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HOW CUSTOMERS INVOLVE SERVICE PROVIDERS

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ABSTRACT

The emancipation of customers has raised an interest into how service providers can involve customers in their processes. In contrast, we argue that the key challenge for companies will become how they can get involved in customers' processes and that represents an unexplored area open for academic research. Our paper is conceptual with empirical illustrations and builds on a Customer Dominant business Logic approach. It presents a model of how the customer's logic is grounded in customers' rather stable interest structure and perception of service providers and how this forms different styles of using service and interacting with service providers.

INTRODUCTION

As a response to more powerful and active customers service providers have started to discuss how the service provider could benefit from involving customers in their processes. We argue that this is an intermediate step towards a more radical shift in perspective turning the issue upside down. The key challenge for companies will be how they can get involved in customers' processes. This is the foundation for what has been labelled Customer Dominant business Logic (Heinonen et al. 2010).

A starting point for this paper is the observation that all customers are not equally interested in a particular service; some customers simply do not allocate as much attention and energy to it as other customers. A customer that is highly involved in a service category will think, feel, and act differently compared to a customer that is less interested. Similarly, the commitment to a service provider may vary among customers. Those who are highly committed will act and react differently than those who are indifferent. Combining a customer's interest in a service category, which we denote involvement, and her interest in a particular service provider, which we denote, commitment; customers can be grouped into different types. These two dimensions are proposed to describe customers' allocation of energy towards the service provider. We will in this paper show that this categorization has a fundamental impact on how customers are acting and reacting towards service providers and how it affects their logic of integrating the service provider into their lives or businesses. It will affect how companies can involve themselves in their customers' lives. We see this categorization as an indication of how much energy the customer allocate to the integration and use of a particular service. Different customers put different energy into the interaction with service providers which will have substantial effects in practice.

The purpose of this paper is to explore how customers' relate to service providers, how they involve service providers in their processes and how

value is formed for customers applying different logics. In this study we study customer logic as related to how they allocate their attention and interest.

RESEARCH PERSPECTIVE

Customer Dominant Logic refers here to a marketing and business logic that positions the customer's logic in the centre, rather than the service provider/producer, the interaction, or the system (Heinonen et al. 2010, Heinonen et al. 2013). This means that CDL has a different focus not only compared to the Service Dominant Logic approach but also to earlier service management research. Customer Dominant Logic goes beyond traditional notions of customer orientation. Instead of focusing on what companies together with customers are doing to create services that customers will prefer, we suggest that understanding customers' strategies to accomplish their own goals should be at the core of service provider's business strategy. This might lead to a need for new frameworks, concepts, theoretical models and tools order to manage services in a highly dynamic market place with high customer activity.

Where Service Dominant Logic propositions contrast product with process (Vargo and Lusch 2004, 2008); Customer Dominant Logic stresses the contrast between the service provider's interest and view and the customer's interests and view (Heinonen et al. 2013). Service Dominant Logic pinpoints resource integration, co-creation and interaction where Customer Dominant Logic focuses on the customer's logic, experiences and customer activities. This means moving beyond understanding the co-creation processes controlled by companies and value-in-use in visible interactions and seeing customer experience as something formed within the service. Instead, taking a CDL view the focus is on understanding how companies can be involved in customer activities where value-in-use is formed in customers' own and for the company invisible actions, as well as seeing customer experiences as emerging embedded in customers' contexts, activities, and practices.

KEY CONCEPTS

Involvement

Customer involvement has been defined as "a person's perceived relevance of the object based on inherent needs, values and interests" (Zaichkowsky 1985, p. 342). The involvement construct has its roots in the object relation theories of psychological research in the 1940s (Sherif and Cantril 1947) and it was introduced as a framework for understanding the different positions that people take regarding social issues. The concept was later adopted by advertisement research to explain effects of advertisements (Krugman 1965), and was later on split up into enduring and situational involvement (Rothschild 1979). This split reflected the insight that people can be involved with something beyond a particular use- or purchase situation. This means that peoples' engagement with a service or product usually is explained either in terms of short-term involvement due to some imminent and necessary purchase (such as being in the market for

a new car) or long term involvement due to personal interests or values (Rothschild 1979). Involvement has been shown to be positively related to amount of product and service usage (Mittal 1995) and negatively related to the age of a person.

Commitment

Commitment is in marketing generally seen as the attitude and intention of one party towards acting and maintaining an enduring relationship with another (Liljander and Strandvik 1995, Fullerton 2005). The construct is used to explain customers' tendencies to stick with one provider instead of switching, often described as a "psychological attachment" to an organization (Gruen et al. 2000, p. 37). Commitment has been measured with multi-item scales such as the one by Bansal, Irving and Taylor (2004), which divides commitment into normative, affective and continuance commitment. According to Bansal, Irving & Taylor (2004) commitment is negatively related to switching intention and has a positive relationship with service use. Jackson (1985) argues that customers exhibit differences in their preferred relationship closeness. She proposes a continuum varying from very close relationships where a buyer is totally committed to a seller and dependent on this as the only vendor, to a more market-like relationship where switching is easy and the parallel use of multiple vendors is possible.

Moorman, Zaltman and Deshpande's define commitment as (1992, p. 316): "Commitment to the relationship is defined as an enduring desire to maintain a valued relationship". Geyskens et al. (1996) conclude that in the business-to-business literature (channel literature) two types of commitment are often proposed, affective commitment and calculative commitment.

CONCEPTUAL FRAMEWORK OF CUSTOMER ENERGY

The combination of life theme involvement and relationship commitment we conceptualize as customer energy. Life theme involvement expresses the customer's general interest in an area within his or her own life, and the knowledge, expertise, and motivation to learn about this area. A life theme can be described as the network of thoughts, feelings and activities that a consumer has built around some particular object, such as a hobby, long term goal or other activity (compare Csikszentmihalyi and Beattie 1979). It is thus related to the customer's activity pattern and resource allocation pattern. The more mental and physical effort that is spent in general, the higher the life theme involvement. Life theme involvement is used instead of product category involvement, which would express the product and production oriented view of the same issue. A production oriented view focuses on understanding the customer's involvement with a particular product or service category. A customer oriented view, on the other hand, has to be grounded in the customer's own context: What is he or she trying to achieve, and how involved is the person in it? Life theme involvement represents a general level of customer energy, directed towards a whole field consisting of many providers and activities. Based on this, we define life-theme involvement as the cognitive, affective and behavioural effort a

customer puts into a certain theme within his or her life, such as childcare, managing monetary affairs or a hobby such as gardening or cooking.

Relationship commitment refers to a customer's focused interest in a particular company, brand or branded offering. It is here considered to be a mix of both affective and calculative commitment. Many researchers and consumers understand a 'relationship' as a connection with high affective commitment. In the consumer market the consumer does not have an intensive contact with a company. Thus, it has been common to talk about brand relationships, where the consumer has a perception and a "relationship" to the brand, rather than to many persons in the firm. There is also another aspect that needs to be addressed, which is not usually included in commitment. If a customer energy view is to be taken, we must go beyond looking at affective and calculative commitment, and add an element of attention. Customer attention towards a provider can be explained as a state where the customer voluntarily keeps this relationship at the front of his or her mind and is receptive to information regarding it (Davenport and Beck 2001, Hackney 2005). Thus, the relationship commitment represents the amount of customer energy that is directed towards a particular provider.

Figure 1: Conceptual model of customer energy
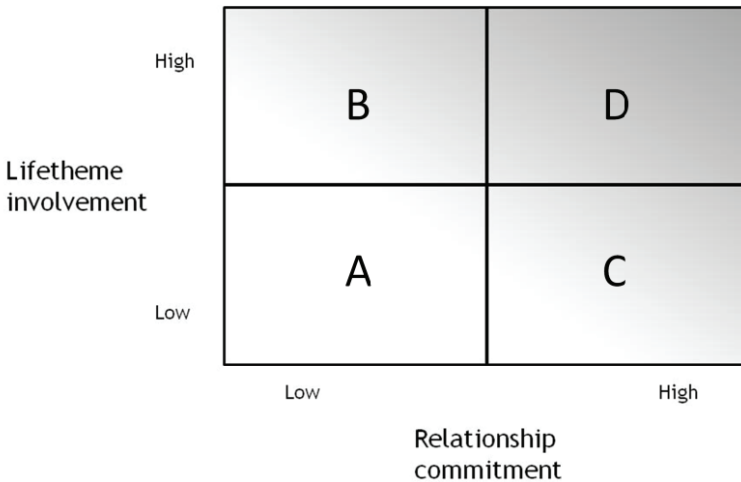
PROPOSITIONS

Based on insights from qualitative pilot studies concerning different service industries (Mattinen et al. 2001) and a quantitative study in an online gaming context (Heinonen et al. 2010) we put forward some very tentative characterizations about customers from different energy groups, A to D.

In general, however, as the quantitative study related customer energy to purchase volume (spending on online gaming) it was found that higher involvement lead to higher overall spending on gaming, whereas higher commitment increased spending at the focal service company. Customer activity followed the same pattern.

Group A Distanced and indifferent
- Older
- Medium switching propensity
- Switches when approached by an offer not by own initiative
- Does not compare providers
- Indifferent attitude towards service provider
- Low WOM
- Appreciate simple and easy service solutions
- Do not appreciate interaction and co-creation
- Do not complain when dissatisfied (but remember)

Group B Active and critical
- Younger
- High switching propensity
- Frequently compares providers
- Negative WOM
- Actively looking for the best deal
- Take initiatives
- Appreciate interaction and co-creation
- Critical attitude
- Learning-oriented, appreciate new information

Group C Complacent and positive
- Older
- Low switching propensity
- Seldom compares providers
- Positive attitude towards service provider
- Low WOM
- Continuity is a value in itself
- Appreciate smoothness in interactions
- Own experiences of the service provider important
- Expects to be recognized as a loyal customer
- Moderate in initiating interaction

Group D Attentive and content
- Younger
- Low switching propensity
- Moderately compares providers
- Positive attitude towards service provider
- Positive WOM
- Aware of alternatives
- Critical but tolerant
- Appreciate interaction and co-creation
- Learning-oriented
The service is a part of the customers identity

Based on several small-scale pilot studies of different service industries group A seems in general to be the largest group and group B the smallest. This is something that represents an interesting issue for further research.

Customers with low energy in a certain service market tend to not approach

service providers actively, rather they appreciate easy solutions and as little interaction as possible. Customers energized by high involvement in a particular field display a different logic. They tend to be constantly on the alert to find the currently best service for them. They are active and demanding and involve service providers in interactions, and compare service providers' offerings. Customers who are energized by having a stable long-term relationship with a service provider are open for co-creation and interaction with their own service provider but do not engage in interactions with competing service providers. Finally, customers who are energized both by involvement and commitment tend to be rather stable in their relationships and open for communication and interaction. As a tentative conclusion: customers who express a high involvement in a particular life theme (service category) would be those that would be proactive in involving service providers. Those who are low in both involvement and commitment do probably not take steps to involve service providers. They might represent a large share of all customers.

DISCUSSION

The paper puts the customer in the foreground in a service context and shows that it is essential to recognize differences in customers' activities and logic, driven by customers' service category involvement and commitment to service providers. The key advantage with the model and the elements of the model, life theme involvement and relationship commitment is that they can be considered to capture a customer's relatively stable mental predisposition and behavioural pattern and has thus predictive power beyond for example customer satisfaction measurements. As commitment has shown to be a useful in diagnosing customer relationship dynamics (the Conversion model in Richards 1996, Hofmeyr and Rice 2000) it seems reasonable to expect that the customer energy model also would have such characteristics. This represents one area for further research. Another is to look more closely into whether customer profitability portfolios can be formed based on customer energy data.

For practitioners the conceptualisation represents a straight-forward approach that complements customer satisfaction measurements. It has a stronger emphasis on customers' enduring patterns of communicating, searching for information, relating to the company's relationship development initiatives, considering switching service provider, and spending money. As the model is easy to operationalize and administer quantitatively, it should provide an opportunity to collect information about customers that has not been used in the company earlier.

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