Customer-to-customer roles and impacts in service encounters

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Abstract

This thesis investigates customer-to-customer roles and impacts in the context of service encounters. Specifically, this topic is studied from two angles: customer interactions during group service encounters and customer perceptions post service encounters. The first angle is a focus on group service encounters that addresses the lack of research on customer-to-customer interactions that occur in customer-to-customer interaction-intensive contexts. These are contexts where the interactions between customers are not peripheral to the service, where there can be an expectation to interact with the other customers. These group service encounter contexts are common in tourism and hospitality, recreation, and education. The second angle is a focus on service outcomes after the service encounter, including satisfaction, intention to recommend, and online word-of-mouth.

Paper 1 explores how firms view and manage customer-to-customer interactions during group service encounters. It finds that the differences in attitude and conduct of firms create four possible stances toward customer-to-customer interaction. Paper 2 delves deeper into how customer-to-customer interactions impact the design and delivery of group service encounters, develops a typology of customer cohort climates (CCCs), and identifies how each CCC can be created through four elements of group service encounters. Paper 3 investigates how positive and negative customer-to-customer interactions impact outcomes of satisfaction and intention to recommend and finds that customer-to-customer interaction is a dissatisfier. Paper 4 considers
the period post service encounter, examines how customers produce reviews of hotel service encounter experiences, and finds that content analysis of online reviews yields similar findings to more traditional quantitative research methods.

This thesis contributes to a fuller understanding of customer-to-customer roles and impacts in service encounters. It advances research on the impact of customers on each other and provides evidence that other customers can and should be managed to achieve desired service outcomes. It further proposes how these customer-to-customer interactions can be managed to further enhance service firm offerings. The major contributions of this thesis include (1) the introduction of the concept of customer cohort climates and the development of a typology that shows how customer cohort climates vary and (2) the finding that customer-to-customer interaction is a dissatisfier.

Keywords

Service encounters, group service encounters, customer-to-customer interaction, customer cohort climates, other customers, service operations, online reviews
Dedication

For my grandparents who traversed an ocean with hope and bravery.

For my father who was an artist at heart.
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Chapter 1: Overview of the research

1.1 Introduction

A service encounter occurs when a customer interacts with the service firm, typically a person-to-person interaction between the buyer and the seller in a service setting (Solomon, Surprenant, Czepiel, & Gutman, 1985; Zeithaml, Bitner, & Gremler, 2013). Service encounters are important because they can strongly influence customer satisfaction (Solomon et al., 1985) and thus, they are central to much of services marketing. They impact service differentiation, quality control, delivery systems, and customer satisfaction (Wu, 2007). In a service encounter, there are often multiple customers present who can play an important role in how service firms deliver service encounters, yet this phenomenon has not been fully explored (Grove & Fisk, 1997; Nicholls, 2010; Tombs & McColl-Kennedy, 2003). This is the focus of this thesis. Specifically, this thesis explores customer-to-customer roles and impacts in the context of service encounters.

When considering customer-to-customer roles and impacts in service encounters, a key stream of literature that this thesis draws upon is research on customer-to-customer interactions. Much of the previous research on customer-to-customer interactions focuses on customers consuming in the ‘presence’ of other customers (Grove & Fisk, 1983; Grove & Fisk, 1997; Grove, Fisk, & Dorsch, 1998; Hoffman & Turley, 2002). These instances are ‘singular service encounters’ in which other customers are present and there is interaction between customers.
These occur in settings such as retail (Baron, Harris, & Davies, 1996; Harris, Baron, & Ratcliffe, 1995; Harris, Davies, & Baron, 1997; McGrath & Otnes, 1995), tourist attractions (Grove & Fisk, 1997), garden centres (Parker & Ward, 2000), libraries (Rowley, 1995), and restaurants (Walter, Edvardsson, & Öström, 2010). In these settings, the other customers are strangers who could be browsing in the same store, waiting in the same queue, or sitting at the next table. These other customers can be considered part of the physical setting or servicescape (Tombs & McColl-Kennedy, 2003).

A few studies examined customer-to-customer interactions in which customers are consuming ‘with’ other customers (Arnould & Price, 1993; Wu, 2007; Wu, 2008). The difference between customers consuming in the ‘presence’ of and consuming ‘with’ other customers is explained as follows. When customers are consuming ‘with’ other customers, (i) the delivery and consumption of the service is governed by the collective will of the group rather than at the will of one individual customer (Finsterwalder & Tuzovic, 2011) and (ii) there can be an expectation, desire, or even obligation (subtle or overt) for customers to interact with the other customers in the group (Tuckman, 1965). Conversely, when an individual is merely consuming in the ‘presence’ of other customers, the needs of the individual are first and foremost and other customers can be considered part of the servicescape (Tombs & McColl-Kennedy, 2003). There is little research on customers consuming with other customers (Martin & Pranter, 1989; Nicholls, 2010).

This thesis examines two sub-areas: customer interactions during group service encounters and
customer perceptions post service encounters. Group service encounters occur when multiple customers undertake a service together (Finsterwalder & Tuzovic, 2011). To illustrate how these two sub-areas link together, consider a food walking tour where the guide is extremely knowledgeable and engaging, the food is delicious and well selected, and the tour is well paced. Yet, a TripAdvisor review of the tour only gave a rating of four stars out of five. This was not because there were any issues with the guide, the food, or the tour itself, but because there was limited interaction with the other customers. The customer who posted the review was disappointed, as he expected to have interesting dealings with the other customers.

[The tour guide] was extremely knowledgeable and helped explain not only the food that we were eating but also the history of the restaurant visited as well as other landmarks in the area. The tour was not rushed and we were able to enjoy the moments. One of the enjoyments of a tour such as this is the fun you have with the other participants. So the only reason I have not scored the tour a 5 is due to the limited interaction with the other couple - 2 very nice 17 year olds but not as much repartee! (TripAdvisor, 2013) (italics added)

This TripAdvisor review illustrates the sub-areas of this research. First, it addresses the potential importance of customer-to-customer interactions in service encounters, especially in service encounters when multiple customers are intentionally batched and involved in the delivery and consumption of a service (Finsterwalder & Kuppelwieser, 2011; Goodwin, 1988). These group service encounters are common in tourism
and hospitality (e.g. escorted group travel, bus and walking tours), recreation (e.g. fitness classes, performing arts workshops), and education (e.g. classes in a language school, the cohorts in a Master of Business Administration program). In such service settings, customers will accept, expect, and sometimes even desire to share and consume the service experience ‘with’ other customers (Tombs & McColl-Kennedy, 2003).

Second, the interactions can be post service delivery and occur online. Online customer-to-customer interactions are also known as e-word-of-mouth. They are particularly important in services due to their intangibility and simultaneous production and consumption as compared to goods (Zeithaml et al., 2013). Customers participate in online customer-to-customer interaction for a number of reasons, including benefiting other customers (Dolnicar, 2002; Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004) and using the content of this interaction to gauge the performance of a service experience.

This thesis addresses the call for research toward a better understanding of customer-to-customer roles and impacts in service encounters (Nicholls, 2010). While services research has examined the elements of employee role, service design, and servicescape, we do not yet fully understand how customers impact each other during and after the service encounter.

This chapter continues with a review of the impact of customers on each other in service encounters and group service encounters, how customer-to-customer interactions have been characterized in previous
research, onsite customer-to-customer interactions, and online customer-to-customer interactions. Then, gaps in existing knowledge about customer-to-customer interactions are identified to develop the conceptualization and formulation of the research problem and the four research questions. Next is the summary of each of the four research questions and the description of the overall methodology. Each paper is then discussed in detail, including its purpose and methodology. Next is the summary of findings regarding the research problem and each of the four research questions. Then, the theoretical contribution is discussed. Following are the managerial implications. Further research is then suggested and the conclusion summarizes the chapter. Chapter 2 presents each individual paper.
1.2 Service encounters

From the customer’s perspective, the most critical impression of a service takes place during the service encounter, when the customer and the service firm interact (Zeithaml et al., 2013). The service encounter presents an opportunity for the service firm to satisfy the customer and to be worthy of being rewarded with outcomes such as customer loyalty or word-of-mouth recommendations (Zeithaml et al., 2013). It follows that service encounters are a key part of the service economy, estimated at 63% of the worldwide GDP (Central Intelligence Agency, 2013).

Previous research on service encounters has largely focused on singular service encounters (i.e. between a single customer and a service employee) (Bitner, 1990; Solomon et al., 1985; Zeithaml et al., 2013). These are termed singular service encounters to distinguish them from group service encounters. These singular service encounters can be brief and superficial such as ordering a meal at a fast food restaurant or can be longer and more significant such as a one-on-one ski lesson. There can be a series of singular service encounters such as in a hotel where a customer checks in with a front desk clerk, is ushered to her room with a bellperson, is served by a server at the breakfast café, and obtains theatre tickets from the concierge. Research has revealed that some service encounters are more important than others; for example, for Marriott Hotels, the early encounters are the most important (Zeithaml et al., 2013).

When there are other customers in the physical setting, whether in a singular or group service encounter,
there can be interactions between customers. Traditionally, it was thought that customer-to-customer interactions were a secondary factor in the design and delivery of service experiences (Baron, Patterson, Harris, & Hodgson, 2007) and that they could not really be managed (Martin & Pranter, 1989; Nicholls, 2010). However, a small but growing stream of research suggests that customer-to-customer interactions can positively impact word-of-mouth and satisfaction (Bitner, 1992; Moore, Moore, & Capella, 2005).

A large body of research has investigated service encounters, examining the three key elements of employee role, service design, and servicescape (Zeithaml et al., 2013). There is another variable in service encounters: other customers. Even in singular service encounters, many of these occur when multiple customers are present. In these instances, there is often interaction between customers. Examples include buying lunch from a server at a fast-food operation when another customer asks you a question, waiting in a queue at a bank when another customer cuts in, or a having a haircut from a hairdresser while conversing with another customer (Czepiel, 1990).

**Defining group service encounters**

A few studies have examined customer-to-customer interactions in the context of service encounters in which multiple customers undertake a service together. Researchers have used different terms to describe this type of service encounter, including extended service
encounter, group, and customer-to-customer interaction in a service encounter.

Arnould & Price (1993) use the term extended service encounter and refer to the duration of the service encounter. While the river rafting trips studied involved groups of customers, this was not the focus of their study. Instead, they examined how services can produce extraordinary hedonic experiences. Price, Arnould & Tierney (1995) identify duration as one of the dimensions of a service encounter and explain that brief service encounters are those that last only a few minutes. While they do not specifically define the duration of an extended service encounter, they suggest that they are long enough such that the service encounter feels more like a relationship than a transaction. As group service encounters typically last longer than a few minutes, they could be expected to have characteristics of extended service encounters.

Some researchers have used the group construct when referring to these service encounters with multiple customers. Finsterwalder & Tuzovic (2010) state: “a group can be defined as the assemblage of two or more people who share common interests or goals, perceive or may develop some form of cohesiveness and who interact with one another on a social respectively task-oriented level” (p. 110). The purpose of the group has also been examined. Finsterwalder & Kupelwieser (2011) explored task and social contributions in the group, suggesting that a group accomplishes something. They state: “the group in our service context relies on the individual task contributions of its members to accomplish successfully the service co-creation process and to also generate a
social experience” (Finsterwalder & Kuppelwieser, 2011, p. 610). However, while these researchers use the term group service encounter, the definition is that of a group and they do not explicitly define the full term.

Wu (2007; 2008) does not attempt to create a term, preferring to use the phrase customer-to-customer interaction in service encounter. However, this phrase does not distinguish between customer-to-customer interactions that are indirect; are short, accidental, or incidental; or those that involve multiple customers undertaking a service encounter together. See Table 1 for the terms and definitions examined.
Table 1  Definitions of group service encounters

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arnould &amp; Price (1993)</td>
<td>Extended service encounter</td>
<td>Long transactions that provide more time for the customer to react to the emotional behaviour of an employee</td>
</tr>
<tr>
<td>Wu (2007)</td>
<td>Customer-to-customer interaction in service encounter</td>
<td>Customers receive a service simultaneously while others are being served</td>
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</tr>
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</table>

For the sake of a clear, succinct term and definition, the term *group service encounter* was selected. The proposed definition of a group service encounter is *when a group of customers as one unit or cohort, interacts with the service firm*. This definition is a corollary of the definition of a service encounter: when a customer
interacts with the service firm (Solomon et al., 1985; Zeithaml et al., 2013)

In a group service encounter, interactions occur between customers and the service employee, as well as between different customers. The service employee may or may not play a role in facilitating interactions between customers. The literature on service encounters characterizes interactions as communication that is both verbal (Baron et al., 1996; Harris et al., 1995; Harris et al., 1997) and non-verbal (Grove & Fisk, 1997; McGrath & Otnes, 1995). Non-verbal communication includes facial expressions (e.g. smiling, rolling of eyes), body language (e.g. crossing of arms, shrugging), and behaviour (e.g. cutting in line, opening doors for others) (Martin, 1996).

There are three defining features of a group service encounter. First, a firm processes a group of customers as one unit rather than individually (Finsterwalder & Tuzovic, 2010). For example, a winery takes ten people on a winery tour, where a guide takes the group from place to place and addresses the customers simultaneously. Some group service encounters are with a group of customers who already know each other, such as a group of friends or work colleagues, which can be termed customer-formed groups. Others are with a group of customers that are essentially strangers such as four couples and two singles who did not know each other previously: firm-formed groups. The subject of this research is these firm-formed groups.

Second, with groups of customers, service employees deal with multiple customers at the same time, rather
than individual customers sequentially (Arnould & Price, 1993). This means that a service employee may be required to deal with different personalities during one group service encounter. An employee may also need to facilitate interactions between the customers in a group in order for the service to take place (e.g. a group acting class) or simply to enhance the service (e.g. prompting discussion during a city tour).

Third, customer-to-customer interactions are a typical hallmark of group service encounters (Wu, 2008; Wu, 2007). Most group service encounters take place over an extended duration of time, often from an hour or two for a winery tour to several days for a packaged holiday tour. Thus, it is common for customers within the group to interact with each other. When the customers do not know each other in advance, how a service firm manages these interactions between customers becomes important.

There is a growing stream of research on interactions of customers in the presence of each other but largely from the angle of a single customer consuming services in the presence of other customers. An example could be several one-on-one tennis lessons taking place on several adjacent tennis courts. Each individual customer is undertaking a singular service encounter in the same physical space. If one of the customers on one of the courts is loud and disturbs the ability of the other customers to work with their respective tennis coaches, this behaviour can negatively impact the other customers. This type of interaction between individual customers has previously been the focus of customer-to-customer interaction research (Grove & Fisk, 1997;
Group service encounters occur when customers are consuming the service ‘with’ each other. In group service encounters, the service encounter occurs between multiple customers who are simultaneously consuming the service and the service employee. To distinguish between singular service encounters where other customers are ‘merely present’ and group service encounters where customers are consuming ‘with’ each other, consider the following examples. Several one-on-one tennis lessons taking place on several adjacent tennis courts is a singular service encounter. A group tennis lesson with one tennis coach and six players is a group service encounter. Group service encounters have received much less attention from academic research, despite their prevalence in sectors such as tourism and hospitality, recreation, and education.
1.3 Customer-to-customer interactions in service encounters

The customer-to-customer interactions that occur in service encounters can take place during and post service encounter. The customer-to-customer interactions that occur during the service encounter at the physical setting can be termed as onsite customer-to-customer interactions (Nicholls, 2010). The customer-to-customer interactions that occur post service encounter as e-word-of-mouth can be termed as online customer-to-customer interactions (Libai et al., 2010).

This section examines the literature on customer-to-customer interactions in detail. It starts with customer-to-customer interactions that occur during the service encounter and this thesis categorizes these interactions into non-group and group interactions. Then, the literature on the impact of customer-to-customer interactions post service encounter is discussed, including the influence of customer-to-customer interactions on service outcomes and online customer-to-customer interactions.

1.3.1 During the service encounter

The role of the focal customer in the delivery of a service has been the subject of academic research (Meuter, Ostrom, Roundtree, & Bitner, 2000) but the influence of one or more customers on a focal customer has received much less attention. Customer-to-customer interactions that occur during the service encounter can occur in two contexts: non-group and group. Non-group
customer-to-customer interactions occur by happenstance during service encounters that involve a single customer and a service employee when other customers are sharing the service setting, that is, when customers are in close physical proximity and are sharing time, space, or service utensils with each other (Nicholls, 2010). Group customer-to-customer interactions occur in group service encounters among the customers in the group.

Indirect customer-to-customer interactions in non-group settings

Non-group customer-to-customer interactions can be further segmented into indirect interactions and direct interactions (Kim & Lee, 2012). The impact of customer-to-customer interactions on service experiences is an emerging and growing research theme (Finsterwalder & Kuppelwieser, 2011). The limited research to date has focused on either indirect effects, meaning how the mere presence of other customers in the servicescape impacts one’s service experience, or on short, superficial, incidental customer-to-customer interactions.

Indirect customer-to-customer interactions are those that impact a focal customer but are not directed to that customer. These often occur when a service encounter takes place in the presence of other customers: hotels, restaurants, health clinics, hospitals, airports, hair salons, etc. In these service encounters, multiple customers are present, often in a common area such as a lobby or waiting area. Examples of indirect customer-to-customer interactions include queue jumping, smoking
in the direction of another customer, speaking too loudly on a cell phone (Baron et al., 2007), or the mere presence of other customers (Grove & Fisk, 1997)

The indirect effects of other customers have been found to be largely negative and much of the literature has been devoted to preventing negative customer-to-customer interactions (Nicholls, 2010). The servuction model (Langeard, Bateson, Lovelock, & Eiglier, 1981) for example, introduced the term customer B, referring to how other customers adversely impact experiences via crowding and queuing (Hoffman & Turley, 2002). Grove & Fisk (1983) used the metaphor of services as theatrical performances to explain how multiple customers are like an audience. They also explained how customers can negatively influence one’s enjoyment of the performance by being disruptive (Grove & Fisk, 1983). A study of incidents at tourist attractions found that other customers were the source of 30% of dissatisfying incidents when they were not following behaviour norms (Grove et al., 1998). Nicholls (2010) describes the concept of non-customer to refer to different types of disruptive behaviour of customers and of others such as vagrants in service settings. Demanding customers may be disruptive, defined by Rafaeli & Sutton (1990) as those requiring “a prolonged and complex response from service employees” (p. 625). Most of this research focused on interactions where customers were being disruptive to other customers (Grove & Fisk, 1983; Langeard et al., 1981; Nicholls, 2010) or demanding of disproportionate time and attention from the service employee (Rafaeli & Sutton, 1990). In these studies, since most of the behaviours were negative, customers
experiencing these customer-to-customer interactions became dissatisfied with the overall service experience (Grove & Fisk, 1997; Huang & Hsu, 2010).

Direct customer-to-customer interactions in non-group settings

Research on direct customer-to-customer interactions has largely focused on short, superficial, or incidental customer-to-customer interactions between strangers (as opposed to interactions with customers’ companions). Short, superficial, incidental customer-to-customer interactions occur between customers who happen to share the same servicescape.

Many studies have been in a retail setting (Baron et al., 1996; Harris et al., 1997; McGrath & Otnes, 1995) and in public places such as libraries (Rowley, 1995), museums (Vom Lehn, 2006), and theme parks (Grove & Fisk, 1997) where a customer may seek another customer’s advice on an item of clothing, smile and make eye contact with another customer, or open a door for another customer. These direct interactions are directed at a particular customer, unlike the indirect interactions that are not directed to anyone in particular.

It was thought that both direct and indirect interactions were a secondary outcome of the service experience (Baron et al., 2007) and that interactions with service employees and the servicescape were more important than those between customers because it was assumed that customer-to-customer interactions cannot really be managed (Martin & Pranter, 1989; Nicholls, 2010).
However, a few other studies have found that customer-to-customer interaction can significantly impact word-of-mouth and satisfaction (Bitner, 1992; Moore et al., 2005), in the context of short, superficial, incidental customer-to-customer interactions. A study on restaurant customers concluded that a frequent driver of favourable customer experiences was social interaction (Walter et al., 2010). Martin’s (1996) study of 554 adults examined 32 public behaviours and their impact on the satisfaction of others in the context of a restaurant and a bowling centre. The most satisfying behaviours were: “hold the door for me,” “introduce themselves,” “congratulate me for (making a good selection from the menu or converting a split or other difficult spare),” “ask about the well-being of my family,” “shake my hand,” and “begin a conversation with me, even though we’ve never met” (Martin, 1996, p. 153). In contrast, some of the least satisfying behaviours included cutting in during someone else’s turn (“break in line at the salad bar”), “quarrel with another customer,” “become noticeably drunk,” “in anger, hit the (table or scoretable) with their fist,” “deliberately kick a table” or “the ball return” (Martin, 1996, p. 153-154).

Customer-to-customer interactions in group settings

In the environment of group service encounters, customer-to-customer interactions can be integral to the service being offered. This means that customer-to-customer interactions can be planned, as opposed to occurring by happenstance. These planned customer-to-customer interactions can occur when customers undertake a service encounter expecting to interact with
other customers, such as in the opening example. Some researchers have studied these types of customer-to-customer interactions and their importance. Tombs & McColl-Kennedy (2003) describe these instances as “where the customer may desire or expect to share the consumption experience with others present in the environment” (p. 460), for example. Gouthier & Schmid (2003) state that “activities carried out by the customer have to be combined with activities carried out by the service firm and by third actors (for instance by other customers)” (p. 123). Pranter & Martin (1991) suggest that if the same amount of management attention was focused on customer-to-customer relations, this would be as fruitful as the attention that has been focused on management–employee, employee–customer and employee–employee relationships. Others have examined customer co-creation in group service encounters (Finsterwalder & Tuzovic, 2010; Finsterwalder & Kuppelwieser, 2011), customer emotion management in group service encounters (Tumbat, 2011), and group service failure (Du, Fan, & Feng, 2014).

1.3.2 Post service encounter

Post service encounter, customers evaluate the service and the service firm. This includes evaluating the impact of other customers on overall satisfaction and intention to recommend, and evaluating the service through online reviews.

Influence of customer-to-customer interactions on group service encounter outcomes
With regard to the other customers in group service encounters, a few researchers found that customer-to-customer interactions that take place in group service encounters are an integral part of the service and can contribute to service outcomes such as customer satisfaction and word-of-mouth communications. Three studies took this viewpoint: one of river rafting trips (Arnould & Price, 1993) and two of a packaged holiday (Wu, 2008; Wu, 2007) and concluded that customers interacting with each other were one of the key sources of satisfaction. While the available number of studies is limited, it does seem that when customers are part of a group and thus have greater opportunities to interact with each other, this had a positive impact on satisfaction.

Arnould and Price (1993), in their research on river rafting trips, developed a scale to measure interaction between participants and satisfaction. They identified clearly that there was a relationship between the level of interaction that took place and overall trip satisfaction. The river rafting trip study explored the nature of extraordinary hedonic experiences, used multiple methods of data collection over two years (qualitative and quantitative), and presented numerous influential insights into the nature of extended service encounters (Arnould & Price, 1993). One of the three main themes was that of connecting to others: connecting between the customers and guides and among customers (Arnould & Price, 1993). This research found that river rafting customers who start out as strangers, who may not have much in common at the start of the experience, bonded with each other through this shared experience (Arnould
& Price, 1993). However, interactions among customers were just one aspect of this multi-faceted study and thus, this study did not solely focus on customer-to-customer interactions and their impact on service outcomes.

Wu (2007; 2008), in his studies of packaged holidays, identified a number of positive “protocol and sociability incidents” (p. 1509) that had a positive influence on customer satisfaction. The two studies of multi-day package holidays used surveys among the same set of 256 customers from five different travel agencies in Taipei who had recently returned from an international trip (Wu, 2008; Wu, 2007). The surveys used 21 items to measure customer-to-customer interaction, one item each to measure customer satisfaction, customer loyalty, and customer role typology (Wu, 2008; Wu, 2007). Wu (2007; 2008) found a positive relationship between “protocol and sociability incidents” of other customers and overall customer satisfaction and a negative relationship between “malcontent incidents” of other customers and overall customer satisfaction (Wu, 2008, p. 1509). Protocol and sociability incidents included behaviours such as “congratulation for making a good selection, conversation with me, shaking my hand, being more interested in socializing, holding the door open for me” (Wu, 2008, p. 1507) and were consistent with the behaviours listed in Martin’s (1996) study. Malcontent incidents included behaviours such as “being upset after receiving poor service, complaining about the service, not being ready to order (when I am)” (Wu, 2008, p. 1507). The Wu (2008) study examined four role typologies and found that the proactive help provider
role (Parker & Ward, 2000) was the most positive in moderating the relationship between protocol and sociability incidents and overall customer satisfaction.

While the available number of studies is limited, it does seem that when customers were part of a group, and thus had greater opportunity to interact, this had a positive impact on satisfaction.

Online customer-to-customer interactions and e-word-of-mouth

E-word-of-mouth, also known as online customer-to-customer interactions, has been identified by Nicholls (2010) as an area for further exploration. Online customer-to-customer interactions are a phenomenon that increasingly is being recognized as important to business performance (Libai et al., 2010). They are particularly important in services as compared to goods due to the intangibility of services and their simultaneous production and consumption (Zeithaml et al., 2013). Because services cannot really be examined in advance of the purchase decision, there is much more reliance on the experience of other customers to determine quality and performance before purchase.

Recommendations from other consumers are more influential than information provided by the marketer (Sparks & Browning, 2011). A study by The Nielsen Company (2013) among over 29,000 consumers in 58 countries found that 84 percent of respondents reported that word-of-mouth recommendations from friends and family were the most influential form of advertising. In the tourism literature, behavioural intentions such as
intention to recommend are a key concept and an important area of research (Baker & Crompton, 2000; Hosany & Witham, 2009). Research on behavioural intentions goes back to Fishbein & Ajzen's (1975) work on the theory of reasoned action.

Motivations for online customer-to-customer interactions

The motivation for consumers to contribute online customer-to-customer interactions includes social benefits, concern for others, extraversion/self-enhancement, as well as economic benefits (Dolnicar, 2002; Hennig-Thurau et al., 2004). Online customer-to-customer interaction enables a participatory culture that allows ordinary citizens to express themselves and disseminate their creativity (Daugherty, Eastin, & Bright, 2008). Research on online customer-to-customer interaction in the travel sector has been primarily focused on online hotel reviews and has found that consumer-generated online reviews were the most influential for decisions on accommodation compared to other travel decisions (Gretzel & Yoo, 2008). Eighty-four percent of potential hotel visitors who consult online review sites were affected by these reviews (Vermeulen & Seegers, 2009).

Consumers read online reviews to reduce purchase uncertainty (Mudambi & Schuff, 2010). With travel, consumers are making decisions involving fairly large amounts of money, where the wrong decision could have a significant negative impact on personal finances as well as precious vacation time. Hundreds of millions of potential hotel visitors consult online review sites
(Vermeulen & Seegers, 2009). The consumers who write the online hotel reviews are mostly motivated by a concern for other potential visitors, helping a business, and the need for extraversion and positive self-enhancement (Hennig-Thurau et al., 2004). Receiving rewards for postings is not an important motivation for those writing online hotel reviews, nor is venting negative feelings (Gretzel & Yoo, 2008). Consumers write online reviews because of intrinsic motivation or out of sheer interest (Burroughs & Mick, 2004).

Importance of online customer-to-customer interactions

With online reviews, consumers have the opportunity to control information about products and services, and can frame this information according to their own experiences rather than the sales-focused prose of the marketer. Other consumers value the work of these review writers, as the recommendations of other consumers have been found to influence product choice more than reviews from experts (Sparks and Browning, 2011). While consumer-generated reviews are considered more reliable and more likely to provide up-to-date information, fellow consumers also recognize they may not provide the detailed information that may be most relevant to them (Gretzel and Yoo, 2008).

There are differing points of view on the importance of positive and negative consumer-generated reviews. Miao, Kuo, & Lee (2011) argue that negative online reviews are more powerful than positive online reviews in influencing hotel bookings. Mudambi and Schiff (2010) suggest that moderate reviews are more helpful
than extremely positive or extremely negative ones. Sparks and Browning (2011) and Vermeulen and Seegers (2009) suggest that positive reviews have a larger impact on consumer behaviour than negative reviews.

Online reviews are important to prospective customers, as a study by Expedia showed that a one point increase in a review score equates to a nine percent increase in average daily rate (May, 2012).

1.3.3 Past research on customer-to-customer interactions in service encounters

The following two tables summarize key research on customer-to-customer interactions in service encounters, with Table 2 summarizing onsite customer-to-customer interactions and Table 3 summarizing online customer-to-customer interactions. Specifically, Table 2 summarizes a selection of key past research on onsite customer-to-customer interactions, with a focus on customer-to-customer interactions in group service encounters. The table identifies the context (the service setting), type of customer-to-customer interaction (direct, indirect, and group), and aspects of customer-to-customer interactions that were studied.
Table 2  Key research on onsite customer-to-customer interactions

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title</th>
<th>Context</th>
<th>Type of C2C interaction (indirect, direct, group)</th>
<th>Aspect(s) of C2C interactions studied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Langeard et al. (1981)</td>
<td>Services marketing: new insights from consumers and managers</td>
<td>Service setting</td>
<td>Indirect and direct</td>
<td>Servuction system model, when other customers are present in the service setting</td>
</tr>
<tr>
<td>Martin &amp; Pranter (1989)</td>
<td>Compatibility management: customer-to-customer relationships in service environments</td>
<td>Service settings</td>
<td>Indirect and direct</td>
<td>Appropriate behavior of customers when they share the service environment to prevent incompatibility between customers</td>
</tr>
<tr>
<td>Arnould &amp; Price (1993)</td>
<td>River magic: extraordinary experience and the extended service encounter</td>
<td>River rafting trips</td>
<td>Group</td>
<td>Verbal, physical, and cooperative interactions during extended group service encounters</td>
</tr>
<tr>
<td>Grove &amp; Fisk (1997)</td>
<td>The impact of other customers on service experiences: a critical incident examination of “getting along”</td>
<td>Tourist attractions</td>
<td>Indirect and direct</td>
<td>Impact of oral and physical interactions with other customers who are sharing the service setting</td>
</tr>
<tr>
<td>Tombs &amp; McColl-Kennedy (2003)</td>
<td>Social-servicscape conceptual model</td>
<td>Social – service scapes</td>
<td>Indirect and direct</td>
<td>Mere presence of other customers in the servicescape</td>
</tr>
<tr>
<td>Wu (2007)</td>
<td>The impact of customer-to-customer interaction and customer homogeneity on customer satisfaction in tourism service—the service encounter perspective</td>
<td>Package holiday tour</td>
<td>Group</td>
<td>Verbal and physical C2C interactions in extended service encounters</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Context</td>
<td>Type of C2C interaction</td>
<td>Aspect(s) of C2C interactions studied</td>
</tr>
<tr>
<td>--------------------</td>
<td>------------------------------------------------------------------------</td>
<td>----------------------------------------------</td>
<td>--------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Wu (2008)</td>
<td>The influence of customer-to-customer interactions and role typology on customer reaction</td>
<td>Package holiday tour</td>
<td>Group</td>
<td>Direct and indirect, verbal and physical interactions in extended service encounters</td>
</tr>
<tr>
<td>Finsterwalder &amp; Tuzovic (2010)</td>
<td>Quality in group service encounters: a theoretical exploration of the concept of a simultaneous multi-customer co-creation process</td>
<td>Service settings</td>
<td>Group</td>
<td>Planned co-creation efforts and group dynamics of customers in group services</td>
</tr>
<tr>
<td>Nicholls (2010)</td>
<td>New directions for customer-to-customer interaction research</td>
<td>General</td>
<td>All</td>
<td>Interactions between customers in physical service settings</td>
</tr>
<tr>
<td>Finsterwalder &amp; Kuppelwieser (2011)</td>
<td>Co-creation by engaging beyond oneself: the influence of task contribution on perceived customer-to-customer social interaction during a group service encounter</td>
<td>Rafting and indoor soccer groups</td>
<td>Group</td>
<td>Planned co-creation efforts of customers and social dynamics in group services, with a focus on individual perceptions of other customers</td>
</tr>
<tr>
<td>Tumbat (2011)</td>
<td>Co-constructing the service experience: exploring the role of customer emotion management</td>
<td>Commercial climbing expedition</td>
<td>Group</td>
<td>Verbal, physical, and emotional interactions in an extended group service encounter</td>
</tr>
<tr>
<td>Du et al. (2014)</td>
<td>Group emotional contagion and complaint intentions in group service failure: the role of group size and group familiarity</td>
<td>Tourism and hospitality services</td>
<td>Group</td>
<td>Interactions among customers in groups, focusing on group emotional contagion</td>
</tr>
</tbody>
</table>
Table 3 summarizes key past research on online customer-to-customer interactions. The table identifies the context (the service setting) and aspects of customer-to-customer interactions that were studied.

Table 3  Key research on online customer-to-customer interactions

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title</th>
<th>Context</th>
<th>Aspect(s) of C2C interactions studied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daugherty et al. (2008)</td>
<td>Exploring consumer motivations for creating user-generated content</td>
<td>All types of user-generated content</td>
<td>Attitudes and motivations toward consumption and creation of user-generated content</td>
</tr>
<tr>
<td>Gretzel &amp; Yoo (2008)</td>
<td>Use and impact of online travel reviews</td>
<td>TripAdvisor reviews</td>
<td>Use of TripAdvisor reviews in trip planning</td>
</tr>
<tr>
<td>O'Connor (2008)</td>
<td>User-generated content and travel: a case study on TripAdvisor.com</td>
<td>Hotels</td>
<td>Implications of online reviews for hotel businesses</td>
</tr>
<tr>
<td>Vermeulen &amp; Seegers (2009)</td>
<td>Tried and tested: the impact of online hotel reviews on consumer consideration</td>
<td>Hotels</td>
<td>Impact of online hotel review content on consumer decision making</td>
</tr>
<tr>
<td>Libai et al. (2010)</td>
<td>Customer-to-customer interactions: broadening the scope of word of mouth research</td>
<td>Online and offsite</td>
<td>Transfer of information from one customer (or a group of customers) to another customer (or group of customers) in a way that has the potential to change their preferences, actual purchase behavior, or the way they further interact with others</td>
</tr>
<tr>
<td>Sparks &amp; Browning (2011)</td>
<td>The impact of online reviews on hotel booking intentions and perception of trust</td>
<td>Hotels</td>
<td>Impact of content of online reviews</td>
</tr>
</tbody>
</table>
1.4 Development of research questions

The starting point for the research questions in this thesis was observations about customer-to-customer roles and impacts within the context of service encounters. More specifically, I observed that, during service encounters, when customers consume with each other in a group, each customer can have an impact on the other customers and on the group service encounter. Further, each of these customers can then interact with other potential customers post service encounter to comment on the service experience through online reviews. The former can be termed as onsite customer-to-customer interaction that occurs during the service encounter and the latter as online customer-to-customer interaction that occurs post service encounter.

These observations are exemplified with the opening TripAdvisor review. Some customers expect to have interaction with other customers during a group activity such as the food tour example. When this expected interaction does not occur, these customers are dissatisfied. This dissatisfaction in turn can be communicated post service delivery through an online review.

Gaps identified by other researchers

Starting from the personal observations, the process of developing the research questions for this thesis built on the work of other researchers who have explored customer-to-customer interactions during service encounters and their recommended areas for future
research. Martin & Pranter’s (1989) paper on customer compatibility was the first to be published in an international journal that comprehensively explored other customers in service encounters. They recognized the lack of research on interactions between customers and suggested that, for many services, customer satisfaction or dissatisfaction can be influenced by other customers.

Two decades later, Nicholls (2010) undertook an extensive search of the customer-to-customer interaction literature and consultations with experts in customer-to-customer interaction and related management fields to propose directions for future research on this topic. He developed a research agenda with ten focus areas, as shown in Table 4. This thesis explores focus areas 2 and 8 and specifically uses the context of group service interactions (focus area 2) and online hotel reviews (focus area 8).
<table>
<thead>
<tr>
<th>No.</th>
<th>New directions for future research</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The frontline employee perspective to dealing with negative and fostering positive customer-to-customer interactions</td>
</tr>
<tr>
<td>2</td>
<td>Customer-to-customer driven services where customer-to-customer interaction is one of the main sources of value creation (i.e. customer-to-customer interaction-intensive services)</td>
</tr>
<tr>
<td>3</td>
<td>The service recovery role of other customers, where a service failure is recovered by another customer</td>
</tr>
<tr>
<td>4</td>
<td>A global approach to customer-to-customer interactions, particularly outside Europe and North America</td>
</tr>
<tr>
<td>5</td>
<td>Inter-cultural customer-to-customer interactions in settings where a range of different cultures meet</td>
</tr>
<tr>
<td>6</td>
<td>The ‘non-customer’, including those posing as customers who disrupt the customer’s receipt of services</td>
</tr>
<tr>
<td>7</td>
<td>Self-service technology and customer-to-customer interactions in which interaction shifts away from employee-to-customer and toward customer-to-customer</td>
</tr>
<tr>
<td>8</td>
<td>Electronic customer-to-customer interactions including e-word-of-mouth and interactions between two or more customers of an e-service such as e-learning</td>
</tr>
<tr>
<td>9</td>
<td>Customer-to-customer interactions in rural service settings in which customers are less likely to be anonymous</td>
</tr>
<tr>
<td>10</td>
<td>Specialist contributions to customer-to-customer interactions, from architects to ergonomists who may not typically consider customer-to-customer interactions during the design of products for use in service settings</td>
</tr>
</tbody>
</table>

Wu (2008) finds that ‘protocol and sociability incidents’ of customer-to-customer interactions during the service encounter positively impacts customer satisfaction within the context of foreign travel. He suggests exploring the phenomena in different service
contexts. He also suggests additional qualitative and quantitative research into the roles adopted and the types of scripts used such that the appropriate customer-to-customer interaction can be adopted in particular service settings.

Walter et al. (2010) find that one of the frequent drivers of positive customer experiences in restaurants was social interaction with service employees and customers during the service encounter. They recommend future research to explore and deepen the understanding of the nature of the drivers identified and their interdependency.

Finsterwalder & Kuppelwieser (2011) call for research that analyzes group service encounters from the group level and intra-group processes and relationships on a social and task-oriented level.

It is clear from section 1.3 that most of the research on customer-to-customer interactions during the service encounter has been focused on non-group environments in which customer-to-customer interactions are indirect, short, superficial, or incidental. Very little research has focused on group environments in which customer-to-customer interaction is expected and is an integral part of the service being provided. It is also clear that the link between the periods during and post service encounter has not been fully explored.
Dissertation framework and plan for the papers

Based upon the research gaps identified by other researchers, it is evident that there are many potential avenues for further research on how customers impact each other in service encounters. The choice was made to focus this thesis on customer-to-customer interaction-intensive services and online customer-to-customer interaction. The combination of these areas of focus is linked through intention to recommend, in which customer-to-customer interaction during the service encounter impacts intention to recommend, resulting in online customer-to-customer interaction.

Therefore, the research problem was formulated as follows:

Research problem: Customer-to-customer roles and impacts in service encounters

This research problem can be divided into two sub-areas:
1. Customer interactions during group service encounters. This sub-area is investigated in papers 1, 2, and 3.
2. Customer perceptions post service encounters. This sub-area is investigated in papers 3 and 4. (Paper 3 addresses both sub-areas.)

Figure 1 illustrates the dissertation framework and plan for the papers. This thesis focuses on the stages during the service encounter and post service encounter, as customer-to-customer interaction are important influences during these stages.
Figure 1 shows that two papers (1 and 2) explore the thesis topic during the service encounter, one paper (3) explores it during and post service encounter, and one paper (4) explores it post service encounter. **Paper 1** explores the firm’s perspective on managing customer-to-customer interactions in group service encounters (during) and addresses research question 1. **Paper 2** addresses the impact of customer-to-customer interactions on the design and delivery of group service encounters (during) and addresses research question 2. **Paper 3** investigates the customer’s assessment of the impact of positive and negative customer-to-customer interactions (during) on group service encounter outcomes (post) and addresses research question 3. **Paper 4** explores how customers produce online reviews of hotel service encounter experiences (post) and addresses research question 4.
Figure 1 Dissertation framework and plan for the papers

Research problem: Customer-to-customer roles and impacts in service encounters

Sub area 1: Customer interactions during group service encounters

Paper 1: Exploratory research on how firms view and manage customer-to-customer interactions in group service encounters

Addresses RQ1 During service encounter

Paper 2: Customer-to-customer interactions: impact on the design and delivery of group service encounters

Addresses RQ2 During service encounter

Paper 3: Impact of positive and negative customer-to-customer interactions on group service encounter outcomes

Addresses RQ3 During and post service encounter

Sub area 2: Customer perceptions post service encounters

Paper 4: Exploratory research on how customers produce reviews of hotel service encounter experiences

Addresses RQ4 Post service encounter
Formulation of research question RQ1

Research on customer-to-customer interactions during the service encounter has largely examined non-group settings and from the customer point of view rather than from the firm point of view (see section 1.3.3). As a first piece of exploratory research, it is important to understand customer-to-customer interactions from the firm point of view. Consequently, research question 1 was formulated as follows:

RQ1: How do service firms view and manage customer-to-customer interactions in group service encounters?

A group setting was chosen because these types of services tend to be customer-to-customer interaction-intensive and thus, firms that offer these types of services would be expected to have experience with managing customer-to-customer interactions. This research question addresses one of the proposed new directions for future research (no. 2) identified by Nicholls (2010) in Table 3. While studies have examined methods of reducing negative customer-to-customer interaction through segmenting customers, the role of the employee, and the role of the customer (Nicholls, 2010), little research has been undertaken to understand the view of service firms and their management of positive and negative customer-to-customer interactions.

In addition to developing a greater understanding of customer-to-customer interactions from the firm point of
view, the results of the research conducted to answer research question 1 also helped to determine the focus area of follow up papers.

**Formulation of research question RQ2**

Previous research on customer-to-customer interactions during the service encounter highlights the importance of them, particularly in group settings, but there is little theoretical or empirical research on how they impact the design and delivery of group service encounters. Arnould & Price (1993) examined one type of group service encounter: river rafting trips. Wu (2007; 2008) studied package holiday trips. Finsterwalder & Kuppelwieser (2011) focused on one type of group service encounter in which customer groups undertook a task. Tumbat’s (2011) research examined mountain climbing expeditions. Du et al. (2014) studied group service failure. None of these studies tackled the differences in group service encounters, as each examined only one type. In response, research question 2 examines how customer-to-customer interactions can and should vary in group service encounters and is formulated as follows:

*RQ2: How do customer cohort climates vary and what are the implications for the design of group service encounters?*

There are two parts to RQ2. The first part develops a typology of the climate that is created with a particular cohort of customers in a group service encounter that is descriptive and explanatory. The second part develops a
predictive framework for the design of group service encounters.

**Formulation of research question RQ3**

From research questions 1 and 2, we develop a better understanding of the role of customer-to-customer interactions. Drawing from the findings of these research questions, research question 3 seeks to determine, through quantitative research of one type of group service encounter, the influence of positive and negative customer-to-customer interactions on service outcomes.

In the literature review, only two studies were found that examined the three variables of (i) positive customer-to-customer interactions, (ii) negative customer-to-customer interactions, and (iii) customer satisfaction (Wu, 2008; Wu, 2007). Other studies in the context of group service encounters examined only two of the three variables: positive customer-to-customer interactions and customer satisfaction (Arnould & Price, 1993), positive and negative customer-to-customer interactions (Finsterwalder & Kuppelwieser, 2011; Tumbat, 2011), and negative customer-to-customer interactions and customer dissatisfaction (Du et al., 2014). In fact, even in the context of singular service encounters where there is more literature, very few of these studies examined all three variables. They include Grove & Fisk (1997), Martin & Pranter (1989), and Martin (1996). Other studies with a focus on customer-to-customer interactions in singular service encounters examined only two of the three variables (Baron et al., 1996; Baron et al., 2007; Harris et al., 1995; Harris et al.,
1997; Huang & Hsu, 2010; McGrath & Otnes, 1995; Moore et al., 2005; Parker & Ward, 2000; Vom Lehn, 2006). To address this gap, research question 3 is formulated as follows:

**RQ3:** What is the role and impact of positive and negative customer-to-customer interactions on service outcomes in group service encounters?

Research question 3 also links to research question 4 because the service outcomes under investigation include intention to recommend. Of course, research question 4 explores the content of online customer-to-customer interactions, which is the next step after intention to recommend.

**Formulation of research question RQ4**

Online customer-to-customer interaction or e-word-of-mouth is particularly important in services, as their very nature does not allow customers to examine them prior to purchase (Zeithaml et al., 2013). Because recommendations from other customers are so influential (Sparks & Browning, 2011), consulting online reviews have become common practice among potential hotel visitors (Vermeulen & Seegers, 2009). Due to the volume and availability, another way to research service encounters is using the content of online customer-to-customer interactions to better understand what is communicated about service encounters. Research question 4 is formulated as follows:
**RQ4:** What content do customers post in online reviews about hotel service encounter experiences?

**Sub questions**

What is important among those staying at luxury hotel chains vs. those staying at moderate hotel chains?

What are the commonalities and differences in the reviews among the most satisfied customers and least satisfied customers?

The overall RQ4 and the sub questions are exploratory in nature. The overall RQ4 recognizes that what is being communicated through online reviews is not a representative sample of the hotel guests staying at each hotel. Rather, particular aspects of the hotel stay are compelling enough for the guest to spend the time to write and post an online review. The sub questions explore what is being communicated about different segments of hotels and compare the reviews among the most satisfied and least satisfied hotel guests.
1.5 Methodology

1.5.1 Research approach

A mixed methods approach was chosen for this thesis because it offers greater flexibility and a pragmatic solution to answer important research questions: “choose the combination or mixture of methods and procedures that works best for answering your research questions” (Johnson & Onwuegbuzie, 2004, p. 17). The research problem is complex and the four research questions posed in this thesis require different methods.

Three research approaches are available to social scientists: quantitative, qualitative, and mixed methods (Creswell, 2013). Quantitative research has been used in the social sciences for many decades and involves hypothesis testing, gathering of numerical data, using structured measures, and statistical analysis. Quantitative research is often used when there are well-defined research problems or theoretical models and is based on deductive reasoning (starting with theory and hypotheses before collection or analysis of data) (Hair, Wolfinbarger Celsi, Money, Samouel, & Page, 2011).

Qualitative research in the social sciences has emerged primarily in the last three or four decades (Creswell, 2013), is usually gathered in narrative form and describes human behaviour or business phenomena (Hair et al., 2011). Qualitative research is discovery-oriented, used to generate ideas and theories, and is based on inductive reasoning (identifying themes and patterns to reach conclusions and build theories) (Hair et al., 2011).
Mixed methods research is relatively new, is still developing, and according to several researchers including Creswell (2013) and Johnson & Onwuegbuzie (2004), has come of age. Mixed methods research refers to using multiple approaches to data collection in a study, including qualitative and quantitative approaches because both are important and useful (Johnson & Onwuegbuzie, 2004). While recognizing that all methods have limitations, researchers believe that mixed methods research draws from the strengths and minimizes the weaknesses of quantitative and qualitative approaches (Johnson & Onwuegbuzie, 2004), such that the biases that are inherent in any single method could neutralize or cancel the biases of other methods (Creswell, 2013). Mixed methods research allows for triangulating data sources and for seeking convergence across qualitative and quantitative methods (Creswell, 2013). The constraints of mixed methods research relate to (i) a greater demand for resources, as it typically takes more time to complete and (ii) a greater skill level of researchers because of the need to be familiar with both quantitative and qualitative research methods (Creswell, 2013).
1.5.2 Research design

Selecting the mixed methods approach, this thesis uses both exploratory and causal research. Customer-to-customer interactions, while not a new subject, have not been adequately researched and knowledge on this phenomenon has been largely limited to customer-to-customer interactions in non-group settings. While other researchers (Finsterwalder & Tuzovic, 2010) highlight the importance of facilitating positive customer-to-customer interactions, there is little theoretical or empirical research on how to do this. Consequently, most of the research conducted for this thesis was exploratory (papers 1, 2, and 4), with the objective to discover themes on the role of customer-to-customer interactions in service encounters and the content of online customer-to-customer interactions about service encounters. Paper 3 used a causal research design, an experiment, as it determined the effect of customer-to-customer interactions on service outcomes.

Malhotra (2007) identifies three basic research designs: exploratory, descriptive, and causal (descriptive and causal research is classified as conclusive research design). Exploratory research is used to “explore or search through a problem or situation to provide insights and understanding” (Malhotra, 2007, p. 80). Descriptive research is used to describe market characteristics or functions such a developing a profile or perceptions of product characteristics and is typically based on large representative samples (Malhotra, 2007). Causal research is used to determine cause and effect
relationships and the main method used is experimentation (Malhotra, 2007).

### 1.5.3 Research strategy

Since there is little theoretical or empirical research on how to facilitate positive customer-to-customer interactions, there is no precedent regarding the preferred methodology. In this absence, the advice of Hurmerinta-Peltomäki & Nummela (2006) is to select a research methodology that is appropriate for the research question. To this end, the research question for each paper was investigated with the appropriate, but different methodology. As shown in Table 5, the research undertaken in this thesis comprised three qualitative methodologies (papers 1, 2, and 4) and one quantitative methodology (paper 3).

**Table 5 Methodologies used in this study**

<table>
<thead>
<tr>
<th>Paper</th>
<th>Subject</th>
<th>Methodology</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How managers view and manage customer-to-customer interactions in group service encounters</td>
<td>Semi-structured interviews</td>
<td>Qualitative</td>
</tr>
<tr>
<td>2</td>
<td>Impact of customer-to-customer interactions on the design and delivery of group service encounters</td>
<td>Conceptual paper using case studies for illustration</td>
<td>Qualitative</td>
</tr>
<tr>
<td>3</td>
<td>Impact of positive and negative customer-to-customer interactions on group service encounter outcomes</td>
<td>Video experiment and online survey</td>
<td>Quantitative</td>
</tr>
<tr>
<td>4</td>
<td>How customers produce reviews of hotel service encounter experiences</td>
<td>Content analysis</td>
<td>Qualitative</td>
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</table>
While the papers are discussed in 1.6 in more detail, a summary is described below.

The purpose of paper 1 is to determine how customer-to-customer interactions during the service encounter are viewed by the service firms that design and deliver services in which customer-to-customer interactions occur. As paper 1 is an exploratory paper, an inductive approach is appropriate. To this end, 16 semi-structured interviews were conducted among managers in service firms that were considered leaders in their field. The interview topics included the importance of interaction, the role of the firm in encouraging or discouraging interaction, and whether interaction played a role in customer satisfaction.

Paper 2 develops a typology of customer cohort climates and provides illustrations and implications of how different customer cohort climates can be used during the service encounter to help achieve customer satisfaction. This is a conceptual paper and used four case studies for illustration purposes. For each case, I was a participant-observer and collected specified observations, including when and how customer-to-customer interactions occurred.

The purpose of paper 3 is to determine whether positive and/or negative customer-to-customer interactions impact satisfaction and intention to recommend, two important service outcomes. This paper uses a video experiment in which 281 subjects viewed one of three videos. They then answered questions through an online survey using a number of items for customer satisfaction and one item for intention to
recommend. In this methodology, subjects experienced a service encounter through viewing a video of a service encounter and then evaluated the service encounter immediately after the viewing. A video experiment was chosen because it controlled environmental and situational factors yet allowed for the use of an actual service setting to realistically portray a service encounter. Experiments provide researchers with a level of control that is difficult to achieve in field studies and video experiments have been found to allow for a more realistic portrayal of a service scenario than other data collection methods (Bateson & Hui, 1992).

Paper 4 examines the period post service encounter and what is shared by customers about service encounters in online customer-to-customer interactions. This paper uses a content analysis of 7,439 online hotel reviews posted on TripAdvisor. A year of English-language online reviews for 17 hotel chains was collected, with three hotels selected for each hotel chain across three different continents. The content was collected manually into Word documents, cleaned of extraneous content such as the names of reviewers, and the analysis was conducted using the Leximancer software tool. The analysis separated satisfied from dissatisfied reviews and luxury from moderate hotel chains.
1.5.4 Quality criteria

Reliability

A measurement instrument is considered reliable if repeated application leads to consistent scores and if the scores are independent of the researcher, the situation, and the point in time (Hair et al., 2011). In quantitative research, reliability is tested through test-retest (repeated measurement of the same respondent or group of respondents using the same measurement device and under similar conditions) and internal consistency (through split-half and coefficient alpha) (Hair et al., 2011). In qualitative research, reliability is more difficult to control or measure than in quantitative research and is the degree of consistency assigned to patterns or themes by different researchers or consistency by the same researcher assigned to similar interpretations at different times (Hair et al., 2011).

A number of measures was undertaken to reduce researcher bias for the four studies that were conducted. The semi-structured interviews for paper 1 were conducted independently with two researchers, each one conducting eight interviews each to reduce bias. Further, the identified themes were reviewed and agreed to by two researchers.

The case studies for paper 2 were developed using classic case study protocols and used a case study database, two methods of reducing researcher bias (Yin, 2014).
The online survey for paper 3 used a straightforward independent sample t-test which is a simple mathematical formula that does not require researcher interpretation and thus is not subject to researcher bias. Several questions in the online survey that measured subject attention were included to ensure reliability of the resulting data. For example, two questions verified if subjects watched the video attentively and two additional questions asked them to select a particular answer to verify that they filled in the survey accurately.

The content analysis for paper 4 was conducted following recommendations by Hair et al. (2011) in which the words and themes are analyzed systematically. The Leximancer software tool was selected because it removes researcher bias (Penn-Edwards, 2010).

Validity

Validity is the extent to which a measurement instrument measures what it is supposed to measure (Hair et al., 2011).

For qualitative research, credibility is the analogue to the quantitative concept of validity (Hair et al., 2011). The most important method of achieving credibility in qualitative research is through triangulation: researcher, data, method, and theory triangulation (Hair et al., 2011). The semi-structured interviews used in paper 1 used researcher and data triangulation. For researcher triangulation, two researchers, each in different continents collected and analyzed the data. For data triangulation, the respondents were from two different
continents and they were asked similar questions in different ways during the interviews.

For case study research, Yin (2014) identifies three levels of validity: (i) construct validity, relating to identifying the correct operational measures for the concepts under study (ii) internal validity, relating to causal relationships and (iii) external validity, relating to defining the domain to which the study’s findings can be generalized. For paper 2, the case studies were used to illustrate theory rather than being explanatory or causal studies, so construct and internal validity do not apply. For external validity, the case studies were consistent with the developed theory, as suggested by Yin (2014).

The online survey used in paper 3 drew conclusions based on simple t-tests of individual items and therefore validity is not a primary concern. The subjects answered individual questions that were then reported in the findings without any evaluation of their motivations.

For content analysis, Krippendorff (2012) identifies different levels of validity: (i) face validity, whether the research findings ‘make sense’ or whether they are plausible, (ii) empirical validity, the degree to which the findings are supported by existing theory and past evidence, and (iii) social validity, whether the findings contribute to public debate and address important social issues. In paper 4, the findings from the content analysis were consistent with previous research on hotel stays that used other methods such as surveys, suggesting that the analysis has a high level of empirical validity.
Generalizability

With the lack of theoretical or empirical research about the role of positive customer-to-customer interactions, the research designs for this thesis are predominantly qualitative, which is appropriate when the possible outcome of the research is unknown (Malhotra, 2007). Because three of the methodologies are qualitative, this brings into question whether the findings of these studies can be used to make inferences about the role of customer-to-customer interactions in the services sector.

Generalizability in qualitative research has been described as empirical and theoretical generalization (Ritchie & Lewis, 2010). Empirical generalization concerns the application of the findings to populations or settings beyond the sample of the study (Ritchie & Lewis, 2010). Theoretical generalization involves the generation of theoretical concepts that are of wider or universal application (Ritchie & Lewis, 2010).

Concerns for generalizability can be raised about the semi-structured interviews in paper 1 and the case studies in paper 2 due to the small samples used. However, this concern for generalizability was partially negated by paper 3 that corroborated some of the findings in papers 1 and 2. The content analysis in paper 4 was conducted within the context of online hotel reviews and the findings were consistent with other research studies using quantitative methods in the context of hotel stays, so it can be argued that the findings can be generalized to the hotel sector.
1.6 Structure of individual papers

This section provides an overview of the four papers that addresses the research questions that were proposed and justified in the previous sections.

The four papers of this thesis explore customer-to-customer roles and impacts in the context of service encounters. Paper 1 is an exploratory paper and examines customer-to-customer interaction from the firm perspective using semi-structured interviews of managers. Paper 2 develops a conceptual model of customer cohort climate types that are created in group service encounters. The conceptual model is illustrated by case study examples. Paper 3 draws on the findings from the other papers and uses an experimental design to determine the impact of positive and negative customer-to-customer interactions in group service encounters on satisfaction and intention to recommend. Paper 4 is an exploratory paper and examines the content of online customer-to-customer interaction, as online reviews are both an important service outcome and a source of marketing communications used by potential customers.

The research problem of this thesis is formulated as follows:

*Research problem: Customer-to-customer roles and impacts in service encounters*
Research questions 1 to 4 are formulated as follows:

**RQ1:** How do service firms view and manage customer-to-customer interactions in group service encounters?

**RQ2:** How do customer cohort climates vary and what are the implications for the design of group service encounters?

**RQ3:** What is the role and impact of positive and negative customer-to-customer interactions on service outcomes in group service encounters?

**RQ4:** What content do customers post in online reviews about hotel service encounter experiences?

**Sub questions**

What is important among those staying at luxury hotel chains vs. those staying at moderate hotel chains?

What are the commonalities and differences in the reviews among the most satisfied customers and least satisfied customers?
1.6.1 Paper 1: Toward an understanding of customer-to-customer interactions in group service encounters


The purpose of this paper is to answer research question 1, as follows:

*RQ1: How do service firms view and manage customer-to-customer interactions in group service encounters?*

Paper 1 seeks to determine how customer-to-customer interactions are viewed by the service firms that manage group service encounters. Little research has been undertaken to date to understand how firms view and deal with interactions between customers during group service encounters.

Methodology: semi-structured interviews

Due to the exploratory nature of the research, an inductive approach was chosen in which the interviews were used to make observations that then allowed the researchers to look for themes and patterns (Hair, Money, Samouel, & Page, 2007) in how firms manage customer-to-customer interactions in group service encounters. Semi-structured interviews were chosen, using open-ended questions that covered the desired topics but at the same time allowed the interviewer the
freedom to probe and explore a subject in greater depth if desired (Malhotra, 2007).

One-on-one interviews were chosen over other qualitative methods such as focus groups because the respondents were managers, the topics being discussed could be considered confidential or considered to be competitive issues that respondents may not wish to reveal in a group setting, and allowed for a detailed understanding of complicated behaviour (Malhotra, 2007).

Sampling

The respondent selection focused on firms in hospitality and tourism, which we broadly define as firms that provide services that are undertaken for enjoyment purposes, including hospitality, leisure, recreation, and tourism, offered to residents and/or tourists. This sector was chosen for a number of reasons. First, hospitality and tourism are examples of pure services where no tangible object is exchanged and where the service component is the major element of the total offering; consequently, there is a high degree and high importance of person-to-person interactions (Solomon et al., 1985). Second, it is one of the few sectors that often organize customers in groups for service encounters and where interactions between customers are common. Finally, it offers services where the amount of customer-to-customer interaction can vary widely, allowing this research to examine a breadth of approaches.

The researchers identified firms that offered group service encounters that varied in duration (from 45
minutes to several days), number of participants (from 4 to 75), and type of activity (from tours to dinners to performing arts). The researchers sought firms that together, offered a range of group service encounters to provide the opportunity to fully explore the research question. Other criteria included: firms that had been in business for at least five years and were considered leaders in their field.

A purposive sample of firms was recruited. A few firms were recruited using the personal network of the researchers but most were recruited through cold calling or cold emailing. Each firm was contacted by telephone and/or email, and an interview was requested. The firms were based in/near Vancouver, Canada, as well as in/near Geneva, Switzerland (including some in neighbouring France), in accordance with the researchers’ locations. The decision to conduct the interviews in these two locations was made in an effort to reduce geographic limitations. A total of 16 interviews were conducted with firms in the hospitality and tourism sector: 8 in/near Vancouver and 8 in/near Geneva.

**Data collection**

The interviews were conducted from March to August 2015 with a representative of each firm who had a good understanding of the organization and who was closely involved with the group activities that the firm offered. In most cases this was a manager or owner. Most of the interviews were conducted in person at the firm’s location, with a few conducted by telephone for those firms that were located further away. Each interview was
conducted one-on-one and lasted from 20 to 90 minutes. There was no incentive given to recruit or reward those taking part, other than offering to provide a copy of the completed study.

A semi-structured interview guide was developed and questions ranged from general questions about each respondent’s business such as a description of the group services offered, background information about the firm, number of groups served, size of groups, age of the firm, size of the firm, description of a typical group service encounter, and description of their customers. Respondents were then asked specific questions about the amount of customer-to-customer interaction, how important they believed this interaction to be, to provide examples of positive and negative interactions, and whether the firm plays a role in determining how customer groups are composed. Next, they were asked whether they encourage customer-to-customer interaction, how important it is for the firm, and what they do, if anything, to encourage it. Finally, respondents were asked how they measure and track satisfaction and the positive and negative feedback they receive about the other customers. The interview data collection was sufficient to ensure saturation.

Data analysis

Almost all interviews were recorded. A few declined when permission was sought to record the interview and in these instances, detailed written notes were taken. Some of the interviews were conducted fully or partly in French and in those instances, a detailed English
translation was written. Two researchers reviewed the recordings and interview notes and agreed to the four common themes. A spreadsheet was created with a sheet for each theme and listed the questions related to that theme and the responses from each respondent. Two researchers then reviewed the responses and agreed to a revised version of the four common themes: customer-to-customer interaction during activities, the importance of interaction in customers’ satisfaction, the role of the firm in stimulating interaction, and dealing with deviating behaviour. Based on the revised four common themes, two researchers agreed to instances of different points of view for each theme (e.g. how different firms encourage or discourage customer-to-customer interaction).
1.6.2 Paper 2: Customer cohort climates: a conceptual model for group service encounters

**Citation:** Lee, L. W., McCarthy, I. P. & Ellis, D. (201x). Customer cohort climates: A conceptual model for group service encounters. *Service Business* (under review).

The purpose of this paper is to answer research question 2, as follows:

*RQ2: How do customer cohort climates vary and what are the implications for the design of group service encounters?*

This research question comprises two parts. The first part introduces the concept of customer cohort climates in a group service encounter and develops a typology of four types of customer cohort climates. The second part provides illustrations and implications for how the different customer cohort climates can be used to help achieve customer satisfaction.

**Methodology: case study**

After the typology of four types of customer cohort climates was conceptualized, using a deductive theory building process, four case studies were selected to illustrate (i) prototypical and common examples of group service encounters and (ii) each of the four types of customer cohort climate. Case study research is considered the preferred method when the main research question is a ‘how’ or ‘why’ question, when the researcher has little or no control over behavioural
events, and when the focus is on contemporary rather than entirely historical events (Yin, 2014).

For this paper, case study research was chosen over other research methods (e.g. experiment, survey, archival analysis, and history) for four reasons. First, the main research question is a ‘how’ question. Second, the researcher has little or no control over behavioural events (as the unit of analysis is a group service encounter within the context of a specific servicescape). Third, the focus is on contemporary events. Fourth, prior research on group service encounters has not fully explored how customers interact in different kinds of group service encounters other than Arnould & Price's (1993)’s river rafting trips.

Case selection

The research followed a deductive theory building process, where a general theoretical statement was first developed, followed by a theoretical framework of the customer cohort climate typology, its dimensions and impacts. Following established deductive theory building process, the development of these cases represent the ‘observation’ stage to help illustrate and verify the theory (Carlile & Christensen, 2004).

Prior to selecting the four group service encounters used in the case studies, I was a participant-observer in seven different examples of group service encounters and wrote detailed reflections of each one. They included a group fitness class, educational garden tour, historical walking tour, yoga class, bus tour, Pilates class, and group ski lesson. These reflections were analyzed using
the typology that was developed for this paper, with variations in whether the customer-to-customer interactions were initiated by the service employee or by the customer(s) and in whether the customer motivation was utilitarian or hedonic. Following these reflections, four case studies were selected deliberately to illustrate each of the four types of customer cohort climate. The case studies included a food walking tour, an improv theatre workshop, a wildlife viewing tour, and a group ski lesson. The criteria for the selection of each case included a service that spanned from two to eight hours (such that the services examined were similar in duration), during which the customers simultaneously consumed a group service encounter that was delivered by a service employee.

Data collection

Upon the selection of the four case studies, I collected data on each case. I was a participant-observer and the cases were developed using classic case study protocols (Yin, 2014). Each case was built using data shells that specified observations in the areas of: description and design of the group service encounter, what the selection process was for the composition of customer cohorts, a description of how many and characteristics of the other customers, the actions of the service employee, the qualifications of the service employee, the number of instances of service employee-initiated customer-to-customer interaction and when they occurred, the number of instances of customer-initiated customer-to-customer interaction and when they occurred, and the description of the overall climate or mood of the
customer cohort. Field notes were written on the same or next day and organized into the data shells. The field notes were supplemented with information from websites, materials provided by the service firms to their customers, and answers to emails to develop individual case reports.

Data analysis

From the individual case reports, summaries were created for each of the four case studies using a table format. Each case was formatted as a column in the table. The rows of the table included: overview of service experience, cohort composition, customers, service employee’s actions, service employee qualifications, service employee-initiated customer-to-customer interactions, customer-initiated customer-to-customer interactions, and customer cohort climate. The table format allowed for cross case conclusions and the content in the table was then used to illustrate specific points for each specific customer cohort climate.
1.6.3 Paper 3: Consuming ‘with’ others: The impact of customer-to-customer interactions in a group service encounter


The purpose of this paper is to answer research question 3, as follows:

RQ3: What is the role and impact of positive and negative customer-to-customer interactions on service outcomes in group service encounters?

The objective of paper 3 is to determine the impact of positive and negative customer-to-customer interactions on group service encounter outcomes: satisfaction and intention to recommend.

Methodology: video experiment

Video experiments are a widely accepted research approach that is used to examine different aspects of services (Dallimore, Sparks, & Butcher, 2007; Kellogg & Chase, 1995; Luong, 2005; Mattila, Grandey, & Fisk, 2003; McColl-Kennedy, Daus, & Sparks, 2003; Seawright & Sampson, 2007; Victorino, Verma, Bonner, & Wardell, 2012; Victorino, Verma, & Wardell, 2013). In this video experiment, the researchers created three different video scenarios, each one showing an encounter between a service firm and a group of one or more
customers. These videos were then used as part of an online survey in which subjects were asked to watch one of the scenarios and then answer questions about their opinions and attitudes concerning the video. By creating multiple videos, it is possible to vary a particular aspect of the service encounter that the researchers want to isolate, while controlling for other aspects of the encounter by keeping those identical across scenarios (Dallimore et al., 2007).

A video experiment was chosen over other quantitative methods for three reasons. First, an experimental design provided control of environmental and situational factors such as the service employee, service design, servicescape, and the appearance and behaviour of the customers. This meant that the researchers were able to isolate the independent variable, in this case the type of customer-to-customer interaction, and thus eliminate potential confounds (Szymanski & Henard, 2001), as the only difference between scenarios is the behaviour of particular customers. Second, video scenarios were considered to be more appropriate than written scenarios, as videos allowed for the capture of the intangible and non-verbal aspects of the group service encounter (i.e. the other customers and the overall experience) (Harris et al., 1995). Compared to written scenarios, videos are also less susceptible to error variance, such as subjects imagining details not provided in the scenario, and different interpretations of word meaning (Seawright & Sampson, 2007). Third, other researchers have found that video experiments produce similar psychological and behavioural responses as real service settings (Bateson & Hui, 1992) without requiring
the prohibitively high time and cost resources for physical simulations

Sampling

The study used a sample of 281 subjects recruited through Amazon Mechanical Turk (MTurk), a crowdsourcing platform where individuals complete simple computerized tasks for a small reward (Chandler, Mueller, & Paolacci, 2014; Ross, Zaldívar, Irani, & Tomlinson, 2009). MTurk is an online platform that allows researchers to recruit individuals to complete a variety of tasks, including surveys. This study chose MTurk subjects only from the USA who were at least 20 years old. This allowed the study to avoid any cross-cultural complications and provided the largest pool of potential respondents, since most MTurk users are USA-based. Subjects received compensation of $2 for a completed survey. The online survey was closed once 332 completed responses were received. Of the 332 completed surveys, 281 were usable, for a response rate of 84.6%.

Data collection

Each subject was randomly shown one of the three videos (positive, neutral, or negative), and was then asked to fill in an online survey as if he or she was one of the customers in the group activity. This survey contained questions to assess their perceived service outcomes.
This study took a number of measures to address the issues that other researchers identified with regard to data collection through MTurk. First, by only accepting responses from American MTurk users who were at least 20 years old, one could reduce the possibility that respondents would not be representative of the general adult American population (Ross et al., 2009). Second, to ensure that respondents watched the entire video and filled in the online survey attentively and accurately (Chandler et al., 2014; Paolacci, Chandler, & Ipeirotis, 2010), the following measures was undertaken: subjects could not skip the video; two questions were added to the survey to verify if they watched the video attentively; and two additional questions were inserted in the survey that asked them to select a particular answer to verify their attention to the survey questions.

MTurk has become a common data collection tool for research involving behavioural experiments in a wide variety of fields (Buhrmester, Kwang, & Gosling, 2011). While most researchers agree that, although the samples of respondents obtained through MTurk do not perfectly match characteristics of the USA population, they are not more deficient than other Internet-based survey methods and they are at least comparable to traditional mail surveys (Paolacci et al., 2010). The primary advantages of MTurk are that data collection is cheap, fast, and convenient (Chandler et al., 2014). Additionally, the platform allows for research subjects to be prescreened, for example based on location and demographics, while at the same time securing their anonymity (Paolacci et al., 2010).
Data analysis

The data were first analyzed to determine the distribution of responses across the three video scenarios. There were a total of 281 respondents, spread fairly evenly across scenarios A (positive), B (neutral) and C (negative); with 92, 96 and 93 subjects respectively. There were no significant differences among the respondents for each video scenario.

Manipulation questions were included to verify whether respondents could identify the nature of the customer-to-customer interactions in each scenario and the results showed that this was indeed the case. There was clearly a significant difference between the positive and neutral scenarios (p<0.05 for all questions), and between the negative and neutral scenarios (p<0.005 for all questions).

This experiment comprised a one factor between-subjects design and the independent variable of interest was type of customer-to-customer interactions: (i) positive, (ii) neutral – the control scenario, and (iii) negative. We chose two dependent variables to measure service outcomes. One dependent variable was customer satisfaction, as perceived by the video viewer, using a number of different items for customer satisfaction. The second dependent variable was intention to recommend, using a single item.

To determine whether there was a significant difference between the negative and neutral scenarios and between the positive and neutral scenarios, two separate one-tailed t-tests were performed.
1.6.4 Paper 4: Advice from creative consumers: a study of online hotel reviews


The purpose of this paper is to answer research question 4, as follows:

RQ4: What content do customers post in online reviews about hotel service encounter experiences?

The overall research question was further divided into more specific research questions: What is important among those staying at luxury hotel chains vs. those staying at moderate hotel chains? What are the commonalities and differences in the reviews among the most satisfied customers and least satisfied customers? The objective of paper 4 is to learn more about what is shared by customers in online customer-to-customer interaction. Because online reviews do not have a pre-defined format, customers can communicate what is presumably important to them or what they deem as important to other customers.

Methodology: content analysis

Content analysis was chosen to examine the research questions because the information to answer the research questions is readily available through online reviews. Content analysis is an appropriate method to use when the phenomenon being studied is
communication, as opposed to behaviour or physical objects (Malhotra, 2007). It has a number of benefits compared to other research methods, including (i) it offers researchers an unobtrusive way to study communication, (ii) it offers multiple units of analysis such as words, characters or images, themes, space and time measures, topics (Malhotra, 2007), and (iii) large amounts of data are freely available to researchers.

Sampling

TripAdvisor was chosen as the source for the customer-generated online hotel reviews because it is the world’s top online hotel review site, with over 75 million reviews and more than 60 million unique monthly visitors (Keen, 2008; May, 2012). The hotels included in this study were chosen from two lists:

- Top 10 Luxury Hotel Chains, compiled using lists from Conde Nast and Travel + Leisure (Morelock, 2012).

- Top 10 Hotel Chain Brands by Heardable (Samsel, 2012). This list is based on online performance and scores the brand health of hotel chains out of 1,000 possible points.

From these two lists, a total of 17 hotel chains were selected. Two hotel chains from the list of Top 10 Luxury Hotel Chains were not included because they are small chains or limited geographically compared to the other hotel chains.

From each hotel chain, three hotels were selected for the study. The three hotels were located in three different
countries, preferably on different continents for breadth reasons. Where possible, hotels in major cities such as New York, London, and Hong Kong were selected. The choice of three hotels from each hotel chain (rather than just one) was made so the combined reviews were more indicative of the hotel chain as a whole. Each hotel chain was categorized as luxury or moderate based on the ratings for the specific hotels studied. For this study, a luxury hotel chain is one that received more five-star ratings on TripAdvisor than any other star rating category while a moderate hotel chain received more four- or three-star ratings than other star rating categories. On TripAdvisor, the star ratings are based on the scores given by reviewers and show an overall average as well as the number of reviews for each star rating. Of the 17 hotel chains, 12 were categorized as luxury and 5 as moderate.

Data collection

For each hotel, one year of reviews was included in the study (October 2011 to September 2012, inclusive). In total, this study included 7,439 online hotel reviews, grouped as follows:

- **Group 1:** luxury chains receiving 5 star reviews (3,563 reviews)
- **Group 2:** luxury chains receiving 3 star and below reviews (522 reviews)
- **Group 3:** moderate chains receiving 4 and 5 star reviews (2,860 reviews)
• Group 4: moderate chains receiving 2 star and below reviews (494 reviews).

For the luxury hotel chains, this study considers the reviews that gave a rating of 5 stars as positive reviews while considering the reviews that gave a rating of 3 stars and below as negative reviews. The 4 star reviews were not selected in order to better separate the positive aspects from the negative. Likewise, for the moderate hotel chains, the 4 and 5 star reviews represented the positive reviews while the 2 star and below reviews represented the negative reviews, while the 3 star reviews were not selected.

The reviews were copied and pasted into four Word documents, corresponding to the four groups as identified above. Extraneous information was deleted from the Word documents such as the names of the reviewers, the star ratings, and responses from management. Each of the Word files was then analyzed using the Leximancer software tool.

Data analysis

This study used Leximancer to conduct a content analysis among the four groupings of online hotel reviews. Leximancer is a content analysis tool that allows researchers to analyze large amounts of text in a way that removes researcher bias (Penn-Edwards, 2010). It allows researchers to visualize and interpret complex text using an algorithm based on Bayesian theory and has been used to analyze consumer-generated content and conversations (Campbell, Pitt, Parent, & Berthon, 2011). It uses word frequency and co-occurrence counts and the
analysis is used to produce a concept co-occurrence matrix (Rooney, 2005). Leximancer has been used in tourism to analyze tourism destination websites (Kattiyapornpong & Nel, 2012; Pitt, Campbell, Berthon, Nel, & Loria, 2008) and consumer-generated content (Campbell et al., 2011). The main benefit of using Leximancer is that it builds concepts rather than simply counting words. Other benefits include (i) its ability to read all text, even text that is not grammatically correct, (ii) it excludes words such as pronouns and conjunctions which have low semantic value, and (iii) it does not do stemming, the practise of removing suffixes and reducing words to stem words.

Leximancer concept maps were used to identify the important themes and concepts among the four groupings of hotel reviews. Based on the Leximancer-identified important themes and concepts, the text associated with the important themes and concepts was reviewed manually to determine the specific context in which the themes and concepts appeared.

In Leximancer, concepts are collections of words that appear together through the text. They appear on the concept map clustered together into themes and the proximity of different concepts and themes on the concept map is related to their co-occurrence in the same pieces of text. This means that the closer the concepts/themes appear on the Leximancer map, the more often they co-occur in the text examined. Leximancer quantifies the relationships between concepts and uses their co-occurrence to draw the concept maps. The themes are shown on the concept map as coloured circles and are heat-mapped to show
importance, with the hottest or most important themes in red and the next most important according to the colours on the colour wheel. The concepts are shown as dots with lines connecting different concepts (Leximancer, 2011).

This study used the default settings but did select *word merge* that employs a stemming algorithm to identify the headword (Leximancer, 2011). With the *word merge* turned on, words such as *room/rooms* and *love/lovely* were grouped together.
1.7 Summary of findings

This section discusses the findings of the research questions in detail. The main research problem of this thesis is formulated as follows:

Research problem: Customer-to-customer roles and impacts in service encounters

This research problem can be divided into four individual research questions. These questions are answered in papers 1 to 4, respectively, and the findings of these papers are discussed in detail, as follows.

1.7.1 Findings regarding research question 1

The purpose of paper 1 is to answer research question 1, which is formulated as follows:

RQ1: How do service firms view and manage customer-to-customer interactions in group service encounters?

This research question is chosen because little research had been undertaken to date to understand how firms view and deal with interactions between customers during group service encounters. This question was answered through qualitative research involving semi-structured interviews with a purposive sample of 16 representatives of service firms in the hospitality and tourism sector that are considered leaders in their field.

The interviews revealed two dimensions that together help us understand how firms manage customer-to-customer interactions. These two dimensions are the firm’s attitude toward customer-to-customer interaction
and the firm’s *conduct* toward customer-to-customer interaction. The two dimensions combine to create four stances as shown in Figure 2. A firm’s *attitude* is its espoused philosophy toward the phenomenon and can range from positive to negative (Berthon, Pitt, McCarthy, & Kates, 2007). A firm’s *conduct* is what a firm does during a group service encounter and this conduct can range from passive to active. These dimensions create four possible stances that firms can take toward customer-to-customer interaction: *curtail*, *allow*, *welcome*, and *drive*.

**Figure 2** Firms’ stances toward customer-to-customer interactions in group service encounters

<table>
<thead>
<tr>
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<th>Passive</th>
<th>Active</th>
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<tr>
<td><strong>Firms’ attitude toward interaction</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Negative</strong></td>
<td>Allow</td>
<td>Drive</td>
</tr>
<tr>
<td><em>Allow</em></td>
<td>Indifferent to interaction or lack thereof</td>
<td>Actively take steps to initiate interaction</td>
</tr>
<tr>
<td><strong>Positive</strong></td>
<td>Welcome</td>
<td>Curtail</td>
</tr>
<tr>
<td><em>Welcome</em></td>
<td>Create environment where interaction can occur organically</td>
<td>Actively take steps to decrease interaction</td>
</tr>
</tbody>
</table>

74
Each of the four possible stances was observed in the study.

Curtail (negative attitude and active conduct)

During certain types of activities, too much interaction between customers can be disruptive when the tour guide cannot make himself heard. Firms taking the *curtail* stance believe it is their task to share information with their customers and their customers’ task to receive this information. Any disruption of this task, such as when customers are talking to each other, is actively shut down. Activities that are offered by firms taking the *curtail* stance are tightly organized and of a short duration, and as a result management’s conduct is to ensure that the activity runs smoothly, since having the activity running smoothly is the goal.

Allow (negative attitude and passive conduct)

For some activities and firms, having customer-to-customer interaction is not important, but it may also not be disruptive. In this case it makes sense for management’s conduct to be more passive. Firms taking the *allow* stance do not value interaction, as they believe interaction does not enhance the activity. However, they also do not stop interaction. In this setting, customers do not work together, they do not consume with each other, they instead consume in the presence of each other. However, since interaction also does not disrupt the activity if neighbouring customers start talking, management allows for it to happen.
Welcome (positive attitude and passive conduct)

Several firms in the study conducted themselves more passively toward customer-to-customer interaction; although they valued interaction between customers and they were aware of the positive effect this could have on satisfaction, they did not take any overt actions to stimulate it. Rather, firms taking the *welcome* stance designed the physical environment and the service itself to give customers the opportunity to interact. For example, they created the right physical environment by placing customers at one large table and/or by serving food family-style. For the service design, they allowed for sufficient time before and during the activity to give customers the opportunity to interact. These firms gave several reasons for their passive conduct. Most were confident that customers would start interacting by themselves, especially if they were seated together at one large table and if alcohol was served. Some firms believed that it is up to the customer to decide whether or not to interact, and were not worried if some preferred to keep to themselves.

Drive (positive attitude and active conduct)

Some firms believe that customer-to-customer interaction is so important that they actively stimulate it during their activities. The *drive* stance can be more overt or quite subtle. A cooking school takes a subtle approach by training its staff to create sequential groups within the large group (i.e. a twosome becomes a foursome and so on). Some firms create customer-to-customer interaction at the outset, with the belief that once started, interaction will continue. Other firms set
out to drive interaction throughout the duration of the activity.

The findings from the study described by paper 1 indicate that there is a contingency relationship between service goals and customer-to-customer interaction stances, where one size does not fit all. While all the firms in the study provide group service encounters (from wine tasting to cooking a meal to dining out), the role of the group differed in two major ways.

- One, some firms consider the role of the group to be a simple batching of customers who consume the service. These firms are essentially delivering a service to a number of customers because it is less costly per person than delivering the service to one individual customer.
- Two, in addition to the economies of batching, some firms view the group of customers and their potential for interactions as central to the delivery and enhancement of the overall experience.
1.7.2 Findings regarding research question 2

The purpose of paper 2 is to answer research question 2, which was formulated as follows:

\textbf{RQ2: How do customer cohort climates vary and what are the implications for the design of group service encounters?}

This research question explores the research problem further and examines how customer groups differ in group service encounters, following from the findings from research question 1.

To address this question, the study followed a deductive theory building process. For the first part of the research question, this study introduces the concept of a customer cohort climate (CCC) that is derived from literature and develops a typology of four types of CCCs in group service encounters. The second part of the research question was addressed through predictions for how each type of CCC impacts the design of group service encounters in terms of the choices a service firm makes about the role of the employee, service design, servicescape, and cohort composition.

CCCs vary on two important dimensions: (i) the motivation a customer has for consuming a group service and (ii) the protagonist that initiates customer-to-customer interactions in the customer cohort. Together they capture the ‘purpose’ and ‘structure’ of how customers consume service encounters (Holt, 1995).

The variations in the customer-to-customer interaction protagonist and customer motivation combine to produce a typology of four distinct types of
customer cohort climate: Social, Cooperative, Independent, and Liberated (see Figure 3). Each of CCC types is illustrated with a case example.

**Figure 3  A typology of customer cohort climates**

<table>
<thead>
<tr>
<th>Social</th>
<th>Cooperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CCC is social, as other customers help create the fun and pleasure of consuming the service experience</td>
<td>• CCC is cooperative, as other customers are critical to the achievement of individual and collective goals</td>
</tr>
<tr>
<td>• E.g. food walking tour</td>
<td>• E.g. improv theatre workshop</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liberated</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CCC is liberated, as customers are free to enjoy the service on their own terms, where other customers can be ignored</td>
<td>• CCC is independent, as customers have individual goals, where other customers impact impression management</td>
</tr>
<tr>
<td>• E.g. wildlife viewing tour</td>
<td>• E.g. group ski lesson</td>
</tr>
</tbody>
</table>

In the **Cooperative** CCC, customers join a group service encounter for utilitarian reasons and the protagonist for the customer-to-customer interactions is the service employee (case example of improv workshop). This CCC type is called **Cooperative** because the dimensions combine to create a cohort state where customers collaborate with each other in the task-
oriented activities. In terms of the customer motivation dimension, customers know that, to attain their goals, they must cooperate with other customers and perform as a team (Tuckman, 1965). In terms of the customer-to-customer interaction protagonist dimension, the service employee primarily initiates the customer-to-customer interactions, which are a key part of the task-oriented activities of the cohort for this CCC.

In the Social CCC, customers join a group service encounter for hedonic reasons and the protagonist for the customer-to-customer interactions is the service employee (case example of food walking tour). This CCC type is called Social because the dimensions combine to create a cohort state where customers are friendly to each other, as in a social gathering. Regarding the customer motivation dimension, customers join this group service to have fun and meet other pleasant people. Regarding the customer-to-customer interaction protagonist, the service employee primarily initiates the customer-to-customer interactions, often as ice-breakers that help accelerate the forming of relationships (Butterfield & Pendegraft, 1996).

In the Independent CCC, the primary motivation is utilitarian and customer-to-customer interactions are primarily instigated by customers (case example of group ski lesson). This type is called Independent because the dimensions combine to produce a cohort state where customers receive instructional assistance to achieve well-defined and specific goals within a loose community. As to the customer motivation dimension, customers join this CCC to achieve personal goals alongside other customers and satisfying this motivation
is essential for the group service encounter to be considered successful. As to the customer-to-customer interaction protagonist, the customer-to-customer interactions are the initiative of individual customers because customers are not required to cooperate to attain the service goals.

In the Liberated CCC type, customers join a group service encounter primarily for hedonic reasons and customer-to-customer interactions are customer initiated (case example of wildlife viewing tour). This type is called Liberated because the dimensions combine to create a cohort state where customers are free to interact or not with each other and are free to enjoy the service on their own terms. With respect to the customer motivation dimension, customers join this CCC for pleasure, whatever their definition of pleasure is. With respect to the customer-to-customer interaction protagonist, customer-to-customer interactions occur at the initiative of individual customers because they are not necessary for a successful service outcome in this CCC type.

The second part of the research question is summarized in Table 6, with predictions for how each type of CCC impacts the design of group service encounters in terms of the choices a service firm makes about each of the four elements of a group service encounter. Each type of intended CCC has different requirements for the role of the service employee, the focus of the service design, the environment of the servicescape, and the mix and selection of the customer cohort.
Table 6  The impact of CCC types on elements of group service encounters

<table>
<thead>
<tr>
<th>CCC type</th>
<th>Service employee</th>
<th>Service design</th>
<th>Servicescape</th>
<th>Cohort composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberated</td>
<td>Guide: who leads and advises customers and focuses only on interactions with them</td>
<td>Journey: service design focuses on leading customers along a series of sights and interpreting them</td>
<td>Theatre-scape servicescape where each customer can see and hear the service employee (e.g. fixed seat theatre, promenade theatre)</td>
<td>Diverse: cohort composed of an assorted collection of customers as it is open to anyone. There is no screening</td>
</tr>
<tr>
<td>Independent</td>
<td>Instructor: who teaches customers and allows interactions between them</td>
<td>Class: service design focuses on ensuring individual customers attain goals and make progress</td>
<td>Clinic-scape: servicescape where each customer can observe the service employee and has individual time and space to try out exercises (e.g. with needed equipment and venue)</td>
<td>Peer: cohort composed of individuals with matching goals and abilities and individuals are screened for these</td>
</tr>
<tr>
<td>Social</td>
<td>Host: who welcomes, tends to customers, and facilitates social interactions between them</td>
<td>Social gathering: service design focuses on the service employee starting the C2C interactions to create a comfort level for customers to initiate C2C interactions</td>
<td>Conference-scape: servicescape where customers can see and hear each other and the service employee in close proximity (e.g. physical or virtual round table).</td>
<td>Harmonious: cohort composed of customers with similar interests and geniality; some screening is required</td>
</tr>
<tr>
<td>Cooperative</td>
<td>Coach: who organises, directs customers, and coordinates cooperative interactions between them</td>
<td>Co-production: service design focuses on facilitating C2C interactions, adjusting activities to the needs of the group</td>
<td>Workshop-scape: servicescape where customers have collective space for cooperative activities (e.g. flexible seating and spaces)</td>
<td>Complementary: cohort composed of individuals with similar goals, abilities, and interests and individuals are screened for these</td>
</tr>
</tbody>
</table>
1.7.3 Findings regarding research question 3

The purpose of paper 3 is to answer research question 3, which is formulated as follows:

RQ3: *What is the role and impact of positive and negative customer-to-customer interactions on service outcomes in group service encounters?*

This research question is important because there is some evidence that certain customer-to-customer interactions can contribute to service outcomes such as satisfaction and positive word-of-mouth (Baron et al., 2007; Martin & Pranter, 1989; Moore et al., 2005; Pranter & Martin, 1991). Yet, research that examined both positive and negative customer-to-customer interactions in group service encounters is limited, despite their potential on service outcomes.

To address this research question, this study uses a video experiment that controlled environmental and situational factors yet allowed for the use of an actual service setting to realistically portray a group service encounter. To our knowledge, this is the only study that examined both positive and negative customer-to-customer interactions and their impact on service outcomes using an experimental video design. Three video scenarios were created; one where customers in a group activity interacted in a friendly and supportive way (positive); one where the interactions were polite but muted (neutral), and one where certain customers were rude, disruptive, and inattentive (negative). These videos were used in an online survey that was conducted on the
crowdsourcing platform MTurk, where each subject watched a video and then was instructed to fill in the survey as if the subject was one of the customers in the video.

The results show that even though subjects noticed that the interaction between customers in the positive scenario was indeed positive, this did not lead to a significant increase in satisfaction or intention to recommend compared with the neutral scenario. In contrast, subjects who watched the negative scenario had significantly lower service outcomes compared to the neutral scenario.

These findings indicate that customer-to-customer interaction is a dissatisfier; it can cause dissatisfaction when absent, but its presence does not increase satisfaction (Cadotte & Turgeon, 1988; Johnston, 1995). In other words, customers who participate in a group service encounter expect to have neutral customer-to-customer interactions as the minimum performance requirement but positive customer-to-customer interactions do not benefit the firm.

Prior to this study, previous research suggested that customer-to-customer interactions could be criticals, factors that are both satisfiers and dissatisfiers (Cadotte & Turgeon, 1988; Johnston, 1995). In the context of a restaurant and a bowling centre when customers consume in the ‘presence’ of others, Martin (1996) concluded that the behaviour of other customers greatly influenced the satisfaction and dissatisfaction of a service experience. Grove and Fisk (1997) found that other customers in the context of tourist attractions positively
and negatively impacted customer satisfaction. Wu’s (2007; 2008) research on group holiday travel found that C2C interaction had positive and negative impacts on customer satisfaction. (Huang & Hsu, 2010) concluded that the valence of C2C interactions (positive or negative) had subsequent positive or negative effects on satisfaction of cruise vacations. Other previous studies examined positive C2C interactions only (Arnaould & Price, 1993; Gruen et al., 2007; Harris et al., 1995; Levy, Getz, & Hudson, 2011; Moore, Moore, & Capella, 2005; Parker & Ward, 2000) while only one study that examined both positive and negative C2C interactions provided support for C2C interactions being dissatisfiers (Grove, Fisk, & Dorsch, 1998).
1.7.4 Findings regarding research question 4

The purpose of paper 4 is to answer research question 4, which is formulated as follows:

RQ4: What content do customers post in online reviews about hotel service encounter experiences?

Sub questions

What is important among those staying at luxury hotel chains vs. those staying at moderate hotel chains?

What are the commonalities and differences in the reviews among the most satisfied customers and least satisfied customers?

These research questions explore the topics that customers choose to share with other customers in online reviews on TripAdvisor about hotel stays. Because TripAdvisor online reviews do not have a pre-defined format, the content of these online reviews reflects the topics that customers deem to be important.

To address these research questions, this study uses content analysis of 7,439 online reviews of top international hotel chains. It analyzes the differences between the most satisfied and least satisfied customers by choosing online reviews with high vs. low star ratings and excluding the online reviews with moderate star ratings.

The findings indicate that content analysis of online reviews provides similar findings to more traditional quantitative research methods. (Chan & Wong, 2006; Chaves et al., 2011; Choi & Chu, 2001; Dolnicar, 2002).
This study demonstrates the importance of online reviews as a form of market research that is essentially free. Further, when online hotel reviews on TripAdvisor are examined as a group, the often idiosyncratic contributions of individual customers are consistent with findings from quantitative studies and thus can be used as legitimate advice to management. However, because the online hotel reviews do not necessarily follow a particular format and can cover any topic that is of interest to the particular customer, they provide greater depth and reasoning than quantitative studies.

For luxury hotels, the most important aspects were the guest rooms, service levels, and staff; this is consistent with previous literature. However, the online reviews further specify that guest rooms should be large, tastefully and luxuriously appointed, well maintained, quiet, and spotlessly clean. Service levels (i.e. having enough staff) need to be high enough that guests feel they are important and catered to without having to wait for service. The people hired as staff, whether on the front desk, in room service, housekeeping, restaurant, pool, or any place where guests could come into contact with them, should be genuinely welcoming, gracious, and friendly. Staff should have the authority to solve problems rather than citing rules and policies. In luxury hotels, the little extras (such as delicious, generous breakfast with lots of variety, preferably included in the price of the room; little treats in the guest rooms such as cookies or wine and snacks; beautifully appointed bathrooms with separate showers, good water pressure and hot water, and high quality designer toiletries) are expected and their absence is noticed. The extras are not...
as important as guest rooms, service levels, and staff but can distinguish the top luxury hotels.

For moderate hotels, the guest rooms, staff, and to a lesser degree, location are important. Furthermore, the online reviews indicate that guest rooms can be small but need to be clean, well maintained, and have comfortable furniture, particularly a comfortable bed. Unlike guests of the luxury hotels, customers staying at moderate hotels do not expect to be catered to, but they do expect staff to be professional, courteous, helpful, and friendly. This applies to all staff that come into contact with guests. Good bathrooms were appreciated and luxury not expected but duly noted. Small bathrooms were accepted when they were well appointed, clean, well maintained, with thick and bright towels and quality bath products. Bathrooms, while not as important as the room and staff, can make the difference between a positive review and a negative one. Customers staying at moderate hotels identified irritants that may not affect the overall rating in a review but could be an area of differentiation. Their advice is to serve a good breakfast, either included in the price of the room or at a reasonable price, have a refrigerator and safe in the room, and free Internet access.

A summary of the research findings from all four papers is illustrated in Figure 4, following.
Figure 4  Summary diagram of research findings

Research problem: Customer-to-customer roles and impacts in service encounters

Sub area 1: Customer interactions during group service encounters

Paper 1: Exploratory research on how firms view and manage customer-to-customer interactions in group service encounters

Findings and insights
- There is a contingency relationship between service goals and customer-to-customer interaction stances
- Firms differ in their attitude (positive to negative) and conduct (passive to active) toward customer-to-customer interaction

Paper 2: Customer-to-customer interactions: impact on the design and delivery of group service encounters

Findings and insights
- A typology of four types of customer cohort climates can be created through variations in customer motivation and the protagonist for customer-to-customer interactions
- Each type of customer cohort climate can impact the design of group service encounters through four elements: role of the service employee, service design, servicescape, and cohort composition

Paper 3: Impact of positive and negative customer-to-customer interactions on group service encounter outcomes

Findings and insights
- Customer-to-customer interaction is a dissatisfier
- Negative customer-to-customer interaction decreases satisfaction and intention to recommend
- Positive customer-to-customer interaction does not increase satisfaction and intention to recommend

Sub area 2: Customer perceptions post service encounters

Paper 4: Exploratory research on how customers produce reviews of hotel service encounter experiences

Findings and insights
- Content analysis of online reviews provide similar findings as more traditional quantitative research methods
- The content of online reviews can be used as a form of market research

Findings and insights
- There is a contingency relationship between service goals and customer-to-customer interaction stances
- Firms differ in their attitude (positive to negative) and conduct (passive to active) toward customer-to-customer interaction
1.8 Theoretical contribution of the thesis

The research in this thesis broadens our understanding of customer-to-customer roles and impacts within the context of service encounters, an under-researched area. Together, the four papers present a logical way to understand the design, delivery, and performance of service encounters. Figure 5 is a parsimonious aggregation of the theoretical contribution of this thesis. The four numbered elements of this figure correspond to the contribution of each of the four papers and the fifth, unnumbered, element is the culmination of the four papers into the overall contribution of this thesis.
Paper 1 begins the exploration of the thesis topic by better understanding how firms view and manage customer-to-customer interactions during group service encounters. This research finds that firms that offer group service encounters have a contingency relationship between their service goals and their stance toward customer-to-customer interactions. This paper develops
a typology created from the variations in firms’ attitude and conduct toward customer-to-customer interactions. This typology is important because it indicates that firms can and should have different stances to customer-to-customer interaction in group service encounters.

Customer cohort climates impact design and delivery

Paper 2 examines the thesis topic from the point of view of design and delivery of group service encounters. This paper develops a typology of customer cohort climates (CCCs) that can be created during the group service encounter through variations in customer motivation and the protagonist for customer-to-customer interactions. The resulting four CCCs in the typology represent four ideal types, “each of which represents a unique combination of the organizational attributes that are believed to determine the relevant outcome(s)” (Doty & Glick, 1994, p. 232). The outcomes for the four CCCs are successful group service encounters. Further, this research provides predictions for how each of the four CCCs can be created through the role of the service employee, service design, servicescape, and cohort composition. This typology is believed to be a major theoretical contribution of this thesis. Paper 3 uses the context of one of the CCC types to examine service outcomes.

Papers 1 and 2 develop typologies that are considered important theoretical devices used to synthesize and categorize complex phenomena (Doty & Glick, 1994). They are appropriate devices for the topic of this thesis, customer-to-customer roles and impacts in service
encounters, because this topic is not well understood. Snow & Ketchen (2014) suggest that, “in the early stages of a scientific discipline’s development, typological classification is beneficial because the systematic ordering of a phenomenon’s core elements provides the initial building blocks for theory development” (p. 231). Further, typologies can and should be tested, as “the typological approach employs a unique form of theory building that should not be confused with some traditional linear forms” (Doty & Glick, 1994, pp. 243-244).

Customer-to-customer interactions impact performance

While papers 1 and 2 provide theoretical frameworks for better understanding the heterogeneity of the thesis topic and the impacts of this heterogeneity on group service design and delivery, paper 3 contributes to a better understanding of the topic from the standpoint of the performance of the group service encounter. Paper 3 examines both the period during the group service encounter and immediately after, as the customer-to-customer interactions that are experienced during the group service encounter are later evaluated for satisfaction and intention to recommend post group service encounter. The research in paper 3 uses the context of a food walking tour that illustrates the Social CCC type from paper 2.

The research finds that customer-to-customer interaction is a dissatisfier, in which negative customer-to-customer interaction decreases satisfaction and intention to recommend and positive customer-to-
customer interaction does not increase satisfaction and intention to recommend. This finding concurs with Nicholls (2010) who suggested that customer-to-customer interaction could be a dissatisfier, although the findings diverge from other studies that suggest customer-to-customer interaction is a critical (Grove & Fisk, 1997; Martin & Pranter, 1989; Martin, 1996; Wu, 2008; Wu, 2007). Thus, our findings suggest that firms offering group service encounters need to manage their customer-to-customer interactions, as customers hold firms responsible for negative or absent customer-to-customer interaction. This finding may be specific only to group service encounters that create a Social CCC type or may apply to other CCC types. Further research is needed to examine the other CCC types.

Customer reviews constitute advice to management

Paper 4 continues the exploration of the thesis topic post service encounter by examining the impact of customer-to-customer reviews on service encounters. This research finds that a content analysis of online hotel reviews provides similar findings as more traditional quantitative research methods and that this content can be used as a form of market research. These reviews by customers may have been meant for other customers but they represent additional value as advice to management. The findings suggest that online reviews should be given similar credence by service firms as their own market research efforts. Thus, it behooves service firms to continue to look to other customers as a way of gauging the firms’ performance.
Concluding comments

As depicted in Figure 5, the research in this thesis progresses from examining the design and delivery of service encounters, i.e. during the service encounter (papers 1 and 2), to the perceived performance of the service encounter, i.e. post service encounter (papers 3 and 4). This thesis advances research on the impact of customers on each other and provides evidence that other customers can and should be managed to achieve desired service outcomes. The contribution of this thesis builds on the preceding work of other researchers and I am indebted to their work.
1.9 Managerial implications

Customer-to-customer interactions are an important element of service encounters, especially of group service encounters that are common in tourism and hospitality, recreation, and education. Customer-to-customer interactions provide businesses with another means to deliver delightful experiences to customers but they also expose businesses to a number of risks. If not managed well, customer-to-customer interactions can lead to a loss of control of customer behaviour. The other elements of group service encounters (the service employee, service design, servicescape, and cohort composition) need to be in place to fully benefit from customer-to-customer interactions. This section discusses the implications that the findings of this thesis have for service firms.

Contingency relationship between the goals of a group service encounter and customer-to-customer interaction

The stance of a service firm toward customer-to-customer interaction can and should vary, depending on the goals of the group service encounter, as identified in paper 1. The role of the group of customers varies in two important ways:

- One, some firms consider the role of the group to be a simple batching of customers who consume the service. These firms are essentially delivering a service to a number of customers because it is less costly per person than delivering the service to one individual customer.
• Two, in addition to the economies of batching, some firms view the group of customers and their potential for interactions as central to the delivery and enhancement of the overall experience.

For the firms that consider customer groups as simple batching, their negative attitude toward interaction can be operationalized as a curtail stance (active stance where the firm actively takes steps to decrease interaction) or as an allow stance (passive stance where the firm is indifferent to interaction or lack thereof). In the curtail stance, customer-to-customer interaction is disruptive to the service being offered, the service comprises tightly organized activities and customers expect that the activities occur according to the schedule. In the allow stance, customer-to-customer interaction does not enhance the overall service but it is also not disruptive. Customers participating in this type of group service encounter do not work together; rather, they are simply consuming in the presence of each other.

For the firms that consider customer-to-customer interactions as central to the overall experience, their positive attitude toward interaction can be operationalized as a drive stance (active stance where the firm actively takes steps to initiate interaction) or a welcome stance (passive stance where the firm creates an environment where interaction can occur organically). In the drive stance, customer-to-customer interaction is so important that it is actively stimulated during the group service encounter. The drive stance can be more overt (through activities such as having customers introduce themselves or ice breaker activities) or more subtle (through training service employees to subtly introduce
select customers to others). The *welcome* stance values customer-to-customer interaction but uses the physical environment and the design of the service itself to encourage interaction.

The typology of four types of customer cohort climates and implications for analysis and design of group service encounters

The typology developed in paper 2 explains how two important dimensions (customer-to-customer interaction protagonist and customer motivation) result in four types of CCC: *Cooperative*, *Social*, *Independent*, and *Liberated*. These types reflect different forms of consuming ‘with’ others and recognize the heterogeneity of group service encounters. By identifying that a service firm’s group service encounter falls into one of the four types, this allows service firms to benchmark its service not only against those in the same category (e.g. against other cooking schools) but against other group services in different categories.

Customer cohort climate implications for recruitment and training of service employees

The required competencies of the service employee will likely vary as a result of the desired customer cohort climate for a group service encounter, as described in paper 2. These competencies are in two areas: task (i.e. technical skills and knowledge) and social (i.e. attitudes and social skills) (Di Mascio, 2010). Thus, customer cohort climates (CCCs) that require customer-initiated interactions need employees to have appropriate task
competencies to increase customer satisfaction. Similarly, CCCs that require employee-initiated customer-to-customer interactions need employees to have both task and social competencies to deliver the expected interactions and desired outcomes. Specifically, the competencies of service employees for each of the four types of CCCs are described briefly below.

_Liberated_ CCCs require service employees who are ‘guides’ that direct customers through an itinerary, provide interpretation (Ap & Wong, 2001), and allow customer-to-customer interactions to self-emerge. For _Independent_ CCCs, service employees should be ‘instructors’ who have a passion and proficiency in the task capability, can adjust to the progress of individuals, and communicate with customers (Cruickshank & Haefele, 2001). For _Social_ CCCs, service employees should be ‘hosts’ who make customers feel welcome, important, and graciously creates interactions between customers. They have a joint task-social competence so as to be attentive and adaptable to how a particular customer or the cohort is or is not interacting (Hartline & Ferrell, 1993). For _Cooperative_ CCCs, the service employees should be ‘coaches’. They have joint task-social competence with task expertise, can communicate the cooperative activities central to the service, and engender trust among customers (Evered & Selman, 1989).

Customer cohort climate implications for service design

The service design (i.e. the process and organization of the group service encounter) can encourage customer-
to-customer interactions, as described in paper 2. In the CCC types with customer-initiated customer-to-customer interactions, the critical interactions are between the service employee and the customers while in the CCC types with service employee-initiated customer-to-customer interactions, the critical interactions occur with other customers. Specifically, the service design for each of the four types of CCCs is described briefly below.

Liberated CCC types suit a ‘journey’ service design that leads customers on a management-developed itinerary where customers are passengers and their participation is not necessary for a successful journey. That is, they are free to be passive spectators or active participants. Independent CCC types require a ‘class’ service design to ensure individual customers receive the appropriate level and type of attention to achieve their goals. Social CCC types require a ‘social gathering’ service design with a specific sequence, starting with processes to ‘break the ice’ among customers to create a comfort level, and continuing with opportunities for customers to connect with each other. As in a social gathering, customer-to-customer interactions are required, as customer compatibility is a key feature of this type of group service encounter. Cooperative CCC types require a ‘co-production’ in which the group service is less provided by the service firm as it is co-produced between the customers and the service firm within parameters defined by the service firm (Ostrom et al., 2015). Customers cannot be passive consumers: they must actively participate.
Customer cohort climate implications for the servicescape

The servicescape (i.e. the physical environment in which the group service encounter takes place) can encourage customer-to-customer interactions, as described in paper 2.

Liberated CCC types require a ‘theatre-scape’ where, like a fixed seat or promenade theatre (in promenade theatre, audience members walk about to follow the actors), each customer must be able to see and hear the service employee. Independent CCC types require a ‘clinic-scape’ where each customer can observe the service employee and is given sufficient time, space, and equipment to try out exercises, similar to instructional science labs or medical rounds. Social CCC types require a ‘conference-scape’ where customers and the service employee are in close proximity and can see and hear each other. As in a conference, interactions with others are as important as the content of the conference sessions. These interactions are facilitated through a physical or virtual round table. Cooperative CCC types require a ‘workshop-scape’ where customers have ample space and equipment to participate in the cooperative activities. As the selection of cooperative activities varies, flexible seating and spaces are needed.
Customer cohort climate implications for cohort composition

The cohort composition is what the mix of individual customers should be and how the mix should be formed, as described in paper 2.

Liberated CCC types suit a ‘diverse’ mix of customers in which the cohort is formed from customers signing up, with no screening, leading to the most heterogeneous mix of customers among the CCC types. This CCC type can handle the diverse mix, although there is potential for customer incompatibility (Martin & Pranter, 1989) unless the other elements of the group service encounter can neutralize them. Independent CCC types require a ‘peer’ mix in which customers are matched with others who have similar goals and abilities, partly to benefit each other and more for efficiency reasons to ensure customers progress at similar rates. Screening is required and can involve a self-completed questionnaire, demonstration, or pre-requisites. Social CCC types require a ‘harmonious’ mix of customers who share similar interests and are congenial, as customer compatibility is a key feature for this CCC type. Some screening is required and can be managed through self-screening via an accurate description of the service and of the type of (social) customer for which it is most suitable (Martin & Pranter, 1989; Martin, 1995). Cohorts can also be composed by grouping customers with similar interests through an instrument such as a survey. Cooperative CCC types require a ‘complementary’ mix of customers who have similar goals, abilities, and who have an interest in cooperation. Screening is required, as
compatibility is even more critical for this CCC type: skills and abilities are important for group task achievement. For example, adventure companies that organize climbing expeditions of Mount Everest commonly screen customers for previous experience and qualities such as adaptability and cooperativeness (Tumbat, 2011).

Implications of positive and negative customer-to-customer interactions

The findings from paper 3 indicate that customer-to-customer interaction is a dissatisfier; it can cause dissatisfaction when absent, but its presence does not increase satisfaction (Cadotte & Turgeon, 1988; Johnston, 1995). Because of this, service firms should be careful in managing customers’ expectations with regard to customer-to-customer interaction. If customer-to-customer interaction during the service encounter is promoted in marketing communications, the service firm must take steps (as outlined above) to ensure neutral or positive customer-to-customer interaction occurs. The consequences of customers not receiving the expected customer-to-customer interaction are substantial: dissatisfaction and negative intention to recommend.

Further, negative customer-to-customer interaction during a group service encounter reflects poorly on the service firm. Because negative customer-to-customer interaction has a significant negative impact on satisfaction and intention to recommend, service firms must take steps in either preventing negative customer-to-customer interaction or addressing it immediately. In
a group service encounter, customers seem to expect the service firm to be able to control the other customers.

The valuable resource of online reviews for hotel stays

With prospective customers valuing and consulting online hotel reviews and hotel star ratings that are generated by fellow customers, hotels need to be engaged in managing these online reviews as a key marketing tool. While the overall experience of the hotel stay needs to be positive to generate positive online reviews, this is just one aspect of online reviews.

Managers can respond to online reviews, as TripAdvisor has the *right to reply* feature that allows managers to respond to individual reviews. This feature can be used to respond to a negative review to indicate that the shortcomings that were identified by the customer have been addressed. It can also be used to respond to a positive review in appreciation. In the category of hotels and TripAdvisor, a study by O’Connor (2008) found that hotels rarely used the *right to reply* feature on TripAdvisor. In paper 4, it was observed that a small minority of hotels used this feature.

Online reviews can be part of ongoing market research, with the content of online reviews being analyzed to identify any changes in themes and concepts over time. Management can use these findings to further investigate these changes with greater specificity through other means such as surveys. For example, if a hotel historically experiences positive comments about the bathroom in its online hotel reviews and these comments stop appearing, hotel management can then use surveys
to identify how the bathrooms can be improved, with specific options for their guests to consider.

This section has provided service firms with an understanding of the implications and recommendations arising from the research conducted for this thesis. The next section provides recommendations for future research.
1.10 Suggested future research

Because the topic of customer-to-customer roles and impacts in service encounters has not been extensively researched, there are many possible future research avenues. Nicholls (2010) developed a research agenda for customer-to-customer interactions that influenced the research chosen for this thesis. The findings of the research conducted for this thesis provide additional possibilities, as listed below.

Regarding design and delivery of group service encounters

- Validation of the customer cohort climate types.
- Deeper understanding of the group service encounters that create each of the customer cohort climate types.
- The optimal size and composition of a customer cohort for positive customer-to-customer interaction.
- The impact of overt vs. subtle stimulation in achieving positive customer-to-customer interaction.
- The optimal length of time for customer-to-customer interactions in group service encounters.
- The relative importance of each of the four elements of group service encounters (service employee, service design, servicescape, and cohort composition) in achieving positive customer-to-customer interaction.
Regarding the customers

- Attitudes and expectations of customers toward customer-to-customer interactions in different types of group service encounters.
- Characteristics and segmentation of customers undertaking different types of group service encounters.
- The importance of different kinds of customer homogeneity (e.g. similar skills and abilities vs. similar social status, culture, and personalities) in achievement of positive customer-to-customer interaction.
- The impact of a few low-performing or non-performing customers on a customer group when aiming to achieve positive customer-to-customer interactions.

Regarding service outcomes

- Whether the finding that customer-to-customer interaction is a dissatisfier extends to other physical group service encounter environments (e.g. other customer cohort climate types).
- Whether the finding that customer-to-customer interaction is a dissatisfier extends to other physical service environments in which the service employee is less prominent (such as in a sporting event when spectators have little interaction with service employees).
- Whether the finding that customer-to-customer interaction is a dissatisfier extends to online environments.
• Whether the type and intensity of customer-to-customer interaction (e.g. verbal vs. non-verbal, intensely positive vs. mildly positive) alters its categorization as a dissatisfier.
• Whether and how the impact on satisfaction and intention to recommend differs when the customer-to-customer interactions are customer-initiated vs. service employee-initiated.
• The impact of customer-to-customer interactions on brand equity of service firms.
• The impact of customer-to-customer interactions on loyalty of service firms.
• The relative impact of each customer cohort climate type on service outcomes.

Regarding different cultures

The research conducted for this thesis was in Western urban environments (in North America mostly, with some research in Europe). The avenues for future research as listed above can also be investigated in other cultures and with cross-cultural customer groups.

Regarding indirect vs. direct effects

While this thesis focuses on direct customer-to-customer interactions, the link between indirect and direct customer-to-customer interactions is not well understood. Specifically, future research can explore:

• Whether and how indirect customer-to-customer interactions can be managed to transition into direct customer-to-customer interactions that are beneficial for customers and the firm.
In which circumstances are direct effects or indirect effects most beneficial. For example, in a dentist waiting room, indirect effects could involve waiting customers hearing moaning and screaming while direct effects could involve conversations with other customers.

Regarding the bridge between during and post service encounter

This thesis included research during service encounters and post service encounter. Future research could follow a customer’s experience from the period during the service encounter to the evaluation of the service after the service encounter.


1.11 Conclusion

With the importance of the service industry, the research topic of this thesis on customer-to-customer roles and impacts contributes to a fuller understanding of service encounters. A major area of focus of this thesis is on customer-to-customer interaction in group service encounters. This area of focus was chosen because group service encounters are services that are customer-to-customer interaction-intensive. With a better understanding of the impact of customer-to-customer interactions in this environment, these findings can be applied to other environments.

This thesis investigated how firms view and manage customer-to-customer interaction in group service encounters and determined four possible stances toward customer-to-customer interaction. It further investigated how customer-to-customer interactions impact the design and delivery of group service encounters, such that the desired customer cohort climate can be created through the management of the service employee, service design, servicescape, and cohort composition. It examined the impact of positive and negative customer-to-customer interactions on group service encounter outcomes, including satisfaction and intention to recommend. It then examined how customers review hotel service encounter experiences.

The full papers are presented in the following chapter.
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