



<http://www.diva-portal.org>

Postprint

This is the accepted version of a paper published in *Marketing Theory*. This paper has been peer-reviewed but does not include the final publisher proof-corrections or journal pagination.

Citation for the original published paper (version of record):

Echeverri, P., Skålén, P. (2011)

Co-creation and co-destruction: A practice-theory based study of interactive value formation.

Marketing Theory, 11(3): 351-373

<http://dx.doi.org/10.1177/1470593111408181>

Access to the published version may require subscription.

N.B. When citing this work, cite the original published paper.

Permanent link to this version:

<http://urn.kb.se/resolve?urn=urn:nbn:se:kau:diva-10292>

Co-creation and co-destruction

A practice-theory based study of interactive value formation

Per Echeverri

and

Per Skálén

Service Research Center

Karlstad University

Phone: +46 54 700 1000

Fax: +46 54 836552

per.echeverri@kau.se

per.skalen@kau.se

ABSTRACT

Drawing on an empirical study of public transport, this paper studies interactive value formation at the provider-customer interface, from a practice-theory perspective. In contrast to the bulk of previous research, it argues that interactive value formation is not only associated with value co-creation but also with value co-destruction. In addition, the paper also identifies five interaction value practices – informing, greeting, delivering, charging, and helping—and theorizes how interactive value formation takes place as well as how value is inter-subjectively assessed by actors at the provider-customer interface. Furthermore, the paper also distinguishes between four types of interactive value formation praxis corresponding with four subject positions which practitioners step into when engaging in interactive value formation.

Keywords: Practice theory, Marketing, Value, Co-creation, Co-destruction, Interactive value formation, Praxis, Subject positions.

INTRODUCTION

Understanding how value is formed has been a key research endeavour in marketing. Previous research distinguishes between two major types of *value formation*. The first is *non-interactive value formation* which holds that value is produced by providers and consumed by customers—value is conceptualized as *exchanged* (Alderson, 1957; Bagozzi, 1975; Hunt, 1976). The second is *interactive value formation* which stipulates that value is *co-created* during the *interaction* between the provider and the customer (Prahalad and Ramaswamy, 2004; Ramírez, 1999; Vargo and Lusch, 2004)¹.

In this paper, our aim is to outline a framework that explains how interactive value formation takes place in practice. We argue that such a framework is lacking. Key reasons for this can be found in two research limitations in previous research. The first concerns the lack of knowledge of how interactive value formation actually takes place in practice. A major part of previous research is conceptual and abstract. Empirical research has not been geared towards studying the micro practice of interactive value formation. This makes previous research poor in terms of theoretically explaining and practically guiding interactive value formation. The second limitation concerns the abundance of positive, as well as the relative lack of negative, accounts of interactive value formation in the literature (Bonsu and Darmody, 2008; Cova and Dalli, 2009, Zwick *et al.*, 2008). We argue that this resonates poorly with experiences that we have all had as consumers, and with frontline employees' experiences when serving their customers. Interactive value formation is clearly not only linked to positive outcomes and connotations. Accordingly, both the upside and the downside need to be explained and accounted for using an interactive value formation framework.

In order to overcome these two limitations, we draw on a detailed empirical study of interactions between the frontline employees of a Swedish public transport organization and their customers. Theoretically, the study is based on *practice theory*, which helps us to illuminate and analyze the micro practice of interactive value formation. In particular, we draw on practice theory as elaborated on in previous marketing research, which has begun to address the above-noted limitations (Schau *et al.*, 2009; Skålén, 2009; 2010; Warde, 2005).

The empirical study and our theoretical orientation enable the outlining of a framework that explains interactive value formation in practice. More specifically, the paper employs the notion of *value co-destruction* (cf. Plé and Chumpitaz Cáceres, 2010)², capturing the downside of interactive value formation. In addition, the paper also identifies five *interaction value practices*—informing, greeting, delivering charging, and helping. It suggests that value co-creation and co-destruction are two key *dimensions* of these interaction value practices. It also argues that these five practices are made up of specific *elements of practices*. Drawing on Schau *et al.* (2009), these elements are discussed in terms of procedures, understandings, and engagements that make it possible to theorize how interactive value formation takes place and how value is inter-subjectively assessed by agents. More specifically, the paper suggests that interactive value formation derives from providers and customers drawing on congruent (in the case of value co-creation) and incongruent (in the case of value co-destruction) elements of practices. It argues, furthermore, that the relationship between interaction value practices, elements of practices, and dimensions of interaction value practices is associated with four types of *praxis*—characteristic patterns of interaction between providers and customers: reinforcing

value co-creation; recovery value co-formation; reductive value co-formation; and reinforcing value co-destruction. Associated with each of these is one *subject position* or role—value co-creator, value co-recoverer, value co-reducer, and value co-destroyer—which the practitioners (or human actors involved in the interaction) need to step into in order to be able to perform interactive value.

THEORETICAL BACKGROUND

In this section, we review mainstream research into interactive value formation, discuss the limitations of this research, and outline a framework based on practice theory that is drawn on to address these limitations.

Interactive value formation research

Above, we distinguished between two major types of value formation: interactive and non-interactive. These two types correspond with the two major views of conceptualizing value in marketing theory. The first of these is the exchange view of value. This view is associated with non-interactive value formation and has dominated conceptualizations of value in marketing research (Bagozzi, 1975; Hunt, 1976; Alderson, 1957). According to this view, value; is embedded in the products or services that focal organizations produce; is added during the production process, which is separated from the customer; and equals the price that the customer pays for products and services—value is objectively measured in terms of money. In the vocabulary of Miller (2008: 1124), the exchange view represents a bottom-line approach to value, meaning that the price of a product or service is the ‘single form of value to which all economic life should be reduced’.

The exchange view of value has been challenged by another view which we will refer to as the interaction view.³ This view is associated with interactive value formation and stipulates that value is co-created during the interaction between the provider and the customer (Prahalad and Ramaswamy, 2004; Ramírez, 1999; Vargo and Lusch, 2004). In contrast to conceptualizing value as embedded in the product, this view holds that providers co-create services and products in collaboration with their customers. This implies that value, rather than being added during a separated and non-interactive production and consumption process, is co-created, realized, and assessed in the social context of the simultaneous production and consumption process. Rather than being objectively measured in monetary terms, value is subjectively assessed from the customers' or the providers' points of view. The conceptualization of value underlying interactive value formation and the corresponding interaction view of value resonate with Holbrook's (2006) definition of value. Holbrook takes the stance 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; is a function of the interaction between subjects, or a subject, and an object; is contextual and personal; is a function of attitudes, affections, satisfaction, or behaviourally-based judgments; and resides in a consumption experience. This perspective thus holds that value can never be reduced to monetary evaluation, rather it is a function of an individual's articulated set of preferences.

This paper contributes to research on interaction value and focuses on interactive value formation. It is informed by service marketing research wherein the idea that value in service

settings is co-created during the interaction between providers and customers has been key ever since the formation of the research stream in the late 1970s/early 1980s (Grönroos, 1982; Shostack, 1977). By articulating the notion of ‘interactive marketing’ (Grönroos, 1982; Gummesson, 1987), service marketing scholars have claimed that marketing is not only realized through the traditional 4P marketing mix oriented efforts coordinated by the marketing department, but also during interactions between providers and customers.

In marketing, the understanding of co-creation as initially specified in service marketing has recently been elaborated on in work on the service-centred view conducted by Lusch and Vargo (2006; Lusch *et al.*, 2007; Vargo and Lusch, 2004; 2008, see also Etgar, 2008; Jaworski and Kohli, 2006; Kalaignanam and Varadarajan, 2006). Work on the boundary between marketing and strategic management has also contributed to this elaboration (Prahalad and Ramaswamy, 2004; Normann and Ramírez, 1993; Ramírez, 1999). The service-centred view is articulated using the distinction between ‘operand resources’, that is ‘resources on which an operation or act is performed’, e.g. ‘land, animal life, plant life, minerals and other natural resources’, and ‘operant resources’, which are most prominently the ‘skills and knowledge’ that are ‘employed to act on operand resources (and other operant resources)’ (Vargo and Lusch, 2004:2). It argues that operant resources are key to value co-creation and critiques the exchange view of value for emphasizing operand resources as central to the value formation process. According to the service-centred view, the knowledge and skills located within the organization—e.g. the competence of the employees, shared cultures, information systems, and market information—and in the environment—e.g. customer skills, national cultures, and institutional frameworks—drive value formation. The implication is that value formation is seen as interactively co-created

by operant resources acting on operand resources or by operant resources in collaboration, and that value is conceptualized as realized in use: it is only when the knowledge and skills, or the operant resources, are active or activated that value co-creation takes place. Prahalad and Ramaswamy (2004: X and 16) define the co-creation of value thus: ‘The consumer and the firm are intimately involved in jointly creating value that is unique to the individual consumer...The interaction between consumers and firms becomes the new locus of co-creation of value’.

Issues linked to interactive value formation are also found in another research stream associated with service marketing—service encounter research—which deals with the outcome of the contact between provider and customer. This research stream has been preoccupied with accounting for how customers evaluate service encounters (Meuter *et al.*, 2000; Surprenant and Solomon, 1987). In the language of Oliver (2006), service encounter research has been “unidirectional”, implying that the co-creation of value between providers and customers has not been studied systematically. However, recent conceptualization emphasizes that service encounters are co-creation entities whereby the services rendered by the firm are matched by the services that consumers provide to the firm. Oliver (2006) explores conceptually (but not empirically) the dynamics underlying this symbiosis in terms of mutual satisfaction and bidirectionality, the latter 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. the verbal and nonverbal communication of clear mutual expectations regarding appropriate requests. Value, in this sense, is interactional, a reciprocal action, even if the power balance between the parties is more or less asymmetric.

Limitations of the interaction view of value formation

The aim of this paper is to outline a framework that explains how interactive value formation takes place in practice. In relation to this aim, we have identified two limitations in previous interaction value research. The first limitation concerns the fact that the interactive value formation frameworks put forward are not based on systematic empirical research. Rather, they are conceptual (e.g. Vargo and Lusch, 2004) or draw on anecdotal data (e.g. Prahalad and Ramaswamy, 2004). In the service encounter research, sound empirical studies do exist, e.g. Price and Arnoulds' (1999) study of commercial friendship, suggesting that provider-customer interactions offer opportunities for sociability, as well as the suggestion of Chandon *et al.* (1997) that there is a dyadic perspective on the dimensions of service encounters. However, these studies do not explain, or offer, a framework suggesting how interactive value formation takes place in practice. The result is that previous research does not capture the marketing practices underpinning interaction value. The outcome of this is the lack of a framework capable of explaining interactive value formation. Initiating such an articulation requires that the point of departure be taken in a systematic (qualitative) empirical study of the practice of provider-customer interactions.

The second research limitation that we identify in the research into interaction value concerns the fact that what can be referred to as the downside of value formation is not accounted for. The literature on interaction value is linked to fairly positive connotations—the key notion of co-creation as such is a clear example of this. Prahalad and Ramaswamy (2004) occasionally warn that interactions with providers may sometimes be perceived negatively by customers. When referring to one particular case, for instance, they infer that 'not everyone enjoys such an

interactive co-creation process...Nor are all co-creation experiences positive' (Prahalad and Ramaswamy, 2004: 21). Yet, the main impression we get from the literature is that engaging in interactive value formation processes is conceived as unproblematic for the parties involved. Along with critical studies of value co-creation (Bonsu and Darmody, 2008; Cova and Dalli, 2009, Zwick *et al.*, 2008), we argue that this is an unrealistic conception. However, unlike these critical studies, the present paper aims to outline a framework that explains how interactive value formation takes place.

Thus, interactive value formation is clearly not only linked to positive outcomes and connotations. A framework that explains how interactive value formation takes place in practice needs to be informed by accounts of both the up-side and the down-side of the practice of interactive value formation. In line with Plé and Chumpitaz Cáceres (2010), we see reasons to suggest a distinction between the *co-creation of value* and the *co-destruction of value* during interactive value formation. While co-creation refers to the process whereby providers and customers collaboratively create value, co-destruction refers to the collaborative destruction, or diminishment, of value by providers and customers. Thus, the co-destruction of value, like the co-creation of value, is likely to be an integral part of the interaction between providers and sellers when the latter consumes the service. The paper specifies the notion of co-destruction of value and uses it as a basis for outlining the framework depicting how interactive value formation takes place in practice. However, unlike previous research into value co-destruction (Plé and Chumpitaz Cáceres, 2010), this paper draws on a systematic empirical study and builds on marketing research informed by practice theory, which we turn to next.

Practice Theory

Practices

When studying interaction between providers and customers, from the perspective of practice theory, the point of departure is the observable interactional practice itself (Holt, 1995; Schau *et al.*, 2009; Warde 2005). There is a particular focus on *practices*: the key concept of practice theory (Duguid, 2005; Reckwitz, 2002). Practice theory holds that action is only possible and understandable in relation to common and shared practices and that social order is constituted by practices (Bourdieu, 1977; Foucault, 1977; Giddens, 1984). Practice theories thus conceive of organizations as constituted by the shared practices which actors draw on to act and interpret other actors' actions (Orlikowski, 2007; Schatski, 2006).

Jarzabkowski and Spee (2009: 70), in an overview of practice-theory informed strategy research, define strategy practices as shared 'social, symbolic and material tools through which strategy work is done'. According to Chia (2004: 32), practices are 'background coping skills' which actors unconsciously draw on in order to manoeuvre in everyday life. Warde (2005) argues that practices comprise a temporally unfolding and spatially dispersed nexus of behaviours that include practical activities, performances, and representations or talk. Practices are, thus, combinations of mental frames, artefacts, technology, discourse, values, and symbols (Orlikowski, 2007; Schatski, 2006). A particular combination of these different building blocks constitutes practices which, for example, can be 'routinized ways in which bodies are moved, objects are handled, subjects are treated, things are described and the world is understood'

(Reckwitz, 2002: 250). Following practice theory, we thus conceive of practices as background coping skills that simultaneously limit and enable interactions between provider and customer.

A key research endeavour in this study will be to identify which practices providers and customers draw on in order to co-create and co-destruct value when interacting with each other. We will refer to these practices as *interaction value practices*. In this regard, the present paper will elaborate on Schau *et al.* (2009) who, in their practice-theory informed study of value creation in web-based communities, identified 12 practices. The rich palette of practices identified by Schau *et al.* (2009) is, however, based on data concerning interactions between consumers on web forums. Thus, the context under study is particular and does not include the interactions between providers and customers—a key relationship when understanding interaction value—in focus in the present paper. In addition, the link with the destructive side of interaction value is weak in the work of Schau *et al.* (2009).

The present paper will also build on Schau *et al.* (2009) when it comes to conceptualizing practices. Drawing on previous practice theory research (Duguid, 2005; Schatzki, 1996; Warde, 2005), Schau *et al.* (2009) argue that practices have a common anatomy consisting of the following parts: ‘(1) *procedures*—explicit rules, principles, precepts, and instructions, called “discursive knowledge”; (2) *understandings*—knowledge of what to say and do, skills and projects, or know-how; and (3) *engagements*—ends and purposes that are emotionally charged insofar as people are committed to them’. We will refer to these parts as *elements of practices*, which will help us to articulate an understanding of how interaction value is inter-subjectively assessed by actors.

Praxis and practitioners

According to practice theory, practices structure *praxis*, i.e. the stream of activity in which different types of action are accomplished. A change in the practices, or a reconfiguration of the elements of practices governing and structuring a situation, implies a change of praxis (Jarzabkowski and Spee, 2009; Reckwitz, 2002; Whittington, 2006). Recently, marketing research has developed rich descriptions of marketing practices and the link between these and actions (Schau *et al.*, 2009; Skålén, 2009; 2010). However, conceptualizations of which types of praxis that are associated with interactive value formation and the practices that foster this type of value formation are lacking. Consequently, the paper aims to contribute knowledge in this area.

In addition, practices and configurations of elements of practices form *practitioners*; the human actors involved in a certain practice. From a practice-theory perspective, practitioners (human actors) are conceived of as unique combinations of practices. Identity/subjectivity is not, thus, conceptualized as a function of the stable constellations of attributes, beliefs, values, motives, and experience residing in the individual, but as subject positions embedded in the ‘background knowledge’—the practices—governing and structuring a particular practice in which the individual is involved. As Skålén (2009; 2010) has suggested, a change in the marketing practices structuring a practice thus implies that the subjectivity of the practitioners will change in corresponding ways. However, just how interaction value practices and elements of practices form practitioners has not been studied systematically.

METHOD

Since interactive value formation is an empirically under-explored area of research, we decided to adopt an exploratory single-case study design (Eisenhardt, 1989; Yin, 1984; Miles and Huberman, 1994) in order to address the research limitations reported above. Our study of the Swedish public transport organization Göteborgs Spårvägar (Gothenburg Tramways) (GS) focuses on interactions between bus/tram drivers and travellers on the GS system, whereby interactive value formation, according to previous research, is said to take place.

Data collection

Our main data collection technique was conducting interviews. In total, we interviewed 55 people. Of the informants, 38 were men and 17 were women, reflecting the uneven gender distribution within the organization. Each interview lasted between 45 minutes and two and a half hours. All the interviews were conducted face-to-face at the organization's premises, e.g. in an office, conference room, or similar.

An initial round of interviews was conducted in May and June 2008. During this phase, we interviewed a group of 5 customer representatives, a group of 4 drivers, a group of 5 strategic managers, and 2 groups (consisting of 3 and 4 people) of frontline managers. These initial group interviews were rather unstructured and were aimed at getting an overview of the organization and identifying the locus of the value formation processes. We returned to the organization in February and again in September 2009 for the second and third rounds of the individual interviews—26 with drivers and 8 with staff working approximately half-time as instructors and part-time as regular drivers⁴. The themes that emerged during the second round were probed during the third round, by asking informants to re-narrate specific driver-customer interactions—

both positive and negative. The present article draws mostly on the 34 interviews conducted during the second and third rounds.

This selection of informants reflects our choice of bringing an employee perspective into the investigation of interactive value formation at the expense of the customer perspective. The argument for approaching interaction value practices from the employee side is that it gives us rich data from individuals with extensive experience of these practices. Our assumption is that these informants, even though they are somewhat coloured by their perspective, also have the capacity to reflect the customer side of things in their narratives. Especially since we asked the informants questions encouraging them to share narratives regarding interactions between them, as providers, and their customers, we argue that interviewing was an appropriate technique for mapping the interaction value practices drawn on by the actors in this particular context (Czarniawska, 1998). A criterion for selection was experiences of customer interaction on a daily basis—in our case drivers and instructors. Within that group, we tried to find a range of individuals that mirrored different working experience and working sites. The reason for interviewing instructors and managers was that these influence the practice of interactive value formation within the organization by means of different management activities, e.g. coaching and monitoring of service interactions in the field. Using this procedure, we can confirm contextual conditions in the organization and we were able to identify the understanding of existing practices.

In addition to interviews we also made some twenty or thirty complementary observations of interactions between providers and customers. These observations were made during a few days

of intensive field work (at the time of the second and third rounds of interviews) on board different buses and trams, all over the local transport system that GS operates. The observations supported and further elucidated the impressions gained during the interviews. Besides these observations, we also used video recordings of 20 driver-customer interactions to further confirm our categories and to study in more detail the inter-subjective mechanisms of value formation (Echeverri, 1999; 2002; 2006).

Data analysis

We transcribed and coded the interviews as quickly as possible after conducting them, Nvivo 7 being used as the data analysis software. The data analysis was inspired by Layder (2005), shifting between data and theoretical concepts. Accordingly, when empirical themes and codes capable of informing gaps in previous research were detected, subsequent data collection focused on developing—or probing—these themes and also structured itself around them. More to the point, a theoretical sensitivity to *interactive value formation* guided the ongoing joint collection and analysis of data conducted during the different phases. The iterative reflections upon the empirical material finally contributed to the conceptualizations made in the paper. Specifically, the concept of *practice* in practice-theory and the constant comparison of interview-narratives made us sensitive to observable interactions central to service encounters in public transport. Moreover, drawing on previous research (Schau *et al.*, 2009), the conceptualizations of the anatomy of practices—as procedures, understandings and engagements—were used as selective coding categories and each constituent was identified in all narratives. Empirical codes, which are *in vivo* codes or simple descriptive phrases, were generated in relation to these three constructs and the two main dimensions of practices—co-creation and co-destruction. Building on these

empirical codes, we identified five interaction value practices—informing; greeting; delivering; charging and helping—which could repeatedly be observed in the empirical material. Similarly, the sensitizing concept of praxis was used to empirically identify streams of activities, specifically in relation to interactive value formation. Early on, we received indications that these streams were dynamic and varied, in relation to the process and the outcome of the activity stream as a whole. The concept helped us to define central patterns of interactions and to see the links to the two main dimensions of practices—co-creation and co-destruction. Based on these patterns, we defined subject positions, also a key concept in our practice-theoretical framework.

By iterating between the data and the conceptualization of practice-theory, we realized that we could contribute to previous research by outlining an empirically-based and practice-theory-informed framework of interaction value taking co-creation as well as co-destruction of value into account. All subsequent data analysis and collection was carried out with this in mind.

FINDINGS

This section reports on the five interaction value practices—informing; greeting; delivering; charging and helping—that we have identified in our data. Illustrated by quotations, this section describes each of these in relation to the procedures, understandings, and engagements constituting the elements of each practice. In relation to each quotation, we show how configurations of these elements cause either value co-creation—i.e. when the elements are congruent—or value co-destruction—i.e. when the elements are incongruent.

Informing

Informing is the first interaction value practice that we identify in our data. Informing implies that employees and customers share information regarding issues related to the service – in our case, timetables, prices, traffic jams, etc. Our data analysis suggests that informing is a common denominator in most provider-customer interactions.

Co-creation

The following narrative is an example of co-creation concerning a bus-driver informing an irritated passenger about the nature of timetables.

“I always say to those who complain [about delays] ...that [being delayed by] 2-3 minutes doesn't matter (*understandings*). – Ok, you're 2 minutes late [says a customer] in an irritated voice ...(*engagements*). – Did you read the timetable, underneath? Those times are approximate (*procedures*). – Right, ok [says the customer] (*understandings / engagements*). I always talk to them in cases like these.”

As an effect of informing about procedures, which the bus-driver does to the passenger, their understandings, which are initially at odds with one another, coalesce. In addition, the initially negative emotional engagement of the passenger is reduced. Congruence is established between the elements of the practice. Regarding the co-creative dimension of this practice of informing, both actors negotiate on how to interpret the meaning of the information at hand, referring to implicit codes of conduct and to workflow experience—accepting and giving responses in line with accepted cultural norms.

Co-destruction

Many employees witness co-destruction that occurs due to ignorance on the part of the passenger when it comes to how the public transport system works—the procedures of the system. One common problem, which all drivers experience, arises when crossing lanes of traffic. In order to do this, they need to stop the traffic by pushing a button which turns the traffic lights red. When this happens, they themselves get a green light— they get “the signal”, as they call it. However, when they push the button, the doors need to be closed. If they open the doors again, they will need to start the process all over again, which might take up to a minute—an eternity in the life of a bus or tram driver. This means that buses and trams sometimes have to stand at the platform without letting customers board. To the ignorant customer, who does not know about the procedure surrounding “the signal”, this seems like very bad service and can thus cause negative engagements.

“I was standing at *Liseberg* [a popular amusement park in Gothenburg where GS operates] ...this was when we sold tickets. There are always loads of people at *Liseberg* ...I was selling tickets, and more tickets, and then more tickets and then I got to *Berseligatan* [a subsequent stop] ...I shut the doors and locked them. I switched the signal (*procedures*). And then a girl came running, and did she run. I had a dad and his twin sons sitting up front, they weren't from round here. He was explaining to the boys about trams and all that. And then this girl comes running. I thought, if she makes it, I'll open the door and she can board the tram. But before she made it, I got a green light (*procedures*) and I was really late. So I pulled away and then I heard him [the dad with his kids]. He was talking and talking and he was so angry (*engagements*). So at the next stop, I got out of my cab and asked him what the problem was (*understanding*). – That was the worst thing I ever saw. That was the worst he said! (*engagements*) So then I had to explain to him that I was 10 minutes late (*understandings*). But that wasn't something that grabbed his attention. He didn't want to hear that. That was the worst thing he'd ever seen. And she really struggled and you just pulled away [he said] (*engagements*). But they don't

want you to explain why. I'm no idiot ...Sometimes it really, really feels like crap, excuse me
(engagements).”

As the narrative exemplifies, drivers and customers sometimes operate with incongruent comprehensions of the procedures and understandings that should be drawn on in the practice of informing. This leads to diverging engagements and to the co-destruction of value. More generally, our findings suggest that the co-destructive dimension of this practice is displayed when interactants disagree with each other, obstruct responses, misinterpret or keep information to themselves, displaying disappointment about poor performance.

Greeting

The second practice that we identify is greeting, which refers to how employees and customers approach each other. In our case, this usually takes place when the passenger boards the vehicle and employs both verbal (e.g. ‘hi’) and non-verbal communication (e.g. a nod). Greeting is a way of mutually addressing an inherent and occasional relationship between provider and customer.

Co-creation

It is not surprising that greeting fosters the co-creation of value. When people greet each other, this is usually done in a friendly way. The following quote involves a bus driver and an imaginary customer, describing how greeting drives the co-creation of value.

“If I swivel my seat toward you (*procedure*) and smile when you board my bus (*understandings*), then you feel that I see you as a person, as an individual (*engagement*). Then you will have been welcomed

aboard my bus. There's someone who sees you and says good morning to you. So, I want you to board my bus ...[in keeping with] all of your upbringing and all that (*understandings*)."

The procedure of "swivelling the seat" is in line with instructions the company has implemented in order to regulate how customers should be greeted. The quote illustrates that drivers and passengers need to agree on the understandings, procedures, and engagements that are drawn on in the practice of greeting in order for the co-creation of value to take place. Our findings suggest that the co-creative potential of this practice is realized when mutual greeting behaviour is in line with organizational instructions and cultural norms. Skills of demeanour, recognizing the presence of the other as an individual, are crucial.

Co-destruction

At first glance, it might seem more surprising that greeting also informs the co-destruction of value. However, if providers and buyers have different expectations regarding which elements of practices should characterize a particular greeting event, our data supports the fact that co-destruction is likely to take place.

"I was a bit ...behind schedule (*procedure*). So I pulled in to the bus stop and opened the doors to let people on and off. Everyone boarded apart from one man, he went forward and stood to one side and let people on in front of him. So I said: – Are you travelling? – Yes. – Well get on then, we're in a hurry (*understandings*). – No, I'll get on up there, you have to move all the way up there, right the way up is where you're supposed to stop (*procedure*) and that's where I get on. – But I haven't got time for that (*understandings*), we're behind schedule (*procedure*), we'll be too late for people to make their bus connections ...(*understandings*). – I'll get on up there and you have to drive up to that point

(procedure). I just shut the door and drove away. He chased after me with his ...briefcase and waved
(engagement).

As the narrative shows, divergent understandings and more or less conflicting procedures relate to dissimilar engagements between the actors. Accordingly, when the provider and the customer do not agree on which elements of practices should be drawn on in order to conduct a particular greeting, this can be truly co-destructive. The co-destructive potential of the practice of greeting is salient when interactants accuse each other emotionally, or neglect the situation of the other—acting in a selfish way.

Delivering

The third practice that we identify in our data is delivery of the core service—the actual transportation of people from A to B. This may involve extensive interaction, especially in situations involving service breakdowns. Even if the term “delivering” might seem associated with the provider side, it should be conceived as an interactive concept—i.e. both providers and customers are involved in realizing delivery.

Co-creation

Intuitively, one might believe that co-creation takes place when customers get what they pay for, while co-destruction happens when the service breaks down. Even though this is supported by our data, it might also be the other way round—i.e. that failure to deliver the core service might drive co-creation. Our data suggests that the way the actors handle the breakdown is just as important as the breakdown itself as regards experiencing value formation.

“Sometimes, there are traffic jams – things come to a standstill ... We’re not allowed to open the doors everywhere (*procedures*). But you can get round the rules a bit to make things easier for the traveller. If ... the front door is at the stop [you can tell them to] get off that way ... You can be a metre away from the stop. Then you can’t really open the door but you do anyway (*understandings*). The passengers often express their gratitude (*engagements*).”

The quote shows that customers and drivers sometimes agree on the fact that procedures should be broken. If the driver and the customer act accordingly, understandings and engagements might level out, fostering value co-creation. This finding somewhat contradicts the commonly held idea, in service research, that it is important to deliver according to the stipulated procedures and standards of the organization. In order for value co-creation to happen, a certain level of flexibility has to be allowed for. Indeed, the co-creative dimension of the practice of delivering appears when employees remain flexible towards organizational instructions, and when customers voluntarily simplify the work of the employees, adapting to the flow of service production. Co-creation happens when the interactants mutually agree on what procedures to invoke in order to carry out a particular action (expressing gratitude or being flexible about problems that occur).

Co-destruction

On the other hand, when drivers comply with procedures or apply them too strictly, this might be a source of the co-destruction of value. The following narrative, from a tram driver who interpreted the formal rules rather strictly during one stage of her career, provides an example of this.

“One thing has etched itself very deeply into my memory and that was when I did something which wasn’t good (*understandings*). I was driving a no. 5 into town. I was on time and not a second late. There was an old dear, I’m sure she had pains in her legs and found it difficult to get around. I catch sight of her; she’s about 20 metres away, no more. And she wants to travel, she waves to me, a really sweet old dear, but I was sulking and thought: “no, you have to be at the stop or you don’t get to ride on my tram” (*procedures*). I shut the doors and moved off. I didn’t think much more about it as that’s the way I worked back then. And then a girl came up to me and asked, did you see that lady? I replied yes (*understandings*) and then she said – bloody hell, that was a nasty thing to do. And I knew she was right. It was a bad thing to do (*engagements*). Maybe it would’ve cost me three seconds ...It was nice that she came up to me and told me off. That’s what I deserved.”

The quote suggests that the customers and the drivers sometimes hold incongruent opinions about how to balance procedures and engagements. In this case, the driver interprets the procedures rather strictly at the expense of a key purpose of the service, while the customer argues for more flexibility. Ultimately, the quote suggests that incongruence between providers’ and customers’ conceptions of which elements of practices should be applied during interaction causes the co-destruction of value. This finding challenges both the customer-centric view, that is central to much marketing research, and the provider-centric view of quality standards in service production. Value formation is rather a matter of inter-subjective congruence.

Charging

Charging is the fourth central practice involving co-creation and co-destruction that we find in our data. By the time we did our data collection, a change in charging procedures had taken place. GS drivers had stopped handling money and had thus also stopped selling tickets. GS had implemented different types of self-service ticketing technologies—ticket machines, smart cards,

SMS ticketing, etc. However, these changes did not entail a decrease in the interaction between the drivers and the customers regarding payment. The reason for this is that the different self-service payment possibilities caused the customers to ask the drivers a lot of questions. The change also caused frustration and the need for assistance. Accordingly, charging still involves the interactive procedure of paying, checking, and issuing tickets, in which both customers and drivers are involved.

Co-creation

The interaction surrounding charging provided an opportunity for interaction which could end in both the co-creation and co-destruction of value. In the former case, the drivers and the customers solve the problem through collaboration.

“There was a lady who wanted to buy a ticket. And I just ...– listen; I haven’t sold tickets since last summer (*procedures*). – Ok, I’m just visiting [the lady said]. But then I explained that she could buy one from the ticket machine, which we have on board the trams, or by text message (*understandings*) ...It made her really happy (*engagements*).”

This quote from a tram driver suggests that the customer had misunderstood the procedures of the practice of charging the customer. Collaboratively, the driver and the customer worked towards levelling out their understandings with regard to charging, resulting in positive engagements and congruent elements in the practice of charging. Co-creation is realized when the procedure of charging is explained, understood and accepted. Practical knowledge of charging methods and how to deal with equipment is shared, and used, preferably also along with markers of mutual sympathy.

Co-destruction

However, not being able to buy a ticket might also trigger the co-destruction potential that lies dormant in the charging practice. This can be explained by the actors operating with incongruent elements of practices. The following quote from a tram driver provides a good example of this.

“I say [to the customers]: – I don’t sell tickets anymore, we don’t do that (*procedures*)...And then they get angry and say: – It’s bad that you can’t do that (*engagements*). Then I say: – You’ll have to use the ticket machine [which is on board the tram] (*procedures*). Then they say: – Do you accept notes (*procedures*)? – when I’ve just said ticket machine. That makes me frustrated, none of them listen (*engagements*). Then they say: – Can I get some change then? – But we don’t handle cash anymore. Then they say: – But what am I going to do (*understandings*)? Then a lot of them get irritated (*engagements*) even though you’ve just given them two or three different alternative ways of paying for their journeys (*understandings*). Then there’s someone else who doesn’t get it, who didn’t hear what was said. He got all angry and slammed the door and all that (*engagements*). Some people get angry over nothing at times.”

The quote clearly illustrates incongruent understandings and procedures between a driver and a customer. Obviously, the actors are not adjusted to each other and do not agree on how to practice charging. Complicated payment methods, bad instructions, and limited understanding in tandem with a stressful environment cause problems. None of the actors pay attention to the required knowledge and skills. States of irritation and frustration (on both sides) are displayed and neglected. Incongruent elements of practices which inform providers’ and customers’ conceptions of how the ticketing system should work are linked to co-destruction.

Helping

The fifth interaction value practice that we identify is helping. By helping, we mean the help that the staff provide the customers with (e.g. helping an elderly person to board), the help the customers give each other (e.g. one customer helping another to board), and the help the customers give the staff (e.g. picking up litter off the floor). This practice is frequently reported in the data and is clearly linked to interactive value formation.

Co-creation

The most common example of helping in our data is when a driver helps an elderly person, a disabled person, or a parent with a pram to board a bus. It is not surprising that this type of help is often associated with the co-creation of value. The following quote illustrates how this co-creation takes place.

“Sometimes [you have to] help people with stuff to board the tram (*understandings*) ...It’s the older trams and especially ...the elderly with walking frames. They find it difficult to get aboard. Then, you have to help them (*procedures*) ...Most of the time, they’re very grateful (*engagements*).”

The quote illustrates that the actors mutually contribute, agree on the procedures, and share understandings of what is needed and what should be done. Employees display a willingness to be of help to customers in their handling of resources during their consumption process. This has its equivalent in the customers who collaborate with the employees by paying attention to instructions and supporting the actions of the employees in different situations. Put differently, customer and provider draw on congruent elements associated with the practice of helping. When this is the case, co-creation will take place.

Co-destruction

Counter-intuitively, helping can also lead to the co-destruction of value in the provider-customer interface. The following quote from one of the tram drivers illustrates this.

“Today, there are drivers who feel that ...‘well, it’s not really my job to lift a pram’ (*understandings*) ...we’re there to drive ...it can take 1½-2 minutes [to get a walking frame on board] ...Then ...there might be prams wanting to travel but there won’t be any space for them on my tram – maybe they’ll have to take the one behind (*understandings*). Then you have to get on the PA and tell them that (*procedures*). Then they don’t hear what you’re saying and then it’s “why can’t I get on?” (*understandings*). Then there will be some fuss (*engagements*), and that will take up a minute or two as well.”

The reason to that helping leads to co-destruction is that the provider’s and the customers’ presupposed procedures of helping do not level out; the skills and actions of helping do not connect properly with the others’ needs and procedural understanding, e.g. making a fuss or losing one’s temper when assisting. It is not just a question of the absence of help, rather the way it is conducted. Understandings and engagements associated with the practice of helping, which the employee and customer draw on, are incongruent and cause the co-destruction of value.

An overview of the final data analysis is provided in Table 1. It is made up of our two main constructs for theorizing interactive value formation—the co-creation and co-destruction of value. We label these *dimensions of practices* as they cut across the five *interaction value practices* that we identified in the data (previously described). Each practice is given a general description which emphasizes its interactive, mutual character. Further, drawing on previous

research (Schau *et al.*, 2009), the five practices are divided into three *elements of practices*: procedures, understandings, and engagements relevant to both the co-creation and the co-destruction of value. Also included in Table 1 are definitions of these elements and substantive descriptions of the elements of each practice.

Please insert Table 1 about here

DISCUSSION

In this section, we discuss the ways in which the present paper contributes to the discussion about value formation in marketing theory. We specify the implications of our findings in relation to the practice-theory informed framework that we articulated in the literature review section. We outline a framework that explains how interactive value formation takes place in practice.

Co-creation and co-destruction of value

Our study supports the fundamental notion, in previous research, that value in service settings is collaboratively realized during interaction between providers and customers (Prahalad and Ramaswamy, 2004; Ramírez, 1999; Vargo and Lusch, 2004). Thus, our findings are, to a certain extent, in line with the argument that is fundamental to the service-centred view which holds that operant resources—knowledge and skills—are the most important resources for the co-creation of value during interactions between providers and customers (Lusch *et al.*, 2007; Vargo and Lusch, 2004; 2008). However, our study also problematizes previous research by suggesting that the interactive value formation process taking place between providers and customers is not only a creative process but also a destructive one: value is both *co-created* and *co-destroyed* at the

provider–customer interface. Accordingly, our study suggests that the interaction between providers and customers can be understood, or approached, against the backdrop of the notions of value co-creation and value co-destruction and, thus, that operant resources not only co-create but also co-destroy value. Thus, while previous researchers of interactive value formation have argued that co-destruction only takes place in exchange-based settings (Ramírez, 1999), that the downside of co-creation is a minor phenomenon (Prahalad and Ramaswamy, 2004) or that issues pertaining to co-destruction have been neglected (Vargo and Lusch, 2004), we, in line with Plé and Chumpitaz Cáceres (2010), argue that the co-destruction of value is a significant feature of the interaction between provider and customer.

However, our notion of co-destruction is different from the notion of value destruction associated with the exchange view of value formation (Bagozzi, 1975; Hunt, 1976; Alderson, 1957). This view holds that value is added during the production process, which does not involve the customer to any great extent. Value destruction is conceptualized as the diminishment of value, which takes place when the customer uses the product—e.g. that the value of a car in monetary terms decreases when it is used, reported as ‘written down’ in bookkeeping terms (Ramírez, 1999). The interaction view of value formation (Prahalad and Ramaswamy, 2004; Ramírez, 1999; Vargo and Lusch, 2004), on the other hand, holds that value is realized collaboratively during the interaction between customer and seller and that value co-creation is the only possibility during this interaction. However, our study also shows that value can be collaboratively co-destroyed during the provider-customer interaction. Thus, while the exchange view separates the creation and destruction of value in time and space, our paper indicates that no such separation can be made in the case of interaction value.

Interaction value practices

In addition to introducing the notion that interactive value formation involves both co-creation and co-destruction, we have also identified five interaction value practices: informing, greeting, delivering, charging, and helping. In this respect, our study elaborates on Schau *et al.* (2009) who identified 12 value creation practices. Empirically, Schau *et al.* (2009) focused on brand communities: groups of consumers interacting on web forums with respect to a particular product or brand. Our contribution in relation to Schau *et al.* (2009) is that we have focused on practices that order face-to-face interactions between providers and customers. We see this as a key locus for understanding interactive value formation, in particular co-creation and co-destruction in business relationships, not denying the fact that interactions taking place outside the customer-provider interface are also important. However, we also acknowledge that these are key value formation practices in a service encounter context that we have focused on, but not necessarily in other contexts (e.g. e-commerce or business-to-business sales).

Interactive value formation

As should be clear from the findings, we suggest that all five of the interaction value practices that we identified may foster both the co-creation and the co-destruction of value—i.e. these two dimensions are inherent in all five practices. More specifically, our findings indicate that what we refer to as the elements of practices—which are the procedures, understandings, and engagements constituting them—enable both the co-creation and the co-destruction of value. What stands out is the fact that when the elements of practices are *congruent*—i.e. when providers and customers are in consensus as to which procedures, understandings, and engagements should inform a

specific interaction—value co-creation will be the outcome. Consequently, when the elements of practices are *incongruent*—i.e. when providers and customers do not agree on which procedures, understandings, and engagements should inform a specific interaction—value co-destruction ensues. Our conclusion is in line with the conceptual analysis of Plé and Chumpitaz Cáceres (2010). Even though they conceptualize the relationship between co-creation and co-destruction, from a service systems and a resource-based perspective, Plé and Chumpitaz Cáceres (2010: 432, emphasis added) also maintain that: ‘...value co-creation occurs when two service systems have *congruent* expectations of the way in which the available resources should be used in the course of their interactions ...inappropriate or unexpected use of the available resources in an interaction will result in value co-destruction for at least one of the parties’.

By elaborating on previous marketing research (Schau *et al.*, 2009; Warde, 2005), that has drawn on practice theory, we make a contribution to marketing research by theorizing how interactive value formation takes place. We also contribute towards understanding how value is *inter-subjectively* assessed by agents. More specifically, the paper suggests that interactive value formation—value co-creation as well as value co-destruction—derives from providers and customers drawing on congruent (in the case of value co-creation) and incongruent (in the case of value co-destruction) elements of practices. This implies that we are proposing an alternative position on value formation which goes beyond both the exchange-based view and the interaction view reviewed above; the former treats value objectively by measuring it in terms of money (Bagozzi, 1975; Hunt, 1976; Alderson, 1957) while the latter only treats value subjectively and assesses it relatively from the customer’s point of view (Holbrook, 2006; Prahalad and Ramaswamy, 2004; Ramírez, 1999; Vargo and Lusch, 2004). Elaborating on Oliver (2006), we

extend the understanding of value as a bidirectional construct that takes the assessment of both provider and customer into account. More to the point, our practice theory informed framework suggests that value can be understood in terms of ‘matches’ (congruence) or ‘mismatches’ (incongruence) between socially-available methods—i.e. the possible configuration of practices and elements of practices—that providers and customers draw on in order to act and to interpret other actors’ actions. We might think of this standpoint as being positioned between an objectivistic and a subjectivistic position (integrating objectivistic elements of social structures with subjectivistic elements of individuals’ experiences).

Praxis and Practitioners

In this section, we offer a more precise understanding of interactive value formation. We suggest that the five practices we have identified and the two dimensions of practices associated with them—which are the outcome of congruent or incongruent elements of practices—shape the *praxis* (stream of activity) of the *practitioners* (human actors) involved in provider-customer interactions. We make a distinction between four types of praxis. We also argue that, in order for practitioners (both driver and customer in our case) to be able to carry out these different kinds of praxis, they need to step into specific subject positions and play certain roles. Accordingly, we make a distinction between four different subject positions and roles—one for each type of praxis. For an overview of the relationships between the different constructs, see Figure 1.

Please insert Figure 1 about here.

As Figure 1 illustrates, we suggest four different cases. First, we have the case where the interaction between providers and customers is dominated totally by value co-creation. In accordance with the discussion in the previous section regarding value formation, the first case means that providers and customers operate with congruent understandings about which elements of practices should be applied to a particular situation. In this situation, the interaction value steadily increases. A typical situation might be a driver giving a customer directions regarding what bus or tram to change to, followed by the customer thanking that driver by praising his or her driving skills. We call the type of praxis characterizing a situation like this “*reinforcing value co-creation*”. In order to carry out this type of praxis, the practitioners (both employee and customer) need to assume act the subject position of “*value co-creator*”.

Second, we have the case where the interaction between employees and customers is totally dominated by value co-destruction. During such interactions, providers and customers have incongruent conceptions regarding what procedures, understandings and engagements should apply, entailing that the interaction value steadily decreases. This type of interaction can be illustrated by situations where drivers are subjected to threats or harassments and defend themselves by shouting back at customers. This type of praxis, which is dominated entirely by the dimension of value co-destruction, we refer to as “*reinforcing value co-destruction*”. In this case, actors take on a subject position which can be referred to as “*value co-destroyer*”.

However, we have also identified mixed cases, i.e. types of interactions informed by both dimensions of practices—both value co-creation and value co-destruction. We distinguish between these on the basis of differences in how they are initiated and ended. Therefore, the third

case is *initiated* when providers and customers initially draw on incongruent procedures, understandings, and engagements causing value co-destruction but, during the process of interaction, the elements of practices drawn on by providers and customers become congruent, entailing that the interaction ends in value co-creation. This could be illustrated by a customer crossly complaining about a bus being late, followed by the driver explaining that the times given in the timetable are only approximate (as in the co-creation quote under Informing in the Findings section). We call the type of praxis specific to a typical interaction like this “*recovery value co-formation*”, due to the recovery-like nature of the interactive value formation shifting away from the co-destruction towards the co-creation of value. In a situation like this, where the practitioners collaboratively contribute towards the recovery of value, we argue that they take on the subject position of “*value co-recoverer*”.

It is also quite possible for this interaction to unfold the other way round. Consequently, the fourth case is initiated when providers and customers draw on congruent procedures, understandings, and engagements. Accordingly, the interaction is initially associated with value co-creation. However, during the process of interaction, the elements of practices drawn on become incongruent, entailing that the interaction ends in value co-destruction. This could be illustrated by a driver welcoming a passenger aboard a bus, followed by the customer moaning about the bus being late with the driver then following up by barking back at the customer. We call the type of praxis specific to a typical interaction like this “*reductive value co-formation*”, due to the reductive nature of the interaction value shifting away from the co-creation towards the co-destruction of value. In a situation like this, where the practitioners collaboratively contribute to the reduction of value, we argue that they take on the subject position of “*value co-reducer*”.

CONCLUSIONS AND CONTRIBUTIONS

The discussion concerning value formation has been at the heart of the marketing research agenda for several decades (Bagozzi, 1975; Hunt, 1976; Alderson, 1957). With the interaction view of value formation, this discussion has been re-invigorated (Prahalad and Ramaswamy, 2004; Ramírez, 1999; Vargo and Lusch, 2004). Our paper and its practice-theoretical framing have contributed to this general discussion vis-à-vis value formation. It has contributed in particular to the research into interactive value formation. First, by emphasizing the notion of value co-destruction, it has brought much needed nuance and critique to the overtly positive research into interaction value. It has shown, based on empirical research, that value is not just something that is co-created at the customer-provider interface, but also something that is co-destroyed. Accordingly, we need to stop seeing value creation as the only possible outcome during interactions between provider and customer. Value destruction is equally important. Second, this paper has pinpointed five interaction value practices: informing, welcoming, charging, delivering, and helping. These provide a baseline for understanding and theorizing interactive value formation—especially in service encounter contexts (face-to-face). Third, and building on the first and second contributions, the paper has contributed towards generating a framework explaining how interactive value formation takes place and how value is inter-subjectively assessed by agents. More to the point, the paper suggests that interactive value formation—value co-creation as well as value co-destruction—derives from providers and customers drawing on congruent (in the case of value co-creation) and incongruent (in the case of value co-destruction) elements of practices. In relation to the exchange view, conceptualizing value objectively, and in relation to the interaction view, conceptualizing value subjectively, the

paper articulates an inter-subjective middle position. Fourth, as an integral part of the presented value formation framework, the paper makes a contribution vis-à-vis knowledge of how interaction value practices, elements of practices, and dimensions of interaction value practices order praxis, suggesting a distinction between four different types of praxis and what types of subject position human actors or practitioners need to step into in order to perform the particular kinds of praxis (see Figure 1 for a summary).

Our paper suffers from several limitations which need to be addressed in future research. First, it is mostly based on service provider and interview data. Co-creation and co-destruction have been reported as interpreted and narrated by frontline employees. Future research needs to more closely observe interactions between providers and customers. Second, we have studied interactive value formation in the context of service encounters. Future research needs to study whether or not our conclusions are generalizable to other contexts, e.g. long-lasting relationships in business-to-business contexts or in e-commerce contexts. Third, our paper draws on a qualitative single case study of an organization operating in a particular context. Future research needs to have a broader scope. This does not imply that future research should rely solely on quantitative data, because micro practices might be hard to detect from a distance. Case studies of other types of organizations, operating in other fields, need to be conducted. Fourth, our paper has started to inquire into the relationship between co-creation and co-destruction. This topic needs corroboration in future studies.

Notes

¹ In order to avoid normative terminology, and inspired by the conceptualization offered in two recently-completed doctoral theses (Korkman 2006; Ots 2010), we use the notion of value formation rather than, for instance, the co-creation of value. Non-interactive value formation and interactive value formation are notions coined by us.

² This paper, which to our knowledge is the first to discuss value co-destruction, was published during the final editing phase of the present paper.

³ Since we question the one-sided focus on the co-creation of value in previous research, we use the more neutral and open notion of the interaction view when referring to this research. The notion has been coined by us.

⁴ Treated as drivers in the present case.

REFERENCES

- Alderson, W. (1957) *Marketing Behavior and Executive Action: A Functionalist Approach to Marketing Theory*. Homewood (ILL): Irwin.
- Bagozzi, R.P. (1975) 'Marketing as Exchange', *Journal of Marketing* 39 (October): 32-9.
- Bonsu, S.K. and Darmody, A. (2008) 'Co-creating *Second Life*: Market-Consumer Cooperation in Contemporary Economy', *Journal of Macromarketing* 28(4): 355-368.
- Bourdieu, P. (1977) *Outline of a Theory of Practice*. Cambridge: Cambridge University Press.
- Chandon, J-L., Leo, P-Y. and Philippe, J. (1997) 'Service Encounter Dimensions – A Dyadic Perspective: Measuring the Dimensions of Service Encounters as Perceived by Customers and Personnel', *International Journal of Service Industry Management* 8 (1): 65-86.
- Chia, R. (2004) 'S-as-P: reflections on the research agenda', *European Management Review* 1(1): 29–34.
- Cova, B. and Dalli, D. (2009) 'Working Consumers: The Next Step in Marketing Theory?', *Marketing Theory* 9(3): 315-339.
- Czarniawska, B. (1998) *A Narrative Approach to Organization Studies*, Qualitative Research Methods Series 43. London: Sage.
- Duguid, P. (2005) 'The Art of Knowing: Social and Tacit Dimensions of Knowledge and the Limits of the Community', *The Information Society* 21 (April–June): 109–18.
- Echeverri, P. (1999) *Servicemötetets kommunikation. En videobaserad analys av bemötande med tonvikt på ickeverbal kommunikation* [In Swedish with Summary in English].. Academic Dissertation. University of Gothenburg.
- Echeverri, P. (2002) 'Methodological Issues in Researching Service Encounters - A Video-based Analysis of Communication.' Paper presented at the 7th International Research Seminar in Service Management, La Londe les Maures, France.

- Echeverri, P. (2006) 'Service Encounter Analysis Based on Customer Retrospection', in Edvardsson, B., Gustafsson, A., Kristensson, P., Magnusson, P., Matthing, J., (Eds.), *Involving Customers in New Service Development*, pp. 187-208. London: Imperial College Press.
- Eisenhardt, K.M. (1989) 'Building Theory from Case Study Research', *Academy of Management Review* 14(4): 532-50.
- Etgar, M. (2008) 'A Descriptive Model of the Consumer Coproduction Process', *Journal of the Academy of Marketing Science* 36 (Spring): 97–108.
- Foucault, M. (1977) *Discipline and Punish: The Birth of the Prison*. London: Penguin.
- Giddens, A. (1984) *The Constitution of Society: Outline of the Theory of Structuration*. Cambridge: Polity.
- Grönroos, C. (1982) 'An Applied Service Marketing Theory', *European Journal of Marketing* 16(7): 30-41.
- Gummesson, E. (1987) 'The New Marketing: Developing Long-term Interactive Relationships', *Long Range Planning* 5(5): 5-20.
- 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 Lusch, R.F. and Vargo, S.L. (Eds.) *The Service-Dominant Logic of Marketing: Dialog, Debate and Directions*, pp. 208-23. Armonk (N.Y.): M.E. Sharpe,
- Holt, D.B. (1995) 'How Consumers Consume: A Typology of Consumption', *Journal of Consumer Research* 22 (June): 1–16.
- Hunt, S.D. (1976) 'The Nature and Scope of Marketing', *Journal of Marketing* 40(3): 17-28.

- Jarzabkowski, P. and Spee, P.S. (2009) 'Strategy-as-Practice: A Review and Future Directions for the Field', *International Journal of Management Reviews* 11(1): 69-95.
- Jaworski, B., and A. K. Kohli, (2006) 'Co-creating the Voice of the Customer', in Lusch, R.F. and Vargo, S.L. (Eds.) *The Service-Dominant Logic of Marketing: Dialog, Debate and Directions*, pp. 109–17. Armonk (N.Y.): M.E. Sharpe.
- Korkman, O. (2006) *Customer Value Formation in Practice: A Practice-Theoretical Approach*. Academic Dissertation. Helsinki: Swedish School of Economics and Business Administration.
- Kalaignanam, K. and Varadarajan, P.R. (2006) 'Customers as Co-producers: Implications for Marketing Strategy Effectiveness and Marketing Operations Efficiency', in Lusch, R.F. and Vargo, S.L. (Eds.) *The Service-Dominant Logic of Marketing: Dialog, Debate and Directions*, pp. 166–79. Armonk (N.Y.): M.E. Sharpe.
- Layder, D. (2005) *Sociological Practice: Linking Theory and Social Research*. Sage: London.
- Lusch, R.F. and Vargo, S.L. (2006) 'Service-Dominant Logic as a Foundation for Building a General Theory', in Lusch, R.F. and Vargo, S.L. (Eds.) *The Service-Dominant Logic of Marketing: Dialog, Debate and Directions*, pp. 406–20. Armonk (N.Y.): M.E. Sharpe.
- Lusch, R.F., Vargo, S.L. and O'Brien (2007) 'Competing Through Services: Insights from Service-Dominant Logic', *Journal of Retailing* 83(1): 5-18.
- Meuter, M.L., Ostrom A.L., Roundtree, R.I. and Bitner, M.J. (2000) 'Self-Services Technologies: Understanding Customer Satisfaction with Technology-based Service Encounters', *Journal of Marketing* 64 (July): 50-64.
- Miles, M.B. and Huberman, A.M. (1994) *Qualitative Data Analysis: A sourcebook of new methods* (2nd ed.). Thousand Oaks, CA: Sage.
- Miller, D. (2008), 'The Uses of Value', *Geoforum* 39: 1122-1132.

- Normann, R. and R. Ramírez (1993) 'Designing Interactive Strategy: From Value Chain to Value Constellation', *Harvard Business Review* 71(4): 65–77.
- Oliver, R. L. (2006) 'Co-Producers and Co-participants in the Satisfaction Process: Mutually Satisfying Consumption', in Lusch, R.F. and Vargo, S.L. (Eds.) *The Service-Dominant Logic of Marketing: Dialog, Debate and Directions*, pp. 118–27. Armonk (N.Y.): M.E. Sharpe.
- Orlikowski, W. (2007) 'Sociomaterial Practices: Exploring Technology at Work', *Organization Studies* 28(9): 1435–48.
- Ots, M. (2010) *Understanding value formation: A study of marketing communications practices at the food retailer ICA*. Academic Dissertation. Jönköping: Jönköping University.
- Plé, L. and Chumpitaz Cáceres, R. (2010) 'Not Always Co-creation: Introducing Interactional Co-destruction of Value in Service-dominant Logic', *Journal of Services Marketing* 24(6): 430-37.
- Prahalad, C.K. and Ramaswamy, V. (2004) *The Future of Competition: Co-Creating Unique Value With Customers*. Boston (MA): Harvard Business School Press.
- Price, L.L. and Arnould E.J. (1999) 'Commercial Friendships: Service Provider- Client Relationships in Social Context', *Journal of Marketing* 63 (October): 38-56.
- Ramírez, R. (1999) 'Value Co-Production: Intellectual Origins and Implications for Practice and Research', *Strategic Management Journal* 20(4): 49-65
- Reckwitz, A. (2002) Towards a Theory of Social Practice: A Development in Cultural Theorizing, *European Journal of Social Theory* 5(2): 243–62.
- Schatzki, T. (1996) *Social Practices: A Wittgensteinian Approach to Human Activity and the Social*. Cambridge: Cambridge University Press.

- Schatzki, T.R. (2006) 'On Organizations as they Happen', *Organization Studies* 27(12): 1863–73.
- Schau, H.J., Albert M.M. Jr., and Arnould, E.J. (2009) 'How Brand Community Practices Create Value', *Journal of Marketing* 73(5): 30-51
- Shostack, G.L. (1977) 'Breaking Free from Product Marketing', *Journal of Marketing* 41(2): 73-80.
- Skålén, P. (2009) 'Service Marketing and Subjectivity: The shaping of customer-oriented proactive employees', *Journal of Marketing Management* 25(7-8): 795-809.
- Skålén, P. (2010) *Managing Service Firms: The Power of Managerial Marketing*. London: Routledge.
- Surprenant, C.F. and Solomon M. (1987) 'Predictability and Personalization in the Service Encounter', *Journal of Marketing* 51 (April): 86-96.
- Vargo, S.L. and Lusch, R.F. (2004) 'Evolving to a New Dominant Logic for Marketing', *Journal of Marketing* 68(1): 1-17.
- Vargo, S.L. and Lusch, R.F. (2008) 'Service-dominant logic: Continuing the Evolution', *Journal of the Academy of Marketing Science* 36(1): 1-10.
- Warde, A. (2005) 'Consumption and Theories of Practice', *Journal of Consumer Culture* 5(2): 131-53.
- Whittington, R. (2006) 'Completing the Practice Turn in Strategy Research', *Organization Studies* 27(5): 613–34.
- Yin, R.K. (1984) *Case Study Research: Design and Methods*, 2nd edition. London: Sage.
- Zwick, D., Bonsu, S.K. and Darmody, A. (2008) 'Putting Consumers to Work: 'Co-creation and New Marketing Govern-mentality'', *Journal of Consumer Culture* 8(2): 163-196.

Figure 1: Relationship between practices, elements of practices, dimensions of practices, praxis, and subject positions

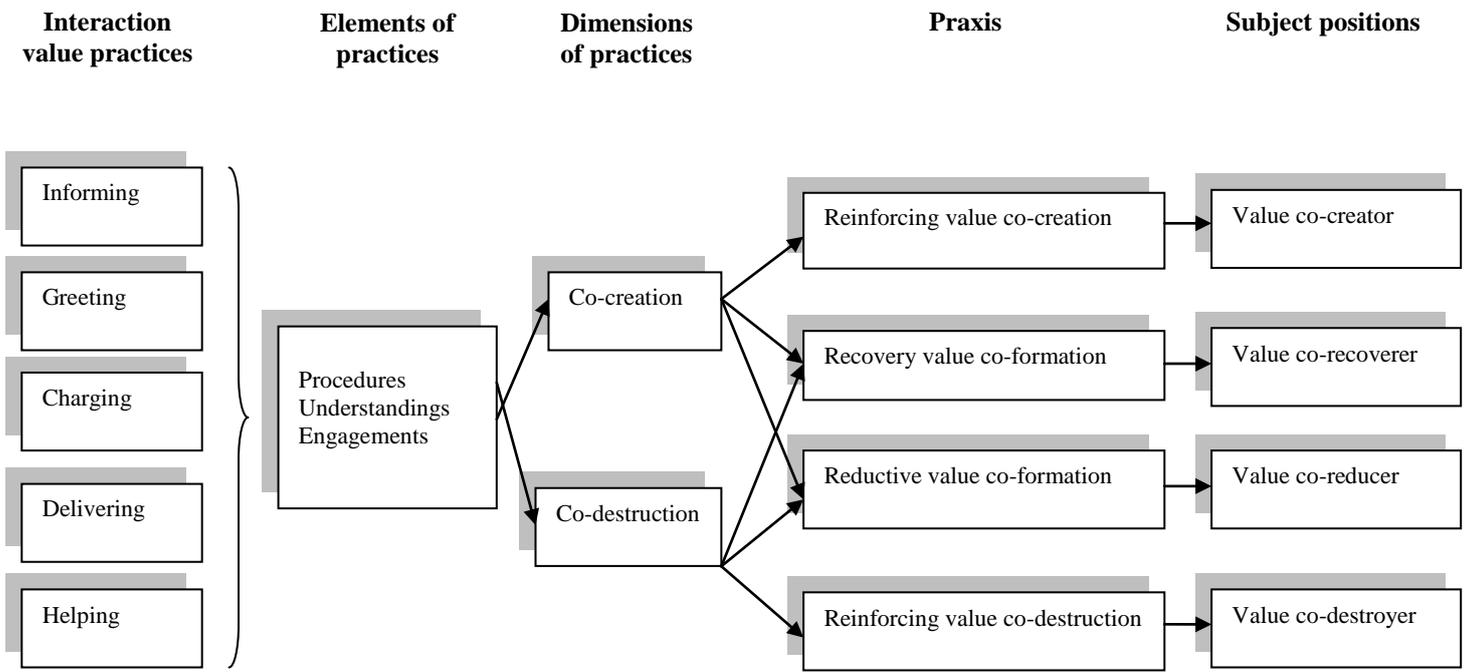


Table 1. Five interaction value practices: Detailed descriptions, core dimensions and elements (definitions based on Schau *et al*, 2009).

| | | Dimensions of practices | | | | | |
|------------|---|---|---|---|--|--|--|
| | | Co-creation | | | Co-destruction | | |
| Practices | Description | Procedures | Understandings | Engagements | Procedures | Understandings | Engagements |
| Informing | Employee and customer exchange information regarding issues related to the transportation service. | <i>Def: Explicit rules, principles, precepts, and instructions, called discursive knowledge.</i> Both actors share principles regarding how to interpret the meaning of the information at hand. | <i>Def: Knowledge of what to say and do; skills and projects, or know-how.</i> Both actors deal verbally and non-verbally with the other party according to codes of conduct and refer to workflow experience. | <i>Def: Ends and purposes that are emotionally charged insofar as people are committed to them.</i> Emotions and goals of the other actor are accepted as relevant, which informs the interaction. | <i>Def: Explicit rules, principles, precepts, and instructions, called discursive knowledge.</i> Actors invoke different principles to interpret or articulate information. | <i>Def: Knowledge of what to say and do; skills and projects, or know-how.</i> One or both actors obstruct the flow of information verbally or non-verbally and misinterpret or keep information to themselves. | <i>Def: Ends and purposes that are emotionally charged insofar as people are committed to them.</i> Emotional display of disappointment regarding the information given by the other. |
| Greeting | Salutatory actions when approaching one another upon embarking. | Both actors greet each other in line with organizational instructions and cultural codes. | Personality-based skills regarding approaching demeanour, recognizing the other's presence is invoked. | Both actors are committed to positive greeting actions. | Not paying attention to the other or strictly following the 'formal' uncommitted procedure. | Greeting actions not in line with societal codes of conduct are invoked – e.g. giving the other 'the finger'. | Greeting behaviour not adapted to the other's contingencies and situation. |
| Delivering | The collaborative production of the transportation service especially salient during service breakdowns. | Both actors express flexibility in relation to instructions and rules. | Both actors follow the scripted way of talking and express flexibility in handling problems arising. | Both actors have the same goals and are equally committed to the delivery of the transportation service. | Actors claim their own preferred delivery procedures as superior. | Actors differ in their know-how about what the transport service is supposed to accomplish. | Emotionally displaying mental irritation and frustration. Not being sensitive to the other's experience or not assisting the other if required. |
| Charging | The interactive actions linked to payment, e.g. paying, checking, and issuing tickets | Regulations regarding payment are explained, understood and accepted and technical procedures are assisted. | Both actors are familiar with payment methods. The practicalities of how to handle equipment are shared. | Both actors are committed to fulfil each other's expectations and displays sympathy during the payment procedure. | Complicated payment methods paired with poor instructions implies that neither of the actors pays attention to stipulated procedures. | Poor or different knowledge of payment techniques in tandem with a stressful environment causes problems. | Payment causes irritation and frustration, which is displayed and/or neglected. |
| Helping | Assisting one another, i.e. staff to customer, customer to staff, customer to customer, in streamlining the flow of the travel process. | Customers and employees actively support each other in accord with shared precepts. | Both actors display a proactive attitude, service mindedness, and willingness to assist. | Based on the idea of harmonious relations, interactions displaying positive emotions are invoked. | Helping initiatives based on incorrect presuppositions about procedure are counter-productive. | Skills and actions of helping do not connect properly with the other's need and understanding. | Making a fuss, over-elaborate, or losing one's temper when assisting the other. |

