

Service Experiences with Other Customers: A Typology of Customer Cohort Climates

Linda W. Lee, KTH Royal Institute of Technology, Stockholm, Sweden
Ian P. McCarthy, Simon Fraser University, Vancouver, Canada

Introduction

Other than well-trained employees and well-designed physical surroundings, what else can service firms do to achieve that elusive customer delight? We argue that when service experiences take place with other customers, a service firm can manage the effect of other customers, an important yet overlooked aspect of a group service encounter.

We make the distinction between service experiences that take place *in the presence of other customers* versus those that take place *with other customers*. *In the presence of other customers* refers to places such as restaurants where other customers are around, but in the background. The notion of *with other customers* is central to our paper. In a group holiday tour, for example, one's interactions with the other customers are part of the overall experience, just as the guide and the physical setting are.

We introduce the term *customer cohort climate (CCC)* to refer to the effect of the other customers, an under-researched aspect of a group service encounter. A cohort is defined as 'a company or band especially of people united in some common purpose' (Stevenson, 2007), p. 447. In the group holiday tour example, a customer cohort is united in its purpose of enjoying a destination. This paper explores the research question: **How do customer cohort climates vary and what are the implications for managers?**

Background

Previous research on customer interactions in service experiences and on hedonic and utilitarian reasons to join service experiences is examined below to establish the theoretical foundation for the dimensions of customer cohort climate.

Customer-to-customer (C2C) interaction has not been extensively researched (Martin & Pranter, 1989) although there is growing recognition that C2C interaction can result in more favourable customer experiences (Walter, Edvardsson, & Öström, 2010) and better financial results (Baron, Patterson, Harris, & Hodgson, 2007; Martin & Pranter, 1989; Pranter & Martin, 1991). C2C interactions can include verbal or non-verbal interactions. C2C interactions can be initiated by the customer (unplanned C2C interaction) or by the service firm (planned C2C interaction). Planned C2C interaction could take the form of the service employee asking customers to introduce themselves to each other or having the service employee organize customers in a cooperative group activity. Unplanned C2C interaction could involve a customer initiating a conversation with another customer. C2C interaction has been found to significantly impact word-of-mouth and satisfaction (Bitner, 1992; Moore, Moore, & Capella, 2005). We contend that service delight can be influenced by the customer cohort, just as service employees and servicescapes can influence the overall service experience.

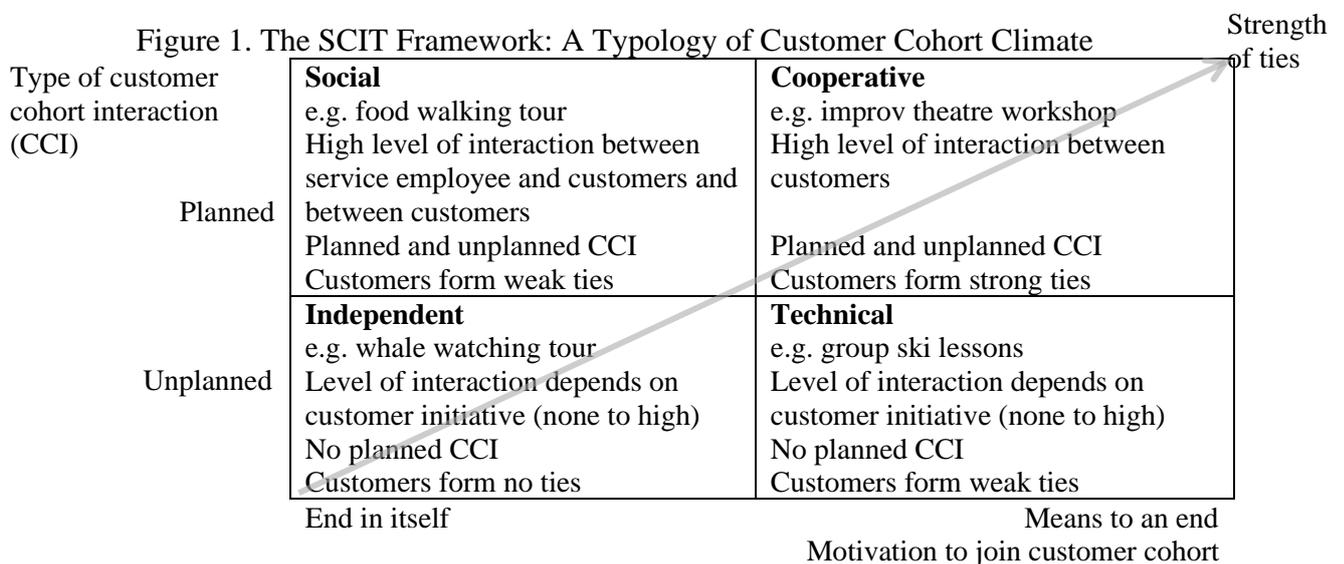
An experience, as opposed to a service, is defined to have an emotional aspect to it, as (Hirschman & Holbrook, 1982). Indeed, the experience literature stresses the importance of creating emotional bonds with customers when striving to deliver memorable experiences (Bitner, Ostrom, & Morgan, 2008; Meyer & Schwager, 2007; Pine & Gilmore, 1999). Satisfaction research contends that customer emotions strongly influence customer satisfaction with a service encounter (Oliver, 1997) and further, impacts customer delight (Rust & Oliver, 2000). When customers engage in group service encounters, they can certainly do so for monetary reasons: group services are typically priced lower on a per

customer basis than the equivalent service that is delivered to a single customer. They could also do so for hedonic and/or utilitarian reasons. Hedonic reasons are concerned with sensation seeking and having a pleasurable experience while utilitarian reasons have practical or functional concerns (Hirschman & Holbrook, 1982). Hedonic reasons could include having more enjoyment in a group or meeting people with similar interests. Utilitarian reasons could include learning a skill, or participating in an activity that can be accomplished only in a group. Some group service experiences may be undertaken primarily for hedonic reasons, some may have both hedonic and utilitarian reasons in equal measure, and some may be undertaken primarily for utilitarian reasons. The service literature supports our view that there could be merit in managing other customers to create a positive CCC.

Toward a Typology of Customer Cohort Climate

After discussing the issues related to CCC, we now delineate a typology of CCC. The two dimensions include the *type of customer cohort interaction* and the *motivation to join the customer cohort*. We define the *type of customer cohort interaction* (CCI) as customers in the cohort interacting with each other, verbally or non-verbally and exclude customers interacting with their own companions. The CCI ranges from planned to unplanned, with *planned* defined as interactions initiated by the service firm and *unplanned* defined as interactions initiated by a customer. Examples of planned CCI include a service employee asking customers to introduce themselves to each other or asking customers to work together. Examples of unplanned CCI include a customer greeting another customer or a customer initiating a conversation with another customer without prompting by the service employee. Whether a service firm has planned or unplanned CCI has implications for hiring and training of service employees, as different skill sets are required.

We define *motivation to join the customer cohort* as the variety of reasons customers have for choosing the group service encounter, other than for monetary reasons. We present the reasons on a continuum, with one extreme termed *end in itself* and the other termed *means to an end*. An *end in itself* is defined as primarily hedonic reasons although there could also be some utilitarian function to these reasons (Hirschman & Holbrook, 1982; Holbrook & Hirschman, 1982). In the *end in itself*, the customer enjoys the activity in the moment. A *means to an end* is defined as primarily utilitarian reasons although there could also be hedonic reasons. Together, these two dimensions combine to create four types of customer cohort climate: *Social*, *Cooperative*, *Independent*, and *Technical*, as illustrated in the SCIT Framework in Figure 1 and discussed briefly below.



In the *Social* CCC, we use a food walking tour example where the planned CCI includes having customers introduce themselves to each other and share some personal information. The planned interactions lead to unplanned interactions. This high level of interaction could lead to strangers becoming friends and, following the definitions of Granovetter (1973), forming weak ties.

In the *Cooperative* CCC, we use an improv theatre workshop example where two or three workshop participants create and perform a scene together and the other participants provide constructive feedback and analysis, taking turns in the different activities. We characterize this type of relationship as a partner that you are close to and trust, leading to strong ties. Of all the types, the *Cooperative* CCC forms the strongest ties.

The *Independent* CCC is illustrated using a whale watching tour example where the customers partake of the service in the company of other customers. The service experience involves the guide providing information, entertainment, or instruction to the customers and the servicescape of the boat and ocean with sightings of orca whales. The *Independent* CCC has the weakest interpersonal ties, as the interactions between customers may be few and lack emotional intensity and intimacy.

In the *Technical* CCC, we use an example of group ski lessons where customers may fail and succeed in the company of others, celebrate each other's successes, and empathize with each other's failures even if there is no planned CCI. In the *Technical* group, there is a moderate level of emotional intensity, intimacy, and reciprocity, leading to weak ties.

Implications for Managers (work in progress)

Management strategies to use to create each of the four CCC types are illustrated in Figure 2. The strategies involve the role of the employee, customer selection, the purpose of the group, and management of customer interactions.

Figure 2. Management of Customer Cohort Climate (CCC) Types

Type of customer cohort interaction (CCI)	Social e.g. food walking tour Employee role: facilitator Customer selection: open CCC purpose: social gathering Management of customer interactions: actively orchestrate CCI	Cooperative e.g. improv theatre workshop Employee role: coach Customer selection: screened CCC purpose: support network Management of customer interactions: actively orchestrate positive CCI
Planned		
Unplanned	Independent e.g. whale watching tour Employee role: performer Customer selection: open CCC purpose: audience Management of customer interactions: prevent negative CCI	Technical e.g. group ski lessons Employee role: instructor Customer selection: screened CCC purpose: community Management of customer interactions: prevent negative CCI
		
	End in itself	Means to an end Motivation to join customer cohort

Conclusion (work in progress)

Using this typology of CCC, service firms can make informed decisions about the type of CCC desired while understanding potential implications.

References

- Baron, S., Patterson, A., Harris, K., & Hodgson, J. (2007). Strangers in the night: Speeddating, CCI and service businesses. *Service Business*, 1(3), 211-232.
- Bitner, M. J. (1992). Servicescapes: The impact of physical surroundings on customers and employees. *The Journal of Marketing*, 56(2), 57-71.
- Bitner, M. J., Ostrom, A. L., & Morgan, F. N. (2008). Service blueprinting: A practical technique for service innovation. *California Management Review*, 50(3), 66-94. Retrieved from <http://www.jstor.org.proxy.lib.sfu.ca/stable/41166446>
- Hirschman, E. C., & Holbrook, M. B. (1982). Hedonic consumption: Emerging concepts, methods and propositions. *The Journal of Marketing*, 46(3), 92-101.
- Holbrook, M. B., & Hirschman, E. C. (1982). The experiential aspects of consumption: Consumer fantasies, feelings, and fun. *Journal of Consumer Research*, , 132-140.
- Martin, C. L., & Pranter, C. A. (1989). Compatibility management: Customer-to-customer relationships in service environments. *Journal of Services Marketing*, 3(3), 5-15.
- Meyer, C., & Schwager, A. (2007). Understanding customer experience. *Harvard Business Review*, 85(2), 116-126.
- Moore, R., Moore, M. L., & Capella, M. (2005). The impact of customer-to-customer interactions in a high personal contact service setting. *Journal of Services Marketing*, 19(7), 482-491.
- Oliver, R. L. (2010). *Satisfaction: A behavioral perspective on the consumer* (Second ed.). Armonk, NY: ME Sharpe.
- Pine, B. J., & Gilmore, J. H. (2011). *The experience economy*. USA: Harvard Business School Press.
- Pranter, C. A., & Martin, C. L. (1991). Compatibility management: Roles in service performers. *Journal of Services Marketing*, 5(2), 43-53.
- Rust, R. T., & Oliver, R. L. (2000). Should we delight the customer? *Journal of the Academy of Marketing Science*, 28(1), 86-87-94.
- Stevenson, A. (Ed.). (2007). *Shorter oxford english dictionary* (Sixth ed.). Oxford, United Kingdom: Oxford University Press.
- Walter, U., Edvardsson, B., & Öström, Å. (2010). Drivers of customers' service experiences: A study in the restaurant industry. *Managing Service Quality*, 20(3), 236-258.