

MANAGING CUSTOMER-TO-CUSTOMER INTERACTION IN GROUP SERVICE ENCOUNTERS

ABSTRACT

This study explores the impact that customer-to-customer interaction has on how customers experience a group service encounter and what firms can do to encourage positive and prevent negative interaction. We focus on the tourism and leisure sectors and conduct three sets of interviews, with 8 managers, 12 customers, and 10 frontline employees of firms that organize services in which customers are batched together in the delivery of the service. Through our findings we identify four factors of customer-to-customer interaction that can impact the service experience: group size and composition, service design, employee prompting, and the behavior of the customer group.

KEYWORDS

Customer interaction, Service encounters, Group services, Other customers

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Group service encounters are common in many service industries, including tourism and leisure, sports and recreation, education, and health care, when multiple customers are intentionally batched and involved in the delivery and consumption of a service (Finsterwalder and Kuppelwieser 2011). There are economic benefits to grouping customers together, thereby allowing firms to reduce the price to customers. Putting customers in groups can also be vital for the delivery of the service such as a theatre class where participants perform an improvisational scene together.

In group service encounters, interactions with the other customers in the group can have a profound impact on a customer's service experience, as anyone who has been on a group tour can attest. In a positive scenario, you like the other customers, it is easy to get to know them, the tour guide deftly manages the group, people clearly enjoy the service, and at the end you exchange e-mail addresses with newly made friends. In a negative scenario, you don't have much in common with the other customers, you don't have an opportunity to get to know them, the guide does not manage the customers, and some customers are noisy and rude.

A feature that distinguishes the group service encounter from other service encounters is that customers are grouped together intentionally, and for a certain duration. For example, a yoga class organized by a fitness club is a group service encounter; customers are grouped together to participate in the same activity for about an hour. In contrast, in the same fitness club there will be members using cardio equipment or lifting weights with other customers around. This is not a group service encounter; although the service is consumed in the presence of others, they would not consider themselves to be part of any group.

Prior research on customer-to-customer interaction has focused primarily on services that are consumed 'in the presence of' other customers such as queues in theme parks (e.g. Grove and Fisk 1997), in retail settings (e.g. Parker and Ward 2000), or between customers sitting at different tables in a restaurant (e.g. Kim and Lee 2012). In this research, scholars have examined the difference between direct interaction (such as shaking someone's hand or having a conversation with the focal customer) and indirect interaction (such as a customer cutting in line or speaking loudly on a cell phone) on customers' experience (Martin and Pranter 1989, Nicholls 2010). These customer-to-customer interactions tend to be unplanned, short, incidental, and superficial and are not considered an integral part of the service experience (Baron et al. 2007). Yet, they can have an important impact on service outcomes such as satisfaction (Grove and Fisk 1997; Harris and Baron 2004), loyalty, and word-of-mouth (Moore, Moore, and Capella 2005).

Customer-to-customer interaction in services that are consumed 'with' other customers, group service encounters, has so far attracted relatively little attention from researchers. The few studies that were conducted include Arnould and Price's (1993) study of river rafting trips and Wu's (2007; 2008) studies of packaged holidays that concluded customer-to-customer interaction was one of the key sources of satisfaction. Du, Fan, and Feng (2014) studied group emotional contagion during group service failure. Finsterwalder and Kuppelweiser (2011) examined co-creation efforts of customers in group tasks. Tumbat (2011) found that both customers and employees need to

engage in emotion control in climbing expeditions. Conceptual work includes the development of a model regarding service co-creation in customer groups (Finsterwalder and Tuzovic 2010) and a proposed framework for customer-to-customer co-creation in socially dense contexts (Rihova et al. 2013).

In group service encounters, customers are consuming with other customers, often for substantial amounts of time. In such a context, it is reasonable to expect that the impact of the customer-to-customer interactions would be greater than when customers are merely consuming in the presence of other customers. While previous studies examining group service encounters have identified the importance of customer-to-customer interactions, no research of which we are aware has explored how service firms should manage them. Our research question is therefore: what are the factors that service firms should consider to manage customer-to-customer interactions in group service encounters? We also address a follow-up question on the practical implications: what can firms do to ensure that there is positive interaction between customers, while preventing or stifling negative interaction? To answer these questions, and to explore customer-to-customer interaction from multiple perspectives, we conduct three sets of interviews, with managers, customers and frontline employees of firms that organize group services.

In the rest of the paper, we discuss the overall methodology, then the approach and results of each set of interviews. From these results, we develop four factors of customer-to-customer interaction that can impact the service experience positively or negatively. Finally, we offer limitations and recommendations for future research.

METHODOLOGY

To explore how service firms manage customers to create positive customer-to-customer interaction in group service encounters, we conducted three sets of interviews, with managers, customers and frontline employees in the tourism and leisure sectors. We selected these sectors for three reasons. First, group service encounters in the tourism and leisure sectors, especially group tours, typically range from a few hours to several days and thus are long enough for customers to have time to interact and for this to have an impact. Second, they encompass a wide variety of customer activities (e.g. sitting or standing while listening to the service employee, undertaking physical or cognitive activities, cooperating with other customers) that are applicable to many contexts. Third, there is a large number of such group activities in the North American city destination where the research took place and thus, it was possible to interview a variety of managers, frontline employees, and customers.

Conducting three sets of interviews sequentially allowed us to develop a deeper understanding by delving further into themes that were revealed in the first set of interviews when conducting the second and third sets of interviews. Additionally, by interviewing managers, customers and frontline employees, we were able to obtain different perspectives on certain aspects of group service encounters and customer-to-customer interaction. For example, while the manager might focus on the impact that customer-to-customer interaction has on customer satisfaction, frontline employees might also note that too much interaction could be disruptive and could distract customers from the service itself.

STUDY 1 – MANAGER INTERVIEWS

Method

The first set of interviews was conducted with eight managers of service firms that provide group experiences in the North American city destination, which includes cooking lessons, food and wine tasting tours, vineyard dinners, and improvisation workshops. The group services that the firms provide vary widely in number of participants (from 3 to 70) and duration (from 45 minutes to 3 days). The criteria used to select these firms were that they organize group experiences for commercial purposes in the tourism and leisure sectors and they were considered leaders in their field, as determined by referrals from experts and from the network of the first author who had previously worked in the tourism industry.

The purpose of this first set of exploratory, semi-structured interviews was to explore a broad range of issues relating to group service encounters. It included questions about group service design, approaches toward managing customers, and a discussion of positive and negative customer behaviours in practice. The interviews were conducted in person or by telephone and each interview was recorded and transcribed. Two researchers analysed the data using the framework approach, following (Pope, 2000) and (Attride-Stirling, 2001) that included the following steps: familiarisation, identification of a thematic framework and a coding structure, and indexing. A third researcher verified the indexing, then one researcher completed the charting and mapping and interpretation steps that were verified by the other two researchers.

Results

Through an iterative process, we identified 29 basic themes; these themes were then grouped into 10 organizing themes and 3 global themes (Attride-Stirling, 2001). The three global themes, along with the organizing and basic themes that they comprise, are shown in Table 1. The first global theme we identified was: ‘Firms must facilitate positive customer-to-customer interaction’. Since participants of group service encounters are looking for a group experience, whether they have positive interaction with others has a notable impact on their service experience. Managers believe that it is therefore the responsibility of the firm to ensure that this interaction occurs.

The second global theme is ‘Customer-to-customer interaction can be designed’. Firms can stimulate interaction in a number of ways during the design stage: they can create a setting that encourages interaction, they can ensure that customers who sign up know what to expect and are prepared and qualified, they can specify a group size that is small enough to be personal but large enough to have a pleasant ‘buzz’, and they can include activities where customers work or learn together.

The third global theme is: ‘Encourage positive interaction subtly, stifle negative interaction swiftly’. Since customers are generally eager to interact, firms can provide the opportunity and encourage them subtly. However, the few customers who are disruptive or rude need to be dealt with swiftly, privately and if necessary, by removing them from the group.

Organizing themes	Basic themes
<i>Global theme 1 – Firms must facilitate positive customer-to-customer interaction</i>	
Customers seek interaction with others.	Customers seek a group experience. Customers like meeting interesting people.
Customers seek a positive emotional experience.	Positive interaction arises from shared positive emotions. Positive emotion creates a relaxed atmosphere (‘buzz’)
Positive customer interactions lead to positive outcomes.	Customer interaction is the most important part of the service experience. Positive experience leads to word-of-mouth Positive experience leads to repeat visits.
Firms are responsible for customer-to-customer interaction.	The firm is responsible for initiating and driving interaction.
<i>Global theme 2 – Customer-to-customer interaction can be designed</i>	
The right setting encourages interaction.	Remarkable surroundings encourage interaction. Intimate locations encourage interaction.
Customer self-select for activities that suit them.	Group services are taken by people of all demographics. Customers come by themselves, as couples, or in small groups. Groups are formed randomly. People self-select for group services.
There is an optimal group size.	In groups that are too small, there is no buzz. Small groups (8-20) are intimate and manageable. Large groups need multiple employees, are less personal, and lead to less satisfaction.
Customers like learning in a social environment.	Shared activities facilitate interaction. Customers value learning something. Customers prefer learning in a social and supportive environment.
<i>Global theme 3 – Encourage positive interaction subtly, stifle negative interaction swiftly.</i>	
Positive interaction should be encouraged subtly.	The firm is responsible for creating a fun and encouraging interaction. Customer interaction occurs naturally. Staff should allow for organic interaction to occur. Natural interaction can be stimulated with social cues. Staff should be subtle in their encouragement. Customers with special demands have a negative impact.

Negative interaction must be addressed swiftly.

Customers who are rude have a negative impact.

Customers who are disengaged can have a negative impact.

Negative interaction needs to be addressed immediately and decisively.

Table 1– Results of Study 1; global, organizing and basic themes

The overall conclusion from the first study is that customer-to-customer interaction is an important matter for managers of firms that offer group service encounters. However, while the managers offered insight into group service design and group management, their understanding of customers’ motivations and experiences was limited, which is addressed in Study 2.

STUDY 2 – CUSTOMER INTERVIEWS

Method

The purpose of the second set of interviews was to determine what makes a group service encounter a positive or negative experience for customers, and the role that customer-to-customer interaction plays in this. This set was conducted with twelve recent customers of a walking tour company. Each customer was in a different tour group, to ensure each could share different experiences.

We used the critical incident technique (CIT), following Bitner et al. (1990), and asked subjects to describe one particularly satisfying incident and one particularly dissatisfying incident that they experienced while participating in a group service in the last 12 months. We chose the CIT because it is useful for obtaining “rich details of first hand experiences in which customers have been satisfied or dissatisfied” (Bitner et al., 1994, p. 97). Each interview was conducted by telephone and was recorded and transcribed. Two researchers independently read the transcribed interviews, sorted the incidents according to similarities, reached consensus on the major groups and category labels during two successive clustering processes, and wrote a set of coding instructions for the third researcher who sorted the satisfactory and unsatisfactory incidents into categories.

Results

As Table 2 shows, 11 categories of critical incidents were identified in which interaction with other customers affected their service experience. Some of these incidents had a mostly positive impact such as customers talking about the activity, “We had wine tasting and we had tapas, which is as you know, typically kind of Spanish tasting lunch. ...people naturally fell into, ‘Ooh, that was a very nice wine’, or, ‘Well, if I had had the choice I wouldn’t have had that wine myself...’” Customers also enjoyed talking about other interests, “Yes, there was a young couple from Hong Kong, that we determined that we had certain things in common by virtue of our travel patterns...” Customers who helped others also had a positive impact, “Oh, somebody asked me if I needed help...and he actually gave me a knee so that I could get a hoist up onto the side of the boat.”

Other incidents had a negative impact such as customers who were obnoxious, “...and they were making fun of Donald Trump. And there was a woman in the audience who...just yelled out ‘Hey, I’m an American, and you shouldn’t really be making fun of him...’ And the whole audience just went completely quiet...” Customers who are unprepared or unqualified for the group activity

also negatively impacted the other customers, "... a lady who walked with a cane decided to join us. But it was very clear in the description that it was a walking tour.... It caused some other people on the tour to become upset...."

There were also incidents that could have a positive or negative impact, such as the actions of employees. The frontline employee can facilitate the interaction, "it was...the guide starting the interaction, you know, your favourite foods, where you're from.... You... got to know who everybody was in the group." Conversely, the frontline employee can hinder interaction "It was very much a listen and tell kind of tour rather than an engaging tour. ...we just sort of shuffled from one point to the next without an awful lot of discussion." Likewise, the service design can facilitate interaction, "you start at one of the restaurants and then you move through maybe 200-300 yards to the next one and you have the opportunity to sit at a table and talk or...as you walk along the pavement you can talk to each other...." Or, the service design can hinder interaction, "...it's not necessarily the tour guides fault if they didn't know prior to the tour about this person turning up, but maybe they could have reacted better. Maybe they could have had another person to accommodate her separately." The size and composition of a group can also have positive and negative impacts. Positive: "...it wasn't a small group but it wasn't super-large. Maybe 12 or 14 people. I think if it was much larger you would have people...who wouldn't engage as easily. And if you only have 2 or 3 people...then maybe... people would feel put on the spot." Negative: "Typically, in the Asian culture you just kind of push in and go.... And...the rest of us...looked at each other the first two or three food stops and then we kind of realised that this was how they are...."

Critical incident	Positive impact	Negative impact	Study 2	Study 3
Customers talk about the activity	Yes	-	Yes	Yes
Customers talk about other interests	Yes	-	Yes	-
Customers have shared emotions	Yes	-	-	Yes
Customers are helpful	Yes	-	Yes	Yes
Customers are obnoxious	-	Yes	Yes	Yes
Customers are unprepared or unqualified	-	Yes	Yes	Yes
Customers are disengaged	-	Yes	-	Yes
Group composition	Yes	Yes	Yes	Yes
Group size	Yes	Yes	Yes	Yes
Tour design encourages / hinders interaction	Yes	Yes	Yes	Yes
Employees encourage / hinder interaction	Yes	Yes	Yes	Yes

Table 2- critical incidents identified in studies 2 and 3

STUDY 3 – FRONTLINE EMPLOYEE INTERVIEWS

Method

The third study was conducted among frontline employees. We repeated our use of the Critical Incident Technique to confirm our findings from study 2 and to explore positive and negative critical incidents from the perspective of frontline employees. The 10 frontline employees that were interviewed are experienced tour guides who conduct group tours where interaction among customers is common. The tour guides were selected from the Canadian Tour Guide Association and from the network of the first author. The method of analysis was the same as for Study 2.

Results

Although the critical incidents that were described by the frontline employees were very similar to those identified by customers, there were some noteworthy differences (see table 2). In particular, while several of the frontline employees did mention conversation between customers, they did not distinguish between conversation that was about the activity and conversation that was about something unrelated. In contrast, customers made it clear that both types of conversation are important; in fact, by talking about unrelated matters, they often were able to find common interests with other customers and establish a personal connection, which had a highly positive impact on their experience.

Another difference was that frontline employees noted the importance of positive or negative emotion. Sharing strong positive emotion is a bonding experience: "...we had a day where we did river rafting...it was a bonding experience to...be soaking wet together and laugh and giggle. We were having a great time already but this...makes you a bit vulnerable [and]... made the group come together even more strongly." Negative emotion can spread to other customers: "If you have some negativity there, then that spoils your experience." Also, while frontline employees considered other customers who were disengaged with the activity as a negative factor, this type of customer was not mentioned by customers, likely because customers could ignore such customers while frontline employees are necessarily aware of all customers. A sample quote, "Having people in your group who are not really interested in what you are talking about affects you as the guide so you as the guide will affect the group as well."

FACTORS OF CUSTOMER-TO-CUSTOMER INTERACTION

From our interviews, it is clear that positive customer-to-customer interactions in group service encounters can be facilitated by the service firm in specific ways. Likewise, negative customer-to-customer interactions can be prevented or stifled through actions by the service firm. From our findings, we identify four factors that are essential for customer-to-customer interaction. These factors were determined through iterative steps in which different researchers compiled the results from the three sets of interviews to identify common themes. These common themes or factors, as shown in table 3, were then compared and then agreed to amongst the researchers 3.

The first factor we identify is *group size and composition* and it can be positive or negative, as with all the factors. Group size refers to the number of people in a customer group and there is an optimal range for each type of customer group. Larger groups are appropriate for less active services (such as bus tours) while smaller groups are appropriate for more active services (such as

improvisation workshops). If a group is too large, customers feel crowded and anonymous. If a group is too small, customers may not find compatible buddies or may feel put on the spot. Group composition refers to the fit of the customer group for the activity. Communication of the level of expertise, fitness, or other criteria is necessary to select compatible customer groups (e.g. specifying skill level for an advanced skiing workshop). Similar levels of expertise, fitness, etc. means customers have commonalities that can lead to positive customer-to-customer interaction. Conversely, when customers do not have similar levels of expertise, fitness, etc., this imbalance can cause resentment and lead to negative customer-to-customer interaction.

Factors	Positive	Negative
<i>Factor 1 – Group size and composition</i>		
A. Group size	The right size group, right customer fit.	Too many / few customers, wrong customer fit.
B. Group composition		
<i>Factor 2 – Service design</i>		
A. Opportunity for C2C interaction	Time scheduled for interaction, intimate environment.	No opportunity to interact, impersonal setting.
B. Physical setting		
<i>Factor 3 – Employee prompting</i>		
A. Prompt introductions	Initiate interaction, create positive atmosphere, adapt to customer group	No attempt to initiate interaction, tone-deaf to customer group.
B. Organize interactive activities		
C. Determine appropriate prompts		
<i>Factor 4 – Group behavior</i>		
A. Other customers' behavior toward the service	Other customers enthusiastic, showing interest in the service	Other customers bored, complaining, disinterested.
B. Other customers' behavior toward others	Other customers friendly and helpful	Other customers rude and disruptive

Table 3 – Factors of customer-to-customer interaction

The second factor is *service design* that can also impact customer-to-customer interaction positively or negatively. If customer-to-customer interaction is desired, the time and opportunity need to be provided such as allowing customers time to talk among themselves in between scheduled activities. Likewise, the physical setting can encourage interaction; e.g. seating placed in conversation circles, rotating seating arrangements, or a remarkable location that sparks conversation.

The third factor is *employee prompting*, in which employees actively encourage customer-to-customer interactions through activities such as having customers introduce themselves or having the employee introduce customers to each other to start conversation. Employees can also organize interactive activities such as ice breaker games. Further, they can determine the most appropriate methods of prompting further customer-to-customer interaction for the specific customer group, adjusting their pace and tone to suit. Without the active prompting, customer-to-customer interaction may not occur in a consistent fashion. This means that employees should be hired not only based on the skill and knowledge that is required to perform the service, but also on the social skills that are required to deal with customer groups (Di Mascio 2010).

The fourth factor is *group behavior*. Customers in customer groups can be enthusiastic about the sights, the activities, and the service employee and this enthusiasm will spread through the customer group. Alternatively, they can be bored, act disinterested, or complain and this negativity will also spread. Group behavior also extends to the behavior of customers toward each other. They can be friendly and helpful to other customers or they can be rude and disruptive. The service employee can enhance the enthusiastic or helpful behavior by drawing attention to it. Negative behavior must be recognized early and addressed to prevent it from spreading to the other customers.

Limitations and future research

Naturally we must acknowledge a number of limitations of our research. As with any qualitative study, although we obtained valuable in-depth insight into customer-to-customer behavior, the small sample size of our study makes it risky for us to generalize our findings. We therefore recommend that future studies that focus on group service encounters use quantitative methods such as surveys and experiments to further test our findings.

Furthermore, by focusing on the tourism and leisure sectors for our interviews, there is a risk that our findings cannot be generalized to other industries. One reason why this may be the case is that in tourism and leisure, group services are taken voluntarily, by customers likely eager to interact. In other sectors such as in education and health care, interacting with others may be less voluntary and more of a necessity. Thus, in these settings, the findings may differ. We encourage other researchers to build on our research by examining other sectors where customer interaction is important.

Conclusion

Group service encounters play an important role in many sectors; not just in the tourism and leisure industry, but they are equally important in education and health care (such as support groups or group counseling). Our research shows that how customers interact with one another has a major impact on how the service is experienced. In a competitive marketplace where firms are already offering and delivering high-quality services at competitive prices, one of the few remaining ways for service firms to distinguish themselves from competitors is through their ability to manage customer-to-customer interaction.

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