

Is Participation in Services a Burden on Customers? Optimizing the Customer's Role of Participation

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ABSTRACT

Customer participation in service production creates value for the customer, but it also imposes a cost on the customer. Moreover, the benefit does not always increase with the level of participation. The aim of this study was to identify the optimum roles for customers when they participate in different service settings. Data collected in a survey study of Japanese customers in different service settings revealed inverted U-shaped relationships between participation and customer satisfaction; these relationships differed among services. Data collected in an on-site study at a car-rental shop revealed that beneficial participation behaviors are present even in a difficult service setting.

Keywords: customer participation, customer satisfaction, inverted U-shaped relationship, on-site study.

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1. INTRODUCTION

In many service settings, customers make substantial contributions to the service process. For example, customers shopping at a supermarket also “work” by traveling to the store, carrying their own bags, and returning the shopping cart to a designated point (Keh & Teo, 2001). Restaurant customers not only serve their own food at salad bars and buffets but also cook their meals in certain situations (Kelly, Donnelly & Skinner, 1990). A great example of service that calls for a higher level of customer's cooperation is a weight-loss program. Unless customers commit to the program, the service provider cannot deliver an effective service outcome (Bitner et al., 1997).

The taking of an active role by customers is generally referred to as “customer participation” (Mills, Chase & Margulies, 1983; Mills & Morris, 1986) or “co-production” (Bitner et al., 1997). From the service provider's perspective, gaining participation from customers not only creates customer-centric views (Chase, 1978; Vargo & Lusch, 2004) but also maximizes productivity (Lovelock & Young, 1979; Keh & Teo, 2001; Bendapudi & Leone, 2003), and both create strategic advantages over other firms (Lengnick-Hall, 1996; Prahalad & Ramaswamy, 2004). However, it cannot be ignored that customers also have to “pay a cost for participating.” In fact, the expected results are diluted if the cost outweighs the benefit to the customer. A strategic issue to be addressed by providers is thus how to determine or create the optimal size role for customers to play in their operations.

The aim of this study is to identify the optimum roles for customers when they participate in different service settings. We did this by finding inverted U-shaped relationships between customer participation and satisfaction. The remainder of this paper is organized as follows. The next section introduces our hypotheses, which are based on theoretical literature. The methods for and results of testing these hypotheses are presented in the two subsequent sections. Next is to describe the on-site analysis we performed to find better ways for customers to participate in a difficult service setting. Finally, we summarize our findings and suggest future directions.

2. BACKGROUND AND HYPOTHESES BUILDING

2.1. Customer participation in different service contexts

A universal way to conceptualize customer participation (co-production) is not given in the literature. Rodie & Kleine (2000) defined customer participation as the actions and resources supplied by customers for service production and/or delivery. Lengnick-Hall, Claycomb & Inks (2000) referred to it as engaging customers as active participants in the organization's work or treating customers as "partial employees." Dabholkar (1996) defined it from the customers' perspective in order to investigate the factors underlying the customer's decision to 'participate' in the service delivery. Despite these differences in definition, "customer participation" generally refers to input, investment, and/or cooperation from customers in the service process. It is conceptually distinguished from customer contact (the percentage of time a customer is present in the service delivery system relative to total service time), customer involvement (customers' personal interest in a particular service), customer consumption (the process of experiencing the benefits of the service process and delivery), and customer citizenship behavior (customers' extra-role behaviors that result in positive benefits to service providers) (Silpakit & Fisk, 1985; Cermak, File & Prince, 1994; Bettencourt, 1997; Rodie & Kleine, 2000; Groth, 2005; Groth, Mertens & Murphy, 2005; Bove et al., 2009).

To our knowledge, the required amount of customer participation is still unclear. However, it is obvious that the amount of participation varies across service settings. In the example mentioned above, service delivery in a weight-loss program requires customers to be devoted and make great efforts. In contrast, traveling to a supermarket and carrying one's own bags may not be such a burden on customers. According to Mills & Morris (1986), the complexity of production-related skills and knowledge required of a customer must be the key to the difference in the amount of effort from customers.

Hypothesis 1 (H1): The more complexity a customer faces in expressing his/her service needs, the more he/she will participate in the service process.

2.2. Benefits and downsides of customer participation

Rodie & Kleine (2000) asserted that the potential benefits of customer participation (co-production) are (1) gaining customer perceptions of service quality, (2) increasing productivity or providing opportunities to add value to the services mix, (3) filling a market niche, (4) reaching unserved markets, and ultimately (5) gaining greater customer loyalty and retention. Empirical studies have demonstrated that participation positively

influences perceived service quality, customer satisfaction (Cermak, et al., 1994), and/or attitudinal loyalty (Auh et al., 2007). Other studies have found almost no effects or even negative effects on customers' behavioral attitudes (Bettencourt, 1997; Kellogg, Youngdahl & Brown, 1997; Claycomb, Lengnick-Hall & Inks, 2001). These mixed results could be due in part to whether the study frameworks encompassed the downsides of participation.

Participation is not costless to customers. The cost for customers in using a service is generally referred to as "service cost." Lovelock & Wright (1999) classified this service cost into monetary and non-monetary costs and thought that reducing the latter increased net value for customers. Keh & Teo (2001) proposed a conceptual framework in which reducing the five types of distribution cost or customer input contributes to customers' positive attitudes. Bowen & Jones (1986) and Lusch, Brown & Brunswick (1992) used a transactional approach to explain when service providers should include or exclude customers in service production. The price that customers paid was for the time spent and the experience with the service (Tresna, Herawati & Dai, 2021). In these studies, customers were regarded as the ones facing a trade-off between what they get and what they contribute (Zeithaml, 1988; Etgar, 2008). This indicates that customers who find an optimal trade-off will perceive higher satisfaction with the service.

Hypothesis 2 (H2): Customer satisfaction is the highest when the customer "modestly" participates in the service process. That is, there is a curvilinear (inverted U-shaped) relationship between the degree of customer participation and customer satisfaction.

These hypotheses were tested, as described in the following section.

3. METHODS

3.1. Research setting

On the basis of previous research (e.g., Silpakit & Fisk, 1985; Bowen, 1990; Bitner et al., 1997; Ruyter, Wetzels & Bloemer, 1997; Bendapudi & Leone, 2003; Bove et al., 2009), we selected five service settings in which face-to-face interactions are required: (1) hair cutting (excluding perming and dyeing), (2) medical treatment (illness or injury), (3) tour guiding (including information provision), (4) private teaching (tutoring, language study, etc.), (5) rental service provision at a shop (car, camping equipment, DVD, etc.). We consider that these settings cover a wide range of complexity in terms of producing services: we assume that hair cutting and medical treatment are more complex services than tour guiding, private teaching, and rental service provision.

An Internet survey was designed containing almost the same 30 items for each service setting (the appearance order was randomly changed for each respondent). All respondents were asked to answer these 30 items for all five service settings. The variables were measured on a 6-point Likert scale anchored by "strongly agree" and "strongly disagree." With the help of a research company in Japan, we collected 312 responses via the Internet. After eliminating the responses having a standard deviation of less than 0.5 within each service section (i.e., 30 items), the sample sizes were reduced to

280 (hair cutting), 263 (medical treatment), 240 (tour guiding), 228 (private teaching), 250 (rental service provision).

3.2. Variables

Because customer participation is a relatively new concept, there are a great variety of measurements (Groth, 2005). Cermak et al (1994) used the time and effort devoted to a service provider and asked such questions as “how much time and effort have you invested...?” Bettencourt’s (1997) and Claycomb et al.’s (2001) scales include customers’ extra-role behaviors (e.g., “If I notice a problem, I inform an employee of this store even if it does not affect me.”). In contrast, Groth (2005) focused only on required tasks (e.g., “I performed all the tasks that are required.”).

Because our concern is customers’ in-role behaviors that also include not-required tasks, we used four items that focus on customer participation developed by Auh et al. (2007). The sample items are “You tried to work cooperatively with your doctor,” “You did things to make your doctor’s job easier,” “You prepared your questions before going to an appointment with your doctor,” and “You openly discussed your needs with your doctor to help him/her deliver the best possible treatment.” The words “doctor” and “treatment” were replaced with terms appropriate for each service setting.

The four items had relatively high reliability in all the service settings (Cronbach’s alpha was 0.729 for hair cutting, 0.768 for medical treatment, 0.694 for tour guiding, 0.806 for private teaching, and 0.746 for rental service provision). We thus used the average score in our analysis. Customer satisfaction was measured by one item, “You were satisfied with your doctor’s treatment.”

3.3. Controls

Bowen (1986) mentioned that customer participation is less required for repeat customers than first time ones, which was empirically confirmed by Cermak et al. (1994). This is because an established relationship between a customer and a contact person creates a mutual norm of “how to do the task” or “who is responsible for.” Therefore, we controlled for this with one item, “You repeatedly have had medical treatments from your doctor” (again, “medical treatment” and “doctor” were reworded in each setting). Other demographic factors such as age, gender (a dummy for women), job (dummies for office workers and freelancers), and marital status (a dummy for married) were also taken into consideration as control variables.

4. RESULTS

4.1. Customer participation

Figure 1 shows the degrees of customer participation in the five service settings. The degrees are statistically different (ANOVA test: $F=8.336$, $p=0.000$). The more (presumed) complex services such as hair cutting and medical treatment showed higher participation, which generally supports H1.

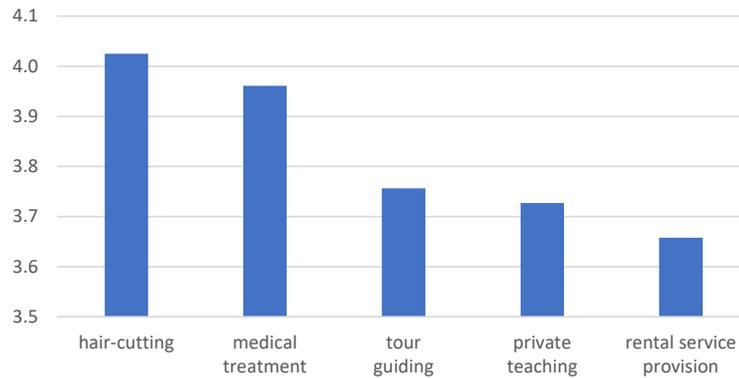


Figure 1. Customer participation in five service settings.

4.2. Relationship between customer participation and satisfaction

To offset the biases between the service settings, all the data except for the dummy variables were once subjected to z-transformation for each service setting and then pooled before multiple regression analysis. Multicollinearity was averted because the maximum of the variance inflation factors in the model was 1.752. For H2 to be supported, the direct effect on customer participation must be positive, and the sign of the coefficient of customer participation squared must be negative.

The hypothetical signs and significances of the coefficients of the variables in the “total” column in Table 1 supported H2. Although the significances of customer participation squared were missing, the signs matched the estimated ones for all services except hair cutting. In contrast, the sign of the coefficient of customer participation squared was positive for hair cutting, the opposite of that needed to support H2. This may be due to the inclusion of both men and women in the same analysis. Because women in general are more conscious of beauty and fashion than men, they might simply be enjoying the participation or be having a sense of controlling the hair-cutting process (Bateson 1985; Dabholkar, 1996). In fact, analysis of the data by gender produced the opposite signs for the coefficient of customer participation squared: -0.107 for men and 0.133 for women.

Using these results, we created the simulated relationships between customer participation and customer satisfaction as shown in Figure 2. The relationships clearly differ among the service types: customer satisfaction decreased sooner and faster for rental service provision, whereas it decreased gradually for tour guiding.

Table 1. Results of testing Hypothesis 2 (dependent variable: customer satisfaction)

variables	total	hair-cutting	medical treatment	tour guiding	private teaching	rental service provision
<i>(independent variables)</i>						
customer participation	0.511 ***	0.437 ***	0.508 ***	0.594 ***	0.595 ***	0.466 ***
customer participation squared	-0.056 *	0.012	-0.078	-0.052	-0.080	-0.105
<i>(control variables)</i>						
established relationship	0.112 ***	0.174 **	0.144 **	-0.068	0.120 *	0.147 *
age	0.027	0.021	0.050	0.048	0.040	-0.051
office worker dummy	-0.008	0.009	0.055	-0.049	-0.008	-0.079
freelancer dummy	-0.036	-0.054	-0.013	-0.142 *	-0.062	0.056
woman dummy	0.011	-0.057	0.039	0.012	0.064	0.003
married dummy	0.036	-0.050	0.060	0.043	0.063	0.068
hair-cut dummy	0.033					
medical treatment dummy	-0.020					
tourist guide dummy	0.034					
personal lesson dummy	-0.108 ***					
adj.R ²	0.362	0.251	0.366	0.334	0.451	0.319
F	60.5 ***	12.7 ***	19.9 ***	16.0 ***	24.3 ***	15.6 ***
N	1261	280	263	240	228	250

Note: numeric values mean standardized partial coefficients (* p<.05, ** p<.01, *** p<.001).

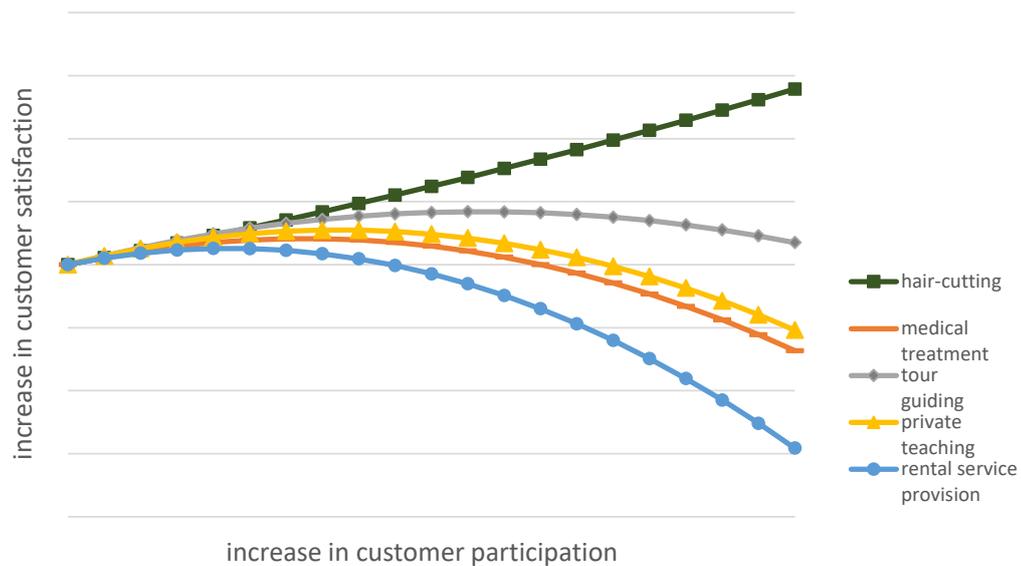


Figure 2. Simulated relationships between customer participation and satisfaction

5. ON-SITE STUDY

5.1. Extraction of participation behaviors

The results of our analysis suggest that it is quite difficult for rental service providers to increase customer satisfaction through customer participation. To identify ways that this might be achieved, we conducted an on-site study. We focused on car-rental service provision because of the potential complexity. The car-rental company we targeted is characterized by exceptionally low-priced service and has over 200 locations across Japan.

The study began with observation in order to learn how customers participate in an actual service setting. To be specific, one of the authors sat behind the counter at a location that provided service to a relatively large number of customers each day and observed how customers participated in the service process. The observation lasted for 12 days, from roughly 8:45 am to 7:15 pm. In total, 173 service encounters were observed. For the purpose of generating descriptions of customer participation behavior, we aimed to include data for all encounters that contributed behavioral content. We thus excluded only three encounters in which there was an unclear purpose (random consulting) or a failed transaction for which regular participation behavior was not observed. Among the 170 encounters for which we used the data, the purpose of 77 was renting a car (45.3%), the purpose of 74 was for returning a car (43.5%), and the rest were for making a reservation or extending the rental period (some of which overlapped with renting or returning) and special cases such as dealing with accidents and obtaining information about rental plans.

The service encounters were between an employee and a customer either in the office or in the parking lot. They lasted from 2 to 12 minutes depending on the purpose. On most days, there was only one employee working, so it was easy to observe the entire process and take notes without interfering with the process or letting the customer know the study's purpose. Example field notes can be found in the Appendix.

Using the field notes for the 170 encounters and the qualitative data analysis methods of Miles, Huberman & Saldaña's (2018), we conducted two cycles of coding. In the first cycle, we focused on customer behaviors related to the service delivery process or affected the service employee's actions. The service encounters generally included such customer behaviors as submitting a personal ID before being asked, filling in an application form, communicating with a service employee, making payment, checking the car's condition, and taking care of personal belongings. Descriptions of these behaviors were generated on the basis of the main actions the customers took at each service delivery stage. This first cycle of coding resulted in the generation of 18 items.

Next, in the second cycle of coding, we reviewed the 18 items and looked for commonalities between items to combine and rephrase them. Two items describing the confirmation of various service details (e.g., payment method, navigation system provision, return time) and operational details (e.g., how to refuel) were combined into one item: "confirm order and service details." Five items related to customer greetings of and reactions to the service employees were combined into one. Four items regarding customer concerns about the progress on the service employee's side were also combined into one. This second cycle of coding resulted in the generation of 10 items for the 170 service encounters (Table 2). These items were used in the customer survey.

Table 2. Customer participation behaviors in car-rental service provision

1. Confirm order and service details (payment method, navigation system, car functions, return time, etc.)
2. Check car's condition carefully
3. Spend waiting time comfortably
4. Arrange necessary documents and payment method in advance
5. Greet and react with personnel properly
6. Show concern about the progress of the service employee's work
7. Cue the service employee the next step
8. Communicate one's individual needs and special problems to a service employee when necessary
9. Pay attention to the introduction and instructions (video, bulletin board, posters, brochure, service employee's explanation)
10. Express clearly one's purpose for the visit at the beginning

5.2. Survey

On the basis of the extracted customer participation behaviors, we prepared a short web-based survey aimed at the customers of the target company. The items used are summarized in Table 3. The items generated in the second cycle of coding were used to measure participation behaviors. We also measured customer satisfaction and intention to reuse on a 5-point Likert scale. As in our Internet survey, the number of times the service had been previously used was included as a control variable. The respondents were given five options: (1) this is the first time, (b) 1–2 times, (3) 3–4 times, (4) 5–6 times, and (5) 7 or more times. These values were converted into 0, 1.5, 3.5, 5.5, and 7.5, respectively, for the analysis.

The employees were instructed to ask customers returning a car to access the web and complete the survey. A total of 253 responses had been received after six months. As we did in our Internet survey, we eliminated those with a standard deviation of less than 0.5, leaving us with 238 samples.

5.3. Results

We prepared two models for the analysis: Model 1 focused only on the direct effects of the independent variables and Model 2 took into account the squared effects as well as the direct effects. The results of multiple regression analysis are summarized in Table 4. Multicollinearity was averted because the maximum of the variance inflation factors was 1.578 in Model 1.

Table 3. Items in web-based customer survey

<i>variables</i>	<i>items</i>
satisfaction	You are satisfied with this company's service.
intention to reuse	You intend to use this company's service again.
confirm service	You confirmed the order and service details.
check car conditions	You checked the car's condition carefully with a service employee.
wait actively	You were irritated about the waiting time. [Reversed]
prepare for visit	You confirmed necessary documents and payment methods in advance.
react gently	You reacted bluntly to something the service employee said or did. [Reversed]
concern about the employee	You waited until the service employee finished the last task.
cue the next step	You handed the service employee your documents before being asked to do so.
communicate problems	If you noticed a problem, you advised a service employee.
pay attention to instructions	You paid attention to posters in the office, an instruction video, etc.
express a purpose	You told a service employee the purpose of your visit.
number of times used	How many times have you used this company's service before?

Table 4. Results of web-based customer survey

No	variables	customer satisfaction		intention to reuse	
		Model 1	Model 2	Model 1	Model 2
1	confirm service	0.211 **	0.193	0.177 **	0.209
2	check car conditions	0.169 **	0.432 **	0.200 **	0.369 *
3	wait actively	0.242 ***	0.331 **	0.195 **	0.314 *
4	prepare for visit	0.060	0.130	0.057	0.257 *
5	react gently	0.029	0.127	0.032	0.298 *
6	concern about the employee	-0.104	-0.036	-0.098	-0.003
7	cue the next step	-0.030	-0.116	0.060	-0.022
8	communicate problems	0.062	0.066	0.078	0.135
9	pay attention to instructions	0.038	0.080	0.058	0.117
10	express a purpose	0.166 **	0.220 *	0.070	-0.014
11	variable 1 squared	—	0.032	—	0.109
12	variable 2 squared	—	0.265	—	0.183
13	variable 3 squared	—	0.131	—	0.179
14	variable 4 squared	—	0.083	—	0.211 *
15	variable 5 squared	—	0.112	—	0.297 *
16	variable 6 squared	—	-0.103	—	-0.127
17	variable 7 squared	—	-0.090	—	-0.049
18	variable 8 squared	—	0.028	—	0.104
19	variable 9 squared	—	0.079	—	0.106
20	variable 10 squared	—	0.080	—	-0.082
21	number of times used	0.134 *	0.135 *	0.150 **	0.161 **
	adj. R ²	0.344	0.356	0.317	0.377
	F	12.3 ***	7.2 ***	11.0 ***	7.8 ***

Note: N=238. Numeric values mean standardized partial coefficients (* p<0.5, ** p<.01, *** p<.001).

In Model 1, positive signs were found for most of the independent variables. Three variables (confirm service, check car condition, and wait actively) all significantly affected customer satisfaction and intention to reuse. This means that we can find (or

create) better ways of participation even in a difficult service setting. However, due in part to the limited number of samples, we could not find any clearly inverted U-shaped relationships for these variables.

6. CONCLUSION

Because the aim of promoting customer participation is to improve efficiency for service providers, the downside of participation has been relatively overlooked. Our study focused on the trade-off between participation and benefit for the customer. Our survey results indicate that finding the optimal balance between the two in a targeted service is a good way to gain “win-win relationships” between a service provider and its customers.

Our study has several limitations. For one, it focused on only five service settings, so there is limited generalizability of the findings. Another is that the process used for extracting customer participation behaviors was subjectively based; a more scientific approach should be considered. Finally, the study was conducted in a Japanese context, which may have affected the generalizability of the results.

Despite these limitations, the findings should be helpful to service providers, particularly because customer participation is critical to improving service efficiency.

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APPENDIX (An example of field notes)

No.	Date, time	Leave time	Gender	Age/other characteristics	Order	Comments
106	4/16, 9:20am	9:36am	M	well-behaved, businessman	rent	get ready ahead of time to cooperate the next step; respond G positively and actively

Process (G: Service employee; C: Customer)

C: enter; G: morning;

C: **reserved**; G: confirm the type, bring the form, ask for 2 cards used before;

C: take a seat, yes, fill in the form; G: copy, return;

C: **confirm a detail in the form**; G: input order info;

C: check for some info, keep writing, answering the phone for a few minutes; G: wait, prepare the video;

C: **after finishing and hanging up the phone "sorry"**; G: bring the video;

C: put back the cards, **watch the video the whole time, 5/5, well-behaved**; G: questions;

C: ok; G: confirm the contract, price;

C: card; G: operate card payment one-time;

C: **yes, stand up and approach G, wait for the operation, wait to input pwd, watch the process finish**; back to the seat to fill in some missing info appointed by G;

C: **pack bags, stand up, accept docs from G**;

C: follow G to check each mark, **yes yes to confirm everything G said, 5/5**; G: anything more problem;

C: no, sign, get in, set up and get ready, leave.
