Interaction, Interacting and the Service Encounter[1]

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Abstract
This paper provides a research agenda which explicitly addresses the role of service encounters in business-to-business relationships. We contend that discussion of service in business-to-business interaction has tended to be implicit rather than explicit. There are notable exceptions, e.g. Yorke, 1990, Halinen, 1994 and Čater, 2007, but these are really the exception rather than the rule. We outline our understanding of how the service encounter relates to interaction and interacting and then list a number of areas in which research needs to be undertaken in order to develop our understanding of business-to-business service encounters.

Keywords: service encounter, interaction, interacting

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Introduction

In the late 1970s and early 1980s the product-focussed marketing paradigm illustrated by the predominance of the marketing mix (Borden, 1964) was challenged from a number of perspectives. Both services marketing and business-to-business marketers challenged the status quo (Håkansson and Wootz, 1975, Håkansson, 1982, Berry, Shostack and Upah, 1985) and since then we have seen an explosion in literature that builds on the unique characteristics of these different areas. More recently, particularly in the domains of relationship and services marketing we have seen claims that a new marketing paradigm has emerged (Grönroos, 1994, Vargo and Lusch, 2004). While such claims may be seen to be extreme and even misguided (Araujo and Spring, 2006) there have been explicit calls for more integration and sharing of thought rather than the continuing radicalisation of different marketing specialisms (Cova and Salle, 2005, 2006).

When business-to-business marketing is considered, in particular the interaction, relationship and network approach, it can be seen that there have been some places in which customer service has been explicitly considered (see Cunningham and Roberts, 1974) and also interaction, relationships and networks have been considered in a service context (e.g. Yorke, 1990, Halinen, 1994, Čater, 2007). More recently the work of Axelsson and Wynstra, 2000, and Wynstra, Axelsson and van der Valk, 2006, has considered business services. However, we would contend that the role of service in interaction and more potently in interacting is not explicitly considered. The aim of this paper is to explore this in further detail. We will consider interaction (Håkansson, 1982) and interacting (Ford and Håkansson, 2006) and how they relate to notions of service and the service encounter. Through this we intend to promote the discussion of interacting and how explicitly considering service in this context will strengthen both academic and managerial practice.

The paper will proceed as follows, it will begin by considering the concept of interaction in business markets, this will be followed by a discussion of the notion of relationships and interacting, and finally we relate these concepts to services marketing in a B2B context and most specifically the actual service encounter. This leads us to develop a research agenda and lay the groundwork for our further research..

Interaction

Over the years in the context of understanding exchanges and transactions in business markets, the interaction approach has replaced the traditional single transaction orientated approach (IMP Group, 1982). The interaction approach draws on the theory of the new institutional economists but the expansion of, and greatest contribution, to the theory comes from the explicit recognition of the importance of relationships. The interaction approach is relationship based and considers the interaction between the parties (buyers-sellers) as being central to the exchange process. Research has also shown that the relationships formed from these interactions are often lasting and committed (Dabholkar, Johnston & Cathey, 1994; Håkansson & Snehota, 1995; Ford, 1997).

Business relationships are based on a mutual orientation and commitment over time (Hakansson & Snehota, 1995). This mutual commitment which often manifests itself in continual investment and adaptation by the two parties, leads to interdependence, which in turn becomes a central part of the relationship. In a sense it could be said that interdependence is synonymous with relationships.

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Relationships in business markets are therefore a result of interactions in the exchange transactions[2]. These exchange transactions include not just product/service exchange but also the exchange of information, financial, technical and social ends. The interaction obviously does not take place within an emotional vacuum (Hallen & Sandstrom, 1991), neither does it take place in a social vacuum. This is an important realisation which has occurred in the reorientation of research from the "anonymous" transaction based approach to the specific buyer-seller relationship or interaction approach. Indeed, since the interactions are assumed not to take place in a social vacuum, they must have some "emotional setting" which sets the scene for relationship development, and it is this scene which is generally referred to as the relationship atmosphere. The interaction approach developed by the original IMP research group, (Ford, 1997), explicitly integrates relationship atmosphere into a model. The "Interaction Model" (IMP Group1982) comprises four main components: the actors in interaction, exchange episodes, relationship atmosphere and the broader environment of the relationship resulting from the exchange as shown in Figure 1.

Figure 1 Main elements of The Interaction Model (IMP 1982)
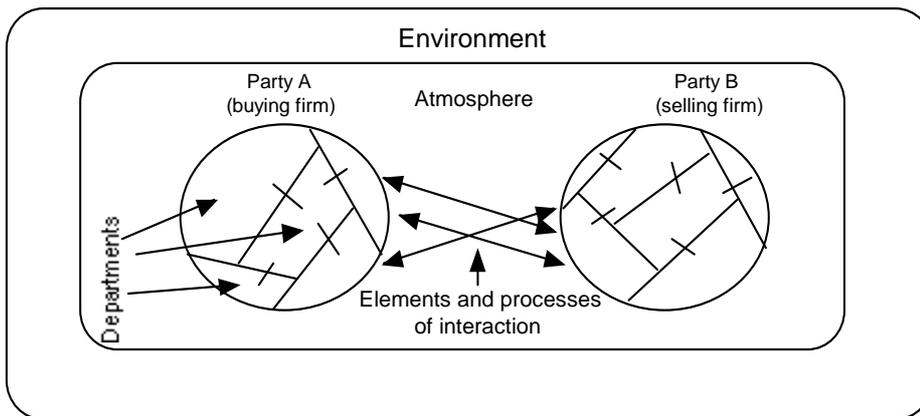
The model revolves around the fact that the buyers and sellers are active participants in the market. That is, they search for alternative buyers and sellers who can provide them with exactly what they want in terms of offerings. They are also innately conscious of the need for control of the transaction process. They want to deal with parties who can meet their requirements not only in terms of product/service but also in terms of process adaptations, information and other considerations which impart value to the participants in the exchange.

Researchers who formed the original IMP group advocated the idea that relationships are long-term in nature (Ford, 1997). This long-term view leads to closeness between the parties. These relationships also tend to involve a complex pattern of interaction between the parties resulting in the fact that the focus of the parties becomes, as much an issue of relationship management rather than purely transaction management. In other words the emergence of a relationship means that the parties are no longer concerned with just closing the sale, but that they are thinking ahead to the implications it will have on other aspects of their business.

The links between the buyers and sellers tend to become routinised, such that each party then has certain expectations about various aspects of the exchange process. This is where the concept of adaptation comes into play, in that the parties set their expectations in terms of product/service specifications, design, delivery, and credit terms. Since these adaptations can require significant commitment to changes in process and in some cases considerable investment in change, it can lead

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[2] We recognize that not all interactions result in relationships and that relationships exist on a temporal continuum from short-term to long-term.

to both conflict and cooperation. The adaptations can in many cases bring the parties closer together, thereby facilitating future interaction and additionally putting in place barriers to entry to other companies who are trying to form relationships with the parties concerned (Hallen et al, 1990).

The nature of the relationship is also dependent on the environment in which the interaction takes place (Ford, 1997). The relationship, as can be seen in Figure 1, takes place in the context of the environment. The environment will impact on the relationship in a number of ways. The interaction model elaborates on the idea of environment by looking at five subsets (IMP Group 1982):

1)   *Market structure*
2)   *Dynamism*
3)   *Internationalisation*
4)   *Position in the manufacturing channel*
5)   *The social system*

The market structure depends on the concentration of buyers and sellers in the market. This will impact on the relationships and the processes of interaction, since a limited number of alternatives may force parties into a relationship with each other. The dynamism within a relationship and the market will impact on the relationship per se. Closeness in the relationship should increase knowledge and therefore blunt the impact of continuing change as both parties will have sufficient knowledge of each other to foresee change in any aspect of doing business. This change may include such things as changing management or personnel, changes in processes which impact on the transactions or changes in the competitive environment. On the contrary the opportunity cost of relying on one party in a highly dynamic marketplace may be immense. One may miss out on technical developments or other developments initiated by other actors in the market.

In terms of internationalisation a firm's motivations to form international relationships may be lead by the degree of internationalisation of the market. Having international relationships will ultimately affect the structure of the organisation. The actors' position in the existing channel will have an impact on the relationships that are formed. This refers in some part to the nature of the networks that exist and their influence on any given relationship in the network. Finally, the social system is often considered a barrier to entry in certain industries. In order to develop relationships, a party must be aware of the industry norms, be familiar with the language, the regulations and anything else, which may hamper the relationship development (Håkansson & Snehota, 1995). Forming a relationship, under any of these conditions, is likely to have some impact on the atmosphere of the relationship. The following section will explain the concept of relationship atmosphere as introduced in the interaction model.

Relationship Atmosphere

Relationship atmosphere can be viewed, conceptually as both a product of the relationship and a factor contributing to future relationship development (IMP, 1982). As pointed out previously relationships are developed through interaction between the parties over time. It is therefore more appropriate to view atmosphere as a product of these interactions. It is problematic to measure the atmosphere of the relationship since what is considered to be its creator, is also considered to be indirectly influenced by it, i.e. the actions of the parties (Hallen & Sandstorm, 1991). In other words the relationship atmosphere is both derived from and influences the interaction. In spite of the complexity of measurement, a significant amount of research has been carried out by members of the IMP group that measures atmosphere using a variety of dimensions. Consensus of opinion now seems to exist about the key dimensions of atmosphere. While the IMP project (1982) put forward five atmosphere dimensions; these were power/dependence, trust/opportunism closeness/distance, cooperation /conflict and expectations. However debate about, and refinement of, these dimensions has taken place over time, for example expectations are now seen be an element of all aspects of

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atmosphere. This is mainly due to the fact that expectations come about as a result of past actions of the actors and therefore form a crucial element of the relationship, from which all other atmosphere dimensions are formed. Also competition has been used as an alternative to the notion of conflict (Hallen & Sandstrom, 1991). Additionally, the IMP Group has added understanding and commitment, to assist in assessing atmosphere in the relationship. Therefore, the dimensions of atmosphere are now considered to include power/dependence, cooperation/competition, trust /opportunism, understanding and commitment. It is outside the scope of this paper to discuss these dimensions individually rather the concept of atmosphere in general will be discussed further in the context of the service encounter.

Business Relationships

It is difficult in the literature to find an explicit definition of relationships in business. Mattsson (1995) notes that exchange is central to the concept of marketing and that an exchange relationship implies that there is a "specific individual dependency" between the buyer and the seller. He states that the exchange relationship is characterised by mutual dependency and interaction over time between the two parties. Håkansson and Snehota (1995) have tentatively tried to define a relationship as *mutually orientated interaction between two reciprocally committed partie*s. They have utilised the notion of relationship to analyse interaction in business markets because it evokes the concepts of mutual orientation and commitment over time. They elaborate on this by stating:

Mutual orientation and commitment are common in interactions between companies, if we judge from the empirical studies discussed earlier. Another reason is the high degree of interdependency between business organisations, as their existence depends on exchange with other economic subjects. A relationship often arises between two parties because of the interdependence of outcomes, even if it can arise for other reasons. As it entails mutual commitment over time a relationship creates interdependence which is both positive and negative for the parties involved. A relationship develops over time as a chain of interaction episodes – a sequence of acts and counteracts. It has a history and a future. In this way a relationship creates interdependence as much as it handles interdependence (Håkansson & Snehota, 1995, p.25).

From this description, it is possible to gain considerable insight into the nature of relationships, however there are certain characteristics that are common across most relationships that help us define more clearly the nature of business relationships. These are, what Håkansson and Snehota (1995) refer to as, the recurrent structural and process characteristics of relationships. These include continuity, complexity, symmetry and informality on the structural side and adaptations, cooperation and conflict, social interaction and routinisation on the process side.

The structural characteristics are said to be readily evident to outside observers. Previous research studies by members of the IMP group have shown that relationships are long-term in nature. (Hallen, 1986). This long-term orientation is the continuity aspect of the relationship, where some relationships are maintained for twenty years or more. Complexity covers elements such as number, type and contact pattern of actors in the relationships. In each organisation a number of parties can have an involvement in any one relationship. This involvement will tend to make how they deal with each other more complex. Add to this the likelihood that the parties in their own organisation will have different status levels and different job types, and the complexity of the relationship rapidly increases. Scope and technical cooperation will also add complexity to the situation as will differing expectations and goals for the relationship of each party. Symmetry refers to the balance between the resources and capabilities of both parties. This balance in business markets, is the opposite of the perceived imbalance between buyer and seller in consumer markets. Informality takes into account the low degree of formalisation which exists in business markets, where formal contracts are common but not relied upon in many cases.

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Alternatively, process characteristics are not as easily observable to outside parties; this is also the case for perceptions and atmosphere, which are not readily observable to outsiders. In terms of process characteristics adaptations, of product and process, are seen to be numerous and frequent in long-term relationships. These adaptations are seen as binding the parties closer together. Cooperation and conflict are also considered process characteristics, where elements of both are found to coexist in atmosphere, again further discussion will take place on this in later sections. Finally routinisation is found to be one of the evolutionary processes of business relationships. "Routines, explicit and implied rules of behaviour, and rituals in conduct emerge in the more important relationships that a company maintains with its' customers and suppliers" (Håkansson & Snehota, 1995, p.10). The routines, explicit and implied rules of behaviour, and rituals in conduct are seen as ways of coping with the complexity of business relationships, which leads us to a discussion of business interaction or interacting in business relationships.

Business Interaction

In recent times the importance of interaction has again been highlighted "in marketing systems, interactions between the parts of a system (including people, firms, resources, activities and ideas) matter more than the characteristics of the parts themselves" (Wilkinson, 2006). Ford and Håkansson (2006) also emphasise the importance of the interactive approach in their recent article and provide a theoretical framework for using this interactive approach when researching economic activity. They posit five issues in interaction, time, interdependence, jointness, relativity and subjective interpretation. They argue that these issues are important both individually and together if one is to understand business interaction.

Time is proposed as the most important issue researchers face in their analysis of interaction. Essentially they suggest that the interaction that occurs between actors at a particular time is a product of previous interactions (both with this actors and others) and current interactions with others and their anticipation of the future. In their discussion it is clear that the interaction evolves over time and can be 'lumpy" as they describe it that is that at any one point in time there may be a lot of episodes and very few at other times. While many other authors have discussed the concept of time and its role in relationships and networks (Easton, 1995; Halinen and Tornroos,1995; Kamp, 2004; Sutton-Brady, forthcoming) the major contribution from Ford and Håkansson (2006), is their call for "a systematic study of the precursors of observable interaction episodes and of the sequences of subsequent episodes as observed and interpreted by participants".

Interdependence is seen as being partly related to time. Again with an evolutionary focus the idea is that interdependencies change and develop over time as a result of the interactions. However, it is also noted that these interdependencies are a precursor of interaction. Resources are considered central in the analysis of interdependence, actors interact to gain access to resources and in turn the interdependencies that develop allow them the chance to utilize their resources, invest in the particular relationships or other relationships. The question or issue which then arises is how we understand these complex interdependencies over time (Ford and Håkansson, 2006)

Relativity is an issue that is seen as an obvious characteristic of interaction. The relativity is obvious since no interaction takes place in isolation but the actors as part of the network interact relative to what is happening around them. Just as no business is an island and cannot be examined or considered in isolation (Håkansson and Snehota, 1989), no interacting company can be seen as isolated but must be investigated in terms of their relative position in the network. This issue also ties in closely with the notion of time in that the structure of the network changes over time as a result of the interaction and, therefore, so does the relative position of the actors.

Closeness as a dimension of the interactive approach has always been considered important in investigating relationships (IMP Group 1982), Ford and Håkansson (2006), however, state that

interaction is not necessarily a process that leads to increased closeness rather the combination of interdependencies and relativity overtime leads to opportunities for joint interaction which they label jointness. They see jointness as a key element that in turn can lead to mutuality and reciprocity.

The issue of subjective interpretation is interesting and challenging for researchers. The idea forming the issue of subjective interpretation is that the actions of the actors are based on their individual interpretation of the actions of others and the world around them (Ford and Håkansson, 2006). Basically this means that actors will have different points of view and the researcher must understand the context of this viewpoint and how it has been arrived at. It is, therefore, crucial that the researcher acknowledges the different subjective interpretations and understands the importance of the variations in view. Ford and Håkansson (2006) argue that because of subjective interpretation "all views are inevitably incomplete".

The preceding review of the literature on interaction and business relationships has given us the platform apply these concepts and issues to a services context and allow us to gain a better understanding of interaction in services and the role of the service encounter.

Business-to-Business Services Marketing

Business services have been identified as making a major contribution to economic growth in all developed countries (Ochel, 2002, Javalgi and White, 2002). Axelsson and Wynstra (2002) note that there are a wide variety of business services, for example, facility services such as cleaning, financial services, information and communications technology services, business organization services, research and development and technical services, transportation and distribution services, human resource development services and marketing services. Across the globe knowledge intensive business services are continuing to expand and moves towards outsourcing and offshoring are fuelling this growth (Miles, 2005), thus making understanding of business-to-business services a necessity for managers and academics alike.

It is generally accepted that services have a number of characteristics that differentiate them from products. These include: intangibility, inseparability, heterogeneity, perishability and non-transfer of ownership, see Cowell (1984) and Edgett and Parkinson (1993)[3], for instance. Although Lovelock and Gummesson (2004) have questioned the universal applicability of these to all services, it is still necessary to understand how these characteristics impact upon specific service provision. Jackson and Cooper (1988) believe that an understanding of two additional dimensions of services, specialization (customization or adaptation of services for specific business-to-business customers) and technology, are critical to effective service management and strategy formulation in the business-to-business arena. The need to consider specialization is also stressed by Axelsson and Wynstra (2002). Fisk (1999) also recognizes the continuing centrality of technology in service industries. We would suggest that it is these characteristics which present an additional challenge in the understanding of the business-to-business service encounter.

The service encounter

The service encounter is at the very heart of services marketing as a discipline; it can be described as 'any direct interaction between a service provider and customers' Lewis (2005) pg 328, or alternatively as 'moments of truth' Carlzon (1987). Additionally, the interactive nature of the service encounter is widely recognized by services marketing scholars, e.g. Czepiel (1990), Svensson, (2001). Bitner (1995) raises awareness of the relative importance of service encounters, with some

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[3] Edgett and Parkinson (1993) provide a comprehensive review of the literature on service characteristics.

being more influential than others, while Czepiel (1990) notes their short-term and long-term effects. He also notes that they comprise both personal and professional dimensions.

The interactive and heterogeneous nature of the service encounter means that it has to be considered on a number of levels; Lovelock, Vandermerwe and Lewis (1999) suggest three levels of customer contact (high medium and low) which vary according to the extent of interaction with service personnel, equipment (e.g. ATMs) or a combination of both. They also stress the importance of studying critical incidents, where critical incidents are defined as those encounters that are most satisfying or most dissatisfying for one or both parties. The emphasis on considering both perspectives (service provider and service receiver) is entirely congruent with IMP thinking which emphasises the role of both parties in any interaction. Bitner, Booms and Mohr (1994) have studied employees' viewpoints of critical service incidents and highlight issues relating to the customer being the source of his/her own dissatisfaction either through behaving in an inappropriate manner or by being too demanding (again reminding us of the true nature of interactivity).

From our discussion of interaction above, we can see that a service encounter can be classified as one form of 'episode'. However, we need to understand what it involves, what its features are and how this helps us understand interaction and interacting.

Service encounters are heterogeneous and involve context-specific features such as:
- Co-production of the service
- Opportunity to gain immediate feedback, i.e. communication, which results in:
    - Opportunity to adapt
    - Opportunity to recover
- Influence of other customers on the encounter
- They are conditioned by the participants' expectations

Service encounters are highly interactive episodes in which people are critical and involve both direct and indirect interaction. Within a business-to-business situation they have the potential to take place at different levels in the firm and with different departments; this provides added complexity of multiple expectations on both sides of the encounters. They can be argued to be at the core of the relationship. Czepiel (1990) suggests they involve interdependence (an aspect that is key in the IMP notion of relationship) and that this relates to power and organizational strategy. Jayawardhena, Souchon, Farrell and Glanville (2007) note the significance of professionalism, civility, friendliness and competence in the service encounter, suggesting that these factors can enhance the quality perceptions of the customers. The factors also highlight the centrality of the service employee that is involved in the service delivery process.

One element of heterogeneity that relates to service and ultimately the manner in which the service encounter is manifest is the type of service. Wynstra, Axelsson and van der Valk (2006) provide a context-specific framework for the classification of business-to-business services that could provide a useful analysis framework. The division of services into component, semi-manufactured, instrumental and consumption categories allows us to consider the service encounters involved under these categories. This means that we can, for instance, by considering the heterogeneity of supplier and customer representatives proposed for these different categories assume that service encounters will need to be able to accommodate these significant differences. We would therefore suggest that there are actually a variety of interactions occurring under the term of service episode that the extant literature on interacting does not necessarily explicitly recognize. Another area from which we may draw inspiration in this context is that relating to the composition of the buying centre, see for example Robinson, Faris and Wind (1967) and Wind and Thomas (1980).

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Co-production of the service is a central element in the service encounter. It is unlikely that this is an instantaneous event and through the life of a business relationship personal interaction will take place resulting in the development of inter-personal relationships. Personal friendships will have the potential to develop and liking may becoming an important factor. This has important implications for the development of social bonds (Turnbull and Wilson, 1989; Bolton, Smith and Wagner, 2003). Bolton et al (2003) also suggest that the social bonds may act as a buffer to other aspects of the relationship, for example, by moderating the effects of economic resources (allowing slightly higher prices to be charged). Co-production of the service will also result in transfer of knowledge and learning by both parties. The temporal nature of these processes will implicitly contribute to the learning process and the evolution of the relationship (Stanley and Tyler, 2002).

Bolton et al (2003) investigated business-to-business service relationships and note that prior experience has an important impact on ongoing service encounters. The role of prior experience is implicit in the interaction and network approach, but given that the service encounter has the potential to elicit personal feedback it perhaps needs more careful consideration in many business-to-business interactions.

As noted in the sections above, adaptation is a concept that is central to the interaction and network approach (Brennan, Turnbull and Wilson, 2003). However, it has proved to be somewhat elusive in a services business-to-business context, see Halinen (1994) and Čater (2007). This is likely to be because adaptation can occur informally and in an ad hoc manner in the service encounter and as such it is not recognized as making a significant contribution to the ongoing development of the relationship. There is potential for managers to recognize the power of service adaptation in relationship building and to empower service contact personnel so that they can react appropriately in situations where adaptation may be beneficial. (This is important on both sides of the dyad.)

Grönroos (1990) introduces the notion of the *fulfilment of promises* as an integral part of marketing and one which is particularly pertinent in service industries and focuses on the interaction during the service encounter. Peck (1993) points out that promises are irrevocably linked with the concepts of trust and commitment. This illustrates how intertwined some of the concepts discussed in industrial and services marketing are. Berry (1995) and Bitner (1995) both see the fulfilment of promises as providing a foundation for service relationship maintenance and this argument could be extended to say that fulfilment of promises is also central to business-to-business relationship development.

Gummesson (1993) considers the various service production models that have been proposed by academics; it is not our intention to replicate these here, but his discussion brings a number of issues that relate to the service encounter to the forefront. Firstly, the influence of other customers on the service encounter; this aspect is not often considered in a business-to-business relationship context and would probably be considered as a network effect. This aspect of services, which can be envisaged as being significant in a training context, needs further investigation. It can also be suggested that this may well relate to issues surrounding the use of referrals and word-of mouth effects. He also stresses the role of back-office support and infrastructure on the service encounter itself; this reminds of the multiple points of contact (internal and external) and the 'line of visibility' that relate to service provision.

Discussion

The preceding review of the literature on interaction and business relationships has provided a platform that allows us to gain a better understanding of the role of the service encounter in an interaction, relationship and network context.

Using Cova and Salle (2005 and 2006) as our inspiration[4], we can begin to draw parallels between research from two separate areas, those of business-to-business (interaction, relationships and networks) and services, and see how the two may be combined to provide further insight into our key research focus business relationships and networks[5].

Our first point of synergy comes from interaction and interactivity, both areas have interactivity as a central process. The central difference that we can discern is that in services the interaction is always people based (even when technology acts as a substitute), while in the wider business-to-business context products and information may be involved in the interaction too. Nonetheless, a service encounter is one form of interaction episode and it is important that we use the wealth of literature that is available in services marketing to help develop our understanding. Some work has already been done in this area, see for instance Axelsson and Wynstra (2000), but much more empirical evidence needs to be collected. More consideration needs to be given to understanding the relative importance of service encounters and distinguishing which encounters may be perceived as critical by the counterpart in the relationship. We believe that understanding service encounters is one element in developing our understanding of how actor bonds form in relationships and it is these bonds that form the foundation from which the relationship atmosphere develops. Business-to-business researchers need to pay more attention to these encounters in their research.

Recognition of subjective interpretation of incidents, events and relationship atmosphere is important (Ford and Håkansson, 2006). In some areas of services marketing this has already been done, if somewhat implicitly, particularly with respect to measuring differences in perceptions of service quality. The gaps model is particularly useful here, see Zeithaml, Berry and Parasuraman, 1988, as it highlights a number of internal organizational gaps in perception. Studying internal gaps in perception in business-to-business generally, and specifically with respect to service encounters, has the potential to provide substantial management insight into relationships and the processes surrounding them.

Co-production of the service (inseparability) highlights the need for close working of personnel from both customer and supplier. It is here that the emotional and social nature of service interactions is demonstrated (highlighting another similarity with business-to-business relationships). We suggest that this closeness takes place on different levels and in different contexts in a business-to-business setting as opposed to a consumer setting. And, that it is time dependent, i.e. closeness takes time to develop and is a result of previous interaction episodes (many of which will be service related). For example, on one level production and quality engineers may be interacting in order to define a specification while the managing directors are interacting in order to determine a close future working relationship or partnership. While, these may be seen to describe jointness as proposed by Ford and Håkansson, 2006, service encounters can be seen to be at their core. We would contend that service encounters are central to jointness, they both facilitate and enable jointness.

Related to the co-production of the service is the notion of indirect interactions that affect the encounter, i.e. the influence of other customers (or from a network perspective) or suppliers on the encounter. This clearly relates to the notion of relativity proposed by Ford and Håkansson (2006).

Adaptation in a services context has proved elusive to researchers. However, we would suggest that this is the area that illustrates interdependence. This area needs research attention. Interdependence in the traditional business-to-business sense implies resource and activity interdependence, in

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[4] And recognizing that Wind and Thomas (1980) also recognize the need to draw parallels between business-to-business and consumer marketing

[5] We do not intend to enter into the 'relationship marketing' debate here – merely to recognize that this can be seen a as a hybrid of the two disciplines; but one that does not effectively distinguish between consumer, business-to-business customer and supplier characteristics.

services the only resources are skills and knowledge and these are used interactively so modifications and customisation in this area are difficult for an observer to map; this does not mean that they are not happening and in services where employees are empowered to solve problems the adaptation may be implicit in the service delivery and therefore transient only reappearing as the employee further utilizes his or her accrued knowledge. This may be one explanation as to why service recovery receives a great deal of attention in the service marketing literature (e.g. Johnston, 1995; Smith and Bolton, 1998) yet it receives scant attention in our discussion of interaction and interacting in a business-to-business context.

Our literature review also highlights an area where extant business-to-business research could provide further insight into the discussion of services. This relates to atmosphere. While trust and loyalty receive considerable interest in the services marketing literature, the other relationship atmosphere constituents (power/dependence, cooperation/competition, trust /opportunism, understanding and commitment) receive scant attention; we would contend that these too would be valuable research avenues.

The table below provides a summary of our interpretation of how the service encounter relates to interaction and interacting and gives an indication of the research needed to further develop our understanding of service episodes. The research implications column in the table indicates areas in which we plan to develop our research into business-to-business encounters. This is an area where we believe there is limited extant research (despite Parasurman's 1998 call for such) that specifically relates to this topic, but where concepts developed in services marketing and business-to-business marketing need to be integrated and empirically validated to develop our knowledge and understanding.

Table 1: Research Implications

Service encounter/ services marketing concept	Interaction/Interacting implications	Research implications	Established research stream?	
			B-to-B	**Services**
Service encounters	Types of interaction episodes, e.g. financial, product exchange, service exchange etc	How do service encounters/episodes relate to the other types of interaction episode?	✕	✕
		What are the different parties' perceptions of the encounter (how much congruence is there?)	✕	✓
		How does prior experience affect service encounters?	✕	✓
Service encounters	Informal adaptations	More research into adaptation in a service context is needed..	✓	✕
		Role of communication in this process needs further investigation	✕	✕
Service encounter quality	Interpersonal relationships	Whether episode quality is identifiable and if so is it a significant contributing factor to	✕	✕

Service encounter/ services marketing concept	Interaction/Interacting implications	Research implications	Established research stream?	
			B-to-B	Services
		relational outcomes		
Service encounters at multiple levels	Interaction episodes	Need to consider heterogeneity of episodes with respect to relationship dynamics Parasuraman, 1998, has already highlighted the challenge of studying service when multiple points and levels of contact are present	×	×
Business services classification	Non-uniformity of interaction, subsets of service episodes	Need to consider if different generic service encounters exist and if so how they are related to service classifications	✓	✓
Co-production of service	This is conditioned by time and it is over time that the atmosphere develops, particularly trust and commitment; but also this is how interpersonal bonds (social) develop	Need to look at the impact of service encounters on trust, commitment and interpersonal (social) bond formation and how this relates to the organization as a whole	×	✓
Influence of other customers on the service encounter	Network effects	What is the impact of other customers on service encounters in a business relationship or network?	×	×
Critical service incidents	Subjective interpretations	All parties involved in relationships and their research (customers, suppliers and researchers) tend to impose their own subjectivity on a relationship or incident. (Often one side may perceive an incident as critical whereas the other may perceive it as routine.) These are the areas that result in conflict and turbulence, and which show the strength of the relationship and which, therefore, are of utmost importance to all parties involved.	×	✓
Service gaps	Subjective interpretations	The service gaps models may have wider application (not simply in terms of quality)	×	✓
Service	Problem solving	Is this just another episode in	×	✓

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Service encounter/ services marketing concept	Interaction/Interacting implications	Research implications	Established research stream?	
			B-to-B	Services
recovery		business-to-business relationships		

Conclusions

Clearly, we are only beginning to develop our analysis of this situation but we believe that services and the service encounter have the potential to enhance our understanding of business-to-business relationships

We would contend that much more attention needs to be given to service in the interaction context as the moments of truth that it provides are critical to both the further development of the relationship and to the relationship atmosphere. This is particularly pertinent with respect to business-to-business services where we would contend that careful attention needs to be paid the atmosphere and the balance of its constituents.

We would also suggest that there may be much more to be gained from looking at the similarities of services and business-to-business than creating artificial distinctions based on perceived differences (such as the perceived differences between services marketing and business-to-business marketing). It may be that Wyckham Fitzroy and Mandry's (1975) contention that simple taxonomies are dysfunctional and that we should be basing our decisions/strategies/focussing our understanding on clusters of products and services with similar characteristics is a more useful philosophy.

Our aim from here is to develop a research agenda to address some of the issues we have identified. Initially we will investigate if our understanding of the service encounter is correct. The focus of this research will be on looking at what the encounter involves and identifying more clearly the tie-in with interaction and interacting as outlined in this paper. We believe our emphasis will be on examining in greater detail the temporal nature of B2B services marketing (the time issue of interacting) and how that leads to increased co-production (jointness). We are also keen to further explore the elusive issue of adaptation and its role in interdependence Given the relative nature of interaction we are also keen to see if certain dimensions of interaction are more appropriate in a B2B services context. We also believe that the issue of subject interpretation needs to be understood in this context.

As can be seen from Table 1 in summarising our interpretation of how the service encounter relates to interaction and interacting we have provided many other areas of future research based on the implications we have highlighted. Our next step therefore is to design a systematic research agenda and begin to answer many of the questions we have posed in this paper.

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