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A typology of customer-to-customer interaction and its implications for excellence in service provision

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Whereas the critical role of customer participation and interaction with service providers for the quality of service outcomes and value has been extensively discussed in the literature, an equivalent debate about the implications of customer-to-customer interactions (CCI) has not yet been done. While CCI are recognised as a potential driver of variability and unpredictability in service production systems, the available research on the topic still offers rather anecdotal examples on how to handle CCI. For this reason, the current level of understanding about the consequences associated with different manifestations of CCI, as well as the knowledge about what are the adequate CCI management strategies remains fragmented and largely incomplete for effectively guiding managerial decision. This paper addresses this gap by advancing a CCI typology that characterises customers’ interactions along two dimensions concerning the design of service operations and delivery. The paper builds on a review of the literature on CCI, identifying a range of different customer interaction determinants and circumstances, while characterising the potential implications of CCI for service operations, quality and value. Some recommendations on adequate service management strategies to maximise the positive effects of CCI on value creation, cost reduction and service uniqueness are made.

Keywords: customer-to-customer interaction; typology; service excellence; quality; value creation; control

Introduction

The participation of customers in service provision, at a greater or smaller extent, is inevitable, notably by means of their presence on service encounters, which can be defined as the ‘period(s) of time during which a consumer directly interacts with a service’ (Shostack, 1985, p. 243). Moreover, any service involves the exchange of information between the provider and the customer, and for this reason, customers are naturally engaged in service delivery activities, interacting and contacting with the provider. Customers participate in service provision by supplying resources, related to both physical and mental inputs (Yoo, Arnold, & Frankwick, 2012). Consequently, the service output emerges from the coordinated efforts of both service employee and customer and the role performed by the customer has impact on the quality of the service provided and, consequently, on the customer experience (Amorim, Moscoso, & Lago, 2015). Mills and Morris (1986) were probably among the first researchers to acknowledge the role of customers as ‘partial employees’ and to call attention to the costs and benefits associated with it. Although the customers’ critical role in service provision is widely discussed in the service literature, the generality of quality frameworks (including excellence models,
BSC and ISO standards) does not explicitly address the contributions of customer presence in service provision (potentially as co-producers) to organisational performance (Tax, Colgate, & Bowen, 2006).

In many service settings, customers also engage in interactions with other customers in service delivery, for example, by providing instructions or assistance to each other. Both customer participation and customer-to-customer interactions (CCI) can have substantial impacts for service outcomes (Amorim, Rosa, & Santos, 2014; Frei, 2006; Nicholls, 2005), therefore impacting service quality (Bendapudi & Leone, 2003). Nevertheless, aspects related to CCI are not explicit in prevalent quality models (Kelley, Skinner, & Donnelly, 1992). In fact, the debate about the specific implications of CCI in service results and, in particular, for customers’ quality perceptions is a relatively recent matter. Yet, the importance of CCI cannot be discarded and managing CCI should be regarded as an important component of managing a service. Research on CCI typically discusses the positive and negative consequences on service experiences (Nicholls, 2010, 2011), but does not give enough attention to its potential in value creation and results in a collection of somehow scattered descriptions of contexts. A pending, and outstanding task for research, therefore, is to clarify and integrate the current state of knowledge about these different forms of CCI, as well as its implications and opportunities for value creation in services.

The purpose of the current research is to develop a perspective that fosters a systematic understanding of the different forms of CCI that can be found in service delivery contexts, in order to allow for progress in the characterisation of the implications of CCI to service quality and value. To this end, this paper proposes a typology that allows for the classification of different CCI manifestations, therefore laying the ground for the debate about the challenges and opportunities for service providers to develop adequate strategies to mitigate risks for delivery quality, as well as for a clearer understanding about the potential for value creation from CCI. Organizational typologies have proved to be a popular approach for thinking about organisational structures and strategies and to guide managerial decision (Doty & Glick, 1994).

The tentative typology that is advanced in this research builds on the preliminary acknowledgement of the distinctive features of CCI in services. The extent of customer participation in services, in general – and, consequently, also of CCI – varies across different types of services (Amorim et al., 2015). CCI are particularly relevant in the context of service industries where customers often interact with each other for extended periods of time and in a high involvement context. In some services, CCI are one of the main sources of value creation (corresponding to what Nicholls (2007) calls as ‘CCI-driven services’). However, in other contexts, CCI might have different justifications. This study takes the root causes of CCI as an important foundation of the proposed typology. The development of a CCI typology may assist organisations in designing good strategies to take the most of positive CCI while developing strategies to mitigate its negative consequences.

CCI as a core element of service experiences

It is nowadays widely acknowledged that customer experience quality is an important antecedent of perceived value of service, satisfaction and repurchase intention (Kim & Choi, 2013). Yet, until recently, the literature on service quality has not given sufficient attention to all the details that can effectively contribute to customer experiences.

In simple terms, customer experience is the customer’s subjective response to the encounter with the firm (Kim & Choi, 2013, p. 323). Thus, as noted by Gentile, Spiller,
and Noci (2013, p. 397; cited in Verhoef et al., 2009), the customer experience originates from a set of interactions between a customer, a company, or part of its organisation, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical and spiritual).

One of the determinants of the customer experience, being part of the relational dimension, as suggested by Verhoef et al. (2009) is the social environment, meaning that there are often multiple customers in the service setting simultaneously and the experience of each customer can impact that of others. As Wu (2008) stresses, three types of interactions can take place during service encounters: (a) between customers and service personnel; (b) between customers and service environments; and (c) among customers. These interactions can potentially take place along the whole service process, from the initial contact through service delivery, across multiple touch points (e.g. making an appointment or reservation, talking with the receptionist, receiving a service, making a complaint, etc.). Other typical determinants include: the service interface, the (retail) atmosphere, price and promotions, assortment, channel (experiences in one channel might be affected by experiences in other channel), and past customer experience (dynamic component). Thus, customers can influence not only their own service experience perceptions but also those of other customers that might be present. Lemke, Clark, and Wilson (2011, cited in Kim & Choi, 2013, p. 326) highlight that ‘customers view the quality of peer-to-peer encounter as part of their overall experience assessment’. In fact, the impact that other customers have in the customer’s service experience and subsequent word of mouth, intention to return, and frequency of usage has been stressed in the literature (Nicholls, 2010, 2011).

During service encounters, customers typically share time and space with other customers. One of the first conceptual models calling attention to the presence of other customers in service encounters was developed by Langeard, Bateson, Lovelock, and Eiglier (1981) where other customers are collectively named as ‘Customer B’ as part of the ‘Servuction Model’. Booms and Bitner (1981) have also included other customers, as service ‘participants’, in the well-known Seven P’s services marketing mix. Other researchers, such as Martin and Pranter (1989), have called attention to the existence of environments where customers are expected to share a service experience.

The literature has been acknowledging the importance of CCI in determining service quality and customer satisfaction. The presence of other customers during service encounters is sometimes regarded simply as an element of the service environment, whereas, in other situations, it is understood as an important driver of the service experience (Camelis, Dano, Goudarzi, Hamon, & Llosa, 2013). In the first case, co-clients are one of the situational dimensions to be analysed within the social servicescape, looking at variables such as the number of customers and the perceived customers’ density. In the second case, interactions among customers are part of a social process that creates specific outputs (conversations, physical contacts, etc.).

It is useful to distinguish on-site CCI from off-site CCI, the latter usually referred to as word of mouth (Nicholls, 2010). Martin and Pranter (1989) provided the distinction between direct and indirect CCI. The former refers to specific interpersonal interactions between customers, the latter to customers who are merely part of the scene (creating, for example, a more pleasant atmosphere). For the purposes of the current paper, what is at stake is direct CCI and, particularly, on-site.

McGrath and Otnes (1995) call attention to the fact that, in some circumstances, exchanges taking place between unacquainted customers are the result of explicit interactions (overt customer influences). On the contrary, situations exist when such exchanges
are oblivious (covert customer influences). Finsterwalder and Kuppelwieser (2011) highlighted the existence of accidental (or occasional) CCI and intentional CCI.

Looking at the roles of CCI, Camelis et al. (2013) argue that two main classifications exist: one that distinguishes between positive and negative interactions and another that differentiates between functional and social effects. The authors make a useful literature review of existent CCI typologies. Such typologies are essential to identify different roles that customers present during the service encounter can play.

In certain cases, CCI have a positive connotation, being associated with customers’ collaboration and socialisation, whereas, in other cases, where CCI are linked with problematic consumer behaviour, negative CCI exist. According to Kim and Choi (2013), the main sources of negative CCI are jay customer behaviours, deviant customer behaviour and aberrant customer behaviour, which can ruin the experience of other customers. Thus, some customers are disruptive and dysfunctional while some may assist fellow customers by playing the role of an advisor (Verhoef et al., 2009).

The literature suggests three major roles that customers can play in the service setting when interacting with other customers, namely helpseeker, proactive helper and reactive helper (Yoo et al., 2012). As the terminology indicates, ‘the helpseeker actively seeks information from others within the service environment to aid in their own accomplishment of service goals. Proactive helpers prefer to give advice to others, while reactive helpers will offer advice when asked by another’ (Yoo et al., 2012, p. 1314). As Zhang, Beatty, and Mothersbaugh (2010) point out, some roles, such as helpseeker, reactive helper, proactive helper and complainer, are results of overt influences, whereas others, such as observer and judge, are manifestations of covert influences. Camelis et al. (2013) have identified, through an extensive qualitative study, the following roles: to give information about the service to other customers, to establish social behavioural rules, to a set standard for comparison (individuals often observe others to assess how they are doing), to make other customers experience more enjoyable, to disturb and to encourage other customers’ participation.

Furthermore, as it happens with customer participation in general, CCI can also improve perceived service quality by making customers more aware of service constraints and by enhancing more realistic service expectations. Curth, Uhrich, and Benkenstein (2014) further extend this idea by considering two types of customer citizenship behaviour as consequences of the relationships established among customers: the organisation-directed customer behaviour (that benefits the service organisation, such as providing valuable feedback or spreading positive word-of-mouth references) and the customer-directed behaviour (that is beneficial for fellow customers, such as helping or giving information to other customers).

Several research studies have been investigating the predictors of positive and negative CCI. One of the main variables investigated is the degree of communion versus heterogeneity among customers sharing the same service environment. The prevailing idea is that heterogeneity contributes to tension which might lead to negative CCI. Also, when different needs and wants have to be dealt with simultaneously by the service provider, conflict often occurs. Kim and Choi (2013) note that several studies have found that crowding or standing too close to others may also create anxiety and encourage negative CCI.

**In search of a CCI typology**

The previous sections of this paper made clear that CCI are a broad concept that is invoked to refer to interactions between customers in service delivery contexts. Moreover, there is
considerable research, as well as abundant evidence, about the diversity of manners, drivers and circumstances, in which CCI might happen (i.e. ranging from casual conversations when customers share time in service facilities, to other, more deliberate, forms of collaboration). Overall, the centrality, and the implications, of CCI, for the service experience, will vary across different types of services, and, for this reason, different instances of CCI are likely to call for differentiated managerial approaches, in order to adequately incorporate, and manage, CCI in service delivery operations. When looking at the effects of customer interaction, Grove and Fisk (1997) distinguish sociability and protocol effects. As the authors explain, ‘sociability appears to refer to social aspects of the service, whereas protocol shows parallels to those elements of the encounter that are more closely associated with the tasks to be completed to experience the service’ (Finsterwalder & Kuppelwieser, 2011, p. 610).

In this regard, Jones (1995, cited in Zhang et al., 2010), identified three instances that represent differentiated manifestations of CCI: (i) service settings where CCI are a core element of the service experience (e.g. the interaction between supporters of teams in sporting events); (ii) service settings where CCI are subsidiary to the main service experience (e.g. interaction between customers during waiting times in a hair salon); (iii) service settings where CCI is occasional, and often not demanded nor desirable (e.g. interactions between customers in bank branches occur occasionally, and are sometimes undesirable due to the needed privacy, as it is in the case of bank transactions).

The variety in the scope of forms of CCI naturally calls for diverse actions from service managers. In the cases when CCI hold the potential to enhance the service experience, and consequently, customers’ perceived value, there is a natural incentive for providers to facilitate CCI or even to take explicit actions to foster it. Muñiz and Schau (2005, cited in Yoo et al., 2012), highlight situations in which CCI can act as an element that fosters user identity and brand knowledge. In some cases, customers frequent a particular provider in part because of customers who congregate there and that add to the consumption experience beyond the typical benefits associated with the service provider and the service itself (Moore, Moore, & Capella, 2005). According to Curth et al. (2014, p. 148), ‘affective commitment to fellow customers is (…) an antecedent of affective commitment to the service organization’. This occurs when close relationships develop as a consequence of repeatedly sharing consumption experiences. The role of customers as sources for information and knowledge exchanges has also been acknowledged (Choi, Lee, & Kim, 2011; Kim & Choi, 2013) to the extent that some customers may inclusively act as role models for less experienced customers, reducing their anxiety (Zhang et al., 2010). The engagement of customers in such roles can create opportunities for providers to look at them as substitutes for some employees’ tasks, therefore holding the potential for allowing for cost savings (Zhang et al., 2010). Overall, the impacts for service experience and customer value can be quite important, even when CCI are merely occasional, for example, in circumstances where customers who share service facilities or spend time together in queues, use the opportunity for socialisation making waiting times feel less painful (Zourrig & Chebat, 2009). This view is also subscribed by Moore et al. (2005) who emphasise that the interaction with other customers has the potential to make the time seem to pass more quickly.

Often, interactions among customers are wrongly regarded as elements beyond the control of service managers (Camelis et al., 2013). Yet, when CCI are an important source of value creation, they need to be promoted and closely managed. The service concept should be designed to systematically create positive encounters while preventing negative tension to occur. Zhang et al. (2010) point out that customers tend to view
negative CCI as the service provider’s responsibility, classifying negative incidents as service failures. Therefore, service providers should address negative CCI as potential service failure and plan adequate service recovery strategies.

Whereas numerous works have focused on CCI, and specifically its diversity, a straightforward typology for CCI that could support the development of appropriate service operations strategies is still missing. This work therefore builds on the premise that more theoretical and empirical attention is required to understand CCI. The development of a typology can address well this purpose. Typologies offer a useful frame of thought to describe organisations or processes, by identifying a collection of characteristics that are different from a conceptual point of view, and enabling a classification logic that distinguishes groups (or ideal types) based on the importance of the similarities inside the groups and the differences among them (Doty & Glick, 1994).

In order to put in place adequate managerial strategies to make the most out of the opportunities offered by CCI, we need to develop thorough knowledge about the characteristics of its different manifestations, and to be able to address them in a systematic manner. This involves defining the type and the adequate level of CCI for a given service, and the consideration of other service elements, such as the role of front-line employees and the design of the physical aspects of the service setting. In order to support managerial decision in what regards the extent and form of CCI to integrate in a service experience, we propose a typology that divides along two dimensions: ‘Service Delivery Orientation’, referring to the extent to which the organisation of the service delivery processes and operations is centred on the pursuit of objectives of CCI; and ‘Exchange Orientation’, that proxies the richness and customisation of the interactions that are expected to take place between customers. These can take the form of basic information exchanges or emotions that are common in situations where CCI is punctual like in transportation or retail (Parker & Ward, 2000). However, other customer exchanges can involve more complex flows of information and performances, such as the ones that take place in time bank schemes (Seyfang, 2004), as well as the exchange of physical items, like in the case of customer-to-customer exchanges of goods and services taking place in marketplaces such as e-bay (Schultze, Prandelli, Salonen, & Van Alstyne, 2007). By dividing these dimensions into high and low categories, four distinct CCI strategies are defined (see Figure 1).

The positioning along the ‘Service Delivery Orientation’ axis captures the extent to which the structural and infrastructural operation decisions that shape the delivery

Figure 1. CCI typology.
system – for example, location, type of facilities, interfaces, etc., as defined in Roth and Menor (2003) – are determined by the objectives of accommodating and facilitating CCI. Service settings where the ‘Service Delivery Orientation’ for CCI is low correspond to the situations in which the design of the service system puts the customers in contact with each other more as an unintended consequence than as the outcome of a purposeful strategy. Examples of these settings include cases such as transportation, retail or financial services, where customers get together, not because they specifically look for it, but because they have to share the service facilities and equipment. The higher end of this axis corresponds to settings where firms have adopted a more proactive approach in managing customer-to-customer experiences, and the service system and operations are designed to induce CCI. In such settings, firms often set in place facilities, equipment and processes whose purpose is to support CCI, such as interaction channels (e.g. customer forums). An extreme example is the case of a provider of speed dating services, as described in Baron, Patterson, Harris, and Hodgson (2007) where the core service offer of the provider is to create the conditions for strangers to meet and engage in interactions with each other that may lead to the identification of a potential partner.

The axis for ‘Exchange Orientation’ captures the differentiation in the nature, intensity and customisation of the exchanges taking place between customers in CCI. Many interactions involve intangible flows of exchange among customers, such as in the case of provision of instructions or other information, or also as a manner of signalling of expected behaviour and performance, described in Brocato, Voorhees, and Baker (2012) and Martín and Pranter (1989). In other cases, customers can engage in direct transactions of items (Schultze et al., 2007), or in rich performance of guidance and assistance to others (Bove, Pervan, Beatty, & Shiu, 2009). One issue to consider is how to increase social and informational exchanges among customers. A few studies (e.g. Wu, 2007, cited in Nicholls, 2011) argue that customer homogeneity favours such exchanges and minimises negative CCI tension. This idea is at the core of the ‘compatibility management’ literature (e.g. Martin & Pranter, 1989) that focuses on how to increase the likelihood of the appropriate customer mix and customer-to-customer relationships in different service contexts. Moreover, whereas in some service settings customers meet other customers rather occasionally and in a manner that the specific characteristics of the customers with whom they will interact are not foreseeable before the service event, in other settings, customers have rather concrete requirements about the other customers they want to connect to, and they place effective responsibility on providers to handle the service in order to meet such expectations. This latter is the case of sports events, where customers hope to encounter a certain environment and customers with homogenous interests and service expectations, and also extreme cases of customer-to-customer direct transaction services (e.g. e-bay, time-banks) where customers want to meet someone who exactly matches its demands. In such cases, the interactions have a customised nature, and often the core role of the provider is to set up the means to enable the expected match among customers.

The four quadrants resulting from the combination of these dimensions represent distinct conditions of integration of CCI in service delivery operations, under which the implications for customer service experience are substantially different. The Quadrant of Casual CCI represents the service conditions where the interactions between customers result from the inner characteristics of service delivery system, although CCI is not pursued actively as an outcome, neither by service providers nor by customers. Often an explicit strategy to handle CCI is not implemented, and in many cases, the most visible face of CCI are inconveniences such as wait or crowding effects. Nevertheless,
some providers in this quadrant put forward strategies to minimise inconveniences, including the concern of ensuring some homogeneity in the customers who are brought together (see, e.g., Nicholls and Gad Mohsen (2015)). In such settings, CCI are rather occasional and to a great extent result from the self-initiative of customers themselves. Functional CCI capture the service settings in which providers have become aware of the potential gains that can be built from CCI. In these cases, whereas CCI are not the core purpose of the service encounters, providers decide, for example, to engage customers in some tasks to improve the quality and productivity of the service experience. Kelley et al. (1992), for instance, highlight the way in which providers involve customers into socialisation practices, to foster the learning and acquaintance with the service system. Staged CCI corresponds to the positioning of services for which CCI is an important, and expected element, of the whole service experience, although not being the main reason for the service consumption. Common examples of these include the case of restaurant, sports and casino services, where customers have explicit expectations about the characteristics of other customers that they anticipate to encounter in the service, also called the ‘atmospheric conditions’ by Mayer and Johnson (2003). Finally, Deliberate CCI correspond to the service settings where both provider and customers are oriented to engage in CCI. Cases in this Quadrant correspond to the services where CCI are not only expected, but rather required by customers, and for which they have specific requirements about the nature and content of the interaction, as well as of the customers they aim to meet. The service delivery system is therefore designed to serve this goal, to the extent that in extreme cases, providers are mere facilitators of the match between customers, who then engage in direct transactions and performances as mentioned formerly in the paper.

We contend that the positioning of services in the typology matrix is not static, as companies can set in place strategies and practices to move a service experience from one quadrant to another, as a result of alterations in the interactions patterns between customer requirement conditions and organisational choices.

**Conclusion**

Service encounters are at the core of quality and service marketing literature and comprise a wide array of elements, including the presence of other customers in the service environment. While the vast majority of the service research literature is focused on analysing customer to service personnel interaction, the relationships that take place among customers during service provision have received considerably less attention.

Based on a broad literature review and on a reflection upon the causes and effects of CCI, this paper puts forward a possible typology to better understand and categorise the different types of interactions that might occur, in order to offer a first building block to explore adequate strategies to manage CCI in each situation. The proposed typology is based on two main axes – Service Delivery Orientation and Exchange Orientation – and results in the identification of four major CCI scenarios: casual CCI, functional CCI, staged CCI and deliberate CCI.

Service organisations should consider the need to manage CCI and analyse in which quadrants they are operating in order to design an adequate strategy to make the most of the potential positive effects of CCI (in terms of cost reduction and/or value creation) while mitigating their possible negative consequences (conflict, inconsistency and service failures). Each context will demand different mechanisms to deal with CCI; however, some general recommendations can be derived.
It must be acknowledged that customer participation in service delivery on its own introduces, as Frei (2006) emphasises, considerable variability in service process operations and outputs. For ‘regular employees’, variability can be minimised by selection, socialisation and training. In what customers as co-producers is regarded, to cope with variability, service providers must design service processes that are robust and, consequently, that are not too much affected by variations in customer contributions. One classical mechanism is that of defining clear scripts to guide customer roles (Camelis et al., 2013; Tax et al., 2006), including C2C scripts that can help to drive adequate behaviour standards (Nicholls, 2011). This recommendation is in line with Yoo et al. (2012), who state that, similarly to what happens in other co-production situations, roles should be established to make customers understand how they can contribute to the service encounter, including the way they should interact with other customers.

Functional and Deliberate CCI call for significant levels of customer empowerment. Identifying and training the most experienced customers, who might be willing to assist other fellow customers, can be very useful. Regardless of the particular quadrant, having front-line employees trained for spotting and handling awkward CCI situations is also of major importance, as Baron et al. (2007) noted.

Fostering positive CCI is an essential part of service management, which needs to be systematic rather than anecdotal. Offering the right service setting will benefit CCI and improve customer experience. It is the authors’ belief that the typology proposed in this paper can assist the service managers in this regard. Further empirical studies need to be conducted to validate and refine it.

**Disclosure statement**

No potential conflict of interest was reported by the authors.

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