Managing Customer Participation in the Service Production Process

Somyot Wattanakamolchai

ABSTRACT

Customer participation is an important component of the service production process. If service providers can appropriately manage the participation, it will benefit both the companies and customers. Otherwise, it will adversely affect the service outcomes. Through literature review, this article aims to provide guidelines regarding how to manage customer participation effectively. It covers definitions, benefits and drawbacks, as well as levels of customer participation. The difference between voluntary and involuntary participation will also be reviewed.

INTRODUCTION

Service is a growing section of the internal economy and a primary sector in which major industries such as hospitality and tourism are located. Executives understand the need to maintain the provision of good service quality as expected by their customers, but it is not an easy goal to achieve. On the academia side, many researchers have endeavored to explore how to successfully manage service. Since it is hard to study the construct “service” as a whole due to its broad nature, researchers have divided service into various elements in the hope that they will be able to better explain the concept. Examples of these elements include service quality, customer satisfaction, services capes, service design, service recovery, service promises, and etc. As service literature is maturing, the construct has even been explored in greater details. Even a small component of service such as waiting time, queuing configuration, and customer participation can become a life-time study for some researchers.

Inseparability is one of the unique characteristics that differentiate service from pure goods. In most service encounters, customers are usually present at the service settings and sometimes they, to a certain extent, co-produce the service they are seeking. Undoubtedly, their participation will affect the specificity, production and delivery of the service. Hence, it may contribute to or detract from customer satisfaction of the service experience. This inspires a number of researchers to study customer participation, an active involvement of customers in service process. They aim to find a strategy to manage this behavior so that the outcomes will be of mutual benefits to both service companies and customers. Based on literature in the areas of customer participation, change management and innovation diffusion, this paper aims to review some guidelines for the service industry regarding how to effectively manage and enhance customer participation. Definitions of customer participation as well as its benefits and drawbacks will be first discussed. Levels of participation will then be explored. Lastly, guidelines for handling voluntary and involuntary customer participation through the concepts of innovation diffusion and change management will be reviewed.
Definitions of customer participation

Many scholars have defined customer participation and most of the definitions entail similar concepts. Generally, participation is the act of customer’s active involvement with the service production and delivery process, either physically or by giving resources. This action is expected to yield favorable outcomes for both customers and service companies. Goodwin & Radford (1993) refers to participation as “the consumer’s ability to exercise options which affect the sequence and substance of service delivery throughout the service experience.” Customer participation is a behavioral concept. It refers to “the customer behaviors related to specification and delivery of a service” (Cermak, File & Prince, 1994). In addition, it includes not only actions, but also resources supplied by customers for service production and/or delivery (Rodie and Kleine, 2000). File, Judd & Prince (1992) suggest that customer participation behavior has many levels depending on the degree to which customers actually engage in connection with the definition and delivery of the service they seek.

Benefits and drawbacks of customer participation

Many studies reveal that customer participation has a lot of benefits for both service organizations and customers if both parties play the expected roles in the co-production of service as will be mentioned later in this paper.

Customer participation can offer substantial benefits to the service organizations as follows:

1. It helps increase productivity as customers become partial employees of the firms (Chase, 1978; Lovelock & Young, 1979).
2. It enhances two-way communications between companies and customers; thus, companies will have increased customer feedback (Kelley, Donnelly & Skinner, 1990; Lovelock & Young, 1979; Mills & Moberg, 1982).
3. It can help improve perceived service quality since customers are actively involved from the beginning of the service process. (Bitner, Faranda, Hubbert & Zeithaml, 1997; Dabholkar, 1990; Kelley et al., 1990; Zeithaml & Bitner, 2000).
4. It will lead to greater repurchase and referrals especially through the word-of-mouth channel (Cermak et al., 1994; File et al., 1992; Zeithaml & Bitner, 2000).
5. It can enhance loyalty through Customer Participation Management (CPM) practice. CPM is considered a step beyond Customer Relationship Management (CRM) (Seideman, 2001).
6. It can be used as a criterion to segment customers leading to companies’ greater capability of implementing service differentiation strategy (Song & Adams, 1993).

At the same time, customers may find their participation beneficial as follows:

1. It can enhance customer satisfaction. When customers are actively involved in the service process, they tend to have a higher control over the outcomes and research shows that this control will gear outcomes towards customer preferences (Bateson, 1985; Cermak et al., 1994; Kelley et al., 1990; Martin & Pranter, 1989; Mills & Morris, 1986).
2. It can enhance customer skills in utilizing the service leading to a faster service process in each subsequent encounter and ultimately greater satisfaction (Lengnick-Hall, 1996).
3. It can increase the likelihood that customer expectations are met and desired benefits are attained because customers are actively involved in the input of the service outcomes: service specificity, production, and delivery (Zeithaml & Bitner, 2000).
4. It can increase customer enjoyment because of the interaction during the service process (Bateson, 1985).
5. It can enable customers to receive various benefits such as discounts, greater convenience, and more control over service outcomes as an exchange for their participation (Bitner et al, 1997; Zeithaml & Bitner, 2000).

Negative outcomes of customer participation are reported to result from ineffective management including the followings:

1. Some service organizations fail to educate their customers on how to effectively participate in the service system. As a result, these unknowledgeable customers may slow down the service process leading them to feel less satisfied with the service. Moreover, this lengthy process may adversely affect other customers’ satisfaction (Kelly et al., 1990; Zeithaml & Bitner, 2000).
2. When customers fail to perform their required tasks successfully, employees may find it hard or even impossible to deliver desired outcomes. For example, a passenger who comes to check in for an international flight without proper travel documents will unavoidably be denied by the check-in agent (Kelly et al., 1990; Zeithaml & Bitner, 2000).
3. Research shows that employees tend to suffer emotionally from frustrated customers even though the cause of unacceptable service process is due to the customer’s own inadequacy and incompetence. These employees are predicted to be less motivated and less productive and are likely to quit (Kelly et al., 1990; Zeithaml & Bitner, 2000).
4. Some scholars believe that customer participation can cause unnecessary uncertainty to the service organizations (Bitner et al. 1997; Zeithaml & Bitner, 2000). Jones (1987) proposes that uncertainty may affect the frequency, specificity, and duration of the service process.
5. Bendapudi & Leone (2003) suggest that a customer who provides inputs into the service process may be less satisfied than those who do not, especially when the service outcomes are better than expected. This is because participating customers think that they earn some credits for the successful outcomes. Consequently, they do not appraise the
Levels of customer participation

Levels of customer participation vary by the type of service companies. Some services such as personal travel planners and counseling service require customers to actively participate in the production and delivery process in order to deliver the best service outcomes. Since each individual has different needs and problems, they need to inform their service providers about their personal expectations. Service can then be tailored to meet their requirements. In certain service such as training and medical treatments, customers need to fulfill their tasks as required by service providers even after the service encounters. Otherwise, the desired outcomes will not be attained. In contrast, some service providers may require little participation, or even none, from their customers after the service is ordered. These services are normally of a standardized type. They will be similarly produced and delivered to all customers. Customers may not even need to be present at the service factory during the time of service production. Take laundry and car fixing services as examples.

Bitner et al. (1997) propose that there are three levels of customer participation based on the nature of each business type (refer to table 1). They are low, moderate and high levels of participation. Service requiring low level of customer participation will only need the customer’s physical presence. The only customer input is the payment. All provided services are usually standardized. Examples are conventional motels and local bus companies such as Bangkok Mass Transit Authority. Moderate level of participation is required for service companies such as full-service restaurant and courier companies such as FedEx and UPS. These companies require some inputs from customers such as information, effort, and physical possessions. Zeithaml & Bitner (2000) clarified these inputs through a tax consulting example. They state that a client needs to provide the CPA with tax history, marital status, and number of dependents (information) as well as any receipts or tax forms (physical possessions). Also, he/she should put all such information in a useful fashion (effort). The highest level of participation is required by services such as training, counseling, and health maintenance service. Without customer active participation as a co-producer, these service providers cannot deliver desired outcomes. For example, no personal trainer, no matter how good he/she is, can help his/her client stay fit if the client lacks self-discipline and does not change his/her behavior to reflect the trainer’s suggestions.

Table 1: Level of Customer Participation across Different Services

<table>
<thead>
<tr>
<th>Nature of service</th>
<th>Low</th>
<th>Moderate</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of service</td>
<td>Purchase not required</td>
<td>purchase required</td>
<td>purchase required + active participation</td>
</tr>
<tr>
<td>Requirements</td>
<td>Payments</td>
<td>payments + inputs</td>
<td>payments + inputs + co-production</td>
</tr>
</tbody>
</table>

Source: Adapted from Bitner et al. (1997)

Additionally, we can perceive the level of customer participation as a continuum line, with three labels (Zeithaml & Bitner, 2000). At one extreme is customer production where customers do all the service production and delivery process and at the other end is firm production where company employees do everything for the customers. Like the low level of participation typology mentioned earlier, payments are the only input expected of customers. In between is the joint production area where customers and employees co-produce the service. The ratio of this co-production varies according to where it stands on the continuum. Zeithaml & Bitner (2000) use various types of service experience at a gas station to elaborate the continuum as shown in figure 1 below.

Figure 1 Continuum of customer participation level

Source: Zeithaml & Bitner (2000, p. 329)
Song & Adams (1993) label the two ends of the continuum self-service and full-service. Self-service refers to the situation when customers perform most, if not all, of the work in producing desired outcomes. On the other hand, full-service is the opposite scenario when the service is mostly or wholly prepared by the service organizations.

**Voluntary Vs involuntary customer participation**

Generally, there are two major types of customer participation: voluntary and involuntary participation. Voluntary participation occurs when companies provide customers with options to choose from. They can decide by themselves which alternative they prefer. For example, hotels and airlines companies nowadays provide multiple reservation channels for their customers including direct contact with service companies or travel agencies as well as telephone and Internet reservations. Customers can choose which channel best fits them. Another example is check-in kiosks at airports and check-out system through TV screens in hotel rooms. These innovations are merely alternatives to supplement traditional services provided by the service companies.

On the other hand, involuntary participation occurs when customers are forced to participate in the only way that service companies require or they have to buy the desired service somewhere else. For example, if anybody wants to participate in an auction on e-bay or buy a book through Amazon.com, they need to go online. If they are not computer literate, then they cannot utilize the services provided by either of the two companies. Additionally, involuntary participation can be caused by the situation where service companies decide to totally change the system of the current service they are providing. For example, the management may decide to change the method customers use to buy food and drinks in their food court. They may install a machine to accurately monitor the sale volumes within the property. As a result, customers now need to get a debit dining card before making any purchases. Cash is no longer accepted. Customers then need to spend a bit more time at the food court, waiting in lines to buy a debit card as well as to return the card for refunds of any remaining balances after each meal. Customers have no choice. If they want to eat there, they need to follow the service requirements. Involuntary participation needs to be carefully implemented because it can cause dissatisfaction and resistance from customers. Some upset customers may decide to switch to other service providers.

**Managing voluntary participation through market segmentation**

One approach that may help ensure the desired outcomes of voluntary participation is through customer segmentations. Not all customers are comfortable participating in the service production and delivery process at the same level. Some people may prefer self-service while others would like service employees to perform the service tasks for them. Given the convenience of the online booking, some people almost always reserve airline tickets through the Internet by themselves while some others still choose to go to or call travel agencies. As such, service companies should segment their customers according to the degree of their willingness to participate in the service process and provide them with different choices accordingly.

Song & Adams (1993) introduced a continuum of how service can be provided. At one extreme is self-service and at the other end is full-service. They encourage service companies to reassess their customers through a segmentation strategy based on the customer’s willingness to participate in the service production and delivery process. A conjoint analysis may be employed to assess the tradeoff decision of each customer. The results of the segmentation process will guide companies to provide the right services to the right segments of customers. For example, customers with the highest level of participation willingness will be offered complete self-service products. While at the same time, full-service will still be provided to those customers who prefer companies to perform all the tasks in the service process. Song & Adams (1993) also point out that a monetary incentive can be a successful motivational tool to encourage customers to participate more in the service encounters. Some customers with a lower level of participation willingness may, for example, decide to help co-produce the service if satisfactory discounts are offered.

If service companies decide to introduce a new participatory role only as an option supplementing the existing one, they should know which segment(s) of their customers they should target. An attempt to increase customer participation is similar to that of encouraging people to adopt an innovation. Thus, Roger’s (2003) diffusion model may be applied to segment service customers and to predict their willingness in participating in the service process. Take a clear pass for security check at airports as an example. Not all passengers departing from Orlando Airport will apply for a clear pass, a new faster way through airport security, using biometric fingerprint data to verify passenger’s identity. Using Rogers’ concept, Verified Identity Pass, Inc., the provider of the clear pass, will realize and better approach their target market, passengers who are more likely to apply for the clear pass.

Rogers suggests that there are 5 categories of adopters. They are innovators, early adopters, early majority, late majority, and laggards. He also projects the amount of people in each category based on a normal distribution as shown in figure 2. Innovators are predicted to consist of about 2.5% of the total population. Early adopters are 13.5%. Both early majority and late majority are predicted to be
equally 34% each and the remaining 16% are laggards. Innovators will most likely be the pioneer to participate in any new participatory role, followed by early adopters, early majority, and late majority. The laggards will be the last group to participate.

It is also possible that some people from this last group may never decide to adopt the new participatory requirements. It depends on service companies to decide how much percentage of customers should participate.

As a general rule of thumb, Rogers suggest that these five groups of people be divided into 4 segments: innovators and early adopters as one group, then early majority, late majority; and laggards as the last group. Even though service companies plan to encourage every customer to eventually use the new service alternative, it is recommended that service companies approach their customers in the order from segments A to D. Also, people in segments C and D tend to look up to people in segments A and B. If they see somebody participate in the participatory role, they may also want to try it. In other words, new ideas or service requirements will always start being diffused by innovators, not laggards. Hence, there will be a waste of resources if service companies, for example, contact segment C before segment A.

Managing involuntary participation through concept of change management

Most people generally do not like changes. Likewise, involuntary participation is not preferred by most customers because of the anxiety about the uncertainty they may encounter. They may think that they are not capable enough to perform the new participatory role required by service companies. They may simply prefer the existing service requirement to the new alternative. For example, an introduction of backscatter walk-through metal detectors may make some airline passengers uncomfortable because this type of device can clearly reveal their body shapes to the security agents. Once it is in place at all airports, involuntary participation may occur. A decade ago, Bangkok Mass Transit Authorities (BMTA) decided to remove conductors from all buses. All riders needed to have exact fares, and put them in the box at the front door. That was the first time this conductor-less bus system was introduced to Bangkokens. During the first few months of the new system, a lot of passengers were less satisfied because they did not find it convenient to use the bus services. Resistance was found everywhere especially from the lower class of the society, the major riders of BMTA buses. However, BMTA decided to put the conductors back on buses due to its failure to deal with the transition state.

If involuntary participation is inevitable, it is suggested that service companies adopt change management strategy to lessen the undesirable outcomes. One simple tactic is to send messages about the change to customers long before the change is in effect. Service companies should also educate their customers about how they will participate in the new service environment. If possible, both new and old service procedures may be provided for some time. During this transition period, customers will have a chance to try out the new participatory role and gradually adjust themselves to the changes. This technique has proved to successfully prevent or at least lessen resistance from customers. However, sometimes service companies are forced to implement changes right away such as the government authority’s policies regarding air transportation safety rules (limitation of liquid amount). This involuntary adoption on the customers’ part can be critical and service companies need to know how to properly deal with it.
Using the transition curve in figure 3, service companies will be able to understand possible behaviors of their customers during the transition state, the introduction of involuntary participation. This change curve is based on Kubler-Ross’ “On Death and Dying” in which she talks about the grieving process. However, a lot of change managers find this concept applicable to managing a transition state in a business environment as well (Arsham, n.d.; Graham, 2006; “Implementing change”, n.d.) When customers know about the involuntary participation requirement, they may be shocked at first, and then deny that the change is not happening. After that, there will be some emotional behaviors showing their resistance such as fear, anger and anxiety. Then, they will decide whether they will accept or reject the new required participatory roles. If they decide to participate, they will go through testing and searching the meaning for the new roles. Then, they will reconfirm whether they will continue to participate in a new required role in the future. Rogers (2003) suggests that not all customers go through this transition at the same pace. Some will move along the transition curve faster than others. An s-shaped graph below depicts the rate of acceptance of new participatory requirement. Thus, it may take some time before all the resistance against involuntary participation subsides.

To successfully move customers along the transition curve and make sure that most of them get to the commitment state, the ADKAR technique can be implemented (“ADKAR”, n.d.). ADKAR is an acronym for five techniques that companies can use to successfully manage the change transition: awareness, desire, knowledge, ability, and reinforcement. First, service companies should inform customers about the need for change, most preferably something beneficial directly to customers. They should then try to ensure that customers have a positive attitude towards the change as well as a desire to participate. The third step is to educate customers about how to perform the new participatory roles. Then, companies should encourage customers to actually participate, turning their knowledge into behaviors. Last but not least, companies need to sustain the participation through different means of incentives including both non-monetary rewards such as greater convenience of using the new service and monetary rewards such as price reductions.

**Strategies to enhance customer participation**

Zeithaml & Bitner (2000) propose a strategic model of how to enhance customer participation. This model includes three steps. They are defining...
customer jobs; recruiting, educating and rewarding customers; and managing the customer mix.

Step 1: Service companies need to assess the level of participation customers are currently contributing to the service process. If the current participation is at a satisfied level, companies may shift the focus on how to encourage customers to participate more effectively. If, however, the participatory level is too low, companies may attempt to increase the level of participation. On the contrary, the level of participation may be too high, leading to too much uncertainty for the service process. In this scenario, companies should try to lower the participation level. This is usually done by isolating customers from the service production and service employees as much as possible. Examples include the increased use of automated machines such as ATM or automated customer service lines. However, the nature of service types may sometimes prevent this. For example, a hospital cannot isolate patients from seeing their physicians. After companies find out the direction they need to manipulate the current nature of customer participation, a role description for their customers should be developed. This description is similar to the job description given to employees. The description will ensure that customers know what roles they are expected to perform by the service companies. An example of this description is the explanation of what passengers should or should not bring to the airplane cabin printed as part of the ticket books. Another example is the information on signage posted at the service settings informing customers regarding what and how they should do to get the expected services.

Step 2: After preparing role descriptions for customers, service companies should start recruiting the right customers for the roles. As previously mentioned, not all customers will want to or will be able to fulfill the required jobs by the companies. For example, airlines usually make it clear that seats next to the emergency exit doors will be assigned to passengers who are physically fit and have a good command of English. In case of emergency, this person needs to open the emergency exit door which is very heavy. Adventurous destinations may include in their advertisements that prospective guests should be in fit and firm conditions. Otherwise, they will not be able to enjoy various activities the destinations provide. Subsequently, this will affect customer satisfaction. This kind of messages will enable customers to decide whether they want to participate in the services. Research shows that self-selection by customers can help increase the perceived service quality of the service companies (Zeithaml & Bitner, 2000).

What service companies should do next is to educate their customers. This can take many forms ranging from formal orientation programs, brochures, and guidelines to signage in the service environments. For example, on hotel room’s doors, what to do in case of fire or emergency will enable guests to act right during those critical situations. Before the plane disembarks from the airport, safety rules regarding emergency will be explained and demonstrated. Airline companies expect customers to follow those procedures in case something goes wrong. When customers realize their expected roles, they will have less anxiety, fear, and perceived risks which will lead to greater satisfaction of the service outcomes. When customers complete the required or expected tasks, service companies should provide something as a reward. However, not every customer can be motivated by the same incentive. Some may be satisfied with monetary incentives such as discounts while others may prefer psychological or physical benefits such as shorter waiting time or recognition by the service companies.

Step 3: If possible, service companies should try to group homogeneous customers to the same service environments and separate heterogeneous customers from one another. This is because customers are very likely to interact with one another during their service experience and most customers prefer to be in a homophilous social group. Additionally, research shows that fellow customers can contribute to or detract from service satisfaction (Loveland & Wirtz, 2004). If service companies can manage in a way that customers can be with people from the same social group, their service experience should be enhanced. On the other hand, if customers feel like they are out of place, they may become less satisfied. For example, if a celebrity or an elite, attending an inauguration of a new hotel’s restaurant by invitation, finds out that they are assigned to sit at the same table as group tourists, those elites will surely not want to attend any other social events of that hotel in the future. An economy passenger who is involuntary upgraded to travel in a business class may feel uncomfortable because of the anxiety of the uncertainty about the service provided in the business class, especially if it is his/her first time. If he/she does something wrong, fellow passengers may laugh at him/her. Some hotel chains such as Ritz Carlton manage their customer mix through segmentation. They focus only on high-end guests and can be rest assured that their guests are mostly homophilous. However, the degree of feeling alienated varies from customers to customers.

To help expedite the rate of adoption, Rogers (2003) suggests that an innovation possesses the following five characteristics. As any new participatory role of customers can be viewed as an innovation to the service process, the concept should also be applied.

1. Relative advantage -- The new participatory role should lead to better service as compared to the one it replaces or supplements. These relative advantages can be faster speed, greater convenience, and lower price. For example, using a check-in kiosk at an airport is believed to shorten the check-in time.

2. Compatibility -- The new participatory role should be consistent with existing values, past
experiences, and needs of potential customers. As such, customers will feel more familiar with the new service requirement and are inclined to adjust their participatory level accordingly.

3. Simplicity — Customers should find it easy to play the new participatory role. Service companies should, for example, avoid requiring their customers to use a complicated system or sophisticated machine as part of the participation.

4. Trialability — Service companies should allow their customers to experiment with the new participatory role before asking them to make any commitment. However, this may not be possible for involuntary participation such as the no liquid on board an airplane policy.

5. Observability — To boost participation, service companies should attempt to make positive results of the new participatory role obvious to other customers. Customers tend to adopt the new service requirement more easily if they experience first-hand that they will receive more benefits.

CONCLUSION

This paper reveals some concepts about customer participation in service production and delivery process. The term “customer participation” refers to the active involvement of customers during service encounters, which consequently will affect the specificity, production, delivery and outcomes of the provided service. Customer participation is believed to yield a number of benefits to both service companies and customers. Yet, inappropriate management of participation can cause drawbacks to the service firms and their employees as well as customers.

Research shows that there are two major approaches to look at participation levels. Using a categorical approach, three levels of participation are reported; they are low, moderate and high levels. The three different levels will designate types of services (standardized/customized), provision of service (with or without purchase requirement), and participation requirements (payments/inputs/co-production). The other approach is to view level of participation as a continuum line ranging from customer production to firm production. In the middle region of the line is joint production where both customers and companies help co-produce the services.

Customer participation can also be used as a segmentation tool, enabling service companies to better differentiate and customize their services to match customer expectations. The segmentation is based on the customers’ willingness to participate in the service process. Customer participation can be viewed as either voluntary or involuntary, depending on whether customers participate in the process by free choice. If customers are forced to participate, service companies need to prepare to handle resistance due to the customers’ anxiety. The change transition process may be explained by the transition curve. Service companies need to beware that not every customer changes at the same pace. The change rate always assimilates the s-shape line. The ADKAR technique (awareness, desire, knowledge, ability and reinforcement) can be used to manage the change and sustain the participation. To enhance customer participation, service companies should first define the role descriptions that they want customers to perform during service encounters. Then, they should recruit, educate, and reward the right customers. At the same time, service companies should endeavor to manage the customer mix, grouping people to the same service environment based on their socioeconomic characteristics. Last but not least, customers will be more likely to try the new participatory role in the service process if the new service requirements entail five characteristics: relative advantages, compatibility, simplicity, trialability and observability.

REFERENCES


1 The original third factor of Rogers is complexity. “Simplicity” is used here to make all characteristics reflect positive aspects of an innovation.


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Dr. Somyot Wattanakamolchai is an assistant professor of tourism in the School of Humanities, Bangkok University. He received a Ph.D. in Hospitality and Tourism Management from Virginia Polytechnic Institute and State University, Virginia, U.S.A., an M.S. in Hospitality and Tourism Management from Rochester Institute of Technology, New York, U.S.A. and a B.A. in English with honors from Thammasat University, Bangkok, Thailand. He has authored three books: Transport for Tourism, Geography of Tourism, and Airline Business. His research interests lie in the areas of service quality management, human resource management and corporate social responsibility within the hospitality and tourism industry.