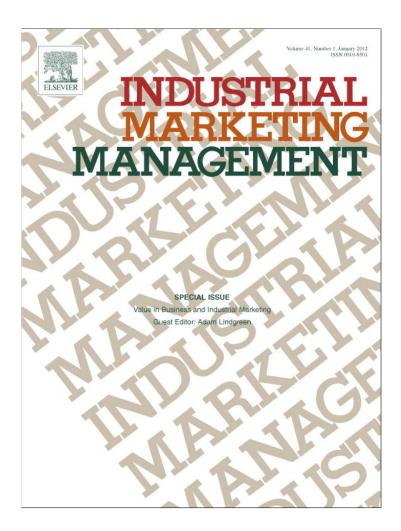
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## Communicative skills that support value creation: A study of B2B interactions between customers and customer service representatives

Nicklas Salomonson a,\*, Annika Åberg b,1, Jens Allwood c

- <sup>a</sup> School of Business and IT, University of Borås, S-501 90 Borås, Sweden
- <sup>b</sup> Service Research Center, Faculty of Economy, Communication and IT, Karlstad University, S-651 88 Karlstad, Sweden
- <sup>c</sup> Department of Linguistics, University of Gothenburg, S-412 82 Gothenburg, Sweden

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#### ABSTRACT

Although interaction has been acknowledged as central in value creation there is still a lack of empirical studies on how value creation is accomplished in practice, and in particular how communicative skills *support* customers' value creation. The purpose of this paper is therefore to generate a deeper understanding of how customer service representatives' communicative skills in conversations with customers *support* customers' value creation. We argue that value creating processes correspond to customers' roles as "feelers", "thinkers" and "doers". Accordingly, value creation involves three interdependent elements, an emotional, a cognitive and a behavioral. Based on a qualitative research design, drawing on an empirical study of 80 telephone conversations between customers and customer service representatives in a business-to-business context, the paper demonstrates three communicative skills that are essential in supporting customers' value creation: attentiveness, perceptiveness and responsiveness. The findings show how employees, by means of these communicative skills support customers' value creation. Attentiveness supports cognitive elements of the customers' value creating processes, whereas perceptiveness supports value creation in terms of cognitive, behavioral and emotional aspects. Finally, responsiveness supports the customer's cognitive as well as behavioral value creation.

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#### 1. Introduction

Value creation has emerged as a central notion in contemporary service research (e.g. Edvardsson, Gustafsson, & Roos, 2005; Normann, 2001; Normann & Ramirez, 1993; Ravald & Grönroos, 1996; Wikström, 1996) and as an important new way of portraying service: "service is a perspective on value creation rather than a category of market; the focus is on value through the lens of the customer; and co-creation of value with customers is key" (Edvardsson et al., 2005: 118). This service-centered perspective on value creation emphasizes interaction between customer and firm as central to creating value (Grönroos, 2011). It is through interactions that value is created, seeing that information is exchanged, consumed (i.e. existing information utilized) and produced (i.e. new information created) as well as knowledge is generated, and services are codesigned and co-created (Berthon & John, 2006). As Grönroos (2008) claims, a service provider has an opportunity, through customer interaction, to actively influence the flow and outcome of the consumption process (value creation) while the customers have the

<sup>1</sup> Tel.: +46 54 7002011; fax: +46 54 836552.

opportunity to influence the activities of the service provider. This interaction view (Echeverri & Skålén, 2011) stands in contrast to and challenges the non-interactive perspective where value is seen as being embedded in the products and services provided by selling firm. Value is according to the service-centered perspective fundamentally derived and determined in customers' use (value-in-use) (Vargo & Lusch, 2004a,b; Vargo, Maglio, & Akaka, 2008). Several researchers argue that customers create value independently, but with the support of the supplier (Payne, Storbacka, & Frow, 2007; Storbacka & Lehtinen, 2001). For this reason, and in line with Grönroos (2008), we use the term value creation when referring to the customers' role, and the term value co-creation when referring to the suppliers' role. That is, customers create value for themselves in their everyday practices and the firm develops opportunities to co-create value with and for the customers in their interactive contacts with them (Grönroos, 2008: 299). Interaction can in this perspective be seen as a "generator of service experience and valuein-use" (Ballantyne & Varey, 2006a: 336).

However, although the notion of interaction has been acknowledged in the literature, there is surprisingly few empirical studies on how value creation is accomplished in practice (Echeverri & Skålén, 2011; Vargo et al., 2008), and in particular how communicative interaction *supports* value creation. As Lindgreen and Wynstra (2005) state there have been relatively few attempts to, in great

<sup>\*</sup> Corresponding author. Tel.: +46 33 4354479; fax: +46 33 4354007. *E-mail addresses*: Nicklas.Salomonson@hb.se (N. Salomonson), Annika.Aberg@kau.se (A. Åberg), Jens@ling.gu.se (J. Allwood).

detail, investigate ongoing interaction processes between buyers and sellers. Most research on value creation with an interaction view is conceptual (e.g. Vargo & Lusch, 2004a,b) or draw on anecdotal data (e.g. Prahalad & Ramaswamy, 2004). Several researcher call for more closely observations of everyday interactions between providers and customers (Echeverri & Skålén, 2011; Woodruff & Flint, 2006). This enables a greater understanding of customers' everyday practices and value-generating processes and also creates opportunities for the supplier to engage itself with its customers' value-generating processes and thus become a co-creator of value with its customers (Grönroos, 2008).

In this paper we focus on interactive processes that support customers' value creation in their everyday practices (cf. Grönroos, 2008). The purpose of this paper is to generate a deeper understanding of how customer service representatives' (CSRs) communicative skills in conversations with customers support customers' value creation. How do the communicative skills serve as a foundation for customers' value creation? The concept of value is used in accordance with thoughts within the service-dominant (SD) logic, as will be evident below. The study is based on everyday interactions in the form of telephone conversations between CSRs in an industrial company and their customers. Such conversations between customers and CSRs are but one form of action in the overall interaction process between the buying and selling firm (see Holmlund, 2004 for an outline of different interaction levels in a relationship). Interaction between a buying and selling firm can also entail certain amounts of self-service, e.g. when a customer places an order or searches information through a system provided by the selling firm. However, we choose to exclude such interactions and focus on communication where two people are involved, i.e. a customer and a CSR.

Frontline staffs play a strategic role in value creating activities (Wikström, 1996), since they are often the primary point of contact before, during and, after a purchase (Chung-Herrera, Goldschmidt, & Hoffman, 2004). They are also of importance in developing customers' trust (Darian, Wiman, & Tucci, 2005), increasing their service encounter satisfaction (Bitner, Booms, & Tetreault, 1990), and providing service recovery when failures occur (Bell & Luddington, 2006; Maxham & Netemeyer, 2003). The human interaction element is thus essential when determining whether or not service delivery is to be deemed satisfactory (Chebat & Kollias, 2000). Corresponding to Day and Crask (2000) we acknowledge that the concept of value is separated from customer satisfaction, although they are related seeing that satisfaction is a reaction to perceived value. Furthermore, satisfaction can only be assessed after consumption, while value is possible to evaluate before, during and after consumption.

At first in the paper we discuss previous research on value and communicative interaction. This is followed by a section covering a theoretical framework on conversation and value creation. Subsequently, we describe the research design. Our findings in Section 5 are divided into three subsections that relate to different categories of communicative skills, that is, attentiveness, perceptiveness and responsiveness. We argue that these communicative skills are supporting emotional–cognitive and behavioral elements of the customer's value creation. Then the wider implications of our results are discussed and concluded. In the last two sections we account for the study's managerial implications, discuss limitations and make suggestions for future research in this area.

#### 2. On value and communicative interaction

There are generally two meanings of value, as described by Vargo et al. (2008): value-in-exchange and value-in-use. The former refers to the traditional view of value and value creation, i.e. the goods-dominant (G-D) logic, where value is seen as created by the firm and distributed in the market, usually through exchange of goods and money (Vargo et al., 2008). A main difference in this view,

compared to the concept of value-in-use, is that the former assumes that value is being destroyed during consumption, while value-in-use denotes the rather opposite. This meaning relates to the S-D logic where value is seen as "always co-created, jointly and reciprocally, in interactions among providers and beneficiaries through the integration of resources and application of competences" (Vargo et al., 2008: 146). This co-creation situation is accomplished when the provider and customer apply their different competences and skills in the process, or in Vargo and Lusch's (2004a,b) words, apply their "operant resources".

Drawing from and elaborating on Payne et al.'s (2007) cocreation framework, we argue that value creating processes correspond to customers' roles as "feelers", "thinkers" and "doers". Accordingly, value creation involves three interdependent elements, an emotional, a cognitive and a behavioral. Emotional value elements refer to the customer's feelings or affective state, cognitive value refers to processes that for example include attention, information-processing and solving problems, and lastly, behavioral value that concerns action that stems from the interaction, such as making decisions.

In order to make value propositions and co-create value with the customer, the communication needs to center on dialog with the customer (Lusch & Vargo, 2006). Other conceptual research has also recognized the importance of dialog in the value-creation process between the buying firm and selling firm (Duncan & Moriarty, 1998; Grönroos, 2000; Tzokas & Saren, 1997; 1999). Grönroos (2000) states that a dialog can be seen as an interactive process of reasoning together so that a common knowledge platform is created, which in turn enables value to be created. The communication process between customers and employees is also essential for the formation of satisfaction since it can result in a mutually held view regarding expectations and performance (Selnes, 1998). The notion of mutual understanding is further underscored in terms of relationship-specific knowledge, i.e. coping knowledge about how to deal with one another, which is primarily grounded in interaction (Ballantyne, 2004).

Within service research dialogical communication is described as a learning process (Ballantyne, 2004; Ballantyne & Varey, 2006b) with the purpose of being "open-ended, discovery oriented, mutually achievable and value creating" (Varey & Ballantyne, 2005: 16).

Conversation is, as an essential part of communication, seen as a medium for knowledge co-creation, transfer of knowledge and developing a shared meaning (Normann, 2001; Von Krogh, Ichijo, & Nonaka, 2000). In this view, employees' communicative skills are imperative to support customers' value creation. The reason for this is that the customer's role, within a S-D logic perspective, involves learning on how to use and adapt the value proposition to their individual needs and usage situation in order to create value (Vargo & Lusch, 2004a). Customers' ability to create value is also a direct effect of the amount of information, knowledge and other resources they gain access to (Normann, 2001). The more a customer understands about the opportunities available, the greater the value that can be created (Payne et al., 2007). According to Ballantyne (2004), such customer learning processes are above all, carried out in dialog between the customer and the employee. Hence, communication mediates employees' knowledge and customers' needs, since it supports the customer opportunity to create value.

## 3. Conversations and value creation — a framework of communicative skills

In this section we propose a framework of three communicative skills in conversations that in different ways support customers' value-creating processes. In doing so, we connect CSRs' communicative skills to the concept of value creation.

## 3.1. Communicative skills: attentiveness, perceptiveness, and responsiveness

Research on voice-to-voice service encounters in call centers has in particular demonstrated three dimensions of CSRs' listening behavior as important drivers of customer satisfaction and trust: attentiveness, perceptiveness, and responsiveness (de Ruyter & Wetzels, 2000, see also research on small group communication by Anderson & Martin, 1995). These three dimensions are also part of what is known as interaction involvement, that is, the extent to which one is fully engaged, both cognitively and behaviorally, in a conversation (Cegala, 1981). de Ruyter and Wetzels (2000) term these three dimensions as communication skills. Firstly, attentiveness reflects a provider's focus on the customer which is demonstrated through verbal and nonverbal cues during the interaction (Ford, 1999). Verbal cues are language stimuli that enables a listener to show consideration to the speaker, frequently by using affirmative words such as "yes" and "go on" (de Ruyter & Wetzels, 2000, see also Pearson & Nelson, 1997). Nonverbal cues refer to paralanguage, which include vocal qualities (i.e. voice characteristics like pitch, rate, and volume), vocalizations (i.e. sounds conveying meaning such as groans and moans), and voice segregates (i.e. pauses and fillers such as "um" and "ah") (de Ruyter & Wetzels, 2000). These nonverbal cues reflect affective commitment and involvement, while the verbal cues often are related to the message's cognitive content. An attentive provider demonstrates a desire to obtain as much information as possible and does not tune out parts of the conversation (Ford, 1999). Secondly, perceptiveness reflects the listener's attempt to understand the message by assigning meaning to the verbal and nonverbal messages that are transmitted by the speaker (de Ruyter & Wetzels, 2000). An example of high perceptiveness is when the provider can identify a customer's specific needs and thereby offer the appropriate product or service to meet those needs (Ford, 1999). If the provider does not understand he/she can let the customer know by asking questions or providing feedback. As described by de Ruyter & Wetzels (2000, see also Pearson & Nelson, 1997; Ramsey & Sohi, 1997) asking for more details and rephrasing the message to check for the right interpretation are some of the ways that convey perceptiveness. Thirdly, responsiveness reflects the level of understanding or agreement between the provider and the customer (de Ruyter & Wetzels, 2000). Ford (1999) describes this as when the provider responds to the customer in a timely and appropriate way. This can be demonstrated through restatements, clarifications and interpretations (Northouse & Northouse, 1992, see also Ford, 1998, 1999). A restatement is when the provider paraphrases or repeats the customer's question in order to make sure that the message is understood. Clarification involves the use of questions by the provider in order to pinpoint the area of concern. Interpretation finally, is when the provider expresses what she believes to be the customer's concern, thus offers an own perspective of the situation (Ford, 1998, 1999). The three communicative skills are summarized in Table 1.

Results from the study by de Ruyter and Wetzels (2000) reveal that attentiveness is a direct driver of encounter satisfaction, whereas perceptiveness is primarily related to trust. Responsiveness is positively related to both satisfaction and trust. Trust and satisfaction are as de Ruyter and Wetzels (2000) describe based on the extent to which a call center agent does what is promised, gives a truthful

**Table 1** Communicative skills.

Attentiveness	Perceptiveness	Responsiveness
Show consideration to message's content	0	Demonstrate
Reflect affective commitment and	the verbal and	understanding
involvement	nonverbal messages	or agreement

answer, takes the customer's call seriously, does this in a courteous and friendly manner, etc. This communicative skill is of importance since a company's response, which could be related to outcome quality of the service encounter, is frequently what customers are looking for in contacting the firm (de Ruyter & Wetzels, 2000). Satisfaction and trust are thus essential building blocks for maintaining long-term relationships with customers (Crosby, Evans, & Cowles, 1990). As these dimensions are related to value (Day & Crask, 2000), we argue that the communicative skills also have impact on the customers value creating process.

#### 4. Research design

For the purpose of the paper, a qualitative approach was used in order to analyze communicative activities in detail. The analysis was conducted using naturally-occurring data (cf. Silverman, 2001) in the form of conversations between CSRs and customers. This data is considered naturally-occurring since it would have occurred even if the researcher was not present to record it. This type of data enables researchers to reduce the gap between beliefs and action, and between what people say and what they do that often can be found in studies based on interviews or questionnaires (Drew & Heritage, 1992). Given our intention to focus on every day, interactive value creation, we consider customer service interaction to be a suitable context. Since there are few empirical studies on how value creation is accomplished in practice and in particular through communicative interaction we chose an exploratory single-case study design (Eisenhardt, 1989; Miles & Huberman, 1994).

The paper draws upon an ethnographic study of CSRs in an industrial company (A-company) and their interactions with customers by telephone (Salomonson, 2005). A-company is a Swedish industrial company in the building and construction industry and subsidiary to a large, multinational corporation. The company sells plumbing and indoor climate systems (physical products) for buildings. The customer service department at A-company consists of five frontline personnel; four women and one man. The CSRs were between 35 and 55 years old and had worked at A-company between 2 and 25 years. Their main work is to serve customers over the telephone, i.e. receive orders, answer questions, provide information and solve problems with previous orders and deliveries.

The CSRs describe that the customers who call them mainly are wholesalers that usually have long-term contracts with A-company and in many cases have had repeated interactions with specific persons among the CSRs. The CSRs work is quite dynamic and flexible. The interaction between them and the customers can to some degree, in accordance to Gutek (1995), thus be classified as relationshiporiented service. The CSRs perform a wide range of tasks and alter their performance in accordance to customer needs. They answer customers' questions about products, prices, discounts, terms of delivery, products in stock; receive and acknowledge orders of products; and solve customers' complaints for example related to problems with products or delivery. There are also no obvious service scripts about how to treat customers and the frontline personnel are not bound to process as many customers as possible during the day. The CSRs describe that there also are situations where customers not have had repeated interactions with specific CSRs and the interactions can be seen as more encounter-oriented (Gutek, 1995). Also, not all interactions demand flexible service. In many interactions the customers know what they want and the personnel's task is more of processing it to the computer system. This is especially noticeable in situations where a customer wants to order a specific product and has all information needed to do so. We have, based on the data, however not been able to identify if a specific conversation is a repeated or a punctual interaction with a specific CSR. The possible effect of repeated vs. punctual interactions is therefore not subject to analysis and discussion in this paper.

The data in this paper consists of recorded telephone conversations between customers and all the five CSRs. A total of 80 incoming phone calls were recorded at eight different occasions during a three month period. Each call lasted for about 1 to 10 min, but sometimes they were longer. In total, we have analyzed about four hours of recorded conversations. For ethical purposes, the customers were informed by the CSRs that the conversations were being recorded. In doing so, customers were given the opportunity to decline to participate. Although this may have influenced the 'naturalness' of the communication, we chose this procedure for two reasons. Firstly, as mentioned above, for ethical reasons. Secondly, as we did not observe any hesitation or unwillingness to participate on the part of the customers, it is reasonable to assume that this procedure did not, in fact, interfere very much with the conversation. It has also become increasingly common that call centers and customer service centers routinely inform their customers that conversations may be recorded for training purposes. Thus, customers have become more used to

The recorded conversations were transcribed in detail. The data has been coded as inspired by the grounded theory approach (Glaser & Strauss, 1967; Strauss & Corbin, 1998). A first category that emerged from the data was the purpose or interactional goal customers seemingly had when calling the CSRs. Three subcategories were found that reflected the interactional goal: information seeking, ordering and complaining and changing. Information seeking represents conversations that usually take place before ordering and where customers call in to get information about something. Ordering represents conversations where customers want to order something. Complaining and changing represents conversations where customers, after having ordered something, call back and want to make a complaint or a change. The reason we put complaining and changing in the same subcategory is that they take place in the same time span in the interactions between CSRs and customer, i.e. after ordering.

The data analysis was also inspired by Layder (1998) in that we shifted between data and theory. The categories of customers' interactional goals that emerged from the empirical data were subsequently related to theoretical concepts of 1) interaction orientation, i.e. attentiveness, perceptiveness and responsiveness, and 2) emotional–cognitive and behavioral elements of the customer's value creation. In order to further increase the level of credible results, we have used triangulation in the form of different 'investigators' (see Lincoln & Guba, 1985). We have independently analyzed the data and then discussed the analysis jointly.

#### 5. Findings

This section is divided in three parts each describing communicative skills used by CSRs that support customers' value-creation processes. In order to describe and illustrate the different skills, we have in line with the empirical data analysis categorized the studied conversations according to typical interactional goals, information seeking, ordering and complaining and changing. Our purpose with this section is to demonstrate how the three distinct communicative skills, attentiveness, perceptiveness and responsiveness, unfold and support customer value creation within these three interactional goals. The names of companies, persons, products and other related issues have been changed.

#### 5.1. Attentiveness

The first category of the conversations is when customers call the CSRs and seek some sort of information. Customers ask questions related to products such as functionality, use or dimensions but also questions about price, discount, delivery, or amount of products in stock. Conversations where customers seek information mostly start

with a specific question or request, for example "I need a price on a KS-product". In those cases when the CSRs knew the answer they responded right away with information about the price or other relevant information. However, often the CSR needed further information from either the customer or within the firm. The customers' questions were in these cases followed by affirmative words such as "yes", "let's see" and non-verbal cues such as "mm" from the CSRs, a short pause while searching the computer or other documents.

A similar pattern of attentiveness is demonstrated in calls about ordering. One such example is the following conversation (conversation no. 1) where the CSR, to a great extent, does not add anything else in the conversation besides affirmative words such as "yes", and non-verbal cues such as "mm".

#### Conversation no. 1

- 4 C I would like to order 3810646 (product number), RK-products (product name)
- 5 S Mm... (she makes a note in her notebook)
- 6 C Four items to our central warehouse.
- 7 S Mm... (makes a note in her notebook)
- 8 C The customer number is 186-2795475
- 9 S Yes. (makes a note in her notebook)
- 10 C And then you send it to our central warehouse.
- 11 S Sure we arrange that.

Through these short affirmations and non-verbal cues the CSR is able to serve the customer in such a way that the customer's need for more products is fulfilled. Attentiveness is also shown in conversation about complaints or changes. Complaints often concerned products not being delivered as promised, that wrong products had been delivered, that products had been delivered to the wrong place or that prices were wrong. Calls where customers wanted to change something in a previous order concerned change of place of delivery, change of the number of ordered product or a cancelation of the specific order. In these conversations the CSRs' attentiveness are often followed directly by a question about what has happened or a statement of what has been made (e.g. delivered from A-company). Hence, a difference from previous conversations types is that affirmative words and nonverbal cues occur somewhat less frequent as "stand alone elements" in these. One example is:

#### Conversation no. 77

- 4 C I ordered some products from you on March 26 but I didn't receive everything. It was order number 7883225.
- 5 S Mm... Yes. Let's see. (short pause while she searches the computer). Mm... it was sent from us on March 27.

In all three categories of different interactional goals, the employee is able to unfold the dialog by showing attentiveness to the customer's message. However, and maybe more importantly, by using affirmative words (such as "mm" and "yes") the employee is also able to obtain more information about the customer's errand. In a very time efficient way, useful information is displayed which in turn supports cognitive elements of value creation. In several conversations we can see that

affirmative cues not merely function as attentiveness, but also as a "request" that calls for the customer's active participation in forms of giving more information.

#### 5.2. Perceptiveness

Perceptiveness concerns how the employee understands and assigns meaning to the message. Conversations about information seeking contain episodes where customers ask questions in order to receive the right information from the CSRs. Sometimes the CSRs cannot, based on the information given in the customers' questions, provide sufficient answers. A conversation technique to identify customers' specific needs is then to ask for more details or rephrase the message. In order to identify the customers' needs a perceptive CSR sometimes also has to provide explanations. One example is the following conversation (conversation no. 10) where the customer wants specific information about the functionality of a product.

#### Conversation no. 10

- 4 C Well. I have a bit odd question about K-products.
- 5 S Yes.
- 6 C Do you have DM-products (a sub category of K-products) that are fit for driving over with a truck?
- 7 S No. You know, our L-part (a part of the product) is not fit for driving over.
- 8. C It's not?
- 9 S No. You need a so called B5 designation and replace our PL-part with that.
- 10 C Okay. What's that?
- 11 S It's the big round one. The one you see in the street so to speak. With an R-part and an L-part. That one you buy at the VA wholesaler.
- 12 C Well, okay.
- 13 S Yes.
- 14 C B5 designation L-part and R-part?
- 15 S B5, yes.
- 16 C It fits?
- 17 S Yes. It's a good size so it will be able to fit on the outside of our K-part, our small S-part.

In turn 7 in the conversation the CSR answers that the product does not have the functionality sought by the customer. In turns 8 and 11 the CSR then provides a further explanation of what product is suitable, what it looks like, and where the customer can buy the product. Additional questions from the customer about dimensions and what product it fits together with lead to further explanations from the CSR. By using perceptive responses the CSR is able to provide information and knowledge to the customer about products and related issues.

Another example of perceptiveness in information seeking conversations is when CSRs mirror the emotions or attitudes of the customer. This is an acknowledgment that the customer's feelings are recognized. One form of perceptiveness is to mirror customers' laughter and an "easy going" tone in conversations. This was for example noticeable in conversations where there was a discussion about potentially sensitive matters like discount on products. One such example is the following conversation (conversation no. 8):

#### Conversation no. 8

- 10 C What's our discount?
- 11 S And you have 15% discount on that.
- 12 C 15%?
- 13 S Yes.
- 14 C Don't we have more?
- 15 S No.
- 16 C It's usually 45%.
- 17 S No not on this new one.
- 18 C That wasn't much! (laughter)
- 19 S No, you don't think so? (laughter)

This kind of adaptation to each other helps them to maintain a friendly sense of balance during conversations and in that, emotional elements of value creation are supported.

In conversations that concern ordering, the communication is often a bit more complex than the previous example above since the customer often wants to order several different products, receive information about availability of products, price, discount, delivery cost, and request where the products need to be delivered. This requires the CSRs to be perceptive and, if needed, ask questions in order to further pinpoint what the customer wants. The following conversation (conversation no. 13) is one example of perceptiveness in ordering situations:

#### Conversation no. 13

- 4 C Well it is about MB-products. A situation has occurred. It is has almost become a bit embarrassing.
- 5 S Yes, now you made me curious (laughter).
- 6 C It's article number 25645212 in PVC (a specific material).
- 7 S Yes.
- 8 C Do you have that?
- 9 S (A short pause while he searches the computer) Yes, we still have some in stock. But you know that it's an ordinary MB-product?
- 10 C Yes.
- 11 S 1045 in PVC
- 12 C Our people that handle quality issues want us to have products in PPT instead. But if any of our customers (the customer's customer) want PVC then we solve it.

- 13 S Yes, of course.
- 14 C You haven't sold all of them?
- 15 S No, we have some left.
- 16 C In order not to cause too much trouble I would like to hear how many there are in one box.
- 17 S (A short pause while he searches the computer) There are 30 in one box.
- 18 C Oh! I only need 15 of them. That wasn't good.
- 19 S Mm... that wasn't good. It was a small customer after all.
- 20 C No, it's quite a large customer.
- 21 S Really?
- 22 C Yes, but they also have accountants.
- 23 S No, no I understand (laughter). Well, how can we punish them? Should we reduce their discount or what can make them buy whole boxes?
- 24 C That won't help! (laughter)
- 25 S No
- 26 C Could you deliver just 15 of these?
- 27 S Yes, of course.
- 28 C I don't know the agreement between us regarding discount
- 29 S Yes, you have a so called stock discount (if the customer buys a whole box) and if I'm a bit mean you will not get that.
- 30 C Are you that mean? (laughter)
- 31 S No, not that often (laughter). Not when it's a big and well known customer.

In this conversation the CSR tackles a situation where the customer wants to order a certain amount of products for his customer that deviates from the standard amount. In the beginning (turn 9) the CSR tries to make sure, by asking a question, that the customer is ordering the right product. In turn 13 the CSR then expresses an understanding which is based on the customer's explanation in the previous turn. In turn 18 the customer states that he only needs 15 items which leads the CSR to reflect on the size of the customer's customer. The customer responds that it is a large customer and then makes a joke that his customers have people (accountants) counting the money. The CSR responds (turn 23) by saying that she understands and by continuing the easy-going, friendly tone. She even makes suggestions ("Well, how can we punish them? Should we reduce their discount or what can make them buy whole boxes?") that would not be suitable in a conversation with less of a friendly tone. In turn 28 the CSR explains, based on a statement by the customer, what discount the customer has. At the same time the CSR signals, even though in a friendly tone, that the customer could lose this discount. She seemingly has no intention of doing so but nevertheless sends a signal. In turn 31 the CSR provides an explanation for

her decision. By the employee asking questions, explaining and also joking with the customer she is demonstrating how she interprets the communicative messages and also makes clear what the customer wants

Further, in conversations about complaints and changes, a sign of perceptiveness is when the CSR, besides attempting to understand a customer's message, also attempts to solve the problem. In the following example (conversation no. 22) a customer needs to change a previous order of a specially made product. What also is noticeable is the effort the customer makes in explaining what went wrong.

#### Conversation no. 22

- 6 C I have previously spoken with Holger Mattsson (a sales engineer at A-company) and ordered a FB-products with three TA (related to the shape of the product). Now there has been a change and I need to cancel the order.
- 7 S What did you say? Where are you calling from?
- 8 C I'm calling from D-company in G-town.
- 9 S From D-company. Let's see. Do you have your order number?
- 10 C Yes I have.
- 11 S Yes.
- 12 C 65843973-562
- 13 S Mm... (short pause while she searches the computer). Yes, one FB-product.
- 14 C Yes and there has been a change and I must ask you to cancel it. The consultant is right now doing a recalculation.
- 15 S Yes, I just need to see what it looks like. (short pause while she searches the computer again). Mm... I'm not quite sure how...
- 16 C The intention was to put the households together three and three and now there is a change and it will be two and two instead.
- 17 S Okay.
- 18 C Is that possible to arrange?
- 19 S Yes then I just need to check... I can't see what has been reported yet because it's special production as you know. It's not a standard article in any way. So I have to check how far... what has happened. Whether anything has been made.
- 20 C Can you please get back to me?
- 21 S Yes of course.
- 22 C What was your name again?
- 23 S Ulrika.
- 24 C Yes because if we calculate two and two instead it's not this then.

- 25 S Yes. Mm... But shall I cancel it completely then?
- 26 C Yes do it if it's possible.
- 27 S Yes then I will see what I can do.
- 28 C Okay. Thanks.

As seen in turn 19 the CSR also explains to the customer that this is a specially made product that cannot be easily canceled. After promising to get back to the customer the CSR then calls the production department in A-company and asks them where in the production process the product is and if it is possible to cancel it. The production was scheduled the next day and she is able to cancel it.

As in conversations where customers seek information or order products there are also episodes where the CSR show perceptiveness by mirroring the emotions or attitudes of the customer. This was for example noticeable in conversations where the customer called the CSR to change something. The following conversation (conversation no. 28) shows how the CSR downplays a possible mistake on the part of the customer by saying "we all do that now and again".

#### Conversation no. 28

- 4 C I've made a mistake (chuckle).
- 5 S You've made a mistake? We all do that now and again.
- 6 C PR product 75. I believe its 65553219 [product number] in your terms.

By being perceptive to the customer's feelings the CSR avoids a situation where the customer possibly feels inferior. This can be seen as an attempt to 'save the other's face' and thus maintain a sense of balance.

In our study, perceptiveness concerns pinpointing the customer's needs and demonstrating how they have understood the customer's request. But it also involves informing and educating the customers. By doing so, they are supporting both cognitive and behavioral elements in the value creating process (cf. Payne et al., 2007), since it allows the customer to learn and to "act correctly" in the service process. Perceptiveness is also shown by using emotional oriented communication, for example by laughter or jokes. By doing so, the employee also supports emotional elements of value creation.

#### 5.3. Responsiveness

A third communicative skill, responsiveness, demonstrates the level of understanding or agreement between the customer and the CSR. In conversations where customers seek information the CSRs show responsiveness through restatements, clarifications and interpretations. In the following conversation (conversation no. 11) the CSR uses questions (turns 5 and 7) to elicit information and clarify what the customer wants. A risk of later on ordering the wrong product is thereby avoided.

#### Conversation no. 11

- 4 C I have a customer (the customer's customer) that asks for the price on an U-product, dimension 560.
- 5 S Yes. You mean an UR-product?
- 6 C Yes is that the name?

- 7 S You mean UR 2?
- 8 C Yes UR 2 dimension 560.
- 9 S Mm... (short pause while checking a list with prices on his table).

Responsiveness is also demonstrated in conversations about ordering and in conversations about changing and complaining. In the following example the customer has an urgent need of an immediate delivery of products.

#### Conversation no. 9

- 4 C Now, I will give you a task and the goods needs to be there by tomorrow.
- 5 S Tomorrow?
- 6 C The order number is 24715996. 160 EM-products.
- 7 S Sorry? 247-
- 8 C 15996. We can't get the goods of from H-town and now a damn hotel has stopped entirely.
- 9 S This must be the thing Karin (a colleague at the customer service department) was just talking about.
- 10 C We can't get it loose.
- 11 S Wait a second. I wonder if I have any...
- 12 C (says something not hearable)
- 13 S Sorry?
- 14 C I can't get it loose and now it's totally stopped.
- 15 S Please hold for a second.

The CSR turns to her colleague Karin. She finds out that there are no goods in stock. The CSR turns to the phone again.

- 16 S Hello. Haven't they received an order to H-town?
- 17 C They have, but I can't get it loose. It's stuck in our warehouse. They don't have the time.
- 18 S I see. They haven't had the time to unload.
- 19 C They have worked in three shifts recently. We have to solve it or chaos will follow.
- 20 S How many are we talking about?
- 21 C 150.
- 22 S Yes, no, I can't manage to handle that now. It's impossible. Not 150. Let's see...
- 23 C It doesn't matter how you solve it, as long as we get it to S-town.
- 24 S Okay, it's only that I don't know how to deliver it. That's the problem.

- 25 C How many are there in a carton box? There are 24 in a carton box.
- 26 S Well, it's slightly more than 30. Please hold again.

The CSR calls to a person in the warehouse. Yet another person in the warehouse is involved, as well as another CSR. Products are subsequently taken from another customer order. The products will be delivered by express railway. It will be delivered to the station by the CSR in her own car when she ends work and from the end station by a local delivery firm.

As seen in the example the customer is very blunt in his request for an immediate delivery of products. The CSR responds (turn 5) seemingly with surprise by repeating "tomorrow" pronounced as a question. The customer continues by stating the order number and the number of products he needs. The CSR seems to have trouble in following the customer's pace since she starts repeating the first three numbers in the order number. This is however also a sign of responsiveness, an effort to make sure that no vital information is lost. Responsiveness is also demonstrated in turn 9 where the CSR relates the customer's information about the problem to previous information given by a colleague at A-company's customer service. The customer keeps repeating what is wrong. The CSR talks to her colleague that had the information and then returns to the customer. The CSR tries to pinpoint the problem by asking if the customer's customer has not received the products. The customer responds in turn 17 and the CSR demonstrates an interpretation and understanding of what is wrong. Then there is sequence about how many products the customer wants. The CSR is skeptical if she can arrange a delivery. Her further actions when contacting other people in the company and her quite exceptional solution of delivering products to the train in her own car is a strong sign of responsiveness towards the customer.

Responsiveness in our study concerns two elements of value creation, behavioral and cognitive support. As for the behavioral dimension, the employee confirms mutual understanding and acknowledges agreements and thereby displays "correct" process behavior. The customers are taught how to act henceforth. The customer is also guided when it comes to making decisions, as a result of the CSRs' responsiveness. Cognitive elements are also supported, as the customer is answering and coming to the same conclusion as the CSR, they are compelled to reflect on their errand and the process. In Table 2 we summarize our findings concerning communicative skills, interaction orientation and value creation elements that support customer's value creation.

**Table 2**Communicative skills and value creation support.

		Customers' interactional goals		
		Information seeking	Ordering	Change and complain
CSRs' communicative skills	Attentiveness	Employee practice: Elicit information support Value creation element: Cognitive		
	Perceptiveness	Employee practice: Inform and explain, Mirror mood, Joke support Value creation element: Cognitive, emotional & behavioral		
	Responsiveness	Employee practice: Confirm mutual understanding & agreement support Value creation element: Cognitive & behavioral		

To sum up, CSRs' communicative skills of attentiveness, perceptiveness and responsiveness support different elements of customers' value creation. By being attentive, the CSR encourages the customer to elicit useful information which in turn supports cognitive elements of value creation. Similarly, by being perceptive, the employee informs, explains, and also reflects the customers' feelings, which in turn provides support for cognitive, behavioral as well as emotional elements of value creation. Finally, responsiveness allows the employee to support cognitive and behavioral elements of value creation, by confirming mutual understanding.

#### 6. Discussion

Through the lens of conversations as a learning process (cf. Ballantyne, 2004; Ballantyne & Varey, 2006b) and a medium for knowledge co-creation, transfer of knowledge and developing a shared meaning (Normann, 2001; Von Krogh et al., 2000), it becomes clear that customers' value creation concerns the customers' ability to integrate organizational resources to their own needs, rather than merely receiving information or taking a passive role. In this view the key point is that the customers in fact are able to comprehend value propositions and above all, learn how to use and adapt these propositions to their own needs. The supplier can only support this process. Our study suggests that through dialog, employees use different communicative skills that correspond to different types of value creating support to the customers. In the following we discuss how the present paper contributes to the area of value creation in business markets. We specify our findings in relation to the communicative skills, i.e. attentiveness, responsiveness and perceptiveness, described in our theoretical framework. Each communicative skill is discussed in connection to value creating supporting processes, i.e. emotional, cognitive and behavioral support. Finally we discuss our findings in relation to previous research in the area.

#### 6.1. Attentiveness

As described by Ford (1999), attentiveness reflects a provider's focus on the customer which is demonstrated through verbal and nonverbal cues during the interaction. Our findings demonstrate similar forms of attentiveness by CSRs during the different interactional goals pursued by customers in conversations, i.e. information seeking, ordering and complaining and changing. We argue that the affirmative words and non-verbal cues used by CSRs are important in order for customers to understand that their needs are attended to in an appropriate way. A customer wants to know that the CSR has appreciated the customer's request for specific information or request to order more products. This technique assists and encourages the customer to proceed with his/her errand and thus supports the customer's own value creating process. Conversations where the customer wants to make a complaint or change something are similar with the exception that affirmative words and nonverbal cues are somewhat less frequent as "stand alone element". That is affirmative words and nonverbal cues are often followed directly (in the same turn by the CSR) by a question about what has happened or a statement of what has been made, i.e. perceptiveness. This can be seen as a sign that CSRs immediately want to find out want went wrong or what the customer wants to be changed.

Accordingly, attentiveness supports cognitive elements of value creation. By compelling the customer to proceed with his errand (sometimes simply by using non-verbal cues like "mm"), the customer is obliged to specify given information. This points to two important conclusions, firstly, the customer is taking an active participating role in the value creating process, and secondly, she is also, on a cognitive level contributing to value creation. Previous research on voice-to-voice service encounters shows that attentiveness also concerns affective commitment (de Ruyter & Wetzels, 2000).

This is however not the case in our study. Instead, employees' attentiveness functions as a cognitive support and emotional support is achieved by means of perceptiveness.

#### 6.2. Perceptiveness

Perceptiveness reflects the listener's attempt to understand the message by assigning meaning to the verbal and nonverbal messages that are transmitted by the speaker (de Ruyter & Wetzels, 2000). A provider that can identify a customer's specific needs and thereby offer the appropriate product or service to meet those needs demonstrates high perceptiveness (Ford, 1999). We argue that these attributes are important in order for a CSR to support a customer's value creating processes, both when it comes to cognitive, behavioral and emotional support.

As for cognitive elements, our findings show that CSRs frequently use questions and explanations as means to pinpoint customers' needs and to assign meaning to the message. These techniques are applied in all three forms of conversations, i.e. information seeking, ordering, and complaining and changing. Consequently, perceptiveness is a learning activity, supporting customers' cognitive value creation, where the customer gains new knowledge that can be used in their own value creating processes.

Behavioral support is also achieved through perceptive responses. Customers are able to, via employees' explanations and specifications, learn how to behave in the process. Such knowledge enables customers to expedite following service encounters. In addition, perceptiveness is demonstrated when a CSR mirrors the emotions or attitudes of the customer which is an acknowledgment that the customer's feelings are recognized. This can be done by mirroring the customer's laughter and an "easy going" tone which for example was noticeable in conversations where there was a discussion about potentially sensitive matters like discount on products. By forming an unproblematic and unforced environment, the CSR is supporting emotional value creation

#### 6.3. Responsiveness

Responsiveness reflects the level of understanding or agreement between the provider and the customer (de Ruyter & Wetzels, 2000) and can be accomplished through restatements, clarifications and interpretations (Northouse & Northouse, 1992, see also Ford, 1998, 1999). Thus, responsiveness is an important communicative skill in supporting customers' value creating processes as these questions are essential in determining if the parties have understood each other. Mutual understanding as emphasized by Ballantyne (2004), Varey and Ballantyne (2005) and Grönroos (2000), is often the primary prerequisite for creating value by actually carrying out the service.

In this study, the participants always come to some kind of mutual comprehension and agreement as the conversation unfolds and we found a number of practices by which the CSR created this. By identifying as well as clarifying ambiguities, they reduced uncertainties, shared information, and finally came to a conclusion regarding the service in question. A CSR can for example restate a customer's question by paraphrasing or repeating it in order to make sure that the message is understood. In this respect, responsiveness and perceptiveness are crucial communicative techniques to reach mutual understanding regarding the cognitive content of the service encounter as well as the outcome of the value creating process.

By confirming mutual understanding, employees also support customers' behavioral value creation. Similar to perceptive responses, responsiveness also teaches the customer how to act within the organizational frame. Behavioral elements of value creation also concern action within the immediate interaction, when expressing responsiveness the

employee is also able to support the customer's behavior such as decision making process.

#### 6.4. Findings in relation to previous research on value creation

Our study supports and expands earlier research on value creation activities. Correspondingly to previous research, we note that communication with the customers is fundamental when making value propositions and co-creating value with them (Lusch & Vargo, 2006). However, while previous research is mostly conceptual our research provides results based on an empirical study of communicative interactions. It is obvious that employees' communicative skills reconcile inter-organizational knowledge with customers' needs. Through communication suppliers can actively influence the flow and the outcome of the service encounter. Customers gain access to relevant information, knowledge and other resources and can, consequently, make better informed judgments and decision. In connection to this we bring forward the employees' role in supporting the customer's value creating process.

In comparison to Ballantyne (2004), Ballantyne and Varey (2006a, b), Berthon and John (2006), and Varey and Ballantyne (2005), where communication on a global level is regarded as a method of creating bonds with customers, our study points to some specific communicative skills of social interaction which support value creation. By expanding previous research of Payne et al. (2007), that is, adopting the categorization of value supporting activities (cognitive, behavioral and emotional), we demonstrate which type of support is being achieved by means of employees' communicative skills. Furthermore, we could also demonstrate *how* employees support customers' value creation by analyzing recognized communicative skills.

#### 7. Conclusions

The purpose of this paper was to generate a deeper understanding of how customer service representatives' communicative skills in conversations with customers support customers' value creation. Drawing on an empirical study of naturally-occurring conversations between CSRs and customers, the paper contributes to research on value creation in business markets. Our study demonstrates three communicative skills that are essential in supporting customers' value creation: attentiveness, perceptiveness and responsiveness. First, a CSR demonstrates attentiveness towards the customer through different verbal and non-verbal cues during the interaction. These cues are important in order for customers to understand that their needs are attended to in an appropriate way. The cues also facilitate cognitive elements in the customers' value creating processes. Second, the CSR's perceptiveness is reflected through the attempts of understanding the customer's message. The frequent use of questions, feedback and explanations are examples of means to pinpoint customers' needs and thereby offer the appropriate product or service to meet those needs. In addition it supports value creation in terms of cognitive, behavioral and emotional aspects, as the customer gains access to knowledge, learns how to act and is emotionally acknowledged. Third, the CSR's responsiveness reflects the level of understanding or agreement towards the customer. Restatements, clarifications and interpretations are ways to make sure that the message is understood, which in turn supports the customer's cognitive as well as behavioral value creation.

We argue that this micro analysis of conversations clarifies how employees' ability to, in dialog with the customers, clarify, create and demonstrate an understanding about customers' needs, enable customers to adapt organizational resources to their own usage situation. Following Vargo and Lusch (2004ab), value-in-use is achieved through the integration of resources. Value-in-use, in our case, is enabled when a customer actually receives the proper information, is able to place an order, make a change, or gets a problem solved, i.e.

the specific form of "value-in-use" is related and dependent on the customer's interactional goal and the employee's skills. Even if value-in-use has dissimilar features, it is evident that the communicative processes and the resource integration have certain common denominators. Employees confirming and attending to customers' requests allow the customers to continue the communication and, hence, in the end create value-in-use. Similarly, employees' communicative work of investigating and explaining, using techniques of perceptiveness, supports this creation. Our paper also demonstrates how employees' responsiveness makes it possible to reach mutual understanding and agreement which in turn is a vital aspect of value creation. In this respect, the employees' communicative behavior and above all, skills, are a mean towards the end to support customers' value creating process.

#### 8. Managerial implications

From the findings, four managerial implications emerge. Firstly, as recognized by other researchers, managers need to consider that every customer interaction is an important episode in a potentially long-term relationship. Supporting customers' value creation processes through different forms of communicative skills thus has implications reaching beyond the boundaries of the immediate service interaction. Secondly, in-service training for frontline employees should take communicative skills into consideration. This entails more guidance when it comes to seeking cues in conversations. For interactions with complaining and dissatisfied customers, this is particularly important. A customer that feels that the CSR understands and interprets the customer's errand correctly will also perceive the CSR as knowledgeable and able to provide a solution or information again in the future (cf. de Ruyter & Wetzels, 2000). Thirdly, as our result underpins the importance of employees' supporting activities it would be wise to pay close consideration to when, and if at all, it is appropriate to provide self-service systems. Although self-services are an attractive strategic solution for many reasons, it also means that customers are left with less interactional support. In particular, emotional supporting activities seem, at least on a tentative level, hard to transfer to a self-service encounter. Fourthly, it is important to account for the negative consequences for value creation when streamlining interactions. It is essential that employees have sufficient time and resources to establish a communicative balance and accomplish a mutual knowledge platform, by means of attentiveness, perceptiveness and responsiveness. Many call-centers focus much on productivity and efficiency, i.e. as many customers served as possible during a certain time span, something that stands in contrast to sensing and developing a deep understanding of customers' needs. While attentiveness can be a time-efficient way to accomplish successful conversations, perceptiveness and responsiveness can require a substantial time span. Organizing to support customers' value creation during interaction thus requires allowing customers and CSRs to, for example, confirm, explain and reflect in order to establish a mutual frame of reference. This should not be interfered by time limitations.

#### 9. Limitations and further research

It was previously argued that value creation is accomplished when the participants' knowledge and skills operate to and from suppliers and customer. It is this "to and from" dimension that we have strived to portray, by focusing on the employees communicative skills. Even though the customers' perspective of the communication is left out in our analysis, we do claim that our description of this communication covers the dialog as such since the employees' interaction orientation and communicative actions always relate to the customers' previous turn(s) in the dialog. Employees' attentiveness, perceptiveness and responsiveness are constantly exhibited in the responses towards the customer. However, to gain additional knowledge of

communicative dimensions it is also important in further research to incorporate customers' communicative skills as well.

Although the method advocated, in the present study, allows deeper understanding of how value creation is supported, it also has limitations. Focusing primarily on conversations does not account for contextual aspects such as organizational structure, the influence of corporate culture and the customers' context. Complementing with interviews, both with CSRs and customers, about what happened in the conversations could provide additional knowledge. Another research challenge emerging from our study would be to compare telephone conversations with conversations enacted face-to-face between representatives from the buying and selling firm. Face-toface communication encompasses both non-verbal and verbal communication, in all probability affecting interaction and the valuecreating process. Furthermore, we do not claim to have covered all relevant features of communication. Consequently, future research should consider additional communicative processes and skills that support value-creating activities. In this study we analyzed data recorded at one industrial firm, in one sector. Additional research could compare our findings with communication between CSRs and customers in other industrial sectors or customer service departments that have more of a help-desk function, focusing solely on solving technical issues and problems that arise. Another important research area is situations where customers are not so co-operative or even behaved badly during the encounter (e.g. Fisk et al., 2010; Harris & Reynolds, 2004; Reynolds & Harris, 2006, see also Plé & Chumpitaz Cáceres, 2010; Echeverri & Skålén, 2011 for a discussion on co-destruction of value). What kind of communicative skills do CSRs use in such situations in order to enable a climate that still supports value-creation? However, a challenging task, both for practical and ethical reasons, is to get hold of such recorded data.

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Nicklas Salomonson, Ph.D., is an Assistant Professor in Business Administration at School of Business and IT, University of Borås. He is an assistant disciplinary coordinator of Business Administration and a coordinator for a multi-disciplinary research group (Encounters & Markets Research Group). His research concerns communicative interaction in service encounters, technology in services, and customer misbehavior. Presently he is focusing on misbehaving customers in the public transport sector and consumers' behavior regarding textile clothes waste.

Annika Åberg is an Assistant Professor in Working Life Science at Service Research Center, Karlstad University. Her research concerns service encounters with focus on behavioral and interactional aspects. In particular she studies how the concept of "customer as value co-creators" has impact on the service interaction. Currently she is focusing on this notion in connection to misbehaving customers.

Jens Allwood is since 1986 professor of Linguistics at the University of Gothenburg. He is director of the interdisciplinary center SCCIIL, at the same university and also directs graduate programs in cognitive science and communication. His research primarily includes work in semantics and pragmatics. He has investigated face-to-face interaction from several perspectives, e.g. corpus linguistics, computer modeling of dialog, sociolinguistics and psycholinguistics as well as intercultural communication. Presently he heads projects concerned with the semantics of spoken language phenomena, multimodal communication, cultural variation in communication and the influence of social activity on spoken language.