CUSTOMER PARTICIPATION IN SERVICES: DOMAIN, SCOPE, AND BOUNDARIES


Beibei Dong, Lehigh University
K. Sivakumar, Lehigh University
Outline

- Purpose of the research
- CP definition and examples
- CP terminology
- Proposed conceptualization
- Contributions of the proposed framework
- Future research
- Conclusion
Purpose

- To propose a framework that defines and classifies various aspects of customer participation in services
- To illustrate the applicability and usefulness of the framework with examples
- To offer implications and future research directions
What is Customer Participation (CP)?

The extent to which customers are involved in service production and delivery by contributing effort, knowledge, information, and other resources (Dabholkar 1990)

- Collaborating with service providers (e.g., healthcare, education)
- Self service (e.g., gas pumping, IKEA furniture assembly)
- Customizing products (e.g., customized Nike shoes, M&M chocolates, teddy bears)
Terminology Used in Prior Research

Customer participation (CP), co-production, and co-creation are the most frequently used terminologies

- *Co-production* could mean more than “production” and “collaboration”

- *Co-creation* has also been used loosely (e.g., referring to coproduction, creation of ideas, or interaction with brands)

- *Customer Participation* is a viable phrase to use due to its dominant use in the literature, inclusive nature, and less conceptual confusion
Two Dimensions of CP

- The locus of service tasks (whether only customers can perform the tasks or the firm can also do so)
- The significance of the tasks (whether the tasks are essential for service provision or are optional enhancements)

These two dimensions can be combined to provide a typology for customer participation
Proposed Framework: Three Types of CP

Mandatory CP
(Only customer can do the activity; activity needed to ensure service occurrence)

Replaceable CP
(Customer or firm can do the activity; activity needed to ensure service occurrence)

Voluntary CP
(Activity not needed for service occurrence but can enhance service)

Activity critical for service to occur

Activity not critical for service to occur

Only customer can do the activity

Customer or firm can do the activity
**Mandatory CP**

- Mandatory CP refers to activities that can only be performed by customers and are essential for service delivery.

- Mandatory CP could be tangible or intangible:
  - people (e.g., customer presence for haircutting)
  - objects (e.g., clothes made available for tailoring)
  - information (e.g., customer providing necessary information for medical diagnosis)
Replaceable CP

- Replaceable CP refers to activities that are essential for service provision but can also be performed by the service provider.
- Typically considered as employee in-role behaviors (e.g., gas pumping, tour planning, car washing).
- Could be tangible or intangible.
- Replaceable CP has attracted the most theoretical attention because of its relevance for productivity gains and revenue enhancements.
Voluntary CP

- Voluntary CP refers to activities that are not essential for service delivery but are performed at customers’ discretion to improve their service experience.
- Typically considered as extra-role behavior.
- Examples include:
  - researching (e.g., looking into travel tips on TripAdvisor to improve tour design)
  - intervening (e.g., monitoring the drywall repair)
  - quality boosting (e.g., applying conditioner to improve the carpet quality after cleaning)
Contributions of the Proposed Framework

- Integrates existing conceptualizations
- Helps to resolve some conflicting empirical findings
- Provides a pathway to distinguish customer participation from customer engagement
- Incorporates service classification schemas from current literature
- Incorporates operand and operant resources
- Considers CP in different stages of service production and delivery
Linkage to Existing CP Literature... 1

- Integrates existing conceptualizations
  - All three types of CP have been discussed individually or mixed to some extent in previous research
  - Our framework offers a more inclusive approach to cover the broad domain of CP, differentiates the three types of CP, and disentangles CP from customer engagement
Linkage to Existing CP Literature... 2

- Resolves conflicting empirical findings
  - Existing empirical research is either limited to one type of CP, or mixes the various types of CP without disentangling their individual effects
  - The conceptual overlap among different types of CP might have caused the inconsistent empirical results of CP, which our framework can help explain
Customer Engagement

- Customers are jointly responsible for the management, ownership, and equity of a company’s brand
  - Customer behaviors that are often discretionary, go beyond transactions, and focus on the interaction with the firms and brands
    » E.g., user-designed new products; consumer-generated advertising; customer peer-assistance in product use
# Distinguishing Customer Participation (CP) and Customer Engagement (CE)

<table>
<thead>
<tr>
<th>Timing of Customer Activity</th>
<th>Beneficiary of Customer Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated with the specific service transaction</td>
<td>Focal Customer: CP (e.g., gas pumping, Internet setup, customized shoes)</td>
</tr>
<tr>
<td>Beyond the specific transaction</td>
<td>Focal Customer: CE (e.g., brand community building; winning user-designed ad contests)</td>
</tr>
</tbody>
</table>
Service Classification Schemas from Current Literature

- Lovelock (1983)
  - Possession processing
  - People processing
  - Information processing
  - Mental stimulus processing

- Nelson (1970)
  - Search service
  - Experience service
  - Credence service

- Self-service technology (SST) vs. non-SST
# CP and Service Classifications

<table>
<thead>
<tr>
<th>Service Example</th>
<th>Service Classifications</th>
<th>Type of CP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Online car</td>
<td>Information processing; Experience service</td>
<td>Specifying the time, date, and pickup location; Following the steps on the screen to make the reservation</td>
</tr>
<tr>
<td>reservation</td>
<td>SST</td>
<td></td>
</tr>
<tr>
<td>2 Immigration</td>
<td>Information processing; Credence service</td>
<td>Providing necessary personal information and documents (e.g., passport); Filling out legal forms, developing statement to justify qualification, compiling documents, and mailing to the immigration office</td>
</tr>
<tr>
<td>application</td>
<td>Non-SST</td>
<td></td>
</tr>
<tr>
<td>3 Internet setup</td>
<td>Possession processing; Search service</td>
<td>Providing modem, router, and computer; Configuring the systems, connecting all the devices, setting the password, and testing the performance</td>
</tr>
<tr>
<td></td>
<td>SST</td>
<td></td>
</tr>
<tr>
<td>4 Car repair</td>
<td>Possession processing; Credence service</td>
<td>Having the car available, providing basic description about the problem (e.g., with the air conditioner); Performing the diagnosis test, analyzing the results of the diagnosis test, and replacing the corresponding parts</td>
</tr>
<tr>
<td></td>
<td>Non-SST</td>
<td></td>
</tr>
<tr>
<td>5 Guided tour</td>
<td>People processing; Experience service</td>
<td>Being present for the tour, and providing basic information (e.g., dates, time, number of people, destination); Developing a private tour plan, and driving for the entire tour by customers themselves</td>
</tr>
<tr>
<td></td>
<td>Non-SST</td>
<td></td>
</tr>
<tr>
<td>6 Haircut</td>
<td>People processing; Search service</td>
<td>Specifying basic haircut request, being present for the haircut; Designing a hairstyle that works best, cut the hair</td>
</tr>
<tr>
<td></td>
<td>Non-SST</td>
<td></td>
</tr>
<tr>
<td>7 Online</td>
<td>Mental stimulus; Credence service</td>
<td>Being present for learning and attentive to digest knowledge learned; Self-administering interactive learning activities online</td>
</tr>
<tr>
<td>education</td>
<td>SST</td>
<td></td>
</tr>
<tr>
<td>8 Psychological</td>
<td>Mental stimulus; Credence service</td>
<td>Being present for counseling and mentally processing information; Performing mediation oneself following video instructions</td>
</tr>
<tr>
<td>counseling</td>
<td>Non-SST</td>
<td></td>
</tr>
</tbody>
</table>
Operand and Operant Resources
Advanced by Service-dominant Logic

- Operand resources
  - Tangible resources a consumer contributes to carry out a behavioral performance
    » E.g., equipment, raw materials, physical products

- Operant resources
  - Intangible resources that enable a consumer or a firm to perform or function
    » E.g., knowledge, skills, and information
## CP with Operand and Operant Resources

<table>
<thead>
<tr>
<th>Type of Resources</th>
<th>Mandatory CP</th>
<th>Replaceable CP</th>
<th>Voluntary CP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Lawn mowing - customer makes the lawn available.</td>
<td>1. Lawn mowing - customer provides the lawn mower.</td>
<td>1. Lawn mowing - customer provides the fertilizer to improve the quality of the lawn.</td>
</tr>
<tr>
<td></td>
<td>2. Furniture assembly - customer makes him- or herself available.</td>
<td>2. Furniture assembly - customer has all the furniture pieces ready for assembling.</td>
<td>2. Furniture assembly - customer has other furniture in the room available for setting up room layout.</td>
</tr>
<tr>
<td></td>
<td>3. Carpet shampooing - customer has the carpet ready for shampooing.</td>
<td>3. Carpet shampooing - customer provides the shampoo.</td>
<td>3. Carpet shampooing - customer provides the conditioner to further enhance the outcome.</td>
</tr>
<tr>
<td>Operand Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Lawn mowing - customer makes the request of lawn mowing</td>
<td>1. Lawn mowing - customer mows the lawn.</td>
<td>1. Lawn mowing - customer spreads the fertilizer on the lawn.</td>
</tr>
<tr>
<td></td>
<td>2. Furniture assembly - customer initiates the basic furniture assembling request.</td>
<td>2. Furniture assembly - customer assembles the furniture.</td>
<td>2. Furniture assembly - customer moves other furniture to find the location of the furniture in the room.</td>
</tr>
<tr>
<td></td>
<td>3. Carpet shampooing - customer requests carpet shampooing.</td>
<td>3. Carpet shampooing - customer shampoos the carpet.</td>
<td>3. Carpet shampooing - customer applies the conditioner to the carpet to further protect the carpet.</td>
</tr>
<tr>
<td>Operant Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## CP and Service Stages

<table>
<thead>
<tr>
<th>Service Stage</th>
<th>Mandatory CP</th>
<th>Replaceable CP</th>
<th>Voluntary CP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design Stage</strong></td>
<td>1. Frame design – customer agrees/requests to design the frame.</td>
<td>1. Frame design – customer selects the material, size, shape, and color of the frame.</td>
<td>1. Frame design – customer reviews award-winning frame design ideas to stimulate interesting design ideas.</td>
</tr>
<tr>
<td></td>
<td>2. Landscape design – customer decides to design landscape.</td>
<td>2. Landscape design – customer outlines a landscape plan by specifying the trees, shrubs, and flowers planted and their specific locations.</td>
<td>2. Landscape design – customer reviews online forum discussions to further solicit landscaping ideas.</td>
</tr>
<tr>
<td></td>
<td>3. Weight-loss program design – customer provides personal weight-loss history.</td>
<td>3. Weight-loss program design – customer chooses the program that fits his/her needs.</td>
<td>3. Weight-loss program design – customer discusses with fellow customers to learn the tips for weight-loss program.</td>
</tr>
<tr>
<td><strong>Production Stage</strong></td>
<td>1. Frame building – customer initiates the basic frame building request.</td>
<td>1. Frame building – customer assembles the pieces of frame.</td>
<td>1. Frame building – customer reviews online user videos to better understand how to build a frame.</td>
</tr>
<tr>
<td></td>
<td>2. Gardening – customer makes the garden available for landscaping.</td>
<td>2. Gardening – customer follows the landscaping plan to plant trees, shrubs, and flowers.</td>
<td>2. Gardening – customer collects unused plants and materials for future use.</td>
</tr>
<tr>
<td></td>
<td>3. Weight-loss program implementation – customer follows the program plan to exercise and consume specified food.</td>
<td>3. Weight-loss program implementation – customer follows the program plan to collect necessary materials and food.</td>
<td>3. Weight-loss program implementation – customer goes beyond the program plan to do extra workout.</td>
</tr>
</tbody>
</table>
Managerial Implications...

- All three types of CP can be leveraged to provide superior customer value
- Nuances in the design and management of the three types of CP must be understood by service providers
- Managerial decisions will involve
  - Which CP should be emphasized? By how much? Where?
Managerial Implications...2

- Make the mandatory CP as foolproof as possible to reduce customer confusion
  - E.g., Turbo Tax offers well-structured data entry process, making the mandatory customer information provision simple and error-free

- Wisely allocate resources between the firm and customers to increase efficiency in managing replaceable CP
  - E.g., Ford allows customers to rapidly and visually sort options with each click when configuring cars

- Stimulate voluntary CP to promote brand loyalty
  - E.g., Fidelity encourages customers to look into Morningstar research on mutual fund ratings to facilitate their financial investment planning
Future Research

- Superimposing our typology with CP magnitude
  - E.g., does increasing CP magnitude have similar effects on the three types of CP?
- Under what conditions are the three CPs synergistic?
- Under what conditions are the three CPs in conflict?
Conclusion

- As CP research evolves, we need a rich inventory of conceptualizations.
- We need both general-purpose conceptualizations that can apply to a broader set of services as well as specific conceptualizations that can help in the deeper analysis of certain services.
- A meta-conceptualization that can accommodate other conceptualizations will be useful.