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How Customer Engagement and Customer Participation Translate Across High-Involvement Purchases (Like Higher Education)

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ABSTRACT

Previous research suggested that customer participation resulted in greater customer satisfaction for the service provider. Specifically, earlier research differentiated Service Customer Engagement (CE) from Service Customer Participation (CP), where the former was ideation and the latter was practical application/execution. In other words, CE was more psychological, where customers think, feel, and trust. Conversely, CP was more behavioral, or physical, where customers act and do.

The point of this research is to translate previous learning to other high-involvement purchases. Research indicates that services high in credence, high contact, as well as high-involvement (Sharma and Patterson 1999) seem to be particularly relevant and responsive to customer participation and customer co-production of value (Plé, Lecocq, and Angot, 2010). This study works to translate learning from the service industry to higher education where the professor is service provider and the student is customer/co-producer. Three propositions are posited. Conclusions and future research are also discussed.

INTRODUCTION

In services versus products, there is no direct transfer of ownership (Kotler and Armstrong, 2014). Services are also differentiated from products in that services have intangibility, perishability, variability, and inseparability between service provider and customer (Kotler and Armstrong, 2014). This study focuses on the inseparability characteristic of services where there is simultaneous production and consumption between provider and customer (Zeithaml, Bitner, and Gremler, 2013) and where customer participation, or co-production of value, affects (provider) firm performance (Zeithaml, Bitner, and Gremler, 2013).

Early studies on Customer Participation work at both the service provider level (Lovelock and Young 1979; Mills and Morris 1986) and at the customer level (Bateson 1985, Goodwin 1988) (Bendapudi and Leone, 2003). In the context of Customer Engagement, Vivek, Morgan, and Hunt, 2012, posit that what people really care about are satisfying *experiences*, not mere products. Experiences are fulfilled through activities where consumption is holistic in that it involves a *person*, not a customer (or a buyer to a seller) (Gentile *et al.*, 2007) (Vivek, Morgan, and Hunt, 2012).

Further, Vivek, Beatty, and Morgan, 2012, maintain that Customer Engagement occurs in the relationship between service provider and the customer *experience* and that higher engagement should produce more trust in the relationship because individuals will feel that the company *cares* about them and has their best interest at heart. Similarly, professors (as service providers) would need to learn how to *care* for their students (as co-producing customers) (Khalifa, 2009). At the end of this study, three propositions are posited. Conclusions and future research are also discussed.

SERVICE MARKETING

Overview, Domain, Definition, Distinctiveness

Services are deeds, processes, and performances produced by one entity or person for another entity or person. Specifically, a *service* is an activity, benefit, or satisfaction offered for sale; it is intangible and doesn't result in the ownership of anything. To clarify, the distinction between ownership and non-ownership has to do with the fact that non-ownership is a form of *rental* through which customers can obtain benefits. This "rent" is payment made for use of something or access to skills and expertise, facilities, or networks (typically for a definitive amount of time) instead of buying it outright (Zeithaml, Bitner, and Gremler, 2013).

Services are also differentiated from products in that services have intangibility, perishability, variability, and inseparability between service provider and customer (Kotler and Armstrong, 2014). The most fundamental distinguishing characteristic of services is *intangibility*. Services are often difficult to visualize and understand as they cannot be readily displayed or communicated (Zeithaml, Bitner, and Gremler, 2013). Research suggests that a way to make the intangible more tangible is to display artifacts such as academic diplomas in high-quality service environments, or servicescapes (Zeithaml, Bitner, and Gremler, 2013).

Perishability refers to the fact that services cannot be saved, stored, resold, or returned. As such, a primary challenge that marketers face with service perishability is the inability to inventory. Research suggests that a way for providers to better handle perishability is to smooth out supply and demand (Zeithaml, Bitner, and Gremler, 2013). Of course, with many services, it is difficult to perfectly match supply with demand (or outputs with inputs) therefore, another issue service providers have to deal with is *variability*, or *heterogeneity*. Particularly in services produced by people, no two services will be performed exactly alike. Research suggests a way to limit or reduce variability/heterogeneity is through employee/customer training on performance quality (Zeithaml, Bitner, and Gremler, 2013).

This study focuses on another unique characteristic of services marketing: *inseparability*, where there is simultaneous production and consumption between provider and customer (Zeithaml, Bitner, and Gremler, 2013). Whereas most goods are produced first, then sold and consumed, many services are sold first and then produced and consumed simultaneously. Research suggests that a way for service providers to best manage inseparability is to increase productivity through customer participation and co-production of value (Zeithaml, Bitner, and Gremler, 2013).

Key Concepts and Definitions

Co-production/Co-creation of Value

Consistent with inseparability, in service situations (like a restaurant), customers are present while the service is being produced and therefore witness, and possibly take part in, the production process as *co-producers*, or co-creators, of the service. Therefore, in addition to service providers, customers participate in, and affect, the transaction (Zeithaml, Bitner, and Gremler, 2013). Examples where customer co-produce and affect service outcome include weight loss, fitness training, and personal grooming services as well as hospitality/entertainment.

Customer “Experience”

Historical research of the customer participation concept demonstrates a trend towards an increasing of the inclusion of the customer in the design, production, and delivery of an actual experience, and not only of a tangible good or a service (Plé, Lecocq, and Angot, 2010). Engagement occurs in the relationship between the customer and the *experience* provided by the service provider (Vivek, Morgan, and Hunt, 2012). Vivek, Morgan, and Hunt, 2012, posit that what people really care about are satisfying *experiences*, not mere products. Experiences are fulfilled through activities, demonstrating that consumption is holistic in that it involves a *person*, not a customer (or a buyer to a seller) (Gentile *et al.*, 2007) (Vivek, Morgan, and Hunt, 2012). After all, as marketing has evolved over time, *relationships* are not just between buyers and sellers, but between prospects, potentials, society, buyers, and sellers (Vivek, Morgan, and Hunt, 2012).

LITERATURE REVIEW

The Commitment-Trust Theory of Relationship Marketing

In 1994, the authors introduce the shift in thinking from competitive theory to cooperative theory, in which Relationship Marketing (RM) is the construct highlighted as a model developed to better understand this paradigm shift (Morgan and Hunt, 1994). Relationship commitment is where exchange partners believe that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it. In other words, the committed party believes the relationship is worth working on to make sure that it endures indefinitely (Morgan and Hunt, 1994).

Service Dominant Logic

A service-centered view of exchange alludes that the goal is to customize offerings, to acknowledge that the customer is always a *co-producer* (of value), or active participant in relational exchanges and co-production (Vargo and Lusch, 2004) and aim for maximum customer involvement in the customization to better fit the customer’s needs (Vargo and Lusch, 2004). Incidentally, Zeithaml, Bitner, and Gremler, 2013, also maintain that in services, mass production is difficult while customization is better. Customization is better because it is more effective (Zeithaml, Bitner, and Gremler, 2013). Encouraging customer participation (CP) reflects a shift that views customers as *proactive* co-creators rather than as *passive* receivers of value and views service providers as *facilitators* of the value co-creation process rather than as producers of standardized value (Payne, Storbacka, and Frow 2008) (Chan, Yim, and Lam, 2010).

Customer Engagement (CE)

The two-way interaction between service providers and customers is at the core of Customer Engagement. Service providers putting *value* into each and every communication with the customer is important in producing successful customer engagement (Vivek, Beatty, and Morgan, 2012). Customers build experience-based relationships through intense participation with the service provider drawing from the unique experiences customers have with the offerings and activities of the service provider (Vivek, Beatty, and Morgan, 2012).

Holbrook's (2006) "Consumer Values Perspective" suggests that customers' motivations toward engagement depend on the value customers expect to receive from the experience (Vivek, Beatty, and Morgan, 2012). Moreover, Chan, Yim, and Lam, 2010, posit that CP, alone, is not enough to maximize customer satisfaction. Instead, value co-creation is the key to what really matters (Chan, Yim, and Lam, 2010). As such, greater engagement will be associated with perceptions of greater value received. Thus, higher engagement should produce more trust in the relationship because individuals will feel that the company *cares* about them and has their best interest at heart (Vivek, Beatty, and Morgan, 2012).

Customer Participation (CP)

Customer Participation has been defined as: "The degree to which the customer is *involved* in producing or delivering the service" (Dabholkar, 1990: 484), "The customer's *active* role in the production or delivery of a service" (Bettencourt, 1997: 402), and "A *behavioral* concept that refers to the *actions* and resources supplied by customers for service production and/or delivery" (Rodie & Kleine, 2000: 111) (Bendapudi and Leone, 2003). To participate literally means 'to take part in something's outcome' (Plé, Lecocq, and Angot, 2010). CP has also been described as the level to which the customer is involved, engaged, and/or interactive in producing or delivering the service (Vivek, Beatty, and Morgan, 2012).

CP engages the customer in an interactive situation that is of common interest to the service provider as well as the customer. Too often, service providers have their own goals that rarely overlap with those of their customers. In other words, to improve their coupling with customers, service providers should promote mutual adjustment with the customers' expectations. Thus, service providers should seek to share the same concerns as their customers (Plé, Lecocq, and Angot, 2010).

Customer Satisfaction (CS)

Literature on customer satisfaction suggests that customers can play a role in service delivery as a contributor to their own satisfaction (Wu, 2011). More specifically, customer satisfaction is an overall *post-purchase* evaluation (Wu, 2011). For example, customers may not be interested in that fact that they have increased the service provider productivity through their participation, but they probably are interested in whether or not their needs are fulfilled (Wu, 2011). Effective customer participation could increase the likelihood that customer needs are met and that the benefits the customer is seeking are actually obtained (Bitner et al, 1997) (Wu, 2011).

Such Customer Participation (CP) should benefit customers through improved service quality, more customization, and better service control (Dabholkar 1990; Xie, Bagozzi, and Troye, 2008)

and Customer Participation should benefit service providers through increased customer satisfaction and productivity gains (Lovelock and Young, 1979; Mills and Morris, 1986) (Chan, Yim, and Lam, 2010). Thus, it follows that customers who perceive more value from their service encounters tend to also be more satisfied (Ouschan, Sweeney, and Johnson, 2006; Patterson and Smith 2001; Sharma and Patterson 1999) (Chan, Yim, and Lam, 2010).

CONCEPTUAL FRAMEWORK AND MODEL

The premise of the earlier research was that Customer Engagement was necessary for Customer Participation, which was necessary for Customer Satisfaction.

Figure 1
Previous Conceptual Model



Higher Education as Service/Student as Customer

The student-as-customer metaphor in higher education would appear relevant to universities looking to find ways to attract and retain students (Khalifa, 2009). It requires that students be treated by universities just as customers are treated in commercial enterprises (Khalifa, 2009). However, the student-as-customer metaphor also assumes that students know what they want, are able to articulate what they want, and are able to evaluate options and select the university that best fits their wants (Khalifa, 2009).

Considering higher education as a service business, it follows that student-as-customer metaphors are characterized by the integration of students' involvement in the learning process and their interaction with professors (Khalifa, 2009). The customer is usually involved, making him a co-producer, one who may also be considered a partial employee. Ferris (2002) depicts students as junior partners working under the guidance of professors, or senior partners, who are also facilitators in the business school professional service firm (Khalifa, 2009).

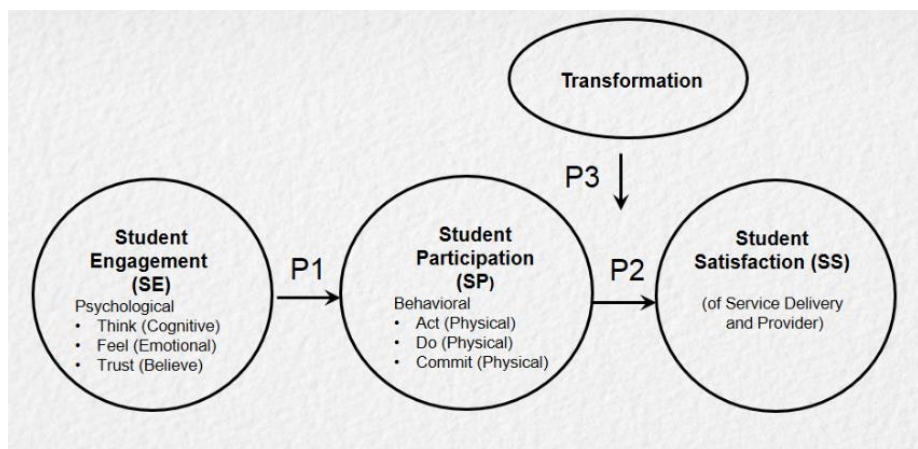
Student as Co-Producer

A university is a place of the *active* pursuit of knowledge where students are supposed to own, and take charge, of their own learning and where students and their professors can engage in meaningful 'conversation' (Khalifa, 2009). In this way, learning is not a given; it is the direct result of the students' contribution (Groccia, 1997). It is the responsibility of the university; however, to create an appropriate environment (or servicescape) for this active learning to occur (Khalifa, 2009).

Barr and Tagg (1995) talk about a shift from passive lecture format to an emphasis on “producing” learning in which students become active and engaged learners (Devlin, 2002; Fear et al., 2003) (Khalifa, 2009). This engaged learning is likely to be transformative by which students grow and develop in response to what they have learned (Khalifa, 2009). Like a fitness center, students desire and work hard to change (Franz, 1998) (Khalifa, 2009), to become different, to become better. The value “buyers” get from this “transformation” is derived from the outcome of a (new and) improved version of themselves (Khalifa, 2009).

With active learning, the students would expect rigor, not leniency. They would expect challenge, not spoon-feeding (Khalifa, 2009). Professors (as service providers) would need to learn how to properly *care* for their students, how to build productive relationships with them, how to teach them in such a way that was more meaningful and rewarding, where both students and professors benefit from reflection on their experience and the journey they have taken together (Khalifa, 2009).

Figure 2
Current Conceptual Model



PROPOSITIONS

P1: Student Engagement (SE) has a direct, positive relationship with Student Participation (SP).

P2: Student Participation (SP) has a positive relationship with Student Satisfaction (SS).

P3: The relationship between Student Participation (SP) and Student Satisfaction (SS) is moderated by Transformation.

Research Question

As previously mentioned, Customer Engagement occurs in the relationship between service provider and customer *experience* thus one could argue that Student Engagement occurs in the relationship between service provider (professor) and student *experience*; however, perhaps experience should be replaced with *transformation*.

CONCLUSION AND DISCUSSION

As previously mentioned, Customer Engagement occurs in the relationship between service provider and the customer *experience* (Vivek, Beatty, and Morgan, 2012). Further, higher engagement should produce more trust in the relationship because individuals will feel that the company *cares* about them and has their best interest at heart (Vivek, Beatty, and Morgan, 2012). Similarly, professors (as service providers) would need to learn how to *care* for their students, how to build strong, productive relationships with them, and teach them in a such way that was more meaningful and rewarding (Khalifa, 2009). In conclusion, professor service providers who can properly nurture students as co-producers will more successfully accomplish student *transformation*.

LIMITATIONS AND FUTURE RESEARCH

One of the limitations of this study, and an objective for future research, involves how learning about higher education can translate back to a business application. For example, in a university setting, students want more than publishers' goods, accommodation services, or campus experience; they want to develop (Khalifa, 2009), to become something (or someone) *better*. Similarly, doctor's patients want something more than medicines, medical services, or hospital experiences (Khalifa, 2009), they want to be *transformed*. The common thread seems to be that services high in credence and *high involvement* (Sharma and Patterson 1999) (Chan et al, 2010) would benefit most from customer participation and co-production.

The literature suggests customer participation is more salient and offers greater opportunity for value co-creation in services that feature high credence qualities, high degrees of customer contact and customization, and high interdependence between customers and service providers (Auh et al. 2007; Lovelock 1983; Sharma and Patterson 2000) (Khalifa, 2009). Further, the Customer Participation-relational value-satisfaction link for customers is particularly evident when the services' long-term customers depend heavily on credence qualities for their service evaluation (Fleming, Coffman, and Harter 2005) (Chan, Yim, and Lam, 2010).

Professional services, such as financial, legal, and medical are high in credence properties and, for most customers, are *high involvement* (Sharma and Patterson 1999), so CP would seem more likely to prompt customers to perceive sources of value (Chan, Yim, and Lam, 2010). Interestingly, the literature also states that in *low involvement* service situations, fewer value co-creation opportunities for CP may exist, which could cause customers to perceive CP as a burden and; therefore, have a cynical view that CP simply shifts more work to the customer (Auh et al, 2007) (Chan, Yim, and Lam, 2010). In summary, *all* customers seek transformation from their service providers. Future research will empirically study professional service providers such as doctors, lawyers, financial advisors, etc. in this context.

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