is evidence that both methods generate findings of comparable depth and validity (De Leeuw, Mellenbergh, & Hox, 1996; Emans, 2008). Prior to the start of our fieldwork, Layder's (1993) research resource map (enabling the analysis of social activity in its respective context) allowed us to organise the research questions derived from a preliminary literature review hierarchically and in a gradually narrowing manner before 'translating' them into actual interview questions. This initial interview guide was subsequently adapted to the two respondent groups (see Appendices 1 and 2) to gain insight into the different perspectives on the value derived from the interaction. These interview guides were tested on eight MBA students with previous management experience to ensure the questions were worded in a non-directive manner to avoid 'active listening' (McCracken, 1988). During the actual interviews, the researcher encouraged the informants to determine the flow of the conversation and to share anecdotes, examples or other details to generate rich insight into the respondents' experiences. All interviews were tape-recorded. On average, the specialist interviews lasted 60 minutes and the customer interviews 35 minutes.

### *Data analysis*

The interview data was transcribed verbatim and managed with NVivo, alongside field notes, informant contact information, reflective research diary entries and other relevant documents. The interview transcripts were analysed employing qualitative content analysis, defined as 'a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns' (Hsieh &

Shannon, 2005, p. 1278). It aims at achieving a condensed portrayal of a phenomenon by closely examining and distilling considerable amounts of text into relevant contextual categories that emerge inductively from the data (Elo & Kyngäs, 2008). These categories were ‘translated’ into codes, which were gradually refined and increased in number according to the interviewees’ accounts (see Table 3 for examples of NVivo codes and categories). This iterative coding process ensured that the richness of the data was exhausted and knowledge of the encountered descriptions and patterns refined.

Table 3:

## Examples of NVivo codes, categories and themes

Themes	1 <sup>st</sup> Order Categories	2 <sup>nd</sup> Order Categories	NVivo Codes
Value co-creation	<ul style="list-style-type: none"> <li>▪ Value/benefits for customer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transactional/episode value</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consignor – high price</li> <li>▪ Buyer – low price</li> <li>▪ Buyer – coherent description</li> <li>▪ Auction atmosphere</li> <li>▪ Prestige</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Relationship value</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interaction/ dialogue</li> <li>▪ Emotional attachment</li> <li>▪ Advice/exchange of ideas</li> <li>▪ Learning</li> <li>▪ Customer community</li> <li>▪ Contacts</li> <li>▪ Security</li> <li>▪ Tailored terms and conditions</li> <li>▪ Relationship to specialist is <u>not</u> valuable</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Value/ benefits for specialist</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transactional/episode value</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consignor – artwork</li> <li>▪ Consignor – provenance</li> <li>▪ Buyer – money</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Relationship value</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quick negotiations</li> <li>▪ Repeated consignments</li> <li>▪ Customer loyalty</li> <li>▪ Learning/ information</li> <li>▪ Contacts/referrals</li> <li>▪ Relationship to customer is <u>not</u> valuable</li> </ul>

*Reliability and validity*

The overall research process aimed at securing analytical rigor and a high level of validity and reliability by implementing the procedures suggested for qualitative research by LeCompte and Preissle Goetz (1982) and Silverman and Marvasti (2008). *Reliability* was obtained by making the research process as transparent as possible to facilitate its imitation without compromising the participants' anonymity. Careful maintenance of all relevant data with NVivo means that external researchers accessing our records could replicate our study. *Validity* was achieved through comprehensive data treatment, i.e. exposing the interview data to repeated scrutiny and interpretation to ensure consistency between our findings and the conceptualisation that was derived from them.

As recommended by Silverman and Marvasti (2008), our interview data was gathered in a recursive manner to enable constant comparison and validation of emerging themes until theoretical saturation was reached. Particular attention was paid to the potential emergence of deviant cases in our analysis. We did not, however, encounter any instances of findings being sufficiently different to be classified as deviant. Further, the triangulation of the two data sets (customers and art specialists) was useful to reflect the complexity of the investigated interaction and obtain deeper understanding of the explored phenomena (Creswell, 2007; Silverman & Marvasti, 2008). Finally, our diverse sample of customers and specialists from six different organisations and countries enabled us to see whether insights gained from employees and customers of one auction house could be refuted in another setting. We found, however, that our findings were consistent across each of the organisational contexts despite the different cultural settings in their respective home markets in which the auction houses operate. Similarly, we were interested to see whether variations in organisational culture due to different time spans of being

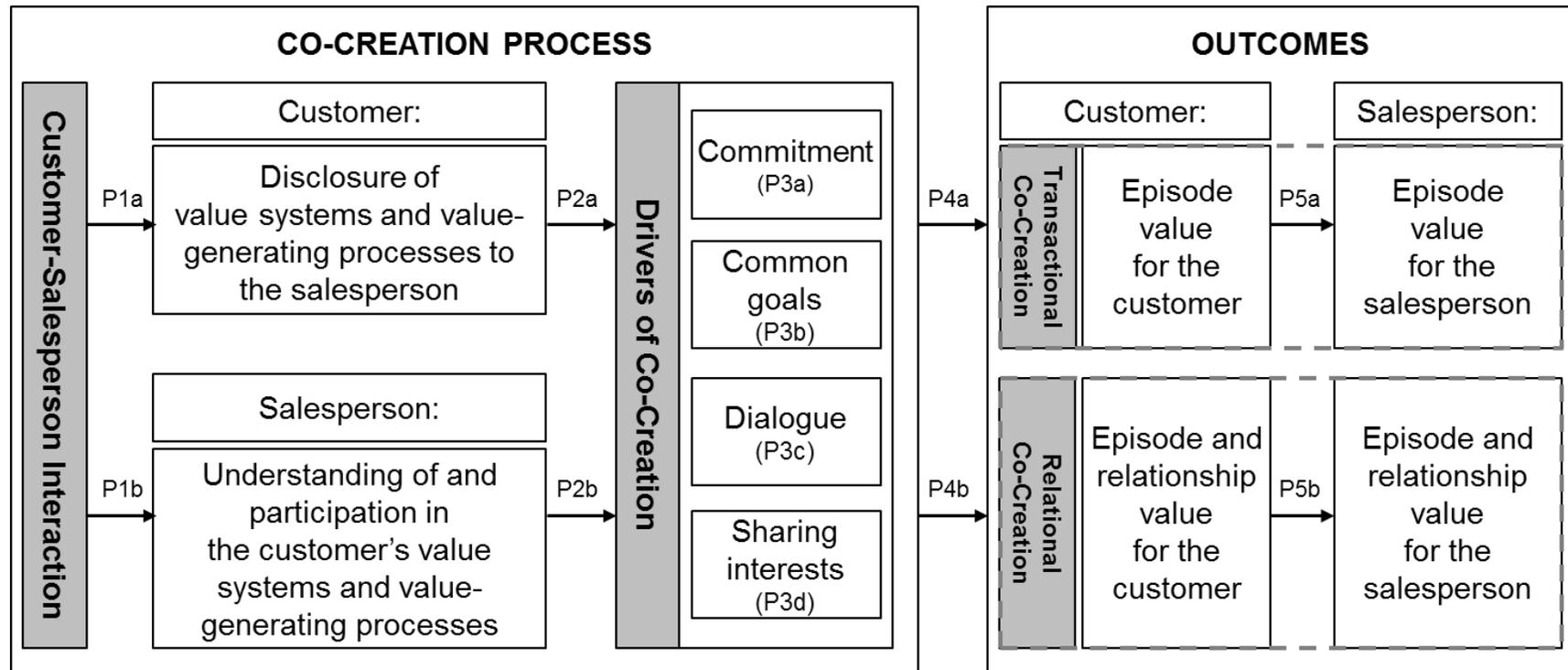
in business would influence the consistence of our results, as the auction houses' founding years range from 1798 to 2002 and accordingly their self-perception and promoted image range from traditionalism and heritage to youthful innovativeness. However, no inconsistencies were encountered in our findings that could be ascribed to these differences. The results derived from this research are presented and conceptualised in the following model, and a set of propositions are developed.

### **Findings and development of propositions**

This section begins by discussing the evidence from the interviews to determine how the value co-creation process evolves in customer-salesperson interaction, as well as identify which elements engender this process and the dimensions of value realised between the two parties. Our findings were abstracted into a model (see Figure 1) and a related set of propositions. While we assume that the interaction and co-creation process depicted in our framework can, to a certain extent, also apply to other service provider employees operating at the customer interface, we only refer to the salesperson (i.e. the specialist in our study) to ensure consistency with our research focus on these two actors.

Figure 1:

## Value co-creation in customer-salesperson interaction



*Customer-salesperson interaction and value co-creation*

In line with Vargo's (2009) suggestion that the purpose of interaction and business relationships (in both B2C and B2B settings) is the co-creation of value, Ballantyne and Varey (2006) conceptualise *relating*, i.e. developing relationships based on repeated interaction, as a basic co-creative enabler, and we concurred with this notion when exploring the interaction between auction house specialists and customers.

*'In the auction world... you need to take care of both the individual and the individual's merchandise in a way in which it's handled both in the courtship phase to get the merchandise, down to selling off the merchandise, to paying for it. There is a whole series of different interactions that have to go well to make the relationship work.'*

*(Customer 11)*

*'It was just a matter of time, I mean when I first went in 2001, [this expert] didn't know me more than a face. But I started consigning better and better material... and so over the years that has developed into a valuable relationship, in that it's not just professional. I think it took maybe four or five years of consigning in many auctions before we started to feel comfortable with each other.'* (Customer 12)

Over the course of such interaction episodes, the customer begins to disclose their reasons for buying and selling, which can be very private, as well as their personal interests and background, expectations in terms of the service process and the benefits they hope to obtain from it. In the auction context, these can be argued to constitute the customer's value systems and their related value-generating processes (Grönroos, 2004; Payne et al., 2008).

*'If the relationship is closer, you naturally reveal more... The expert knows everything about me. He knows my financial means, he knows what I have [in my collection], what I*

*would like to get rid of etc. He knows the score in every detail, because I trust him for many years.’ (Customer 2)*

*‘You are dealing with very different people from all walks of life, with different interests and passions ... People want to tell you their stories and you have to try and see things through their eyes, where they are coming from, why they are collecting...’ (Specialist 17)*

*‘There’s a lot of irrational feeling [in auctions], you have to be able to understand what is important for those buyers or consignors, and then try to focus on that, on top of the basic services that we provide all our customers [with]. We just know that all information, how insignificant it might seem at first, it can be important...’ (Specialist 7)*

By revealing their value systems, the customer advances the co-creation process from *relating*, i.e. engaging in relationship development according to Ballantyne and Varey (2006), and on to *communicating* the nature of the value they seek. That way, the customer also lays the basis for the third co-creative enabler, i.e. *knowing*, by allowing the auction house specialist to explore and engage in the former’s value-generating processes. Accounting for the specialist’s function as the auction house’s salesperson, we propose:

**P<sub>1a</sub>: Over the course of their interaction, the customer discloses their value systems and value-generating processes to the salesperson.**

**P<sub>1b</sub>: Over the course of their interaction, the salesperson identifies and participates in the customer’s value systems and value-generating processes.**

As the salesperson’s identification of the customer’s value systems and value-generating process enables co-creation (Grönroos, 2008), the customer’s willingness to communicate this

information is also necessary to engender successful joint value realisation. Asked how this process influences their interaction, most interviewees explained that it increases the value of the customer's service experience considerably.

*'If the specialist knows in which direction I'm heading and understands the orientation of my collection, he can advise me much more competently than if he only has a nodding acquaintance with me or has no idea about the pieces in my collection.'* (Customer 1)

*'The problem with my collection is that it is so specific... so the more the specialist knows, the more he can look around for me... If both parties work together like that, then I think it can be a very fruitful cooperation.'* (Customer 5)

*'When you learn about somebody, you learn all about [their motivations and interests]... and knowing all of those things helps you to better serve them as a client. We can certainly tailor our business to meet the needs of our clients through knowing things like that.'* (Specialist 18)

To be able to engage in the customer's value systems and value-generating processes, the specialist first needs to understand what exactly a client values and how they realise this value. Since value systems are dynamic constructs (Payne et al., 2008), the specialist has to be aware that the value sought by a customer might change and adapt to this state of flux to ensure continuous joint value realisation (Kowalkowski, 2011). Accordingly, the third enabler in Ballantyne and Varey's (2006) framework, i.e. *knowing*, encompasses knowledge renewal, as in particular the salesperson's tacit and explicit understanding of the customer's value systems has to be constantly updated and reviewed. Awareness of these value systems enables participation in the customer's value-generating processes and the co-creation of the value sought by latter. It is proposed:

**P<sub>2a</sub>: The customer's disclosure of their value systems and value-generating processes to the salesperson enables engagement through the drivers of value co-creation.**

**P<sub>2b</sub>: The salesperson's understanding of and participation in the customer's value systems and value-generating processes enables engagement through the drivers of value co-creation.**

*Drivers of the value co-creation process*

To permit the practical realisation of Ballantyne and Varey's (2006) conceptualisation of the three co-creation 'enablers', the characteristics that drive co-creation forwards need to be explored. The first element encountered was a high degree of commitment, i.e. lasting desire to invest maximum effort into maintaining a connection (Morgan & Hunt, 1994) that is required from both the specialist and the customer. A number of specialists stated that they would advise a client against a particular transaction if it was not ideal for the customer, thus proving that their connection is more important than making a profit in the short term.

*'It's a question of ... being able to say 'Well, this would be good business for me but I won't recommend you to do it because the time is not right, the price is not right' and so on. It's very important to keep it on a long-term scale.'* (Specialist 7)

Specialists also habitually assist customers with transactions outside of their own auction house, e.g. accompanying them to art fairs or galleries, advising them on works of art offered elsewhere or even bidding on their behalf in other auctions. Several customers were found to reciprocate with a comparable level of dedication. Some clients reported classifying other works

of art for the specialist, thus investing time and effort even though it does not concern their own transactions.

*'Of course I know [specialists from other auction houses] and they do sometimes make recommendations... but I don't know them well enough to fully utilise their expertise without bias because I know that their auction houses' interests have priority. So I have to say, the specialist from [this auction house] really takes an eminent position for me.'*

*(Customer 2)*

Pursuing common goals emerged as another element of the value co-creation process, even though the customer's objectives are ultimately the focus of their interaction.

*'The decisive factor is that the specialist who advises you does not pursue their self-interests, but mine. That's the only way you can work together in a worthwhile manner.'*

*(Customer 2)*

Both specialists and customers remarked that their cooperation works best when pursuing the same goal instead of opposing ones, although paradoxically the former may also not lose sight of the auction house's interests while trying to achieve the best result for the client. For consignors, the main objective is to obtain a high price at auction. For buyers, however, the aim is not necessarily to purchase an object at a particularly low price, but to receive as much information about an item as possible and to find the acquired work is consistent with its description. Several respondents also listed the aim of developing and shaping the collection of private consignors and buyers, which requires commitment and investment in terms of time and effort from both parties. These previous drivers of the value co-creation process entail that customer and specialist work together to achieve their mutual goal and maximise their respective benefits (Cannon & Perreault, 1999).

*'[This specialist] is the exception. He's the one guy that absolutely will influence what I buy and what I consign, because I know he is also passionate about what he does... There are a lot of times where we'll sit down and go through the catalogue before it comes out ... and I would get ideas from him that would have never occurred to me... The feedback that I get saves me a lot of really bad decisions ... and that's critical for me.'*

*(Customer 12)*

Many customers do not only value the dialogue that emerges when working together, but also appreciate being actively encouraged to share their views. This lends a sense of being equal, which reduces feelings of dependence and constitutes a sound basis for a truly joint value realisation process, as the customer actively contributes their own input and resources if they perceive the interaction to be equitable (Auh et al., 2007).

*'[This specialist] will actually ask my opinion on things. And we'll discuss it openly and that's really rare with any of these people that I deal with in any auction house ... There is a give and take as opposed to just 'This is the way it is, deal with it.'* (Customer 13)

Such collaboration enables both parties to pursue a mutual aim that addresses not only the value sought by the customer, but also allows the specialist to increase the auction house's scope, e.g. by developing the market for objects by a particular artist. It is also facilitated by the fact that the actors do not only do business together, but also share an interest in or passion for art. This notion of sharing interests and attitudes, termed 'similarity', comprises an individual's belief that the other party has the same values<sup>6</sup> as themselves, therefore ascribing benign intentions to a 'similar' party (Crosby, Evans, & Cowles, 1990; Palmatier, Dant, Grewal, &

---

<sup>6</sup> We concur with Ballantyne and Varey (2006) in defining 'value' as an 'interactive relativistic preference experience' (Holbrook, 2006, p. 212), whereas 'values' denote the criteria or guiding principles by which this assessment is made. We use these two terms accordingly throughout this paper.

Evans, 2006). This mutual passion for art provides both customer and specialist with a favourable basis and valid *raison d'être* for their personal interaction.

*'I think you are able to share more ... it's not just a simple business transaction, I'm not just putting the painting of yours on the auction block and sending you a cheque. It's about –especially with art –people's interests and passions. I think that's the thing that also ties us really closely with the consignors and buyers, we all have a passion for this work and the material.'* (Specialist 17)

In that sense, customers seek 'relationship partners' who understand them and reinforce their values (Gremier & Gwinner, 2000). These mutual interests offer a sound basis for the co-creation of value, as they facilitate interaction and assure the participants that they have comparable priorities.

By establishing these drivers of value co-creation – commitment, dialogue, mutual goals and sharing interests – in the customer-specialist interaction, the former's service experience becomes highly personalised. From the specialist's point of view, the basic parameters and processes are usually the same – analysing and evaluating works of art for consignors, acquiring them for an auction and advising buyers on potential purchases. By entering into a dialogue to share interests and work together, however, the specialist is able to individualise this process to achieve a mutual goal and co-create the desired value. Considering the specialist's function as a salesperson, it is proposed:

**P<sub>3a</sub>: The customer's and salesperson's commitment to their interaction engenders successful co-creation of value.**

**P<sub>3b</sub>: Pursuing common goals in the customer-salesperson interaction engenders successful co-creation of value.**

**P<sub>3c</sub>: Dialogue in the customer-salesperson interaction engenders successful co-creation of value.**

**P<sub>3d</sub>: Sharing interests in the customer-salesperson interaction engenders successful co-creation of value.**

*Episode and relationship value for the customer*

As the determination of rigid value classifications can be futile (Corsaro & Snehota, 2010), this study only differentiates value along the temporal spectrum and distinguishes between episode and relationship value (Ravald & Grönroos, 1996), thereby referring to the two levels of interaction outlined by Anderson (1995). The former type of value consists of elements that augment value for a customer on an episode basis, for example superior service or product features, brand reputation or additional support services, and impacts significantly on the customer's decision of which provider to utilise (Ravald & Grönroos, 1996).

On the episode level, the nature of the auction sale itself is valuable to both consignors and buyers in every transaction. For consignors, the auction process involves a possibility to achieve a considerably higher price than when selling a piece of art to a dealer. For buyers, in turn, the bidding process provides reassurance that others are interested in the same piece of art, i.e. they are paying a price determined by public demand, not the profit calculations of a dealer. Both parties also value the prestige obtained through dealing with a representative from a reputable auction house. These benefits can be termed 'episode value', as they are appreciated by all clients irrespective of whether they dealing on a transactional exchange basis or have developed a long-standing connection to the specialist.

Once a longer-term relationship has been established between customer and salesperson, the concept of value assumes a deeper meaning relating to safety, security and credibility. Over the course of a few transactional sequences, the client begins to trust the salesperson to stand by their promises and the connection takes on a long-term outlook (Johnson, Barksdale, & Boles, 2003; Ravald & Grönroos, 1996). As the parties involved in a professional relationship obtain complex personal non-economic advantages from engaging in social interaction (Hennig-Thurau, Gwinner, & Gremler, 2002; Sheth & Shah, 2003), relational customer-specialist interaction enables both actors to realise value that would not be accomplishable on an episode basis. It was found that the relationship to the specialist was very important for customers – as they genuinely get pleasure from their interaction, it becomes a value in itself.

*'For me, this [relationship to the specialist] is valuable in the sense that I really just enjoy it... It's a dimension to the business that I didn't expect, and it just came, and it's just fun, it's just plain fun.'* (Customer 13)

Customers also listed other relationship value that they can only achieve through the connection with the specialist, such as on-going advice on building their collection and using the specialist as a 'sparring partner' to exchange opinions and ideas. This discourse is an integral part of their activities as collectors or dealers and, according to several customers, as important as the profit that can be made from an individual transaction.

*'You need someone to talk to... Over time, you really need a confidant to talk about [your] plans or exchange views on an item, assess its value.'* (Customer 1)

*'I benefit from the relationship [with the specialist] because of both our agreements and sometimes our differences of opinion in specific cases. I think it is very important to*

*discuss issues properly and try to consider and respond to the views of the other person.'*

*(Customer 4)*

Frequent dealings with the specialist also offer a platform to meet other customers interested in the same or similar fields, and the resulting contacts are particularly valuable for collectors and dealers. More informal and shortened processes as well as customised terms and conditions of business constitute further relational value. As Specialist 18 pointed out:

*'Of course consignors would like to have a close relationship with the specialist, because it may even mean something like specialists going the extra distance to make the connection between the consignor and the buyer... And we are more likely to take a piece belonging to somebody who is a major consignor than somebody who is not.'*

Which of these two value types – episode or relationship value – is ultimately co-created in the customer-specialist interaction presumably depends on two determinants: First, the customer's profitability for the salesperson, i.e. the specialist (Harker & Egan, 2006; Sheth & Shah, 2003), as it determines how much time and effort the specialist is willing to invest into the co-creation process. Second, the type of value co-created is also subject to the relational preferences of the customer (Grönroos, 2004; Kowalkowski, 2011). Although some customers are only interested in individual exchange transactions and the associated episode value, such as achieving high prices and attaining prestige, other clients seek relationship value obtained through the long-term interaction with the specialist. Nevertheless, a long-standing relationship also comprises series of individual transactions (Ford & Håkansson, 2006; Harker & Egan, 2006). If the customer-specialist interaction proceeds without disruptions, episode value will always be realised, irrespective of whether the exchange takes place in a transactional or relational context. Relationship value, however, can only be co-created in a long-standing

customer-specialist connection. Despite this distinction, it is important to note that both value types are *co-created*, as ‘value obtained in conjunction with market exchanges cannot be created unilaterally’ (Vargo & Lusch, 2008, p. 8) and neither actor would be able to realise them on their own. The difference between the types lies in the duration and depth of the customer-salesperson interaction, which determines whether only episode value or both episode and relationship value are co-created for the benefit of the two actors. It is proposed:

**P<sub>4a</sub>: In successful transactional interaction, the customer and salesperson co-create episode value for the benefit of the customer.**

**P<sub>4b</sub>: In successful relational interaction, the customer and salesperson co-create episode as well as relationship value for the benefit of the customer.**

#### *Episode and relationship value for the salesperson*

Similar to the specialist’s role, the service quality and the outcome of the co-creation process also depend on the customers’ input, as they utilise their own resources to transform the value potential of the organisation’s resources into actual value-in-use, thus achieving the favourable results together with the specialist at the point of consumption (Grönroos, 2008; Grönroos & Voima, 2013). In this context, we found that while joint value realisation focuses on the clients’ value systems and value-generating processes (Grönroos, 2004; Grönroos & Voima, 2013), the specialist also benefits from the customers’ input and involvement in co-creation. Thus, both actors become users of each other’s resources and thereby mutual value facilitators (Grönroos, 2012), implying that through co-creating value for the customer, they also realise value for the salesperson.

Within the episode dimension, buyers supply – apart from their wish to build their collection or increase their stock – first and foremost financial means to purchase an object.

*'Sometimes we bring money, if we are buying something. We have spent a lot of money there at [this auction house]. We also bring under-bidding, not for the purpose of underbidding, but certainly as auctions go the specialists want to have bidders, and we have been vibrant bidders.'* (Customer 13)

In that sense, buyers constitute the audience without which a specialist could not attract consignors. The latter, in turn, provide the works of art (and information regarding its provenance), i.e. the essential goods around which the specialist's whole service offering revolves. These episodic benefits are gained by specialists from every transaction, irrespective of whether it takes place in the context of an established relationship or not. However, they derive even more important relationship value from their long-standing connections to customers, e.g. reduced transaction costs (Cannon & Perreault, 1999).

*'The language tends to be more informal and the interactions tend to be speedier, more to the point, it just tends to facilitate everything – if there's a problem that comes up, it will make it easier to rectify.'* (Specialist 16)

An established connection to a customer can also stimulate re-purchase of the service (Biggemann & Buttle, 2012; Palmatier et al., 2007), i.e. repeated consignments.

*'In a way, I wanted to show my appreciation for our long-standing trusting relationship. I could have consigned [this object] somewhere else, that would not have made a difference to me, but in buying as well as selling I place my trust in [this auction house], in that the specialist has advised me so well over so many years that I wanted to accord him the transaction and not somebody else.'* (Customer 2)

According to Lusch et al. (2007), the customer's resources contributed to the co-creation process can also comprise skills or information. Accordingly, we found that a substantial group of auction house customers has acquired extensive knowledge about their specific field and the specialists often benefit by learning from them.

*'A lot of the people that come to [me] are some of the most educated men and women in the world in the field, and the benefit of their expertise is something that I'm incredibly appreciative of. I feel like I learn a lot and have learnt a lot over the years from my customers.'* (Specialist 18)

Several customers regularly help out their respective specialists by evaluating objects offered for consignment by other clients. Some customers are also active in wide-spread networks of collectors within their field. These contacts can be invaluable for a specialist in terms of obtaining market information and referrals (Johnson et al., 2003).

*'Both parties complement one another, because I also know what the auction house looks for and offers in its sales. A collector naturally has very good contacts, maybe also to people whom the specialist does not know, and then you can put them in touch. And vice versa – I think it is a very fruitful reciprocal cross-pollination.'* (Customer 5)

These referrals mainly occur due to the customer's long-standing relationship to the specialist. Similarly, they would be less willing to pass on valuable expertise or contacts if they only dealt with their specialist on an episode basis, as the experiential benefit derived from co-creation would be smaller. Thus, the creation of value becomes *mutual*, as value can only occur at the intersection of the two actors (Ballantyne & Varey, 2006; Vargo & Lusch, 2008) and through co-creating value for the customer, they also realise value for the specialist. Again accounting for the specialist's salesperson role, it is proposed:

**P<sub>5a</sub>: Through the successful co-creation of episode value for the customer in transactional interaction, the two parties also co-create episode value for the salesperson.**

**P<sub>5b</sub>: Through the successful co-creation of episode and relationship value for the customer in relational interaction, the two parties also co-create episode and relationship value for the salesperson.**

### **Discussion and conclusion**

Value co-creation has reached a fork in the road: we can either continue to deepen its abstraction, or use its current level of conceptualisation to explore and advance its realisation in practice. We adhere to the latter position and think that our knowledge of value co-creation needs to shift from its current abstract towards a more palpable state to enable us to explore the concept's implementation in businesses and develop viable recommendations for practitioners. Our study offers a number of contributions intended to take us another step towards these objectives. (1) We examined the process of value co-creation and identified commitment, common goals, dialogue and shared interests as variables enabling co-creative interaction. (2) We recognised that, depending on the nature of the interaction, the customer and salesperson co-create episode value in discrete transactions and both episode *and* relationship value in relational exchange. (3) We explored the benefits of the co-creative process not only for the customer, but also the salesperson (and thus the service provider) in a B2C setting by placing equal importance on the perspectives of both actors throughout our study. (4) Our findings have been integrated into a set of propositions and a conceptual model that is considerably less abstract than its precursors (e.g. Ballantyne & Varey, 2006; Hilton et al., 2012) and lends itself to quantitative

testing, therefore enabling further advancement and refinement of our understanding of co-creative interaction.

We found that the customer-salesperson interaction is the nucleus of value co-creation, which is characterised by both parties' sense of commitment to each other and their dealings. This is indispensable, as disclosing (potentially personal) value systems and engaging in value-generating processes is a more complex process than the delivery and consumption of a standard service. *Mutual* commitment rather than a unidirectional sentiment (from the salesperson to the customer) is necessary, as the joint realisation of value requires investments in terms of time and/or effort from both actors, and either might be unwilling to make these if the other party does not reciprocate. This intricate notion of give and take is also related to the achievement of a common goal that in turn is accomplished through equitable cooperation and dialogue. Only through the alignment and correspondence of their objectives can the participants jointly realise value for each other. Further, mutual value creation entails that both customer and salesperson regard each other as equal contributors to their (transactional or relational) exchange. This does not mean that both parties necessarily have similar skills, e.g. comparable levels of expertise, but that they complement each other, appreciate each other's function in the co-creative process and understand that they are interdependent – one could not realise value without the other. Finally, we found that the co-creative interaction is facilitated by shared interests, which assure the participants of their similar priorities. Humans often seek validation, and it seems plausible that a complex and intense process such as co-creation is expedited by a sense of common attitudes and values. Whereas the previously identified elements seem clearly interrelated and thus indispensable for the achievement of value co-creation, however, it remains to be seen to what extent the co-creative process is contingent on this last variable.

Overall, these four characteristics – commitment, common goals, dialogue and shared interests – have arguably been identified before as important elements in related research areas such as relationship marketing (e.g. Crosby et al., 1990; Grönroos, 2004; Morgan & Hunt, 1994). However, to the best of our knowledge we are the first to recognise their significance in interactive and mutual value realisation, thereby substantiating the co-creative process. This constitutes a starting point for the identification of additional characteristics, as the co-creation of value is undoubtedly driven by a multitude of interrelated elements. These have to be recognised to fully understand how joint value realisation unfolds in practice and develop viable conceptual frameworks.

We also investigated the outcomes of co-creation and encountered two distinct but interrelated types of value, which are realised depending on the nature of the customer-salesperson interaction: episode and relationship value. We found that while the two actors always co-create episode value in successful transactional interaction, they only also co-create relationship value in relational exchanges. The distinction between these two value types is critical, as service industries can be placed on a spectrum ranging from episode-based to highly relational (Liljander & Strandvik, 1995). An increasing amount of service sectors such as healthcare, real estate agencies, law firms, architects or financial consultancies are moving towards the latter type of offering, and it seems intuitively more obvious that greater value is co-created within relational contexts. Our research, however, shows that co-creative processes are not limited to relational interaction. There are circumstances in which episode value might be more important to customers than the relational type of value, e.g. in public transport, and other industries which operate on a purely transactional basis. Our research demonstrates that this does

not preclude co-creative processes, as episode value can be jointly realised even in a discrete exchange.

In our exploration of these types of value, we considered the perspectives of both customer and salesperson, and not only examined the value realised for the former, but also the significant transactional and relational benefits that the co-creation process entails for the latter. This constitutes an important and interesting nuance of the value co-creation concept that has largely been ignored so far. Most studies usually concentrate on the buyer (e.g. Biggemann & Buttle, 2012) and thus leave the question unanswered of why the seller should actually engage in co-creation. Implicit to service-dominant logic is the idea that joint value realisation results in more satisfied customers, but further benefits for the seller have not yet been articulated. We would argue that this single advantage might not always be sufficient to warrant the investment in terms of time and/or effort that is required from the salesperson, making the identification of additional benefits paramount. Our study has started to address this issue.

Since we investigated B2C interaction, our work also supports the observation of Sheth and Uslay (2007) and extends the conceptualisation of Songailiene *et al.* (2011) by showing that mutual value creation is not limited to professional contexts, as B2C environments can also involve considerable benefits for the salesperson (and thus the service provider). Moreover, the evidence found through this research refutes Vargo's (2009) claim that the seller is unlikely to need the customer's input beyond the remuneration paid. The types of value identified in our study indeed comprise very specific benefits for the salesperson that can significantly enhance their performance, e.g. increased knowledge, repeated purchases or referrals. The customers often realised this value deliberately, which provides empirical confirmation to Woodruff and Flint's (2006) consideration of the customer's role by showing that they indeed actively engage

in the co-creation of mutual value. In that sense, we advance understanding of the co-creation process by demonstrating that the divide between a ‘customer’ and a ‘salesperson’ is transcended, as both parties continuously co-create value for each other.

All these findings have been incorporated into a set of propositions and a conceptual model. Both offer enhancements to existing frameworks: Ballantyne and Varey’s (2006) exchange schema is refined by translating their co-theoretical creation ‘enablers’ of *relating*, *communicating* and *knowing* into a precise process model of how value co-creation unfolds in transactional and relational exchange. In addition, the abstract resource-based framework of Hilton et al. (2012) is extended by specifying the different roles that the individual actors take on during the co-creative process to achieve mutual value realisation. Our model makes these so far fairly elusive aspects considerably more palpable and therefore constitutes a stepping stone for future – especially quantitative – research into the co-creation of value.

### *Managerial implications*

As value is always highly subjective and context-specific, it is difficult to give specific recommendations as to how to co-create it with individual customers. However, our study has outlined some of the variables that engender successful co-creation and can be assumed to also apply in other B2C and B2B service contexts with similar buyer-seller dynamics, e.g. law firms or real estate agencies. First, both actors should demonstrate commitment to their interaction and connection, irrespective of whether it has a transactional or a relational character. In particular salespeople wishing to cultivate an on-going relationship should operate with a long-term outlook in mind rather than focusing on short-term gain, as customers will only be willing to reciprocate in the latter case. Both parties have to be aware of and agree on the common

objectives they are working towards. Through dialogue both actors can align these goals, exchange ideas and challenge each other to engender successful value realisation. Both parties, but particularly the salesperson, should also appreciate the opportunity to learn from each other that is inherent in this process. Shared interests and attitudes will facilitate their interaction and create a bond between customer and salesperson that is likely to reinforce and enhance their collaboration and commitment to achieving their mutual goal.

The implementation of these variables in practice, however, requires the establishment of a more equitable cooperation between customer and salesperson than can usually be found in service industries. While this does not necessarily have to refer to the level of knowledge that both actors can offer, it does mean that the salesperson should see the customer as an equal partner in the co-creation of value, with skills and resources that complement their own and from which they can benefit. For some salespeople, this might involve a shift in their understanding of the function that both parties have during the service process. Sales managers should raise awareness among their staff for such a role evolution through adequate training and potentially strive to bring about a change of culture among the sales function that accommodates this enhanced view of customers. To achieve truly mutual value co-creation, it is not just the salesperson that should act as a partner to the customer, but both actors should be partners to each other.

In striving to realise the co-creative process, the salesperson also has to sense the client's relational preferences, as these will determine whether they wish to obtain only episode value or seek to realise both value dimensions. At the same time, the salesperson needs to evaluate the customer's profitability for the service provider and the overall value the interaction might entail for themselves. If a customer seeks relational value from a discrete transaction, the salesperson

should consider whether the exchange is sufficiently worthwhile to invest the required time and effort to co-create such value, or whether it is preferable to disappoint and potentially lose the customer. To make this decision, however, is extremely difficult. In industries such as the auction business or real estate, buyers are assumed to ‘follow’ the object on sale, making vendors (i.e. consignors, or customers who both buy and sell) the focal point of the salesperson’s co-creation efforts. As it is common to approach several service providers to obtain estimates, there is a danger that salespeople will occasionally waste these efforts on customers who then take their business elsewhere. According to our participating art specialists, disloyalty is part of the business and occurs regularly, even despite established customer relationships. Being alert to opportunities, accumulated market experience and the resulting ability to interpret customers’ behaviour seem to facilitate the identification of unprofitable clients, implying that salespeople should consider supporting inexperienced colleagues to enable informal knowledge transfer and skill honing. Only if there is congruence between the transactional or relational character of the customer-salesperson interaction, the value dimensions sought by the former and the benefits that are jointly realised for the latter, can value be co-created on a true ‘actor-to-actor’ basis.

#### *Limitations and future research*

This study has a number of limitations. Some might argue that our qualitative exploratory study design constitutes such a limitation, as there is often a concern about the generalisability of such research. We chose this approach, however, to obtain a methodological fit between the data collection methods employed and the ‘nascent’ theory of value co-creation (Edmondson & McManus, 2007) and deemed analytical rather than statistical generalisability (Gobo, 2004) as more important in this emergent phase. A mixed-method design might have also been beneficial

to achieve our goal of obtaining rich insights into the co-creative process from the perspective of both customer and salesperson. It was not feasible in our chosen research setting though to gain access to a sufficiently large sample of customers to enable a subsequent quantitative data collection stage. As mixed-method approaches are also seen as most beneficial for the investigation of ‘intermediate’ rather than ‘nascent’ theory (Edmondson & McManus, 2007), we prioritised obtaining dyadic data and focused on a purely qualitative research design. A further limitation is that this study took place within a single industry, and it could be argued that researching more service sectors would have enhanced validity. A unilateral focus, however, seemed most appropriate to achieve our aim of gaining detailed knowledge of the involved interactive phenomena and co-creation processes.

In line with these limitations, there are several possibilities for future research. This study focused on the interaction of auction house clients and specialists (i.e. salespeople), but the impact of other employees and customers on the value co-creation process was not considered. Adopting a wider view to include these actors appears to be a promising stance for further research. Further, this work identified four variables that engender co-creation. Since value co-creation is likely to be the outcome of a multitude of intertwined constructs, their potential influence should also be explored to obtain a more complete picture of the involved processes. Finally, our study is based on an exploratory qualitative data collection, and the suggested set of propositions should now be tested quantitatively. The confirmation or rejection of the presented propositions would offer significant contributions to the field of value co-creation in business interaction.

## References

- Anderson, J. C. (1995). Relationships in Business Markets: Exchange Episodes, Value Creation, and Their Empirical Assessment. *Journal of the Academy of Marketing Science*, 23(4), 346-350.
- Auh, S., Bell, S. J., McLeod, C. S., & Shih, E. (2007). Co-production and customer loyalty in financial services. *Journal of Retailing*, 83(3), 359-370. doi: 10.1016/j.jretai.2007.03.001
- Ballantyne, D., Frow, P., Varey, R. J., & Payne, A. (2011). Value propositions as communication practice: Taking a wider view. *Industrial Marketing Management*, 40(2), 202-210. doi: 10.1016/j.indmarman.2010.06.032
- Ballantyne, D., & Varey, R. J. (2006). Creating value-in-use through marketing interaction: The exchange logic of relating, communicating and knowing. *Marketing Theory*, 6(3), 335-348. doi: 10.1177/1470593106066795
- Bernard, H. R., & Ryan, G. W. (2009). *Analyzing Qualitative Data: Systematic Approaches*. Thousand Oaks: Sage Publications.
- Biggemann, S., & Buttle, F. (2012). Intrinsic value of business-to-business relationships: An empirical taxonomy. *Journal of Business Research*, 65(8), 1132-1138. doi: 10.1016/j.jbusres.2011.08.004
- Blocker, C. P., Cannon, J. P., Panagopoulos, N. G., & Sager, J. J. (2012). The Role of the Sales Force in Value Creation and Appropriation: New Directions for Research. *Journal of Personal Sales & Sales Management*, 32(1), 15-27. doi: 10.2753/PSS0885-3134320103
- Bryman, A. (2012). *Social Research Methods* (4th ed.). Oxford: Oxford University Press.
- Cannon, J. P., & Perreault, W. D. J. (1999). Buyer-Seller Relationships in Business Markets. *Journal of Marketing Research*, 36, 439-460.

- Corsaro, D., & Snehota, I. (2010). Searching for Relationship Value in Business Markets: Are We Missing Something? *Industrial Marketing Management*, 39(6), 986-995. doi: 10.1016/j.indmarman.2010.06.018
- Creswell, J. W. (2007). *Qualitative Inquiry and Research Design* (2nd ed.). Thousand Oaks: Sage Publications.
- Crosby, L. A., Evans, K. R., & Cowles, D. (1990). Relationship Quality in Services Selling: An Interpersonal Influence Perspective. *Journal of Marketing*, 54(3), 68-81.
- De Leeuw, E. D., Mellenbergh, G. J., & Hox, J. J. (1996). The Influence of Data Collection Method on Structural Models - A Comparison of a Mail, a Telephone, and a Face-to-Face Survey. *Sociological Methods & Research*, 24(4), 443-472. doi: 10.1177/0049124196024004002
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing Buyer-Seller Relationships. *Journal of Marketing*, 51(2), 11-27.
- Edmondson, A. C., & McManus, S. E. (2007). Methodological Fit in Management Field Research. *Academy of Management Review*, 32 (4), 1155-1179. doi: 10.5465/AMR.2007.26586086
- Elo, S., & Kyngäs, H. (2008). The qualitative content analysis process. *Journal of Advanced Nursing*, 62(1), 107-115. doi: 10.1111/j.1365-2648.2007.04569.x
- Emans, B. (2008). *Interviewing: Theory, Techniques and Training*. Groningen: Noordhoff Uitgevers.
- Ford, D., & Håkansson, H. (2006). The Idea of Business Interaction. *The IMP Journal*, 1(1), 4-20.

- Geigenmüller, A., & Greschuchna, L. (2011). How to establish trustworthiness in initial service encounters. *Journal of Marketing Theory and Practice*, 19(4), 391-405. doi: 10.2753/MTP1069-6679190403
- Glaser, B. G., & Strauss, A. L. (1967). *The Discovery of Grounded Theory*. Chicago: Aldine.
- Gobo, G. (2004). Sampling, representativeness and generalizability. In C. Seale, G. Gobo, J. F. Gubrium & D. Silverman (Eds.), *Qualitative Research Practice* (pp. 435-456). London: Sage Publications.
- Gremler, D. D., & Gwinner, K. P. (2000). Customer-employee rapport in service relationships. *Journal of Service Research*, 3(1), 82-104. doi: 10.1177/109467050031006
- Grönroos, C. (2004). The relationship marketing process: communication, interaction, dialogue, value. *Journal of Business & Industrial Marketing*, 19(2), 99-113. doi: 10.1108/08858620410523981
- Grönroos, C. (2008). Service logic revisited: who creates value? And who co-creates? *European Business Review*, 20(4), 298-314. doi: 10.1108/09555340810886585
- Grönroos, C. (2011a). A service perspective on business relationships: The value creation, interaction and marketing interface. *Industrial Marketing Management*, 40(2), 240-247. doi: 10.1016/j.indmarman.2010.06.036
- Grönroos, C. (2011b). Value co-creation in service logic: A critical analysis. *Marketing Theory*, 11(3), 279-301.
- Grönroos, C. (2012). Conceptualising value co-creation: A journey to the 1970s and back to the future. *Journal of Marketing Management*, 28(13-14), 1520-1534. doi: 10.1080/0267257x.2012.737357

- Grönroos, C., & Voima, P. (2013). Critical service logic: making sense of value creation and co-creation. *Journal of the Academy of Marketing Science*, 41(2), 133-150. doi: 10.1007/s11747-012-0308-3
- Guenzi, P., & Georges, L. (2010). Interpersonal trust in commercial relationships - Antecedents and consequences of customer trust in the salesperson. *European Journal of Marketing*, 44(1/2), 114-138. doi: 10.1108/03090561011008637
- Gummesson, E. (1998). Productivity, Quality and Relationship Marketing in Service Operations. *International Journal of Contemporary Hospitality Management*, 10(1), 4-15. doi: 10.1108/09596119810199282
- Haas, A., Snehota, I., & Corsaro, D. (2012). Creating value in business relationships: The role of sales. *Industrial Marketing Management*, 41(1), 94-105. doi: 10.1016/j.indmarman.2011.11.004
- Håkansson, H., & Ford, D. (2002). How should companies interact in business networks? *Journal of Business Research*, 55(2), 133-139. doi: 10.1016/S0148-2963(00)00148-X
- Harker, M. J., & Egan, J. (2006). The Past, Present and Future of Relationship Marketing. *Journal of Marketing Management*, 22(1&2), 215-242. doi: 10.1362/026725706776022326
- Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding Relationship Marketing Outcomes - An Integration of Relational Benefits and Relationship Quality. *Journal of Service Research*, 4(3), 230-247. doi: 10.1177/1094670502004003006
- Hilton, T., Hughes, T., & Chalcraft, D. (2012). Service co-creation and value realisation. *Journal of Marketing Management*, 28(13-14), 1504-1519. doi: 10.1080/0267257x.2012.736874

- Holbrook, M. B. (2006). ROSEPEKICECIVECI versus CCV: The Resource-Operant, Skills-Exchanging, Performance-Experiencing, Knowledge-Informed, Competence-Enacting, Co-producer-Involved, Value-Emerging, Customer-Interactive View of Marketing versus the Concept of Customer Value: "I can Get It for You Wholesale". In R. F. Lusch & S. L. Vargo (Eds.), *The Service-Dominant Logic of Marketing: Dialog, Debate, and Directions* (pp. 208-223). New York: M. E. Sharpe.
- Holmlund, M. (2004). Analyzing business relationships and distinguishing different interaction levels. *Industrial Marketing Management*, 33(4), 279-287. doi: 10.1016/S0019-8501(03)00057-9
- Holmlund, M. (2008). A definition, model, and empirical analysis of business-to-business relationship quality. *International Journal of Service Industry Management*, 19(1), 32-62. doi: 10.1108/09564230810855707
- Hsieh, H.-F., & Shannon, S. E. (2005). Three Approaches to Qualitative Content Analysis. *Qualitative Health Research*, 15(9), 1277-1288. doi: 10.1177/1049732305276687
- Johnson, J. T., Barksdale, H. C. J., & Boles, J. S. (2003). Factors associated with customer willingness to refer leads to salespeople. *Journal of Business Research*, 56(4), 257-263. doi: 10.1016/s0148-2963(02)00436-8
- Kowalkowski, C. (2011). Dynamics of value propositions: insights from service-dominant logic. *European Journal of Marketing*, 45(1/2), 277-294. doi: 10.1108/03090561111095702
- Kowalkowski, C., Persson Ridell, O., Røndell, J. G., & Sörhammar, D. (2012). The co-creative practice of forming a value proposition. *Journal of Marketing Management*, 28(13-14), 1553-1570. doi: 10.1080/0267257x.2012.736875
- Layder, D. (1993). *New Strategies in Social Research*. Cambridge: Polity Press.

- LeCompte, M. D., & Preissle Goetz, J. (1982). Problems of Reliability and Validity in Ethnographic Research. *Review of Educational Research*, 52(1), 31-60. doi: 10.3102/00346543052001031
- Liljander, V., & Strandvik, T. (1995). The Nature of Customer Relationships in Services. In T. A. Swartz, D. E. Bowen & S. W. Brown (Eds.), *Advances in Services Marketing and Management* (Vol. 4, pp. 141-168). London: JAI Press.
- Liu, A. H., & Leach, M. P. (2001). Developing Loyal Customers with a Value-Adding Sales Force: Examining Customer Satisfaction and the Perceived Credibility of Consultative Salespeople. *Journal of Personal Selling and Sales Management*, 11(2), 147-156.
- Lusch, R. F., Vargo, S. L., & O'Brien, M. (2007). Competing through service: Insights from service-dominant logic. *Journal of Retailing*, 83(1), 5-18. doi: 10.1016/j.jretai.2006.10.002
- Malshe, A., & Sohi, R. S. (2009). What makes strategy making across the sales-marketing interface more successful? *Journal of the Academy of Marketing Science*, 37, 400-421. doi: 10.1007/s11747-009-0132-6
- McCracken, G. (1988). *The Long Interview*. Newbury Park: Sage Publications.
- Morgan, R. M., & Hunt, S. D. (1994). The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing*, 58(3), 20-38.
- Palmatier, R. W., Dant, R. P., Grewal, D., & Evans, K. R. (2006). Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis. *Journal of Marketing*, 70(4), 136-153. doi: 10.1509/jmkg.70.4.136

- Palmatier, R. W., Scheer, L. K., & Steenkamp, J.-B. E. M. (2007). Customer Loyalty to Whom? Managing the Benefits and Risks of Salesperson-Owned Loyalty. *Journal of Marketing Research*, 94(2), 185-199. doi: 10.1007/s11747-007-0078-5
- Payne, A. F., Storbacka, K., & Frow, P. (2008). Managing the co-creation of value. *Journal of the Academy of Marketing Science*, 36(1), 83-96. doi: 10.1007/s11747-007-0070-0
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-Creation Experiences: The Next Practice in Value Creation. *Journal of Interactive Marketing*, 18(3), 5-14. doi: 10.1002/dir.20015
- Ravald, A., & Grönroos, C. (1996). The value concept and relationship marketing. *European Journal of Marketing*, 30(2), 19-30. doi: 10.1108/03090569610106626
- Robertson, I., & Chong, D. (2008). Introduction to studies in art business. In I. Robertson & D. Chong (Eds.), *The Art Business* (pp. 1-26). Abingdon: Routledge.
- Sheth, J. N., & Shah, R. H. (2003). Till death do us part... but not always: Six antecedents to a customer's relational preference in buyer-seller exchanges. *Industrial Marketing Management*, 32, 627-631. doi: 10.1016/j.indmarman.2003.06.003
- Sheth, J. N., & Uslay, C. (2007). Implications of the Revised Definition of Marketing: From Exchange to Value Creation. *Journal of Public Policy & Marketing*, 26(2), 302-307. doi: 10.1509/jppm.26.2.302
- Silverman, D., & Marvasti, A. B. (2008). *Doing Qualitative Research: A Comprehensive Guide*. Thousand Oak: Sage Publications.
- Slater, S. F., & Narver, J. C. (1994). Market Orientation, Customer Value, and Superior Performance. *Business Horizons*, 37(2), 22-28. Songailiene, E., Winklhofer, H., & McKechnie, S. (2011). A conceptualisation of supplier-perceived value. *European Journal of Marketing*, 45(3), 383-418. doi: 10.1108/03090561111107249

- Terho, H., Haas, A., Eggert, A., & Ulaga, W. (2012). 'It's Almost Like Taking the Sales out of Selling' Towards a Conceptualization of Value-Based Selling in Business Markets. *Industrial Marketing Management*, 41(1), 174-185. doi: 10.1016/j.indmarman.2011.11.011
- Thompson, D. (2008). *The \$12 Million Stuffed Shark - The Curious Economics of Contemporary Art and Auction Houses*. London: Aurum Press.
- Thornton, S. (2008). *Seven Days in the Art World*. London: Granta Publications.
- Tuli, K. R., Kohli, A. K., & Bharadwaj, S. G. (2007). Rethinking Customer Solutions: From Product Bundles to Relational Processes. *Journal of Marketing*, 71, 1-17.
- Vargo, S. L. (2009). Toward a transcending conceptualization of relationship: a service-dominant logic perspective. *Journal of Business & Industrial Marketing*, 24(5/6), 373-379. doi: 10.1108/08858620910966255
- Vargo, S. L., & Lusch, R. F. (2008). Service-dominant logic: continuing the evolution. *Journal of the Academy of Marketing Science*, 36, 1-10.
- Vargo, S. L., & Lusch, R. F. (2011). It's all B2B...and beyond: Toward a systems perspective of the market. *Industrial Marketing Management*, 40(2), 181-187. doi: 10.1016/j.indmarman.2010.06.026
- Vargo, S. L., Maglio, P. P., & Archpru Akaka, M. (2008). On value and value co-creation: A service systems and service logic perspective. *European Management Journal*, 26(3), 145-152. doi: 10.1016/j.emj.2008.04.003

- Walter, A., Ritter, T., & Gemünden, H. G. (2001). Value Creation in Buyer-Seller Relationships: Theoretical Considerations and Empirical Results from a Supplier's Perspective. *Industrial Marketing Management*, 30(4), 365-377. doi: 10.1016/S0019-8501(01)00156-0
- Weitz, B. A., & Bradford, K. D. (1999). Personal Selling and Sales Management: A Relationship Marketing Perspective. *Journal of the Academy of Marketing Science*, 27(2), 241-254.
- Woodruff, R. B., & Flint, D. J. (2006). Marketing's Service-Dominant Logic and Customer Value. In R. F. Lusch & S. L. Vargo (Eds.), *The Service-Dominant Logic of Marketing: Dialog, Debate, and Directions* (pp. 183-195). New York: M. E. Sharpe.

## **Appendix 1:**

### **Interview guide for auction house specialists**

1. Which motives do customers have for buying and selling at auction?
2. What is the role of the specialist? How would you describe your role in the relationship between the customer and the auction house?
3. Which aspects of your service and the interaction with you do customers value most? How do you identify these?
4. How do you determine what is important/valuable to the customer?
5. How do you use this knowledge? Does this knowledge affect your interaction with the customer in any way? If yes, how?
6. Does the customer contribute to the value of your service in any way? If yes, how?
7. Do you benefit yourself from the interaction with a customer? If yes, how?
8. Is there a difference between the benefits you obtain from a long-standing customer relationship in comparison to a one-off transaction? If yes, how would you describe them?

## **Appendix 2:**

### **Interview guide for auction house customers**

1. What constitutes a relationship between you and the specialist?
2. How do you interact with the specialist?
3. Which aspects of the service offered by the specialist (and the auction house) do you appreciate the most?
4. Do you derive any kind of value from your interaction with the specialist? If yes, how would you describe it?
5. Do you contribute in any way to the realisation of this value?
6. Does the specialist benefit from the interaction/relationship with you? If yes, how – what do you bring to the relationship with the specialist?