



# The expected retail customer: Value co-creator, co-producer or disturbance?



Markus Fellelsson<sup>a</sup>, Nicklas Salomonson<sup>b,\*</sup>

<sup>a</sup> CTF, Service research center, Karlstad University, SE 651 88 Karlstad, Sweden

<sup>b</sup> University of Borås, SE 501 90 Borås, Sweden

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## ABSTRACT

The purpose of this paper is to explore expectations among front-line employees regarding their customers and how these expectations can be understood in relation to strategies of customer participation and value co-creation. Two categories of expectations are identified; operative and interactive. In particular, the operative expectations reveal a service practice that is heavily structured by large-scale systems and ideals of rational efficiency. It is argued that co-creation needs to be discussed on both the strategic level, i.e. in terms of what the “customer”/market wants, and on the operative level, where the customer's direct contribution to the value-creating process has its focus.

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## 1. Introduction

Although most service research seems to agree that service value is created during mutual, “co-creative” processes whereby customers participate in the service process by interacting with organizations, their staff, and other resources (Andreu et al., 2010; Cheung and To, 2011; Edvardsson et al., 2011; Etgar, 2008; Grönroos, 2008; Grönroos, 2012; Gummerus, 2013; McColl-Kennedy et al., 2012; Payne et al., 2008; Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004a, 2004b; Vargo et al., 2008); when it comes to expectations, the mainstream literature in the field is dominated by customer-centric perspectives where services are looked upon almost exclusively from a customer point of view. Customer expectations include factors that are directly linked to the functional quality of the interactions, e.g. assurance and reliability, but also to more relational factors such as empathy and responsiveness, and to opportunities for exercising choice and exerting an influence on, as well as controlling, the service process (Auh et al., 2007; Grönroos, 2007; Higgs et al., 2005; Parasuraman et al., 1985; Schneider and Bowen, 1995; Sweeney et al., 1997). Research has also shown that customers, in a similar way, have a set of normative expectations regarding their own role in the service process; i.e. to what extent and how to take an active part in it (Bateson, 1985; Bettencourt, 1997; Bitner et al., 1994; Kelley et al., 1990, 1992; Solomon et al., 1985).

However, a truly interactive perspective on the value creation process requires not only an understanding based on what customers expect from the service provider and the front-line employees (FLEs), during the service process (e.g. in terms of attitudes, behavior and performance), or on what customers expect regarding their own role, but also on what is expected from the customers. Due to the nature of the service, the value-creating practices can be inherently more or less flexible, meaning that the scope for accommodating customer-induced variety might be limited. This puts demands not only on customer participation per se, but also on specific behaviors. For example, when ordering a meal at a fast food restaurant, the customer is expected to wait in line to place his/her order using a standardized vocabulary taken from the menu, and to then walk up and collect that order at the counter when the meal is ready. In an upscale establishment, the customer might be allowed to play a less active role from a service production perspective, but is, on the other hand, expected to follow social rules related to fine-dining behavior.

Coordinating the interdependent roles of employees and customers during co-creation has been brought forward as a service research priority (Ostrom et al., 2015), but is still a surprisingly uninvestigated area of research. Successful value co-creation requires the ability to manage the expectations, communications, and promises that occur between *both* parties throughout the service process (Payne et al., 2008). FLEs' expectations regarding their customers are important for this coordination since these not only express how the customer is supposed to fit into the company, on a conceptual level, but are also likely to influence how the

\* Corresponding author.

E-mail address: [Nicklas.Salomonson@hb.se](mailto:Nicklas.Salomonson@hb.se) (N. Salomonson).

FLE acts, consequently, during the service encounter (cf. Mascio, 2010).

A deeper understanding of such expectations contributes towards knowledge of how customer participation is supposed to take place and what might happen in concrete service situations. The purpose of this paper is to explore such expectations among FLEs regarding their customers, and how these expectations can be understood in relation to strategies of customer participation and value co-creation, as perceived in contemporary service research.

Based on in-depth interviews with FLEs in three different retail sectors, we identify two broad categories of expectations regarding customers, i.e. regarding what customers should do while in-store (*operative expectations*) and regarding how they should behave during face-to-face service encounters (*interactive expectations*). Both the categories identified express expectations related to being a customer in retail contexts. In our concluding discussion, we juxtapose these retail-based expectations with the general notions about being a customer which exist in service marketing research. We argue that the discrepancies found can be related to a gap in the service literature on co-creation as regards the customer's role in modern, rationalized service systems.

## 2. Expectations regarding the customer in service research

In the service marketing literature, the active participation of the customer has for a long time been considered a key, and even defining, aspect of service (e.g. Rathmell, 1974; Shostack, 1977). Quite early, the customer was conceptualized as a “part-time employee”, doing actual service work during the service process (Bitner et al., 1997; Kelley et al., 1990; Mills and Morris, 1986; Schneider and Bowen, 1995); later, Prahalad and Ramaswamy (2000) argued that customers should generally be conceived of as “active players” rather than as a “passive audience”, or mere receivers of value. The service customer became a “resource integrator” (Etgar, 2008; Grönroos, 2008; Prahalad and Ramaswamy, 2004), who was expected to convey not only customer expectations and needs (as in the neo-classical market model), but also relevant service production resources such as information, knowledge, and competencies (Bettencourt et al., 2002) to enable him/her to play an active role during the value-creating process. In recent service research, this active role has been generalized and elaborated further, as the customer is recognized as a value co-creating partner due to value being defined as fundamentally derived and determined during the customer's use (value-in-use) (Grönroos, 2008; Grönroos and Ravald, 2011; Heinen et al., 2010; Lusch et al., 2007; Lusch and Vargo, 2006; Vargo et al., 2008). Here, the customer is expected to both decide what value is and play a pivotal role in its creation.

Holbrook (2006) further stresses the interactive nature of value creation, stating that value, although subjectively experienced, resides in collectively-produced actions and interactions. It is through interactions that resources are integrated and value is created, since the information is exchanged, consumed (i.e. existing information is utilized), and produced (i.e. new information is created) and knowledge is generated (Berthon and John, 2006). These interactions need to be managed by the supplier to develop successful co-creation opportunities (Payne et al., 2008). The customer, on the other hand, must learn to use, maintain, repair, and adapt the offering to his/her unique needs, usage situations, and behaviors (Vargo and Lusch, 2004a).

The expectation of the customer as an active, informed, and empowered agent is also reflected in the concepts of co-production and customer participation. Co-production has been defined as a component of (and nested within) value co-creation that captures customer participation in the development of the core

offering itself (Lusch and Vargo, 2006), and the related concept of customer participation is the extent to which customers contribute effort, preference, information, knowledge, or other inputs to service creation and delivery processes (Auh et al., 2007; Chan et al., 2010; Dong et al., 2015). The literature shows no clear-cut difference in the use of the two concepts, resulting in a lack of conceptual clarity (Dong et al., 2015; Mustak et al., 2013). In the present article, we see the terms co-production and customer participation as interchangeable. However, we limit our interest to customer participation in the direct provision and realization of the service within an established service offering.

Customer participation is believed to generate positive outcomes such as productivity gains (Bendapudi and Leone, 2003; Lovelock and Young, 1979), improved service quality and customer satisfaction (Cheung and To, 2011; Ennew and Binks, 1999), enhanced loyalty and trust (Auh et al., 2007; Dabholkar and Sheng, 2012), increased customization (Etgar, 2008), and cost reductions for customers (Bitner et al., 1997). The benefits are not only limited to high-involvement services (e.g. financial, legal, medical). As described by Auh et al. (2007), customers in low- and moderate-involvement services may also experience an increased level of perceived control over the service delivery process (see Bateson, 1985) and more opportunities to make choices, possibly leading to higher levels of customization (see Schneider and Bowen, 1995).

However, research has also indicated some negative effects of customer participation. Chan et al. (2010) argue that customer participation may be a double-edged sword in that, in addition to positive outcomes, it could also create employee job stress and decrease job satisfaction. In relation to role theory (e.g., Heide and Wathne, 2006), and research highlighting the boundary-spanning nature of front-line service work (e.g., Singh, 1998), Chan et al. (2010) propose that customer participation can create employee job stress in three ways: i.e. increased input uncertainty, loss of power and control, and incompatible role expectations and demands. Participating customers who act spontaneously, or according to incongruent scripts during the service process, increase task difficulty and add an element of uncertainty to the service workplace (cf. Larsson and Bowen, 1989). This may in turn threaten the functional efficiency of operations as well as the employees' sense of power and control over their work situation. The customers' requests and expectations may also be incompatible with the employees' predefined role scripts. Such incompatible role expectations may in themselves lead to an increase in work-related stress among employees (Hsieh et al., 2004; Johlke and Iyer, 2013).

Bateson (2002) stresses the importance of customer scripts being aligned with supplier systems and processes, for reasons of both productivity and quality. Meuter et al. (2005) argue for ‘role clarity’ on the basis of the consumers' knowledge and understanding of what is required of them during service production, while Payne et al. (2008) point to the business potential of “teaching” customers the appropriate co-creation behavior. Adding insights from working life science and person-job fit theory, Dong et al. (2015) argue that a good customer-task fit can be expected when customers are ready for participation tasks, i.e. when they have the right ability (perceived ability), when they perceive acceptable rewards (perceived benefit), and when they deem the role to be appropriate (role identification). By creating clear scripts, a supplier can communicate expectations to its customers as regards how they can actively participate. Similar to scripts, and the need for alignment, Chase (1978,2010) discusses the notion of customer “fit” with service operations; in particular, the potential conflict between high-contact services (i.e. services with high levels of customer participation during operative service processes) and efficiency.

The conflict between high-contact services and efficiency has

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