



## Barriers affecting organisational adoption of higher order customer engagement in tourism service interactions



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### H I G H L I G H T S

This paper uses a qualitative research methodology with the purpose of:

- Examining consumer engagement from a service-dominant logic perspective.
- Identifying barriers to successfully engaging customers.
- Exposing the type of barriers ranging from strategic, consumer, technological and management structure & culture.
- Building on the limited literature on consumer engagement.

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### A B S T R A C T

In this study, consumer engagement was examined from a service-dominant logic perspective in tourism service interactions. Extensive field interviews and focus groups in the context of three upscale hotels in Hong Kong identified numerous barriers towards successfully engaging consumers, extending from consumer, technological, and strategic cases to organisational cases. In all, a firm's overall strategy, organisational structure and culture are the most important barriers determining whether consumer engagement as depicted in the literature can be successfully deployed within hotel organisations. Implications call for a more intensive study of engaging consumers from an organisational context with a reassessment of progressive stages that include leadership interventions and the incorporation of consumer feedback at all stages of the firm's value-creating network.

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## 1. Introduction

Technological advances, particularly the digitalisation of social media and access to real-time information at any time of day have ushered in a new imperative: Consumers are better informed, more expectant of services due to them and much more willing to switch service providers if they are dissatisfied with a given service. However, beyond satisfaction, consumers expect to be integral participants in the creation of basic services. This trend towards rising consumer engagement (CE) underscores what scholars call a major shift from a goods dominant logic (G-D) to a service-dominant (S-D) logic perspective (Brodie, Hollebeek, Jurić, & Ilić, 2011;

van Doorn et al., 2010; FitzPatrick, Davey, Muller, & Davey, 2013; Grisseemann & Stokburger-Sauer, 2012; Vargo & Lusch, 2004a).

As per the literature, S-D logic (Vargo & Lusch, 2004a) emphasises *service as "the fundamental basis of exchange"*; hence, "*market with consumers*" instead of "*market to consumers*" was at the crux of such exchanges (sdlogic.net). CE in this paper was defined from Brodie et al. (2011) as something that "*occurs by virtue of interactive, co-creative consumer experiences with a focal agent/object (i.e., a brand) in focal service relationships*" (p. 260); through association and activities established by the consumer and/or the firm (Vivek, Beatty, & Morgan, 2012).

Despite previous research into CE (Bowden, 2009; Brodie et al., 2011; van Doorn et al., 2010), there has not been as much attention directed at the inherent barriers to adopting such an approach in the context of the new service logic (including co-creation) applied

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to the tourism sector. Understandably, previous research instead focused on a basic advocacy for CE, such as proposed antecedents, processes and consequences (Bowden, 2009; van Doorn et al., 2010; Vivek et al., 2012). van Doorn et al. (2010) identified antecedents of CE behaviour as consumer factors and firm-based factors, including the brand, processes and platforms supporting specific consumer actions, the consumer information environment, and rewards and incentives. Additionally, previous research (Grissemann & Stokburger-Sauer, 2011) focused on processes and consequences, such as company support (e.g., open and transparent communication with consumers; effective employee/consumer interaction), and leadership and culture (as facilitators of innovation and creativity that led to a higher level of CE (Lafley & Charan, 2008; Yang, 2008)). More recently, Vivek et al. (2012) identified the firm's external antecedents of consumer engagement as the participation and involvement of current or potential consumers.

However, it is well-recognised that intra-organisational factors can be both facilitative and obstructive in the process of change. Recognising this research gap, van Doorn et al. (2010) called for research investigating the drivers of CE in terms of firms' competences and capabilities, structures and systems, i.e., "*how can firm actions enhance, mitigate or neutralize different forms of Consumer Engagement Behaviour (CEB)?*" Therefore, they called for research that highlighted "*processes, policies, systems, and cultural changes that need to be made in firms so their employees are more receptive to CEBs*" (p. 263). Based on this call by researchers to explore intra-organisational factors, it was imperative to delve into the elements (Brodie et al., 2011) that influenced a higher level of consumer engagement/service orientation from a S-D Logic perspective, which Bharwani and Jauhari (2013), Cabiddu, Lui, and Piccoli (2013), Chathoth, Altinay, Harrington, Okumus, and Chan (2013), Crick and Spencer (2011), FitzPatrick et al. (2013), Ritchie, Tung, and Ritchie (2011), and Shaw, Bailey, and Williams (2011) have also alluded to from a tourism/hospitality context.

Accordingly, the aim of this paper was to evaluate the influence of different intra-organisational factors on consumer engagement in tourism organisations. This paper adopted the assumption that firms may or may not have an alignment between the precursors and outcomes of CE (hence, the exploratory nature of the inquiry process adopted in this paper). Therefore, it should be noted that CE in the context of this paper was broached from a firm's context as to how internal firm factors affected the superior engagement of the consumer.

Responding to a call for empirical research by Shaw et al. (2011) into enhancing tourist experience through engagement platforms (including co-creation), this study explored how intra-organisational factors influenced consumer engagement in the context of tourism firms. The paper established that these intra-organisational factors acted as barriers or impediments towards engaging consumers in the context of tourism firms. The evaluation of these barriers led to the development of a framework that illuminated the internal challenges (barriers) that tourism organisations face in their attempts to engage their consumers. The study also discussed possible avenues that organisations in the tourism industry might consider to overcome these barriers while moving from the conventional G-D logic to the contemporary S-D logic.

## 2. Consumer engagement: conceptual underpinnings

The popularity of S-D logic (Lusch & Vargo, 2006; Lusch, Vargo, & O'Brien, 2007; Vargo & Lusch, 2004a, 2008) led to an emphasis on value-in-use (Payne, Storbacka, & Frow, 2008; Vargo & Lusch, 2004a), which underscored the continuity between production and consumption with an increased emphasis on value creation during consumption. Note that CE was effectuated when use value

was emphasised in a service transaction. According to the literature, use value came to the fore when the product/service in question was able to satisfy the consumer's specific need/want (Payne et al., 2008).

Historically, the roles and involvement of consumers and providers have been explored and documented in the literature through the works of Bowen and Jones (1986), Hsieh, Yen, and Chin (2004), Lovelock and Young (1979), and Rafaeli (1989), among many others. In this vein, Bitner, Faranda, Hubbert, and Zeithaml (1997) and Hubbert (1995) argued that the level of consumer participation in marketing exchanges, whether passive, moderately active or highly active, will depend in large part on the type of goods-service bundle. Consequently, consumer involvement and the composition of the goods-service bundle (Brodie et al., 2011) during service interactions and the exposure of the firm to uncertainty as a result of the consumer's role needed to be taken into consideration, which may affect the implementation of CE/co-creative processes. In this regard, external antecedents such as participation and involvement became the precursor to engaging consumers (Vivek et al., 2012).

Although the extant literature focused on purported levels of consumer interest and expectations, considerations relating to the nature of uncertainty arising from consumer proactive or reactive involvement and the combination of (material) good-(fungible) services brought to the forefront the prevailing predispositions of firms towards a higher level of CE. This suggested that engaging consumers in transactions should start at the early stages of the firm's value chain, yet consumer orientation in many firms appeared in the final stages of throughput (Normann & Ramírez, 1994; Wikström, 1996). This opened up the issue of intra-organisational factors and their role in developing consumer engagement platforms. In this regard, Brodie et al. (2011, p. 260) highlighted the importance of precursors (including firm-specific factors/resources) in their the definition of CE: "*it occurs under a specific set of context dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value.*"

## 3. Intra-organisational factors impacting consumer engagement

Previous research revealed that organisations would be better off moving towards higher order CE platforms (Brodie et al., 2011); yet, the factors that needed to be in place and the barriers that needed to be overcome to achieve this from an intra-organisational perspective had not been explored in the past. In particular, a number of organisational factors, including the firm's strategy, management structure, culture and technology, had been identified as the antecedents of consumer engagement (Kristensson, Johansson, & Matthing, 2008; Payne et al., 2008; Shaw et al., 2011). However, it is as yet not known how these intra-organisational factors will influence higher order consumer engagement (including co-creative modalities) in the context of tourism firms. With this as the precursor, the following subsections provide an account of how information flows as well as the impact of communication, culture, technology, and other internal factors that have influenced consumer involvement in service transactions.

### 3.1. Information flow, communication, and culture

High consumer engagement requires firms to adopt a proactive organisational posture that would facilitate information sharing in a dynamic, iterative process. In this vein, van Doorn et al. (2010, p. 258), while referring to Bolton and Saxena-Iyer (2009), suggested

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