The Power of Emotional Value

Moderating Customer Orientation Effect in Professional Business Services Relationships

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Abstract

Just recently, the literature has established the existence of a dark side with regard to customer orientation (CO) in terms of sales performance. However, no clear position is presented about the possible *dark side* of CO when it comes to B2B relational outcomes, preventing managers from knowing when to accentuate/suppress CO activities. The aim of this study is to examine the relational consequences of suppliers' CO seen through the customers' lenses, and to investigate the moderating role of perceived emotional value in a professional service relationship context. A conceptual model anchored in value and relationship marketing theories is tested on a sample of 226 professional service firms' business customers, using the PROCESS routine. The study finds that perceived CO is related to satisfaction with the relationship and with relationship performance in an inverted U-shaped form, while satisfaction is positively related to relationship performance. We show that, although preferring to receive CO from their supplier, customers might want a relationship that is not as intense/comprehensive as the one that the supplier aims to achieve. The study unfolds emotional value as a moderating mechanism that can prevent the diminishing effect of CO activities.

Keywords: *customer orientation; perceived emotional value; relationship satisfaction; relationship performance; professional business services.*

1. Introduction

One of the most pressing concerns of B2B marketers is to manage and sustain long-term relationships with their customers/suppliers (Palmatier et al., 2008). Despite the numerous studies have already addressed this topic, understanding "…how mutually beneficial relationships develop and thrive among business organizations…" is still one of the most relevant issues for future B2B inquiries (Lindgreen & Di Benedetto, 2017, p. 2) especially knowing that, although B2B sellers reported a significant rise in sales-based metrics, they fall short of sustaining customer relationships (CSO Insights, 2019). This revealing insight asks the question as to whether the sellers' customer-oriented initiatives always succeed in maintaining long-term and fruitful B2B relationships with customers. This study aims to examine how customer orientation (CO) and perceived emotional value contribute to shaping business relationship satisfaction and performance.

Since CO first appeared in the marketing literature (Saxe & Weitz, 1982) it has continued to attract a great deal of interest on the part of both scholars and practitioners. One of the reasons for such interest lies in the fact that, although CO is conceptually aligned with the concept of market orientation, often this alignment cannot be verified empirically. For example, while some authors confirm a positive relationship between CO activities and business outcomes (e.g., Lengler, Sousa & Marques, 2013), other studies do not support this relationship (e.g., Johnson, Sivadas & Kashyap, 2009; Gerschewski, Rose & Linsday, 2015; Sørensen, 2009), yielding negative to non-significant results. Recent studies (e.g. Homburg et al., 2011; Kadic-Maglajlic et al., 2017) offered a reasonable answer for this inconsistency, showing a strong empirical support for the existence of a curvilinear, inverted U-shaped relationship between customer orientation and sales performance in both B2B (Homburg et al., 2011) and B2C settings (Kadic-Maglajlic et al., 2017).

By analyzing the present literature on CO, we came up with a few open issues. First, recent findings arguing for the curvilinear shape of the CO-performance link are well-aligned with the so called *dark side* perspective of B2B relationships. This stream of research suggests that overly emphasizing relationship marketing instruments might backfire and limit the potential for achieving superior performance outcomes in B2B relationships (Anderson & Jap, 2005; Villena, Revilla & Choi, 2011). Specifically, customers might start perceiving such contact as being overwhelming and time consuming. This may have important implications for suppliers' resources, since they may hold back on investing additional resources into CO activities above the optimal level as per the perception of customers. However, such assumptions do not have any empirical proof. Second, the knowledge we have of this topic to date is mostly based on data provided by staff in suppliers (e.g., salespeople and/or sales managers), who may have the tendency to overemphasize their efforts without paying attention to the viewpoints of their business customers. The B2B literature shows that customer and supplier perspectives on whether or not certain initiatives provide added value might significantly diverge (Ambrose, Marshall & Lynch, 2010). To this end, clearer results with regard to the effectiveness of CO activities in terms of relational outcomes might be observed if account is taken of the business customers' perspective.

In parallel, businesses and industrial marketers are continually concerned with analyzing, creating, and delivering value (Lindgreen et al., 2012). It is well documented in the B2B literature that customer perceived value represents a strong incentive for business customers opting for certain offerings (Eggert, Kleinaltenkamp & Kashyap, 2019; Eggert & Ulaga, 2002). While mainstream B2B research suggests that functional

value is a backbone of relationship success (e.g., Ulaga & Eggert, 2006), little is known about the value-creating potential of emotional processes between B2B actors (Kidwell et al., 2011). We build on this, aiming to examine empirically the relevance of perceived emotional value in professional service relationships (e.g. Arslanagic-Kalajdzic & Zabkar, 2017).

Against this background, we focus on customer-supplier relationships, aiming to have a closer look at customers' perceptions as to whether or not the supplier's CO is aligned with what their customers expect in terms of relationship satisfaction and performance. In order to do so, this study builds on relationship marketing theory by investigating the relevant outcomes of CO activities in the context of B2B relationships in a professional business services setting. Earlier studies have revealed that the concept of "the-more-the-better" does not work in the case of CO. This can be particularly relevant in the professional business services context since there are co-creating efforts on the part of both supplier and customer, necessitating continuous interaction and communication. In such a context, one can suspect that overemphasized CO on the part of the supplier might become in the eyes of the customer, and thus hamper relational outcomes. Hence, in this study we test for the existence of a curvilinear relationship between the perceived CO of the supplier and two important relationship marketing outcomes - satisfaction with the relationship and relationship performance in a professional business services setting. Furthermore, by building on customer value theory (Woodruff, 1997) we examine the interplay of CO activities and perceived emotional value, and their effect on relationship satisfaction. In this study we aim to understand the potential moderating role of perceived emotional value on the effect of CO activities on satisfaction with the relationship. We argue that when the customer perceives a high level of emotional value from the supplier, this can transform the relationship between CO and relationship satisfaction from an inverted to a U-shaped curve.

This study offers new insights in three ways. First, it adds to the existing strategic orientation literature by shedding light on the perspectives of business customers regarding the effectiveness of CO in terms of relational outcomes, relationship satisfaction and sales-based relationship performance. Second, this is the first study in a B2B setting to examine empirically the role of emotional value in B2B relationships. Finally, this study provides an additional understanding of satisfaction with the relationship, and relationship performance, in professional business services.

2. Conceptual Model and Hypotheses

According to relationship marketing theory, concepts that describe supplier-customer relationships such as values and satisfaction are focal for a firm (Anderson & Narus, 1990; Morgan & Hunt, 1994) since all suppliers should aim to establish long-term relationships with their customers. In their comprehensive overview, Palmatier and colleagues (2007) labeled idiosyncratic relational assets, resources, and capabilities as key relationship performance drivers. Following this line of reasoning, we position the CO activities of the supplier as a relational asset that is essential for strengthening the relationship with the customer. This is in accordance with the views of Palmatier et al. (2007) who explain that the investment of time, resources, knowledge, and capabilities into a relationship should result in superior relationship performance. Indeed, strengthening the relationship with the customer through CO is undeniably time consuming because the supplier needs to explore and understand the customer's needs and problems, and invest additional resources and knowledge in order to arrive at a

solution. In parallel with their assessment of CO and relationship elements, customers also weigh their benefits and sacrifices in terms of what is created and delivered for them by the supplier. In accordance with Payne and Holt's (2001) view on the role of perceived value in relationship marketing, we agree that a relationship itself cannot be analyzed without taking into consideration customer value. In this study we focus on the role of perceived emotional values such as loyalty, which previous studies have shown have particular importance for relational outcomes (Arslanagic-Kalajdzic & Zabkar, 2017).

Therefore, by following the integrative theoretical perspective on relationship marketing (Palmatier, Dant & Grewal, 2007) with the theory of customer value, we developed a conceptual model (Figure 1) with the aim of understanding customers' perceptions as to how supplier's CO activities, accounting for emotional value perceptions, can ensure high levels of satisfaction with the relationship, as well as enhancing relationship functionality in terms of its performance. In doing so, we capture the perspective of the business customers of professional business services providers.

- Insert Figure 1 about here –

We define overall firm level CO as the extent to which a supplier firm and its employees satisfy customer needs (Brown et al., 2002) and focus on their customers (Narver & Slater, 1990; Deshpande et al., 1993; Walsh et al., 2009). Therefore a firm-level CO represents the climate and skills perceived by customers for the organization as a whole, and should be distinguished from employee-level CO activities and customer stewardship control which are individual-level concepts representing behavior and (in)formal responsibilities and mechanisms used by employees (Schepers et al., 2012).

By working closely with customers and identifying and satisfying their needs, firm-level CO increases the desirability of a supplier firm's offering (e.g., Franke & Piller, 2004). Thus, customers are likely to respond by demonstrating satisfaction with the relationship. According to Lages et al. (2005) this is a cornerstone of the supplier-customer relationship. It constitutes an assessment of whether or not the desired outcomes of the partnership have been fulfilled (Anderson & Narus, 1990). We adopt the idea of Lages et al. (2005), and we define satisfaction with the relationship as a positive affective state resulting from the assessment of the supplier's working relationship with the customer.

CO activities lead suppliers to do and act so that they can better understand their customers, and meticulously attempt to identify potential customer concerns and demands (e.g. Lussier & Hall; 2018). When the perceived CO is low, customers' expectations will not be met, hence satisfaction with the relationship will be low. Naturally, when CO activities are intensified, and when customers start perceiving that their needs and wants are being satisfied by their suppliers, they will react with an increase in satisfaction with the relationship. In order to intensify CO activities, suppliers have to actively exchange information with their customers (Jaramillo & Grisaffe, 2009) as close contact and interaction is essential for professional business service encounters.

However, the close contact initiated through CO activities could be perceived as being too intensive and distracting by the customer and it could lead to a situation in which the customers are no longer comfortable with the relationship. Consistent patterns have been identified with regard to sales outcomes, showing that high levels

of CO activity have not always led to positive sales results (Verbeke, Belschak, Bakker & Dietz, 2008; Homburg et al., 2011; Kadic-Maglajlic et al., 2017). This happens because, at a certain point, CO activities place a burden on the resources of a supplier firm, leading to diminishing returns (Verbeke et al., 2008) that are consequently impacting the customer's willingness to buy more, its price sensitivity and its positive word of mouth (Homburg et al., 2011). In line with such reasoning, and contrary to claims in literature that increased CO would always result in higher customer satisfaction (Homburg et al., 2011) we are focusing on the relational aspect of business interaction, and argue that if suppliers continue with their CO activities at an intensity which is above the level that customers view as optimal, their efforts would be counterproductive, not only for sales outcomes but also for their customers' satisfaction with relationships. Namely, the highly-intensive CO activities of suppliers could be perceived as an opportunistic attempt to achieve the supplier's goals (e.g., increasing sales of a new product category) or trying to establish a relationship that is too intimate, both of which might lead to diminishing satisfaction with the relationship. Therefore, we hypothesize:

H1: Customer's perception of the supplier's CO has an inverted U-shaped relationship with satisfaction with the relationship in a professional business services context.

The same may hold true for the relationship between CO and relationship performance in a professional business services context. Relationship performance is the economic outcome arising from the exchange of goods or services (Geyskens & Steenkamp, 2000; Liu, Luo & Liu, 2009; Luo et al., 2014). Relationship performance reflects the efficiency and economic production potential of a particular relationship and is the impetus for firms to engage in such exchanges. The economic outcome of a buyer–supplier relationship can be embodied in the sales growth, profit, superior market position, marketing support, and qualified services it brings to the parties involved in the relationship arrangement.

While previous studies have established that the actual degree of a supplier's market orientation is positively related to the client's relationship performance (Siguaw, Simpson & Baker, 1998), perceived customer orientation might not be simply linearly-related to such relationship performance. Namely, when the relationship is perceived by the customer as being overly intensive, but still satisfies the same needs, the customer may weight up their gains and losses, and this overly-intensive CO might produce diminishing returns, because similar needs could have been satisfied with less investment of resources, time and effort. In such a situation, the customer could allocate their resources and time more effectively in areas which could improve its performance (e.g., focusing on new product development). Therefore, finding the right balance in the suppliers' CO could produce higher levels of satisfaction with the relationship, while also allowing professional business service firms to create a superior relationship performance. Hence, we hypothesize:

H2: Customer's perception of supplier's CO has an inverted U-shaped relationship with the relationship performance in a professional business services context.

Evidence indicates thatB2B buyers are overwhelmed with information, which often makes them more paralyzed than empowered (Toman, Adamson & Gomez, 2017). In such an increasingly complex environment, where more and more stakeholders are involved, suppliers which make relationships less "frustrating" by reducing perceived uncertainty and risk, should make a difference (Mudambi, 2002). Namely, studies show that suppliers of professional business services who are

perceived as providing high emotional value by their customers, are able to reduce customer anxiety or instill relief in them related to the outcome of the cooperation (Prior, 2013), unlike those which do not focus on providing this type of value. Perceived emotional value in business relationships (Arslanagic-Kalajdzic & Zabkar, 2017) is the utility derived from the feelings or affective states that relationship encounters yield for business customers (Sweeney & Soutar, 2001). If the perceived emotional value is high, customers experience "sensory or affective gratification" (Candi & Khan, 2016, p. 178), and this can be as important as the fulfilment of the functional requirements by the professional business services firms and help to generate positive relationships. When providing high emotional value, suppliers are more likely to generate adequate CO, as they are able to sense customers' responses better (Kidwell, 2011). Firms which focus on delivering emotional value will invest in increasing their understanding of the emotional responses of their business customers, therefore they are more likely to achieve more holistic insights from them in terms of their satisfaction with the relationship, and thus adapt their CO activities in the B2B service relationship encounter. On the other hand, firms that fail to employ emotional sensing are less able to adapt their CO activities to their business customer's specific requirements.

As business buyers are ultimately only human beings seeking human and social interaction, they cannot react without emotions (Kotler & Armstrong, 2008), especially when suppliers' offers are similar, and when there is little basis for strictly rational choices (Doyle & Stern, 2006). So far, studies show that salespeople with a developed mechanism of emotional regulation are able to make their CO activities more effective in that they can utilize emotional insights to better understand customer concerns and fears (Kidwell et al., 2011; Singh & Venugopal, 2015). Therefore, we argue that there are significant differences in the relationship between CO and satisfaction with those suppliers which are perceived as delivering high emotional value as opposed to the those which do not. From a customer's standpoint, higher emotional value provides a safeguard that the supplier's CO activities are in the best interests of their relationship. Consequently, emotional value enables suppliers to enhance relational success by increasing customer satisfaction in the following ways: (1) when perceived CO is low, high emotional value can act as a replacement in the "eyes" of the customer; (2) when perceived CO is at a peak (at a potential turning point), high emotional value can increase the level of the peak; and (3) when perceived CO is high, emotional value acts as a facilitator that prevents the diminishing effects of CO. Hence, we hypothesize:
H3: Perceived emotional value positively moderates the inverted U-shaped relationship between the customer's perception of the supplier's CO and satisfaction with the relationship in a professional business services context.

Satisfaction with the relationship is '…incremental in increased morale and reduced litigation, being associated with the trust and commitment of relationship parties' (Lages et al., 2005, p. 1045). This can lead to improved efficiency and economic outcomes in the customer-supplier relationship. It is important to note that relationship satisfaction does not reflect customers' overall satisfaction, but rather focuses on the relational aspect. In this way, it indicates the strength of the relationship (Palmatier et al., 2006). Satisfied customers are motivated to remain in that partnership, there is a positive climate in the relationship, and they perceive suppliers as a help in improving their business results. Subsequently, the higher the satisfaction with the relationship, the better the relationship performance. Therefore, we hypothesize:
H4: Satisfaction with the relationship is positively related to relationship performance.

3. Methods

3.1. *Research context*

To test the developed conceptual model, we conducted a quantitative study with the clients of professional business services suppliers. An internet-based self-report questionnaire was disseminated via e-mail, using a random sample of 1,000 firms generated from a database of firms in a developing European country. The respondents (firm managers or key informants) were directed to think about the latest professional business service firm they had cooperated with for at least 6 months, and to give their responses about the relationship. In the questionnaire, an explanation was provided to respondents that professional service firms are those that come from one of the following areas: (1) engineering, project and IT consultancy, (2) R&D and market research services, (3) legal, financial and accounting services, (4) management & HR consultancy, and (5) advertising, media and communications.

A total of 226 valid questionnaires (23% response rate) were collected and used for analysis. A majority (54.1%) of firms had three or more years' experience with the focal professional service firm, and on average the firms had 14 years' experience. In terms of the key respondent from the firm, 49% of respondents were senior managers, 44% of the respondents were key accounts for the selected professional service firm, while 7% of the respondents worked in the department that was directly involved with the professional service firm. Regarding their business activity, according to the national classification of the main activities of the firm, 21% of the firms were manufacturers, 19% were in wholesale and retail trade business, and 16% were in other service activities. The remainder were in services or a combined type of business activity. Two-third of the firms were limited liability companies with 65% of the firms having 50% of domestic capital or more. In terms of ownership structure, 88% were in private ownership, while the rest were in public ownership. Small and medium enterprises (SME) accounted for 55% of the sample. 15% were totally B2C, while 14% were totally B2B firms. No differences were found when comparing early and late respondents, suggesting the absence of a non-response bias (Armstrong & Overton, 1977).

3.2. Measurement operationalization

A questionnaire was devised based on measures from the existing literature: perceived CO activities were adapted from the Walsh et al. (2007) study. This operationalization captures the essence of CO behaviors in professional services relationships. While it focuses on business customer needs which have proven to be the essential backbone of CO behaviors (e.g. Smirnova, Rebiazina & Frösén, 2018), this scale also entails the act of "courtesy" which has proven to be critical customer-centric behavior in professional services' settings (Di Mascio, 2010). The perceived emotional value was adapted from a study by Arslanagic-Kalajdzic and Zabkar (2017) comprising two dimensions, namely appreciation and stress. Appreciation entails behaviors on the part of one partner that result in feelings of gratitude from another partner, whereas stress can be framed as a feeling of emotional tension. As studies show, appreciation acts as one of the crucial determinants of healthy relationships in general (Bello et al., 2010) and results in emotional gratitude on the part of the customers (Liu, Lamberton & Haws, 2015). Following the same line of reasoning, repeated stress can endanger long-term stability in service relationships (Proença & De Castro, 2005). Satisfaction with the relationship was adapted from Lages et al. (2005). To assess the level of

relationship performance, the respondents were asked to rate the item 'relationship with the supplier helps increase my firm's sales revenue' (adapted from Luo et al., 2014).

By following the causal adjacency principle (Katsikeas et al., 2016) we decided to focus on sales-based relationship performance since the majority of studies have confirmed that CO activities are related to sales results (e.g., Homburg et al., 2011; Lengler, Sousa & Marques, 2013) measured with single item measures. Indeed, the use of single-item measures is subject to discussion in marketing research because of potential reliability and validity issues. However, recently Bergkvist (2015) recommended that marketing academics should use single-item instead of multiple-item measures for doubly concrete constructs, as the predictive validity of single-item measures was comparable to that of multiple-item measures. As our measure aims to capture satisfaction with that relationship, which is a concrete singular object, and measure constructs falling into Bergkvist and Rossiter's (2007) definition of concrete attributes, we thus used single-item measurement for this variable.

Perceived CO, emotional value and relationship performance were measured using a seven-point Likert scale with anchors of "1 = totally disagree" to "7 = totally agree" whereas customer's satisfaction with the relationship was measured using a five-point Likert scale with the same anchors. The control variables used in this model (controlling the two central outcome constructs) were trustworthiness (i.e., for the assessment of the trustworthiness of a supplier, customer firms were asked to rate the item '[Supplier] is a trustworthy firm), business activity of the customers' firms (manufacturing vs. services), the type of firm of the customer (B2C vs. B2B) and the length of the relationship with the professional business service provider.

4. Results

Before testing the hypothesized model, we assessed the measurement properties of the latent constructs by conducting a confirmatory factor analysis (CFA) in Lisrel 8.71 (Table 1). In order to avoid any potential data normality concerns, we ran the CFA by using the asymptotic covariance matrix procedure as suggested by Satorra & Bentler (2001) generating the adjusted chi-square statistics for the model. Overall, the measurement model demonstrated a very satisfactory fit (Satorra-Bentler Scaled Chi-Square = 9.99, df = 11; Chi-square/df = 0.91; RMSEA = 0.03; NNFI = 0.99; CFI = 0.99; SRMR = 0.02; GFI = 0.98). All factor loadings were significant; hence, the convergent validity was achieved (Bagozzi & Yi, 1988). Composite reliability values ranged from 0.71 to 0.95 and were acceptable. Furthermore, the square root of the average variance extracted (AVE) ranged from 0.75 to 0.93 and were always higher than the relevant inter-construct correlations, thus demonstrating discriminant validity (Fornell & Larcker, 1981) as shown in Table 2.

- *Insert Table 1 about here* -
- *Insert Table 2 about here* -

To prevent common method bias in this study, two types of tools were applied. First, through the research design, some procedural remedies were carefully implemented in order to minimize bias. The visual representation of the properties of the items were changed throughout the questionnaire (i.e. selection type, anchors) and scale items were scattered throughout. Finally, the respondents were guaranteed anonymity and instructed that there were no right or wrong answers. Second, statistical remedies were also applied, although it is known that common method variance (CMV)

is more likely to emerge in simplistic models (Chang, van Witteloostuijn & Eden, 2010) since the complex nature of interactions and curvilinear effects in the model is expected to reduce it. Nevertheless, we controlled our measurement model for an unmeasured latent factor (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). The unmeasured latent method factor technique was selected for use in this study due to its several advantages: (*a*) it does not require the researcher to measure the specific factor responsible for the method effect; (*b*) it models the effect of the method factor at the measurement level rather than at the latent construct level (Schaubroeck et al., 1992, Williams et al. 1996); and (*c*) it does not require the effects of the method factor on each measure to be equal. When testing the unmeasured method factor, we followed Podsakoff, MacKenzie, Lee and Podsakoff 's (2003) approach and performed a confirmatory factor analysis where we let items load on their theoretical constructs and on a latent CMV factor. All item loadings were still significant after the inclusion of the latent factor. Based on the described set of assessments, we conclude that CMV might not be an issue in this study nor for the interpretation of our results.

To estimate our conceptual model, we used conditional process analysis (Hayes, 2018) which allows the estimation of complex relationships whereby certain variables within a model can operate simultaneously as independent variables, mediators and/or moderators of particular effects, as well as testing for the linear moderation of quadratic effects (Hayes, 2017). Specifically, we applied the PROCESS routine in SPSS, Model 7 (with 5,000 bootstrap samples and 95% bias corrected confidence intervals). Satisfaction with the relationship and with relationship performance served as the dependent (Y) variables in this analysis (Table 3).

- *Insert Table 3 about here* -

We constructed the product term for the perceived CO and presented it as an independent variable (X), while the perceived emotional value was an interaction variable (Z). The linear CO term, as well as the linear interaction term between the CO and the perceived emotional value are used as covariates in the model as well as in the controls, in keeping with the procedure suggested by Hayes (2017).

From Table 3 we can see that the curvilinear effect of CO on satisfaction with the relationship (H1) is negative and significant (B = -0.13, $p<0.001$), suggesting an inverted U relationship which supports our first hypothesis. If we further analyze the curvilinear effect, we see that the turning point (where the moderator variable equals zero and everything else is constant) is reached after the perceived CO is assessed as a score of five. Following Haans et al. (2015), this is determined using the formula for calculating the maximum of the quadratic function ($y = ax^2 + bx + c$) which is achieved when the first integral of the function equals zero, meaning that $x = -b/2a$ which in our case is -1.29/(2*-0.13) = 4.96. Taking this CO value back to the function we get a value for satisfaction with the relationship equal to 3.55, which is the maximum level of satisfaction reached with the relationship, after which it declines as CO increases.

Furthermore, the relationship between squared CO and relationship performance is negative and significant (B = -0.14, $p<0.001$) which further supports our second hypothesis (H2) and indicates that there is a turning point after which increased customer orientation has a diminishing effect on relationship performance. Taking the same approach as previously described, we can see that the peak of the relationship performance is reached when CO reaches a value of 4.85. The relationship performance maximum value in this case is 4.05, and after each additional CO effort, this value decreases.

When it comes to the moderating effect of the perceived emotional value on the inverted U relationship between the perceived CO squared and satisfaction with the relationship, it is positive and significant (B = 0.03, p<0.001). This supports H3. Figure 2 and Figure 3 clearly demonstrate this result. It is clear that the negative quadratic relationship between the CO and satisfaction with the relationship becomes less negative as the levels of perceived emotional value increase. Even more so, when the perceived emotional value is high, the curve flips into a U-shaped relationship, and the minimum is at a higher level than the maximum when the perceived emotional value is low or non-existent.

- *Insert Figure 2 about here* -
- *Insert Figure 3 about here* –

In order to define the exact values of the moderator where the slope of the focal predictor is different from 0, and to determine the regions of significance (i.e. the confidence bands), we used the Johnson-Neyman technique (Hayes, 2017; Miller, Stromeye & Schwieterman, 2013). We determined that the moderation is significant when the perceived emotional value takes values below 2.24 (covering 7.07% of the effect) and above 6.80 (covering 11.06% of the effect). This suggests that the relationship between perceived customer orientation and satisfaction with the relationship is concave (the inverted U-shaped curve) in the presence of the low levels of perceived emotional value (lower than 2.24), while the flip to the convex (the U-shaped curve) shape is significant and occurs when high levels of emotional value are present (higher than 6.80). For the average-middle levels of emotional value, the moderation effect is not significant. An illustration of the quadratic effect of CO on satisfaction with the relationship as a function of perceived emotional value is presented in Figure 4.

- *Insert Figure 4 about here* -

We further show that there is a positive and significant effect of the satisfaction with the relationship on the sales-based relationship performance (B = 0.48, p<0.001) which confirms H4. Our results demonstrate that the more satisfied customers are with the relationship with their suppliers, the higher the potential of the relationship in terms of increasing overall sales for the business customer. In order to assess whether or not there is also an indirect effect of CO on relationship performance, we performed an additional PROCESS analysis using Model 4, and we demonstrated that the indirect effect of CO on relationship performance through satisfaction with the relationship is significant (B = -0.02, p<0.05), hence we establish the existence of partial mediation in our model as well.

Finally, in terms of controls, as expected, the trustworthiness of the supplier is positively related to satisfaction with the relationship (B = 0.11, p<0.001), as is controlling for the type of client firm for relationship performance (B = 0.01, p<0.001). When it comes to the explanatory power of our models, it can be seen that 17% of the variance in satisfaction with the relationship is explained, while 20% of the variance in relationship performance can be captured with the presented model.

5. Implications and further research

5.1. Theoretical implications

This study contributes to the industrial marketing literature by extending knowledge in its three subdomains. First, the findings reveal that CO's effect on relationship outcomes (relationship satisfaction, and relationship performance) is curvilinear, taking an inverted U shape, which is in contrast to some assumptions made in the past, but in line with previous findings obtained in sales research (Homburg et al. 2011). Consequently, CO activities that originate from the supplier can sometimes be perceived as a burden for customers (e.g. too many e-mails aiming to arrange all the details about an offer, the supplier asking for additional information and clarification in order to tailor an offer that is taking too much of time from the point of view of the customer, and/or meetings that are too frequent/long). In line with the literature that investigated the *dark side* of B2B relationships (Anderson & Jap, 2005), such findings warrant caution when deciding on the deployment of relational instruments. Furthermore, this study extends the strategic orientations' literature by examining the effectiveness of supplier's CO as perceived by the customers themselves. Specifically, while in most previous studies CO was assessed by salespeople or sales managers (for more information please see the meta-analytical studies of Franke & Park, 2006 and Goad & Jaramillo, 2014) or service employees (e.g. Kelley, 1992; Brown et al., 2002), this study offers the perspective of business customers, and assesses the relevance and utility of CO activities in professional business services relationships. Hence, our study complements the existing CO literature from a customer's perspective on relational outcomes, suggesting that there is an optimal level of CO, after which it backfires in terms of lowering the relational outcomes that are of interest to both parties involved in the relationship.

Second, the findings from this study add knowledge to the emerging literature on emotional value in the professional business services literature. Specifically, this study extends the evaluation of the use and knowledge of the benefits of perceived emotional value in B2B relationships. Arslanagic-Kalajdzic and Zabkar (2017) demonstrated that, together with functional and social perceived value, emotional value is also an important facet for business customers. Building on this, we show that there is a difference in the effectiveness of the CO activities of suppliers who are providing high emotional value, and those providing low emotional value, enabling customer firms to rank suppliers accordingly (Dorsch, Swanson & Kelley, 1998). Our study extends the work of Mudambi (2002) showing that, at the present time of information overload and intensified contacts through professional service encounters, emotional value is important as it has great potential with regard to reducing perceived uncertainty and risk of supplier selection. Business customers who perceive more emotional value in their relationship with professional service providers are convinced that the supplier's CO activities function in terms of strengthening their mutual relationship. Yet, business customers who deal with suppliers that fail to deliver high levels of emotional value might feel less satisfied, believing that the agenda of the supplier's CO is not an appropriate for their needs. To this end, our findings demonstrate that the curve flips from the inverted U to the U shape, which completely eliminates the diminishing effects when perceived CO is high. Furthermore, in the presence of high emotional value, satisfaction with the relationship is higher at all times than when perceived emotional value is low. Therefore, it can be said that perceived emotional value can also act as an auxiliary mechanism with the customer orientation of the business supplier.

Finally, our study contributes to the relationship marketing literature in a professional business services setting. This study sheds some light on possible antecedents and drivers of relationship performance as perceived by the customer.

Namely, although B2B relationships are assumed as positive occurrences per se, little research has been conducted on its antecedents (O'Toolea & Donaldson, 2002). Furthermore, in line with the managerial emphasis of B2B relationship research, the suppliers are generally seen as the active party, while the customers tend to be seen as an object of the activities run by suppliers (Möller & Halinen, 2000). By focusing on the perspective of the customer, we are contributing to a recognition of the interactivity involved in measuring the effectiveness of supplier relationship marketing instruments.

5.2. Managerial implications

The managerial relevance of our study is of primary importance in showing the managers of professional service firms that it is possible to improve relationships with their customers through optimizing the use of resources invested in CO activities. Indeed, previous research has stressed that CO is a resource-intensive endeavor (e.g., Franke & Park, 2006; Kumar, Venkatesan & Reinartz, 2008; Homburg et al., 2011) for the seller. Our research complements this by proving that overintense CO is resource intensive for the customer as well and could have diminishing returns in terms of relationship satisfaction. This becomes crucial in professional business services settings since both supplier and customer are engaged in co-creation which leads to frequent interaction and communication between the parties. This study shows that finding the right balance in terms of CO endeavors is not just smart from the perspective of the supplier but also from the perspective of business customers in terms of their satisfaction with relationships and sales-based relationship performance.

Finding the right balance of CO endeavors is not an easy nor simple task. First, professional business services are being offered to wide range of heterogonous customers, and one-size-fits-all approach to service provider–customer interactions could lead to misjudgments. Thus, we advise managers to develop an individual customer orientation interaction models depending on the range of services offered to each customer, personal characteristics of the contact personnel on customers' side, and level of emotional value as perceived by customer (e.g. based on survey or questions asked during interactions with business service personnel). If customer-oriented behavior has to be reduced with some customers, it is advised to go through reduction step-by-step (Kumar, Venkatesan, and Reinartz, 2008).

The major role in all these endeavors will be played by customer service personal as they have to be equipped with skills and abilities needed to evaluate the level of CO activities requested by individual customer. Emotional intelligence can help here (Leonidou et al., 2019) as it is important element for strengthening relationships. Thus, it should be taken into consideration when recruiting, selecting, and evaluating people in business services. As emotional intelligence is trainable skill that change over time, it is important to periodically monitor service employees' emotional intelligence abilities, giving preference to ability-based tests over self-reported tests. Firms should also create specialized training programs (e.g., role playing to enhance communication by encouraging less frequent but more open information exchange) with the aim of enhancing emotional intelligence skills of employees (e.g., perception of others emotions) that can help them understand perceived level of level emotional value that service company brings to customer.

Furthermore, aiming to increase the perceived emotional value, managers in professional business services firms can show appreciation and give acknowledgment for the cooperation with their clients (e.g. through offering personalized thank you notes and cards). Furthermore, they should seek to develop joint positive narratives (e.g.

develop a story of joint accomplishments) or even to make a fun tradition or routine that will highlight the emotional benefits and downplay the emotional costs for the clients.

Therefore, managers could decide among several scenarios, none of which would harm the customer's satisfaction with the relationship. First, if the supplying firm needs to reconstruct or restructure resources to some other activities, and to incorporate less intensive CO activities the firm needs to make sure that it creates a perception of high emotional value for their customers. In this scenario, high emotional value will act as a replacement in the "eyes" of the customer for lower levels of CO activity. In the second scenario, if a firm has identified the optimal level of CO, this will result in high relationship satisfaction. However, if high emotional value is also present in this scenario, this can boost satisfaction even further. Finally, for those firms that are perceived as ones that offer high emotional value to their customers, a high level of CO will not have a diminishing effect on satisfaction due to the strong bond that has been created between relationship partners on an affective basis.

5.3. Limitations and suggestions for further research

Although this study offers novel insights, some limitations should be taken into consideration as avenues for further research. The first limitation refers to the use of a single-item as proxy for measuring relationship performance. Relationship performance is an underdeveloped but complex construct (O'Toolea & Donaldson, 2002). The sales-based relationship performance used in this study cannot fully capture the full profile of relationship performance. Thus we propose that future studies utilize a cost-benefit measure of relationship performance such as relationship value (Ulaga & Eggert, 2006) since excessive supplier's CO might induce additional costs for business customer (in terms of wasted time, resources, etc.)Another important factor that could be considered in further studies[1] is the role of the service provided in the client's business activities, i.e. whether it helps the core business/products of the client firm, or if it facilitates the business processes of the firm.

Indeed, thanks to some recent studies (e.g. Toman, Adamson & Gomez, 2017) we are currently aware that B2B customers are even more emotionally connected to their service providers than B2C customers. In academia this avenue still needs further investigation. In this regard, it would be interesting to explore the role of perceived emotional value and its connection to the functional value of an offer, and how interrelationships between these two can be exploited by marketers in a B2B context. For example, in what situations and contexts might high functional value be replaced by high emotional value, and the other way around? Second, in our study we touched upon business customer's emotional value which narrows down the scope of observation. Hence, future studies should utilize dyadic data to account for crossover effects of emotional outcomes (e.g., stress) from one party to other party (Neff & Karney, 2007).

We also acknowledge that our decision to measure emotional value with only two items can be considered as a shortcoming. Emotional value is enhanced by maximizing the positive as well as minimizing the negative feelings that are outcomes of emotional processes in service relationships. In this regard, future studies should approach emotional value more comprehensively by capturing the broader scope of

[1] We would like to thank to our anonymous reviewer for this idea.

emotional value manifestations in its operationalization. To sum up, an obvious limitation of this study is its cross-sectional design which reflects on a single point in time that limits the ability to test for causal effects.

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FIGURES AND TABLES

Figure 1: Conceptual Model

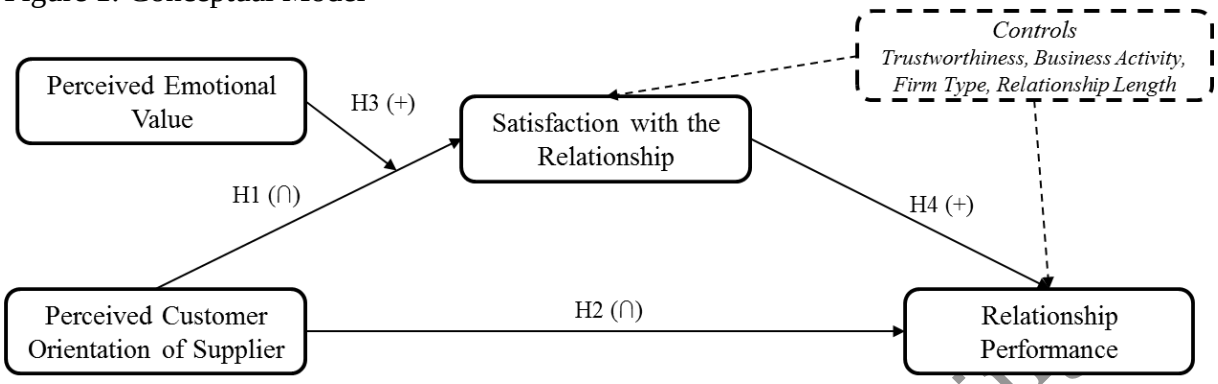


Figure 2: Moderating Effect of the Emotional Value on the Relationship between CO and Satisfaction with the Relationship

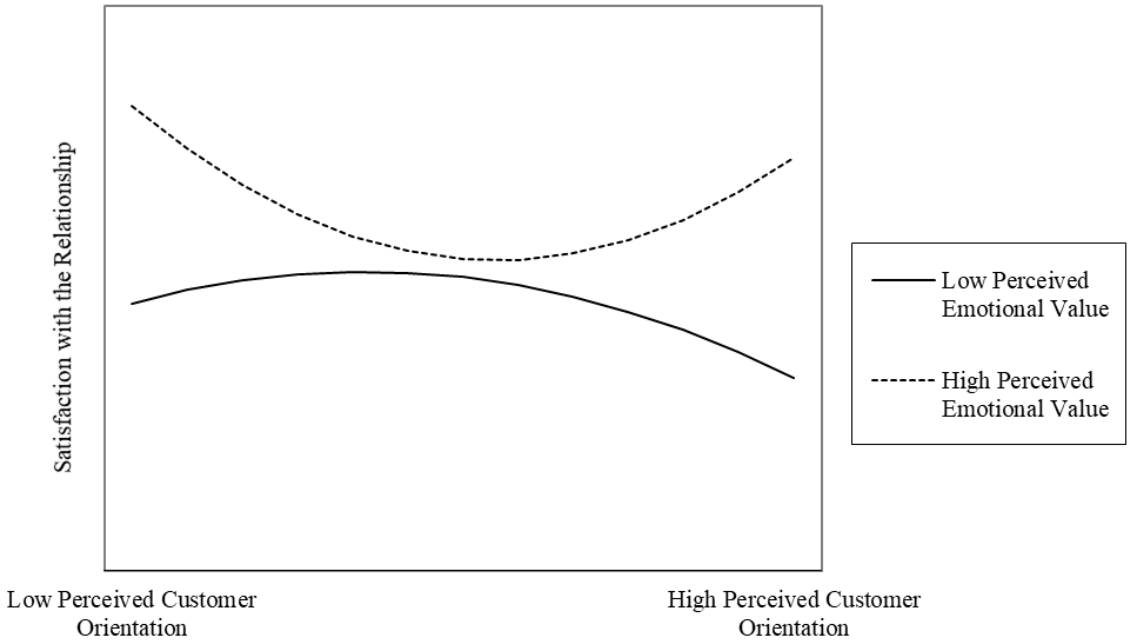


Figure 3: Surface Plot of the Moderating Effect of the Emotional Value

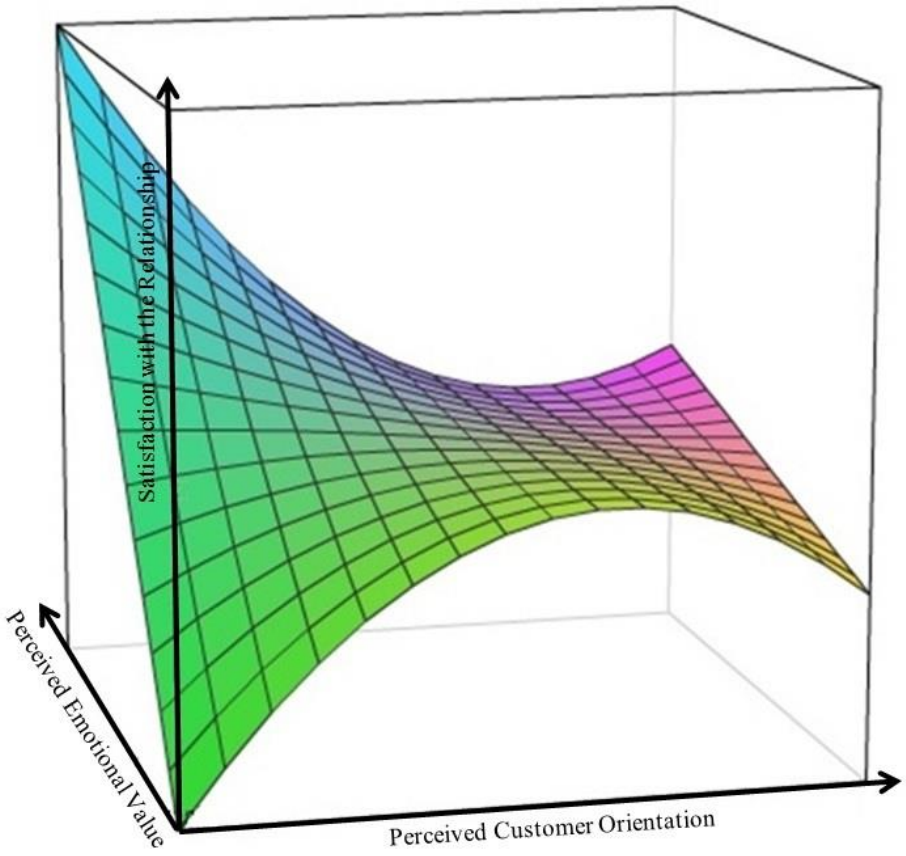
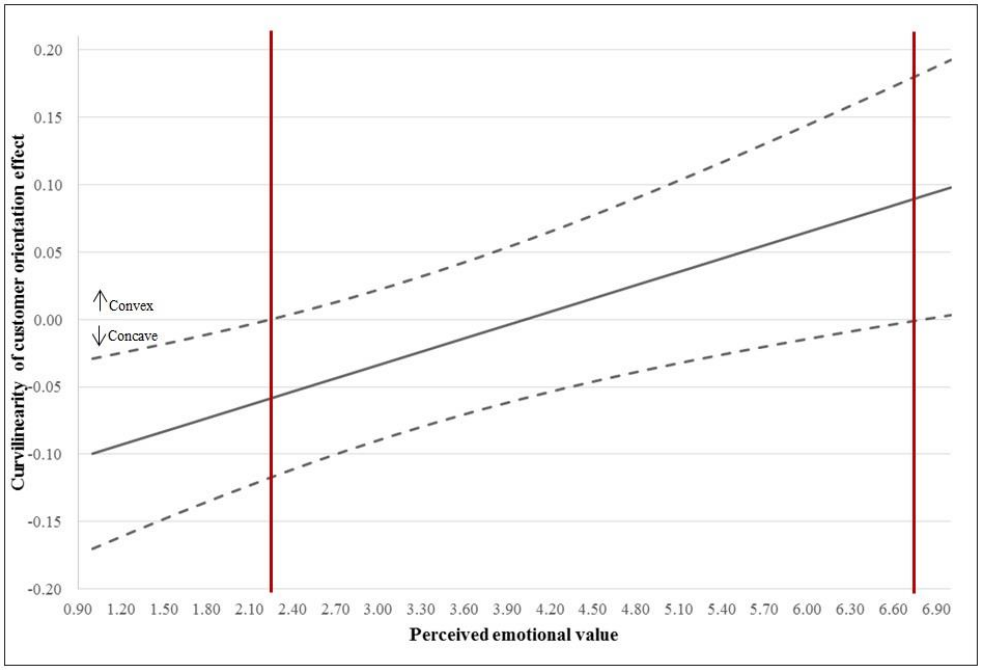


Figure 3: The Quadratic Effect of CO on Satisfaction with the Relationship as a Function of the Perceived Emotional Value



Note: Red vertical lines represent confidence bands which indicate the regions of significance; Dashed lines represent upper and lower 95% confidence intervals

Table 1: Measurement Properties of the Model

Constructs	Items	Loadings	t-value	CR	AVE	Mean (SD)
Perceived CO activities (Walsh & Beatty, 2007)	This [Supplier] has employees who are concerned about client needs.	0.936	-	0.951	0.865	5.15 (1.44)
	This [Supplier] has employees who treat clients courteously	0.899	23.41			
	This [Supplier] is concerned about its clients	0.955	28.44			
Perceived Emotional Value (Arslanagic-Kalajdzic & Zabkar, 2017)	My firm appreciates the relationship with this [Supplier].	0.900	-	0.836	0.722	4.76 (1.54)
	This [Supplier] doesn't cause stress situations to my firm.	0.792	14.190			
Satisfaction with the Relationship (Lages, Lages, & Lages, 2005; adapted from Kumar et al., 1992)	Our association with this [Supplier] has been a highly successful one.	0.918	-	0.707	0.562	4.13 (0.69)
	This [Supplier] leaves a lot to be desired from an overall performance standpoint. (R)	0.572	5.152			
Relationship Performance (adapted from Luo et al., 2014)	Relationship with this [Supplier] helps increase my firm's sales revenue.	-	-	-	-	5.65 (1.53)
Measurement Model Fit: Satorra-Bentler Scaled Chi-Square = 9.99, df = 11; Chi-square/df = 0.91; RMSEA = 0.03; NNFI = 0.99; CFI = 0.99; SRMR = 0.02; GFI = 0.98;						
Notes: CR = Composite Reliability, AVE = Average variance Extracted						

Table 2: Discriminant Validity

#	Constructs	1	2	3	4
1	Perceived CO activities	**0.93**			
2	Perceived Emotional Value	0.56	**0.85**		
3	Satisfaction with the Relationship	0.12	0.14	**0.75**	
4	Relationship Performance	0.11	0.14	0.13	-

Notes: Correlations are below the diagonal; square-roots of average variances extracted are shown on the diagonal in bold.

Table 3: Hypotheses Testing

Determinants	DV: Satisfaction with the relationship		DV: Relationship performance	
	B (S.E.)	(LLCI, ULCI)	B (S.E.)	(LLCI, ULCI)
Controls				
Business Activity (Manufacturing vs. Services)	0.06 (0.05)	(-0.05, 0.17)	-0.11 (0.12)	(-0.35, 0.17)
Type of firm (B2C vs. B2B)	0.01 (0.01)	(-0.01, 0.01)	0.01*** (0.01)	(0.01, 0.02)
Relationship Length	0.01 (0.02)	(-0.02, 0.03)	-0.04 (0.03)	(-0.09, 0.01)
Trustworthiness	0.11 (0.04)	(0.02, 0.19)	-0.18 (0.09)	(-0.37, 0.01)
Direct effects				
Satisfaction with the Relationship			0.48*** (0.14)	(0.20, 0.77)
Perceived CO	1.29*** (0.35)	(0.60, 1.98)	1.36*** (0.37)	(0.64, 2.09)
Perceived CO^2	-0.13*** (0.04)	(-0.22, -0.05)	-0.14*** (0.04)	(-0.22, -0.06)
Perceived Emotional Value	0.86*** (0.27)	(0.34, 1.39)		
Interaction effects				
Perceived CO x Perceived Emotional Value	-0.34*** (0.10)	(-0.54, -0.14)		
Perceived CO^2 x Perceived Emotional Value	0.03*** (0.01)	(0.01, 0.05)		
R^2	0.17		0.20	

Notes: PROCESS Model 7 (95% confidence intervals; 5,000 bootstrap samples); DV = dependent variable; B = unstandardized coefficient; S.E. = standard error; LLCI = lower-level confidence interval, ULCI = upper-level confidence interval; *** - p<0.001