WHEN YOUR EXPERIENCE DEPENDS ON OTHERS: THE EFFECT OF

GROUP-SERVICES ON CUSTOMER SATISFACTION

by

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DISSERTATION

Submitted in partial fulfillment of the requirements
for the degree of Doctor of Philosophy at
The University of Texas at Arlington
August, 2017

Arlington, Texas

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To my parents
for giving me the love and support

ACKNOWLEDGEMENTS

I thank God for giving me the strength, patience, and guidance to accomplish yet another significant achievement in my life. He showed me that nothing is out of reach and that I can have anything I desire with persistence and hard work.

I am grateful to my committee: Dr. Elten Briggs, Dr. Lawrence Chonko, Dr. Ritesh Saini, Dr. Freling Traci, and Dr. Mary Whiteside for providing the guidance and feedback throughout my dissertation, even when they were on vacation. Thank you for your insightful feedback and positive attitude. I extend my appreciation to my dissertation chairs, Dr. Elten Briggs and Dr. Lawrence Chonko for their continuous support and guidance. They were always available to meet with me anytime I needed their help. At the same time, they allowed me the freedom to roam free when I needed the room until I reached an obstacle.

Success doesn't happen in isolation of one's personal life. I owe a great debt of appreciation and acknowledgment to family and friends. To my father, who inspired me to follow in his footsteps. His way of thinking when tackling any problem taught me what I came to understand to be, the fundamentals of how a researcher should think. There is no greater man to follow. My mother for instilling in me the importance of higher education and work ethic that allowed me to attack tenaciously my coursework and dissertation. She always believed I would get a doctorate degree and so I did. For both of my parents for providing unconditional love and support that is continuous, unwavering, and unmatched. A paragraph of acknowledgement is not enough to express how thankful I am to all that they have done and still do for me. I am forever grateful to have such perfect parents.

To my siblings: Ahmed, Amal, Ala, Zeinab, Afnan, and Abdelmohymen for being my safety net that I know I can rely on. Living thousands of miles away, yet they travel in a heartbeat whenever I need them. Having their support and love helped me proceed in all my endeavors, including this degree. I will never take the bond we have for granted, I am truly a lucky person to have a family like this. And to my best friend, Awatif Albalawi, who was by my side through many of my struggles and discomforts. She pushed me to see the light when all I could see was darkness. Thank you for putting up with the worst of me and believing in the best of me.

Last, but certainly not least, none of this would have been possible without the love and support of my love, my friend, and my soulmate, Ghazal Ghahghaei. She was my unofficial committee member that continued to encourage me and help me throughout every step, although she had her own dissertation to attend to. Her patience, intelligence, and belief in me made this possible. She answered my many and sometimes repeated questions with such grace and understanding, stayed up late nights with me whenever I needed her help, and believed in me every step of the way. I am grateful to have such an amazing soul by my side, to share with me this beautiful life with all its ups and downs. I am forever in your debt for all you've done and continue to do, in helping me be the best man that I can be.

<div align="right">July 31, 2017</div>

ABSTRACT

WHEN YOUR EXPERIENCE DEPENDS ON OTHERS: THE EFFECT OF

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Previous research on customer-to-customer interactions studied the interactions between customers who are present in the same service environment. The interactions in these studies are not planned; they occur by chance, or sometimes are even encouraged to occur, but never planned as part of the core-service. In this dissertation, we expand the body of literature in this domain to include planned customer-to-customer interactions in services that are called group-services. A group-service is designed to serve more than one customer participating in the same service, at the same time, and depending on customer interaction and collaboration with one another. This topic is widely neglected, yet very critical to the service experience. Customer interactions under these circumstances, place the company at higher risk of customer dissatisfaction. Customers in group-services are not only co-creating a service with the service provider, but they are co-creating the service jointly with other customers, that are strangers to them.

In this dissertation, we examine the effects of a group member's positive or negative behaviors on a customer's satisfaction with the company and with the employee. We conduct three studies including a pilot study. Results indicate group member's behavior affecting satisfaction with the company as well as with the employee. We also look at some boundary effects to this relationship including, consumption type, service outcome and group formation. Drawing from attribution theory, we find that customers attribute different aspects of the service to the company and employee. We reexamine the Service Marketing Triangle model, to include interactions with other customers. Furthermore, we develop a classification

scheme for services that involve groups of customers. The classification highlights the different service situations from the perspective of customer-to-customer interactions. Finally, the dissertation concludes with a discussion of the managerial relevance of the service experience by drawing from compatibility management literature. Some suggestions for practitioners to manage customer compatibility and enhance customer satisfaction are proposed, as well as some suggestions for future research.

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Introduction

The service marketing literature has gained increasing importance as evident by the stream of literature on the concept of service-dominant logic (Vargo and Lusch, 2004). Services represent approximately 80 percent of the U.S. GDP and a growing percentage of the GDP's of countries around the world. Product-based companies are incorporating services within their key offerings to customers in order to gain a competitive advantage. Service marketing research has come a long way since the 1970's and, throughout the years, several models have been developed to help improve the quality of service through enhanced marketing strategies. This interest in services is part of the evolving economy. Gilmore and Pine (1998) demonstrated the phases of the economic evolution starting with the selling of commodities, to selling products, to delivering services, and finally offering memorable experiences. At the time, experience was in its infancy, but predicted to be the next big thing. Time has proven that, in fact, we are in an experience economy. The increasing number of companies selling experiences to their customers, as well as the growing number of papers on this topic, are clear indications. Understanding services and all the components of what makes a good service is key in delivering a memorable experience. Services are still a major component of creating an experience, "An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event" (Gilmore and Pine, 1998 , p.98). However, companies still lack an understanding of the important elements of service marketing. A study by Zomerdijk and Voss (2010), interviewed organizations involved in the design and delivery of experience-centric services. The study found that the management of the emotional impact of fellow-customers were overlooked. Fellow-customers are other customers who share the service environment with a customer– both terms will be used interchangeably throughout this dissertation. Fellow-customers are an important element in a service experience. If design

agencies and service-experience consultants, neglect to consider the presence of fellow-customers in an experience, as the study has shown, fellow-customers would be even more neglected by the companies seeking the advice of these agencies.

There have been multiple studies showing the effects fellow-customers have on a customer's service experience (Baron, Harris, and Davies, 1996; Martin, 1996; Grove and Fisk, 1997). However, scholars have yet to boldly implement them in service marketing models. Perhaps this partly explains the lack of attention companies devote to understanding the effects of fellow-customers. One of the most influential concepts in services is the Service Marketing Triangle model, first developed by Gronroos (1990), and later elaborated on by Kotler (1994) and (Bitner, 1995). These models were designed to offer a comprehensive view of service marketing, which would enable providers to develop better service marketing strategies. According to the Service Marketing Triangle, three interactions are vital to a service. These interactions are between three key constituents: the customer, the employee and the company (see Figure 1). The customer interaction with the employee represents Interactive Marketing, in which the service is co-produced jointly between the two, the customer and employee, to deliver the service promise. The employee interacting with the company, is referred to as Internal Marketing, where the company enables the employee to deliver the service promise through resources like training and incentives. Finally, the company interacting with the customer denotes External Marketing, where the service provider directs its marketing efforts, such as promotions and advertising towards the customer.

While each of these three interactions are vital for a service, and have contributed to our understanding of services, a fourth crucial interaction has been neglected in this model. This is the interaction among fellow-customers in a service, depicted in the Service Marketing Square model (see Figure 2). The interaction between customers is referred to in the literature as customer-to-customer interaction. These interactions are even more crucial to services that involve collaboration among their customers to deliver the core-service, and they are the focus of our study. We call these services, 'group-services', as the core-service is offered to a group of customers and designed to have customers interact with one another to participate, consume and create the same service together. Offering a service to groups

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rather than to individual customers, can enhance the customers' experience, as well as reduce the cost for both the customers and the provider.

Group-services are largely found in the areas of sports, education, training and entertainment. A good example is a cooking class, where the instructor asks each group of customers to collaborate with one another to create a meal. This type of service does not leave the interaction to the discretion of customers; collaboration among customers is absolutely necessary for the delivery of the core-service. The same phenomenon is evident in dance classes like tango or salsa or an acting class in which customers need to engage with other customers in order to experience the service. Even a group of students working on a class project or a group of customers who form a team in a paintball game or participate in a city scavenger hunt must interact with one another to create the service. These are typical examples of group-services that can be found in several service industries and are the subject of this dissertation. We are particularly concerned with how the interactions among group members in such services affect the service experience.

It is plausible to believe that the level of interaction between customers in group-services would result in some kind of impact on the service experience. We reason since the core-service offering is based on these interactions, customers may take into consideration their experience with their group members when evaluating the service. Therefore, considering a fourth key constituent to the Service Marketing Triangle and investigating group-services is aligned with this thinking.

Another reason we find it reasonable to study the effects of customer-to-customer interaction in group-services is based on what the literature has concluded from studying customer-to-customer interactions in non-group-services. There is a significant number of studies suggesting that interactions of fellow-customers can enhance or dampen a focal customer's experience in these services (Grove and Fisk ,1992; Bitner 1992; McGrath and Otnes, 1995 ; Martin and Pranter, 1989). We call these types of interactions 'unplanned interactions' as customers can interact with one another independent of the core-service offering. The service provider does not plan the interaction as part of the core-service, unlike group-services.

Unplanned interactions can be found in the majority of services, as most services take place in the presence of other customers, such as waiting in line at a bank-teller or at the grocery store. Customers in the same service environment may interact with each other. The core-service takes place regardless of the interactions occurring or not. These services are merely consumed in the *presence* of other customers (Grove, Fisk, and Dorsch, 1998; Hoffman and Turley, 2002) and potential interactions between them, are not planned nor part of the core-service. For instance, when we go to a movie theater, we are there to consume the service of watching a movie. Customers around us who are sharing the same service space, can be noisy, answer their phone, or text during the film. These effects are independent from the service itself. Whether they occurred or not, the movie will still go on and we will still consume the service. If we contrast this example with a group-service example of taking a Tango dance class, a customer cannot learn to apply the steps or experience the lesson, if their partner does not engage with them in the dance.

Studies have found that fellow-customers or customers who share the service space can have a profound impact on the service experience (Martin, 1996 ; Pranter and Martin, 1991). According to the Consumer Experience Relationship Model, fellow-customers are central to the network of customer experience (Baron and Harris, 2007). Scholars have studied the effects of fellow-customers on the service experience. Such effects are described as direct effects or indirect effects (Baker, 1986); (Bitner, 1992). For instance, a retail store that is too crowded or a stadium that is not so crowded, can have a significant effect on a customer's experience with the service (Fisher and Byrne, 1975), even though this effect is not considered a direct effect. A loud, disruptive customer, or a 'Jaycustomer', which is a customer who can intentionally ruin another customer's experience for the purpose of harming the company (Harris and Reynolds, 2004), can also impact the customer's experience. Other incidents of interaction can have a direct effect. For example, customers can play different roles in the consumption experience like help-seeker, help-provider or reactive helper (Parker and Ward, 2000; McGrath and Otnes, 1995). These incidents, and many others, can affect the customer's experience, and impact it either positively or negatively.

What is left unexplored and widely neglected are the effects of a planned interaction among customers, called, group-services. Group-services occur under two conditions, and these two conditions are what defines a group-service: 1) the core-service is only delivered by customers interacting with each other 2) customers are directly participating in a task to co-create the service.

Only a handful of scholars have published papers that have explored group-services and the effects of its dynamics on customers' experience. A few of these scholars merely brushed on the topic of customers interacting with one another in a planned service setting (Goodwin, 1988; Gouthier and Schmid, 2003). However, Finsterwalder and Kuppelwieser (2011) went further, by discussing the effects of fellow-customer task contribution on perceived customer-to-customer social interaction in a group-service. They also demonstrated how psychological safety influences individual contribution in a group-service setting (Kuppelwieser and Finsterwalder, 2011).

What makes a group-service interesting to explore is the necessary additional layer of interactions between customers that is added to the regular dyadic customer-service encounter. Customers in a group-service not only interact with one another, but also depend on each other's efforts and collaboration for the task at hand, adding an additional layer of complexity to the equation which heightens the customer experience. The synergy and interpersonal relations that occur during their interactions are expected to directly affect their overall satisfaction with the service. There can be much variability in performance, personal preferences, skills and tastes. However, together they are creating a single experience, which is likely to be perceived differently by each customer. The risk is higher for the company as there are more uncontrollable factors in the group-service equation. The variables that affect customer satisfaction in a dyadic relationship between customer–provider in a service encounter (Grönroos, 2008; Vargo and Lusch, 2008) are expected to be magnified in a group-service. Indeed, since interactions in a group-service are essential between customers, occur with higher frequencies and are combined with interactions with the service provider.

Pranter and Martin (1991)'s seminal paper on compatibility management is intended to help companies mitigate some of the risks associated with uncontrollable factors, namely, fellow-customers.

Their study demonstrates how customer behaviors in different environments can affect ones' experience with the service if incompatible customers share the same space. Therefore, by understanding the dynamics that occur among customers in group-services, companies will be better equipped when applying compatibility management to their business strategies. In fact, (Pranter and Martin, 1991, p. 44) state that "management attention paid to customer-to-customer relations would be as fruitful as attention historically devoted to management–employee, employee–customer and employee–employee relations".

In this dissertation, we highlight the importance of customer-to-customer interaction in a group-service setting. We also classify different types of services that involve groups in one form or another. Literature on customer-to-customer interactions has yet to differentiate the different types of interactions between customers, according to the type of service they are in. We also seek to improve the Service Marketing Triangle to reflect customer interactions for this type of service setting (see Figure 2). We explore the three components of this model (Company, employee, and fellow-customer) from a customer's perspective. The fellow-customer component in a group-service, represents the group members that are interacting and participating together to experience the service. Each of these components are important for the success of the service and have their own impact on a customer's perception of the service. Our main interest, as stated earlier, is the effect fellow-customers have on a customer's perception of the service. We also set out to understand some boundary effects that are likely to impact a customer's perception of the service. Precisely, the dissertation seeks to answer the following questions:

1) What is the effect of fellow-customers' behavior (positive vs. negative) in a group-service on the focal customer's satisfaction with the company?

2) Is there a moderating effect of a competitive environment in a group-service on this relationship?

3) Is there a moderating effect of the consumption type of service (hedonic vs. utilitarian) on this relationship?

4) Is there a moderating effect of the group formation (self vs. company) on this relationship?

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5) Is there an effect of the service outcome (good vs. bad) or group member behavior (GMB) (positive vs. negative) on satisfaction with the company and satisfaction with employee? Do customers evaluate the company and the employee equally?

Hence, our contribution is as follows: 1) extending current knowledge about customer-to-customer interactions to include a group-service setting. 2) augmenting the current Service Marketing Triangle model to include a more comprehensive overview of the different crucial relationships in a service. 3) Classifying different services involving groups to reflect the type of interaction a service may face. 4) Examining boundary effects that have not been studied in a group-service context, for a better understanding of group-services.

The dissertation proceeds as follows. First we present a comprehensive literature review on customer-to-customer interaction, followed by literature on group-services. In the group-services literature, we set clear definitions for the different types of groups that may be found in a service, to distinguish group-services from other types. Second, we present a pilot study as a starting point, to help us develop the proceeding studies. Following what we learned from the pilot study, we apply our learning to two studies containing eight conditions per study. Each study presents the theoretical background for the hypotheses in question. We then conclude with a discussion, managerial implications and future research.

Chapter 2

Literature Review

Customer-to-Customer Interaction Literature

The relationship marketing paradigm has served as a theoretical foundation for researchers looking beyond the customer-provider dyad and considering other relationships that may occur in the production, delivery and consumption of services. The customer-to-customer relationship is one such relationship, and one that has often been shown to be both widespread and significant. The first paper that brought attention to the topic of customer-to-customer relationship was Pranter and Martin (1991)'s conceptual seminal work on compatibility management. They addressed, among other issues, the effects customers have on one another during a service experience and what service marketers and operations personnel can do to "manage" or positively influence the way customers affect one another. The Pranter and Martin (1991) paper paved the way for conceptual advances and empirical studies on the topic, making the topic of customer-to-customer interactions a valid research stream, that since has provided a wide range of insights into customer-to-customer interactions. (e.g., McGrath and Otnes, 1995 ; Ramanathan and McGill, 2007; Zeithaml, Bitner, and Gremler, 2008).

Different scholars have found the relationship between customers a legitimate topic of research by looking at several service models. Lovelock (1991) explained the service marketing system from the perspective of a customer. He called the visible part of the system to customers 'the service delivery system', which represents the front stage of the service marketing system. In this front stage, a customer has a number of potential interactions with front line employees, the physical surroundings – this includes the store and equipment and other touch points – and fellow-customers. Langeard, Bateson, Lovelock, and Eiglier (1981)'s 'servuction system' describes the front stage interactions, as the interaction of customer "A" with the service personnel, the interaction with the service environment and the interaction with fellow-

customers or what he referred to as, customer "B". Grove and Fisk (1992) made a direct analogy between the front stage and an actual theater, depicting the service personal as "actors", the customer as "audience" and the service itself as "a performance". Of course, the back stage, or what is happening behind the curtains – to stay consistent with the stage analogy – concerns what an organization prepares like training, product development, research and development etc., in order to deliver the service to the customer.

The term 'servicescape', coined by Bitner (1992) in her seminal paper, examines several elements in the service environment, including fellow-customers and how each of these elements have an effect on the focal customer. Other scholars drew focus to the fellow-customer element in the servicescape and referred to this as the socialescape (Tombs and McColl-Kennedy, 2003). The customer experience literature has been mindful of the effect of fellow-customers on a customer's experience. The literature identifies eight components that affect customers' experience. One of these components is social environment, which discusses customer-to-customer interactions (Verhoef et al., 2009). Baron and Harris (2007) also amplify the fellow-customer component in their 'customer experience relationship model' (CERM). The number of different models and concepts where fellow-customers are shown to have a role in a focal customer's service experience emphasize the importance of this topic. In fact, customer-to-customer interactions should receive more attention than what has been evident in the customer-provider literature. Martin and Clark (1996, p. 343) noted that "for most service and retail environments, the volume of customer-to-customer interactions greatly outnumbers that between customers and employees". While technology is threatening to replace a great number of front-line-employees, customers will never be replaced and their interactions with one another are inevitable.

An IKEA study by Harris, Baron, and Ratcliffe (1994) reported that 12 percent of customers had verbal interactions with fellow-customers in the store, despite the fact that IKEA stores are designed to support a self-service type of structure. Bloch, Ridgway, and Dawson (1994) showed that 20 percent of respondents in the mall engaged in conversation with other customers. Finally, a study by Parker and Ward (2000) of customers at a garden center showed that 55 percent of the customers had regular verbal interactions with other customers in the store. These studies, and many more, support the notion of existing

multiple interactions between customers. The following section will cover some of the important insights from the literature as a result of customer-to-customer interactions.

Defining Customer-to-Customer Interaction

Before we dive into some important findings, it's necessary to define customer-to-customer interactions. According to Libai et al.(2010, p. 269), customer-to-customer interaction is defined as "the 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 behaviors, or the way they further interact with others". Customer-to-customer interaction should not be confused with word of mouth (WOM), as WOM does not necessarily take place in the same service setting, and WOM is not restricted to only customers. Martin and Clark (1996, p. 344) clarify this point in their customer-to-customer interaction definition, which states ''individual and group interactions and impressions between customers encountered *in the acquisition and consumption* of goods and services''.

Fellow-customers in the service environment have been referred to as "customer B" (Langeard et al., 1981), "audience" (Grove and Fisk, 1983), "participants" (Booms and Bitner, 1981), or "co-actors" (Aubert-Gamet and Cova, 1999) "fellow customers" (Wu, 2007). All of these describe fellow-customer(s) from the perspective of a focal customer. Throughout this dissertation we will refer to these customers as 'fellow-customer' for the sake of simplicity. An important note to clarify here is that fellow-customers, in this dissertation, exclude acquainted fellow-customers or purchase pals like family and friends. Hence, we are only studying and discussing customers who are strangers to one another or unfamiliar customers. In terms of group-services, the customer-to-customer interactions are the interactions that take place between members of a single group.

Types of Interactions and Behaviors

Customers can affect one another either directly through interpersonal interactions or indirectly by their mere presence in the service environment (Baker, 1986; Bitner, 1992). These interactions comprise social and informational exchanges between unacquainted shoppers (Forman and Sriram, 1991, McGrath and Otnes, 1995). Grove and Fisk (1997) classified customer interactions into two types. The first is Protocol Incidents, includes physical and verbal incidents in line, and other protocol incidents in line. The second type, Sociability Incidents, include friendly, unfriendly, and ambient incidents.

Several studies imply that interpersonal behaviors, and their subjective interpretation and evaluation by others, may serve as the foundation for customer-to-customer relationships. For example, standing too close to one another may create anxiety, induce profanity, smoking or cutting in line, all of which may offend customers (Fisher and Byrne, 1975). Too little or too much eye contact between unacquainted customers can also be negatively perceived (Albas and Albas, 1989). Even one's appearance may prompt others to feel warm or threatened (Aronoff, Woike, and Hyman, 1992). There are also positive effects on a customer's experience, such as customers assisting one another with the delivery of a service or watching sport events with other fans (Lovelock, 1996; Zeithaml et al., 2008).

Several conceptual papers categorized the types of interactions occurring between customers into task –related and non-task related interaction (Martin and Clark, 1996) or physical, emotional and intellectual interactions (Meyer and Westerbarkey, 1994). Others observed a large number of customers in their studies and categorized their interactions. For example, Baron et al. (1996), in their study of 1,101 customers, found that some of the interactions were either product related, procedure related, physical assistance, directions, or others. Other studies looked at these interactions in terms of the types of roles customers adopt. Research has shown that there are two main roles customers adopt in a service environment, help-seeker and help-provider (Parker and Ward, 2000; Bitner, Faranda, and Hubbert, 1997; McGrath and Otnes, 1995; Harris, Baron, and Parker, 2000). A help-seeker is typically a customer who actively seeks information from fellow-customers perceived to have the knowledge or the capability of

providing advice about a particular product. Customers seek them out to reduce the risk of their purchase. Help-providers are categorized into proactive and reactive helper. The proactive helper typically offers unsolicited advice while the reactive helper is usually approached by the help-seeker, as someone who may be able to offer help.

There have also been several classifications of the possible behaviors that may occur between customers. Martin (1996) categorized 32 customer behaviors using seven main descriptions; gregarious, grungy, inconsiderate, crude, violent, malcontented and leisurely. Such classifications of behaviors serve as a basis for understanding some behaviors that potentially affect the satisfaction of other customers' experience. Bitner, Booms, and Mohr (1994) classified negative customer behaviors from the perspective of the provider into four types: verbal and physical abuse, drunkenness, lack of cooperation and breaking company policies. Similarly, Zemke and Anderson (1990) introduced what they call the "customer from hell", which are customers who exhibit characteristics such as, hysterical shouting, abusive egocentrics and insulting whiners. "Jaycustomers", coined by Lovelock (1994), are yet another form of disruptive customers, and are defined as customers who deliberately act in a thoughtless or abusive manner, causing problems for the firm, the employees or other customers. Eight types of jaycustomers were later identified by Harris and Reynolds (2004) as compensation letter writers, undesirable customers, property abusers, service workers, vindictive customers, oral abusers, physical abusers and sexual predators. According to their findings, the motives of such customers can be financially driven or non-financially driven.

Although there are common standards examining what is considered a good behavior and what is a bad behavior, one must keep in mind that a single behavior could have different responses from different customers. As Pranter and Martin (1991, p.12) stated "some customers may view certain behaviors in particular service environments as intolerable, yet other customers may not be disturbed." The structure of a group-service allows for frequent communication between group members creating higher possibilities for a larger number of behaviors to be displayed. The customers in a group-service are not only exposed to superficial characteristics of their teammates, but also to their set of skills and level of social intelligence.

Effects of Customer-to-Customer Interactions

Fellow-customers' behaviors can either diminish or enhance the satisfaction and enjoyment of a consumption experience (Ramanathan and McGill, 2007; Zeithaml et al., 2008). Martin and Pranter (1989) suggest that positive interactions between customers can be a critical success factor in how the experience is perceived. In a similar vein, Arnould and Price (1993) have found customer-to-customer interactions to be one of the key factors influencing customer satisfaction. For example, standing in line at a self-service checkout is a common activity most of us have experienced. We may evaluate the service according to how the technology functions; is it sensitive enough to the bar codes or does it need several trials of scanning the item before it is read? etc. However, Li, Choi, Rabinovich, and Crawford (2013) found that customers' service quality perceptions, can be affected by others standing in line, even though they obviously do not represent the company. In their study, they showed that a fellow customer who smiles, greets and helps the customer figure out how to work the technology, results in a positive service quality perception. Alternatively, a fellow customer who cuts in line, is rude, and yells to get the line moving, results in a negative service quality perception.

Harris, Davies, and Baron (1997) also found a positive relationship between customer-to-customer interactions and satisfaction with the purchase process. Moreover, consequences of such satisfaction resulting from a positive interaction have also been suggested by several scholars. For instance, in a study on hair salons, Moore, Moore, and Capella (2005) found a significant relationship between customer-to-customer interactions and loyalty. Furthermore, positive interactions that occur while a customer is waiting in line, may serve to highlight a shared experience between customers, in which enhances the service experience (McGrath and Otnes, 1995).

A more critical finding concerns the effects that a negative interaction can have on customers. In a study by Grove, Fisk, and Dorsch (1998) on tourist attractions, it was found that the largest number of dissatisfying incidents came from customer-to-customer interactions. In fact, 30 percent of all dissatisfying

incidents involved negative encounters with fellow-customers. In a study on package holidays, Wu (2007) also found a strong correlation between negative customer-to-customer interactions and dissatisfaction.

Customer-to-customer exchanges have been shown to generate emotions that effect ones perceived experience (Roseman, Spindel, and Jose, 1990). McGrath and Otnes (1995) observed from the interaction between customers that ''subsequent actions and reactions between these unacquainted influencers, run the emotional spectrum from enjoyment, gratitude and amusement through annoyance, avoidance, and disgust'' (p. 268). These emotions can have an impact on customer satisfaction and repurchase intentions (Davies, Baron, and Harris, 1999). Moreover, the quality of customer-to-customer interaction, may also impact their overall evaluation of the organization (Lovelock, 1991) as well as their word of mouth (Haywood, 1989).

Given the evidence of the effects customer-to-customer interaction on a customer's service experience in a general service setting, it is plausible to investigate the possible effects customers may have on one another in a group-service setting.

Customer-to-Customer Interaction in a Service Failure Context

Most of the literature on service failure and recovery is centered around situations that involve a single customer, or examines failure from the complainer-provider perspective. However, other customers are often present in the same service environment (Choi and Kim, 2013) and these complains tend to occur at the same place of the service delivery (Wirtz and Lovelock, 2011). Literature on customer-to-customer interactions did not fail to notice this fact. Studies ranged from mere observation of another customer in a service failure situation, to a group of customers experiencing the same service failure and discussing it among themselves. The effects that these interactions have on customer experience and, consequently, on the company, only corroborates the importance of customer-to-customer interactions. For example, Vaerenbergh, Vermeir, and Larivière (2013), tested the effects of a service failure recovery incident on a customer next-in-line observing the incident. Results suggest that, an unsatisfactory service recovery

resulted in a lower overall satisfaction with the company, and a lower repurchase intention, when compared to those who have witnessed a satisfactory service failure recovery. Albrecht (2016) found that customers experience greater anger and show higher negative WOM and complaint intentions when experiencing a service failure among other customers experiencing the same service failure than they did when they experienced it alone. Therefore, the mere presence of other customers going through the same failure experience, even though they did not have a direct dialog with one another, had an impact on the customer experience. Du, Fan, and Feng (2014) also, tested the direct effect of fellow-customers in a service failure situation. In their study, the customers actually interacted with one another for 20 minutes, discussing the service failure. They report similar results to Albrecht (2016). These customers also had higher levels of anger and complaint intentions than when they experienced the failure alone.

In sum, customer-to-customer interactions occur during a service experience and have an undeniable effect on a customer's experience with the service. While the importance of such effects is evident in the volume of research papers covering customer-to-customer interactions, only a few explored what happens in a group-service setting. A group-service setting calls for more interactions that take on a deeper level of communication, as group members rely on each other's efforts and attitude in experiencing the service. To add additional clarity to the type of group setting this dissertation is concerned with, it is necessary to discuss all types of group settings, as well as, consider the features that make group-services a unique and more critical type of service, compared to other types of service settings. Below, we define what is considered a group-service and we cover two other types of service settings that are distinctly different from the type of service setting we are interested in. The literature does not make a clear distinction among these three types of group settings. Therefore, in this dissertation, we attempt to clarify this point, as the circumstances of each situation should be accounted for to understand the implications of customer-to-customer interactions.

Group Services Literature

Research on group-services is not well defined and, at times, exhibits overlapping traits with other types of services. Papers that succeed in identifying the true and unique meaning of a group-service are very limited. To clearly differentiate group-service from other types, it's important to not only understand what constitutes a group, but also what are the possible types of customer group formats covered in literature. Table 1 demonstrates these types of groups in terms of the context of customer-to-customer interaction and the role of these interactions in the service.

After reviewing several group definitions, Shaw (1981) concludes that the size of a group is 2 or more persons. Furthermore, when a number of people get together to form a group, they usually do so to complete a task or engage in a social exchange (Tuckman, 2001). These two characteristics are the main building blocks that define a customer group-service. Nevertheless, groups of customers that occur in the context of a service have been described in different ways and the literature has covered several of these group types, which we cover in this section. Therefore, it is important to differentiate between all types of customer groups in order to understand the significance and uniqueness of group-services. We classify the different types of groups that occur in a service context into three types: 1) Group Acquaintance, 2) Customer Cohort, and 3) Group-Service.

Group Acquaintance

When a customer is accompanied by family members, friends, or colleagues during a service experience, these friends and family members have been called 'purchase-pals' (Bell, 1967), 'companion shoppers' (Lindsey-Mullikin and Munger, 2011) or 'social companions' (Huang and Hsu, 2010) Research on this type of customer group suggests that shopping with familiar-others positively effects one's shopping behavior (Granbois, 1968; Sommer and Wynes, 1992). It also suggests that these types of experiences

increase the amount of time and money spent at the service, as well as the level of satisfaction with the service when compared to experiencing the service solo (Hart and Dale, 2014).

The literature on these group acquaintances demonstrates the effect this set-up of consumption has on the service provider in situations of a service failure. For instance, a study by Huang and Wang (2014) found that participants reported higher levels of dissatisfaction with the service provider when accompanied by social companions, as opposed to when they were alone. Customers also reported higher levels of anger and complaint intentions when in such groups versus being alone (Du et al., 2014). These effects are not limited to how individuals react to failure in such groups. They are also evident in how individuals respond to the service provider's attempts to recover the failure. Zhou, Tsang, Huang, and Zhou (2014) found that the size of the group, as well as the means in which the recovery is communicated (individually vs. as a group), has a profound impact on the level of satisfaction of customers.

All these findings showcase a common consumption situation that we all have experienced at some point in time, whether you are on vacation and book a room with your family, or going on a business trip with your colleagues. However, there are times when we find ourselves in a group or a batch of customers that are strangers, non-acquaintances. We call these types of situations 'customer cohort'.

Customer Cohort

We define a customer cohort as a number of *unacquainted* customers that are grouped together simultaneously for the purpose of consuming a service, which offers the same service start-time and end-time for all customers. It is important to note and differentiate this type of group set-up from other groups in which unacquainted customers are merely present in the service environment. For instance, passengers boarding a plane are grouped in a single plane, consume the service simultaneously, and each will depart and arrive at the same time. The same thing occurs with movie-goers; they are all grouped in one theater, to watch the same movie, that will start at a specific time and end at a specific time; even if a customer comes in after the movie has begun, the service is still designed to be consumed simultaneously.

However, if we take a situation where a customer is in a line among other patrons that maybe in the same line or just in the surrounding area, this type of group set-up would not be considered a customer cohort, as the customers are consuming the service independently or perhaps not even consuming a service at the moment. This latter group set-up is what has been heavily covered in customer-to-customer literature, as discussed previously. However, in some cases, scholars do not differentiate the latter group, which are merely sharing the same service environment, from the former group, which are consuming the service together as a cohort. In this dissertation, we attempt to clarify each type of service set-up to draw attention to the specific dynamics that each situation calls for.

In clarifying a customer cohort, we add one more important characteristic - that customers are free to choose to interact with other customers of their cohort or to not interact. Interaction is completely voluntary and not required in order to receive the service. In some situations it can be encouraged, by design, to interact with fellow-customers. For example, in the case of tourist tours, interactions can add value to the experience, however, such interactions are not required.

Once again, as with group acquaintances in a customer cohort type of set-up, there is a strong effect of fellow-customers on the focal customer's experience. A study by Albrecht, Walsh, and Beatty (2017), examined the effect of other customers on a focal customer, who have experienced the same service failure simultaneously. Their study suggests that customers in the same cohort show greater anger and negative word of mouth, and complaint intentions, than those who have experienced the service failure alone.

Group-Service

Scholars who have studied the effects of fellow-customers in a group-service are very few. Therefore a clear, universally agreed upon, definition of a group-service has not been developed. However, scholars have been able to create a broad definition of what a group is, which can be reflected in a group-service. After reviewing the many definitions of a group in the psychology literature, these scholars concluded that a group is " the assemblage of at least two people who share common interests or goals,

perceive or may develop some form of cohesiveness, and who interact with one another on a task-oriented and/or social level" (Finsterwalder and Tuzovic, 2010, p.609). In a service context, groups consist of customers who purchase a service that requires them to collaborate with one another as a team, in order for the service consumption to take place. As an example, consider a ballroom dance class in which customers are paired with other customers to practice the dance moves. Both parties rely on their own input as well as their partner's input, to experience the service. Therefore, a group-service is not only realized by the interaction between the customers, but it is absolutely necessary for them to collaborate and rely on their teamwork efforts. It's important to emphasize the necessity of interaction among group members in this type of service, as this is a main criteria which sets group-services apart from the customer cohort type services. See table 1 for a side by side comparison of all types of customer groups discussed.

In the domain of group-service, as defined in this dissertation, only a few scholars have investigated the effects of fellow-customers, in this type of service set-up, on a focal customer. Since a group service depends on the interplay of several parties who have different backgrounds, needs and thoughts, the perception of quality for each of these customers is likely to be very different. In a conceptual paper by Finsterwalder and Tuzovic (2010), the quality of the service experience in a group-service was examined using Parasuraman, Zeithaml and Berry (1985)'s SERVQUAL model. Using the difference between customer expectation and perception to measure service quality according to the SERVQUAL model, Finsterwalder and Tuzovic reveal a high level of complexity that occurs in a group-service. Indeed, each customer in the group has their own expectations and perceptions of the service, which creates a far more intricate model with several variables in place. They also examined the influence of other customers' performance in the group on a focal customer's perception of service quality.

In a subsequent study, Finsterwalder and Kuppelwieser (2011) examine the task contribution of group members, as it relates to social interactions in a group-service. Their findings suggest that customers' perception of their group members' contribution to the service task 1) influences the extent to which customers socialize positively, and 2) influences an individual's own task contribution in a positive way.

Given that collaboration is a necessary element in the dynamics of group-services, Kuppelwieser and Finsterwalder (2011) studied how psychological safety – a person's ability to show and employ one's self without fear of negative consequences of self-image or status– and found that it influences a customer's contribution in a group-service. This finding suggests that customers in group-services generally require a certain environment of psychological safety to contribute to the service task. They also found that contributions of others in the group have a significant influence on one's own contribution.

Chapter 3

Theoretical Background

Fellow-customers can have a profound effect on a customer's experience (Baron et al., 1996; Martin, 1996; Martin and Pranter, 1989) to the extent of spoiling one's service experience by behaving inappropriately for example (Hoffman and Bateson, 1997). However, fellow-customers also have the ability to enhance a customer's experience by providing information (Harris, Baron, and Davies, 1999) or social support (Adelman, Ahuvia, and Goodwin, 1994). Therefore, an examination of interactions between group members and how they behave in a group-service is necessary for gaining an understanding of customers' evaluation of a group-service.

According to (Grove and Fisk, 1997), customer interactions can be categorized into two types of incidents: 1) social incidents (e.g. rapport) and 2) task-oriented or protocol incidents (e.g. contributions to accomplish the service task). A group interaction requires social interactions between their members, and individuals coming together to work as a group on a task (Tuckman, 2001). Therefore, we will focus on these two elements – social interaction and task contribution- when examining group members' behaviors. Hence, we are concerned with the positive and negative social interactions that may occur between group members. For example, verbal comments and body gestures that may be considered either discouraging, rude, offensive or encouraging, polite, pleasant would fall under social interactions. We are also concerned with the level of contribution, collaboration and cooperation between members of the group to the service task at hand. Successful service experience depends on one's individual ability and the collective effort and contributions of others (Zaccaro, Rittman, and Marks, 2001). Therefore, we consider positive social interaction and task contribution to represent positive group member behavior and negative social interaction and the lack of contribution to represent negative group member behavior.

Research has shown that inter-customer exchanges can generate emotions that affect the perceived service experience (Roseman et al., 1990) and when these emotions are negative can undermine focal

customers' trust in retailers as their service provider (Dasu and Chase, 2010). Hence, when a group member behaves negatively or positively, we expect that this behavior will have an impact on how a customer perceives their experience. Therefore, we propose that group member behavior will affect the customer's experience.

H1: Positive group member behavior has a positive effect on customer experience.

Competitive Environment

Intuitively, a competitive atmosphere pushes people to perform at higher levels; that is mainly why we have a grading system in school and a ranking for just about every achievement in human history. Therefore, it should not be surprising that, over a century ago, Triplett (1898) found that racers perform better when racing against each other than when racing individually against the clock. Can this behavior occur in groups if placed in a competitive environment? Julian, and Perry (2016) demonstrated that the quality of performance in competing groups was higher than non-competing groups. However, non-competing groups had higher interpersonal relations among group members.

We define a competitive environment in a group-service as a service designed to test the speed, skills or the knowledge of a group of customers, by having them compete against another group of customers, to achieve a tangible or intangible reward. When evaluating a service, the literature shows that the method in which the service is delivered (process) - interactions with group members in our case - is more important than what the service delivers (outcome) - winning the competition in our case (Grönroos, 1984). We believe a competitive environment is likely to change this. We predict that a service in a competitive environment is likely to reverse the level of importance between outcome and process. Indeed, competition is based on the end result. The objective of a competition is for one to prevail against one's opponents. Therefore, directing a competing group's attention and focus to the outcome rather than the process. This led us to test a competitive environment as a possible moderator affecting the relationship between group member's behavior and customer experience (see Figure 3). In light of the above argument,

we predict that a competitive environment should change the dynamics of the group; how they interact and how they contribute to the task. Their focus and priority on the outcome will make them less sensitive to how their group members interact with them. Therefore, we hypothesis:

H2: A competitive environment has an effect on the relationship between group member behavior and customer experience such that the relationship is weaker when the environment is competitive than when it is not competitive.

To test H1 and H2, we ran a pilot test to understand the dynamics of group interactions and possible effects on a customer's experience.

Pilot Study

A small-scale pilot study with a sample of 40 participants was conducted. However, only 20 of the 40 participants constituted the sample of interest, as these 20 were completely blind to the hypotheses being tested. We call these 20 the *Respondents*. The remaining 20 were assigned a role as facilitators to the study. Therefore, these were not completely blind to the hypotheses being tested. We called these participants the *Influencers*. The pilot survey was designed to reflect an actual interaction between members of a group working on a task. While the study does not represent an actual service from an actual company, it was intended to give us an idea of how the interaction between group members effect their experience. We believe measuring the *Respondents'* experience is a close indication of how they would evaluate a company, if they were in an actual group-service, since experience is an antecedent of satisfaction (Huang and Hsu, 2010). We tested additional variables as well in order to get a better understanding of the interactions' effects. Variables such as pride, satisfaction with object they built, satisfaction with the exercise, satisfaction with their group member, simplicity of instruction, etc. All variables were measured on a 10-point Likert scale.

Research Design and Methodology

Forty undergraduate students from the College of Business at a large Southwestern University participated in this study for extra course credit. The study took place in a behavioral lab venue, which is comprised of several rooms. Twenty students were randomly selected to play the role of the Influencer, while the remaining 20 represented the Respondents affected by the Influencers and were given no role. The Influencers were given a role to act out in either a negative or positive behavior, (i.e. influencing the *Respondent*). Acting in a positive manner, entailed using positive and encouraging remarks and cooperating in the task at hand. Acting in a negative manner, entailed using negative discouraging remarks and not cooperating in the task. Groups were formed in pairs, one *Respondent* and one *Influencer,* resulting in 20 total groups in this study. We opted for more groups of *Respondents* in the negative behavior condition, as we were more concerned with how groups react when the interaction is not going well (see Table 2). All 20 groups were assigned to one of the four conditions in a 2(group member behavior: positive, negative) X 2(context: competitive, non-competitive) between-subject factorial design to examine H1 and H2.

In the competitive condition, groups were timed and incentivised to finish as fast as they could, to win a $5 gift card awarded to each member of the fastest team. In the non-competitive condition, time was not recorded and the gift card was randomly assigned.

-----Insert Table 2 about here-----

Procedure

The experiment was divided into three phases, 1) a Pre-Task Survey, 2) the Task and 3) a Post-Task Survey (see Appendix A). In Phase one (Pre-Task), groups were assigned to one of the four conditions and given the Pre-Task survey to fill out. Upon arrival, all participants were given instructions not to communicate with their group member during survey phases. Surveys where not identical. *Influencers* received detailed instructions on how to act positively or negatively when working on the task, and were

requested to stay in character for the duration of the experiment, and not reveal their acting to their group member (the *Respondent*) (see Appendix B). The *Respondents,* on the other hand, received a different survey with filler questions regarding their teamwork perceptions (see Appendix C); they were not given any acting instructions. They were only required to engage and participate with their team members when building the object in phase two.

In phase two (Task), all groups were given a LEGO object to build, using only the picture of the object in the package (see Appendix D). They were asked to work with one another as a team to build the object. The groups in the competitive conditions were asked to time themselves and report their time of completion. The groups in the non-competitive conditions were not under any time guidelines.

Phase three (Post-Survey) consisted of a second survey for both group members. *Respondents* and *Influencers* received a different survey. Both the *Respondent* and the *Influencer* answered to questions about their experience, their satisfaction with the object, their satisfaction with their team member and their satisfaction with the exercise itself (see Appendix E). The *Influencer* was asked additional questions regarding their acting in an effort to verify they accurately portrayed the described role (see Appendix F)

Measures

This study focused on the interaction between group members and the effect of this interaction on the *Respondents'* experience. To test the respondents' experience, they were asked to rate how much they agreed or disagreed with the following statements "Overall, my experience was pleasant" on a 10-point Likert scale; 0 = strongly disagree, 10 = strongly agree.

Results

Manipulation Check and Hypotheses Testing

Our manipulation of the group member behavior proved non significant. Results show that *Respondents* did not perceive the negative group (M=9.66) behaving any different than the positive group (M=8.87). Moreover, there was no significant difference between the competitive and the non-competitive groups on their evaluation of their overall experience.

Summary and next steps

The pilot was conducted with the purpose of exploring the effect of group member behavior on customer experience. Since a behavioral lab using students as respondents, cannot replicate an actual service, we decided to test respondent's experience working with a group on a task. Experience is an antecedent to satisfaction (Huang and Hsu, 2010) and can give us a close understanding of our respondents' evaluation of the activity. However, our experiment did not produce what we had hoped for. We conclude that results fell short of expectation due to several issues. First, requesting student participants to act rather than hiring professional actors affected the strength of our manipulation. Most *Respondents* did not pick up on the negative behavior from their *Influencer* group member. We believe, student participants who were asked to act negatively might have found it difficult or uncomfortable to do so. Also, having a couple of minutes for small-talk between participants prior to the study, may have made it even more difficult to act negatively. Ideally, *Influencers* would be briefed and trained ahead of time, such that their role comes across as intended. Second, *Respondents* may have felt reluctant to evaluate their group member negatively. Third, the context of competition had a conflict of interest flaw. Actors acting in the negative behavior condition had an incentive not to act their role, since a gift card was rewarded to the winning team.

Taking these points into consideration when designing the next study, we decided to forfeit the acting and actual interaction and replace it with a scenario based survey for the sake of consistency and manipulation success. This way, we can set up the scenarios to depict a group-service and measure

respondents' *satisfaction* with the company, instead of their general experience with the activity. We believe measuring one's experience is best when respondents are actually experiencing something, having all their senses immersed in it, rather than just using their imagination. Therefore, moving forward, we will focus our attention on satisfaction as our dependent variable, rather than experience. Satisfaction is defined as the judgment that a product/service or its features provides a pleasurable level of consumption fulfillment (Oliver, 1997). We will be measuring respondents' satisfaction with the company as well as their satisfaction with the employee.

We also changed the context from competitive environment to a purchase type context (hedonic vs. utilitarian). We reasoned that properly testing the effects of a competitive context would only be achievable in a real-life setting. Consumption type context on the other hand, is easier to manipulate and test in a scenario and will shed light on the effect of different contexts. We also believe that, since the nature of the types of group service can include both contexts, hedonic and utilitarian, it would be interesting to see how, for example, signing up for a dance class to learn some dancing techniques can be different from signing up to play paint ball.

In addition to these two changes, we observed that respondents wanted to be grouped with classmates with whom they were familiar rather than by the facilitator's assignment of groups. Therefore, it was decided to add a moderator to address the company's involvement in the process of grouping the customers. The question behind this thought was, since the quality of these interactions is based on who a respondent gets as group members, perhaps there is some attribution towards how they ended up with these group members. If this is the case, would the way in which one's group is formed, have a moderating effect on how they perceive a service? To examine this, we introduce the construct 'group formation' with two levels, 'self', if one chooses their own group vs. 'company', if the company assigns the customer to a group. Moreover, in an effort to learn more about the dynamics that occur in group services, we added an additional battery of questions in this study. The questions pertain to the respondents' own experience with a group service they had consumed in the past.

Study 1

In this study, we are testing the effect of group member behavior on the satisfaction with the company. We are also testing the moderating effect of each purchase type (hedonic vs. utilitarian) and group formation (self vs. company) on this relationship (see Figure 4).

Theoretical Background

There are two dimensions of quality in services according to Grönroos (1984), technical quality (outcome) and functional quality (process). Technical quality refers to *what* the customer gets from the service, and corresponds to the instrumental performance of the service, which can be evaluated objectively. For example, the technical quality of an airline service is transporting the customer from point A to point B. In other words, it's what the customer is left with at the end of the production process. The *how* this is done is the functional quality of the service and corresponds to the expressive performance. It is related to the psychological level of performance, mainly through interactions to which the customer is exposed, whether by humans or non-humans. Therefore, these are evaluated subjectively. For the airline service, it would be how interactions occur? How pleasant was the interaction with the flight attendant, the check-in desk personnel, the plane itself, the website, the contact with other passenger, etc.? Based on the service literature's definitions, service outcome is defined as "what a customer receives during the exchange", and service process as "the manner in which the outcome is transferred to the customer" (Mohr and Bitner, 1995, p. 239). Both of which are interrelated and instrumental in the evaluation of a service, as customer satisfaction is related to both (Mohr and Bitner, 1995). While an acceptable outcome is thought to be a prerequisite for a successful perceived process, the quality of the process is deemed more important, as temporary problems with the outcome can be excused if the quality of the process is good enough (Grönroos, 1984; Swan and Combs, 1976).

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The quality of the service process depends on the quality of human and non-human interactions that occur throughout the service. These interactions will certainly have an effect on customers' evaluations of the service (Grönroos, 1984). An important interaction in a service process and one that has not received enough attention relative to interactions with employees and with companies, is the interaction between customers. For group-services, these customer-to-customer interactions occur between group members, and are far more frequent, occurring at higher levels than they do in other types of services. This is due to the nature of group-service design, as the interactions between group members are part of the core-service offering. Therefore, we believe that the importance of service process, - which is reflected in group member interactions - as well as the frequency of these interactions in such services, give us reason to believe that group member behavior will have an effect on a customer's satisfaction. Hence, we hypothesis:

H3: Positive group member behavior has a positive effect on customer satisfaction with the company.

Consumption type

Scholars studying consumption behavior conclude that consumers have different attitudes towards brands and consumption behavior. Their attitudes differ depending on the reasons behind their consumption. These reasons have been divided into "(1) consummatory affective (hedonic) gratification (from sensory attributes), and (2) instrumental, utilitarian reasons" (Batra and Ahtola, 1990, p. 159).

These two dimensions, hedonic and utilitarian, have received attention from several disciplines such as sociology, psychology, and economic. A scholar from the economics field explained in a statement, "We use goods in two ways. We use goods as symbols of status and simultaneously as instruments to achieve some end-in-view" (Hamilton, 1987, p. 1541). The consensus in understanding these two types of consumption reasons is that a utilitarian consumption deals with the functionality of the product or the service. Basically, a utilitarian consumption is a more practical consumption using rational thinking,

described by (Babin, Darden, and Griffin, 1994, p. 645) as "resulting from some type of conscious pursuit of an intended consequence".

A hedonic consumption, on the other hand, is a more affective type of consumption, resulting from sensations and emotions derived from the experience of using the product or service. More specifically, as defined by (Hirschman and Holbrook, 1982, p. 92), hedonic consumption consists of "those facets of consumer behavior that relate to the multisensory, fantasy and emotive aspects of product usage experience". Services can be purchased for either hedonic consumption - such as going to the movies, watching a game or traveling for leisure, or for utilitarian consumption - such as purchasing an insurance policy, selecting an electric company or buying some tools for the house. Specifically, in the context of group service, an example of a utilitarian consumption would be signing up for an acting class to advance ones' career in acting. A hedonic example would be joining a paintball team or joining a group for a whitewater rafting adventure. Both examples require the customer to interact with fellow-customers to experience the service.

Customers' perceptions and evaluations of the service quality might also differ according to the type of service. In a study by Jiang and Wang (2006), results suggest that the pleasure received from a hedonic service consumption had a stronger effect on perceived service quality than pleasure received from a utilitarian service consumption. They reasoned, since hedonic services are evaluated in terms of feelings of enjoyment, these feelings would be more evident in the evaluation of the service quality of hedonic consumptions than in utilitarian consumptions. Hedonic consumption would also serve to enrich the evaluation of the service experience (Mano and Oliver, 1993), in which the group interaction plays a large part.

Moreover, research shows a strong effect of hedonic consumption on experience (Batra and Ahtola, 1990; Hirschman and Holbrook, 1982). Therefore, in hedonic consumption situations, as is the case in the evaluation of customer experience, affective responses may overwhelm the cognitive response. Such studies that deal with the influence of affect in the evaluation of hedonic service consumptions, draw a plausible connection to the likelihood that Fellow-customers' behavior in a hedonic group service situation

will have a stronger effect on a customer's experience than it would have in a utilitarian group service setting. This prediction is summarized in the following hypothesis:

H4: Consumption type will moderate the relationship between group member behavior and customer satisfaction with the company, such that the relationship will be stronger for hedonic consumption than for utilitarian consumption.

Group Formation

Studies show that customers engage in "spontaneous casual thinking" to understand the cause of an event - who or what may have caused it (Weiner, 1980). Studies using attribution theory describe how people make casual assignments about events that occur to them or to other people or entities (Folkes, 1984; Mattila and Patterson, 2004). Attribution can be divided into two types when making a casual assignment, internal attribution and external attribution (Heider, 1958; Weiner, 1980). They further explain an Internal attribution assigns the cause for an outcome to something inside an entity. In a customer context, internal attribution is used when customers assign the cause of an event to the organization. It occurs when customers perceive the situation to have intentionality (willful action) and controllability (ability to regulate an action). For example, a flight that was canceled due to shortage of staff would be perceived differently than a flight canceled due to a thunderstorm. The shortage of staff case can be controlled by the firm, hence would be assigned an Internal attribution. External attribution, on the other hand, assigns the cause for an outcome to something outside an entity. In situations that do not show that the organization had any intention or control over the situation, customers may attribute the event to external uncontrollable factors not caused by the organization, hence they form an external attribution.

The consequences of the type of attribution a customer forms, can affect how customers perceive their experience with an organization. For example, forming an internal attribution about a negative outcome in dealing with an organization, can give rise to anger (Wiener, 1995). An angry customer is

definitely not a satisfied customer. It can also be affective with positive situations, for instance, if a customer perceives a positive outcome to be intentional and controllable by the organization, hence forming an internal attribution, this can increase a customer's satisfaction with the organization.

In the case of group-services, it is believed, as stated earlier, that the group member interactions will have an impact on the focal-customer's satisfaction with the company. Therefore, it seems plausible to expect that the way in which a customer ends up with his or her group members, is an important factor. Customers of group-services can be grouped by different methods, and accordingly, each method can be assigned a different attribution type by the customer. For example, if a customer has the freedom to choose his or her group members, the customer is likely to assign a different attribution than a customer who was given no such freedom. Therefore, we decided to adjust our study to reflect two types of group formations. 1) self: gives the customer full freedom to choose their own group. 2) company: company forms the group and does not give the customer the freedom to choose their group members.

In the second study individuals were asked to provide background information about their skills, experience and personality prior to the service taking place. This information was requested to pre-match the customers with suitable and relevant group members, with the goal to enhance their service experience. We believe that customers who were not given the option to choose their own group members, but were grouped by the company instead, will perceive their experience as controllable and intentional by the company. Hence, they will form an internal attribution about their experience with their group members. We predict that, whether customers had a positive or a negative experience with their group members, they will attribute this experience to the company since the company is the one who formed the group, consequently, affecting their satisfaction with the company. Therefore, we hypothesis that:

H5: Group formation will moderate the relationship between group member behavior and satisfaction with the company such that the relationship will be stronger for customers who are grouped by the company than for those who grouped themselves.

Research Design and Methodology

The study used two methods, scenario and recall. A total of 163 undergraduate students from a large Southwestern University participated in this study for extra course credit. All 163 participants were randomly assigned to one of the eight conditions in a 2(behavior: positive, negative) X 2(purchase type: hedonic, utilitarian) X 2(group formation: self, company) between-subject factorial design. Once again behavior was depicted by social remarks and contribution to the task at hand (see Appendix G for full scenarios). Respondents were then asked to recall an incident when they purchased a group service and report some of the details of their experience. Following was a series of rating-questions regarding their experience using a 10-point Likert scale (see Appendix H). Only 83 respondents responded to our recall questions, as the rest of the respondents left these questions unanswered.

Procedure

The study took place online using Qualtrics, a website that facilitates online surveys. We used a scenario-based survey experiment for the first part of the study in which participants were instructed to imagine themselves as customers in the scenarios. Then they were asked to respond to a battery of questions pertaining to the scenarios. We chose to measure their satisfaction with the employee in addition to their satisfaction with the company, to see if respondents make a distinction between the two in their attribution. This can benefit companies in understanding what elements of their organization can be effected by customer-to-customer interaction during the group-service experience. Scenarios are commonly used in studies due to their advantage in eliminating any obstacles associated with observation and enactment of the service in real-life (Bitner, 1990). Scenarios have the advantage of reducing inaccuracies associated with recall-based designs due to memory lapse (Smith, Bolton, and Wagner, 1999). Scenarios also allow for a high level of consistency within and across conditions.

To illustrate hedonic consumption in our scenarios, we depicted a situation where the consumption activity includes the objective of having fun. We described a cooking class group-service as something the

respondent was looking forward to do as "*a fun thing to do on the weekend*". In the utilitarian condition, we described the same cooking class as a prerequisite to a culinary job the respondent was applying for. We used the words *"to have hands on experience working with others in the kitchen…"*. In terms of group formation, in the company grouping scenario, we mention that the company asks the respondents to fill-out some background and personality type questions prior to coming to class. This information was requested of group participants with those that are likely to enhance their experience. According to their answers, they were preassigned to their groups with the following instruction "*Upon arrival, you are asked to find the station that has your name assigned to it*". The self-assigned scenario did not have such a survey to fill-out. They were just asked to form their own groups with the following instruction "*you are asked to find 3 other customers that you would like to work with*" (see Appendix G) for full scenarios.

We used the recall method for the second part of the survey to explore additional information that might not have been captured in the scenario part. For example, we wanted to know what participants remembered from their interaction with other customers? how did they evaluate the service? and were they likely to return? What would they have done differently to improve their experience? These are some of the questions among others we asked to get an understanding of how their personal group-service experience was (see Appendix H). The recall method has its own advantages as well; by giving the details of their experience, it allows the respondent to remember what actually happened and relive the experience. Eighty respondents did not answer the recall question correctly and, therefore, their response to the recall question was removed from the data set. For example, some respondents did not pay for the group-service, others had friends and family as their group members, still others did not respond at all to this portion of the survey.

Measures

Satisfaction with the company

We measured respondents' satisfaction with the company by using three items on a 10-point Likert scale; zero representing the lower end of the evaluation for each item (unhappy / displeased / unfavorable) and ten representing the higher end of the evaluation for each item (happy / pleased / favorable). The three items were "*How happy were you with Pro Chef ? ”*, “*How pleased were you with Pro Chef ? ”*, “*How would you describe your opinion about Pro Chef ?”*

Satisfaction with the Employee

In addition to the dependent variable, satisfaction with the company, we measured respondents' satisfaction with the employee, as customer-employee interaction is one of the service marketing triangle dimension, which represents interactive marketing. Three items formed the construct satisfaction with employee. "*I was happy with the instructor at Pro Chef* “, “*I was pleased with the instructor at Pro Chef*”, “*I enjoyed the lesson with the instructor at Pro Chef*”. Respondent were asked to rate how much they agreed or disagreed with these statements on a 10-point Likert scale; 0 = strongly disagree, 10 = strongly agree.

Reliabilities

Two main satisfaction measures were tested for this study, satisfaction with company and satisfaction with employee. To measure these constructs, it seemed unnecessary to develop new scales given the number of acceptable scales that exist in the satisfaction literature (Jones and Suh, 2000). Therefore, satisfaction was measured using semantic differential items commonly used to measure customer satisfaction (e.g. Crosby and Stephens, 1987). The items included happy/unhappy, pleased/displeased, and favorable/unfavorable, and were measured using a ten-point Likert scale.

Each construct's reliability was assessed using Cronbach's α. The satisfaction items show a Cronbach's α of .89 for satisfaction with Employee and .97 for satisfaction with Company. All α values are > .7 for all of the constructs, indicating good reliability of the scales (Hair et al. 2010). This suggests that the scale reliabilities have adequate and stable measurement properties.

Results

Manipulation check

As predicted, all three manipulations were effective. Respondents perceived the positive group member behavior (M= 1.03; SD = .18) as positive and the negative group member behavior as negative (M= 1.83; SD =.38 ; F = 43.61), p = .000). Respondents who were told to group themselves (M= 1.26; SD = .44) considered the formation of their group as self-assigned, while the respondents who were grouped by the company (M = 1.82; SD = .38; F = 6.54), p = .000) considered their group formation pre-assigned. Finally, respondents in the hedonic consumption condition (M = 1.12; SD = .32) considered the activity as something fun to do, while respondents in the utilitarian consumption condition (M = 1.68; SD = .47 ; F = 49.49), p = .000) considered the activity as a requirement.

Twenty respondents of the 163 respondents failed two or more manipulation checks. These respondents were removed from the sample before running the hypotheses testing, reducing the sample size to 143 respondents.

Findings and hypotheses testing

A 2(group member behavior) X 2(consumption type) X 2(group formation) MANOVA was used to test the main and interactive effects of our three experimental variables on satisfaction with the company and satisfaction with employee. The multivariate analysis revealed a significant main effect for group member behavior: $F(2,134) = 192.44$, p = .000) and a three-way interaction effect: $F(2,134) = 6.583$, p = .002.

Satisfaction with Company

Main effects

As expected, MANOVA results revealed significant results for the main effect of group member behavior $F(1,135) = 64.34$, $p = .000$, supporting H3. However, consumption type and group formation did not show significance results (see Table 3). Respondents who were with positive group members were more satisfied with the company (M = 8.18; SD = 1.65) than those who were with negative group members (M = 5.64; SD = 2.26).

Interactions

Contrary to our prediction, H4 was not supported as the two-way interactions between group member behavior and consumption type was non significant $F(1, 135) = .093$, $p = .760$. We did not find support for H4 either, as the two-way interactions between group member behavior and group formation, was also non significant $F(1, 135) = 1.20$, $p = .275$. However, there was a three-way interaction effect among group member behavior, consumption type and group formation $F(1, 135) = 9.00$, $p = .003$ (see Table 3 and Table 4).

-----Insert Table 3 about here-----

To better understand this three-way analysis, we conducted separate analyses for each group formation condition (see Figure 5). The company group formation condition indicated a main effect of group member behavior on satisfaction with the company $F (1, 135) = 36.31$; $p = .000$), a marginally significant main effect of consumption type $F (1, 135) = 3.82$; $p = .055$), and a non significant group member behavior X consumption type interaction effect $F (1, 135) = 3.17$; $p = .080$). The self group formation condition indicated a main effect of group member behavior on satisfaction with the company $F (1, 135) =$

1172.66; p = .000), a non significant main effect of consumption type F (1, 135) = .083; p = .77), and a significant group member behavior X consumption type interaction effect F (1, 135) = 6.25; p = .015).

-----Insert Table 4 about here-----

Figure 5 (a) shows that the negative group behavior in the company group formation condition, did not show a significant difference between hedonic (M=5.26; SD = 2.48) and utilitarian (M=5.17; SD = 2.21; F(1, 135) = .009; p = .924) consumption. However, the difference between the two consumption conditions is significant in the positive group member behavior situation, (M=9.00; SD = 1.30; F(1, 135) = 12.41, p = .001) for hedonic and (M=7.21; SD = 1.79) for utilitarian. In other words, in the company formation condition, the type of consumption doesn't matter if the group members are behaving negatively, but matters significantly if the group members are behaving positively. The self group formation condition in Figure 5 (b) shows that the negative group behavior in the self group formation condition, did not show a significant difference between hedonic (M=6.64; SD = 2.04) and utilitarian (M=5.48; SD = 2.21; F(1, 135) = 2.69; p = .110) consumption. However, the difference between the two consumption conditions is marginally significant in the positive group member behavior situation, (M=7.79; SD = 1.69; F(1, 135) = 3.89, p = .056) for hedonic and (M=8.71; SD = 1.19) for utilitarian. In other words, in the self formation condition, the type of consumption doesn't matter if the group members are behaving negatively, but somewhat matters if the group members are behaving positively.

The findings from this study shed light on the effect a company has on customer satisfaction with the company, when the company chooses to take control, or not take control of the grouping process in a group-service setting. Overall, all conditions rate higher satisfaction levels with the company when their group members behave positively than negatively, supporting H1. Particularly, in the positive behavior condition of groups formed by the company, customers consuming a hedonic group-service are more satisfied with the company than customers consuming a utilitarian group-service. However, the negative behavior condition does not follow the same pattern, as the two consumption types have a similar

satisfaction rate. To understand possible reasons for this, we need to take a closer look at how the consumption conditions react across all variables.

Looking at both figures 5(a) and 5(b) together

Overall, groups in the utilitarian condition are significantly more satisfied when they have control over choosing their own groups than when the company chooses their groups $F (1, 135) = 4.09; p = .047$. They purchased the service for practical purposes, therefore the element of surprise is likely not appreciated for these customers. Gaining control over the situation to guarantee a favorable outcome as much as they can, can explain their increase in satisfaction when they chose their own group members.

Customers consuming the hedonic group-service, overall, do not show a significant difference between forming their groups on their own or having the company form them $F (1, 135) = .04; p = .841$. However, they do place great weight on how their groups were formed in light of the behavior of their group members $F (1, 135) = 8.39; p = .005$. The results show a significant difference between the positive and negative behavior conditions when the groups were formed by the company $F (1, 135) = 31.54; p = .000$. This same contrast is not evident when the customers group themselves $F (1, 135) = 3.65; p = .064$. This can be explained by what customers may expect of a company when a company tries to control a commonly uncontrolled factor of the customer's experience — group formation. Group member behavior in this case, represents the success and the failure of the company's efforts to improve their customer's experience. The positive group member behavior represents the success, and resulted in customer delight, as their satisfaction was at its highest. The negative group member behavior represents the failure, and resulted in customer dissatisfaction. We believe the same contrast is not evident in the situation when the customers groups themselves, as they share a portion of the attribution with the service. The reason it seems that the company is held at higher accountability levels in the company grouping condition than the self grouping condition, is due to the implied promise from the company's side. The company asked respondents to fill out a survey about their personalities for grouping purposes. The company's intention is to enhance customer experience by delivering a coherent group captured in the scenario *"You are told that*

this set of questions are to help the instructor group you with suitable group members in order to enhance your experience and learning". Random assignment can be considered the norm or what customers are familiar with in situations of grouping. Therefore, when a company interferes with this norm, by applying effort in constructing a highly cohesive group, expectations increase. Succeeding, results in customer satisfaction and failing, results in customer dissatisfaction or less satisfaction.

-----Insert figures 5 (a) and 5 (b) about here-----

Satisfaction with Employee

Main effects

The MANOVA test revealed significant results for the main effect of group member behavior $F(1,135) = 8.17$, $p = .005$ and group formation $F(1, 135) = 4.49$, $p = .04$ on satisfaction with the employee. consumption type, on the other hand, did not show significant results on satisfaction with the employee. Respondents who were with positive group members were more satisfied with the employee (M = 7.50; SD = 1.79) than those who were with negative group members (M = 6.66; SD = 1.81). Respondents who grouped themselves (M= 7.39; SD = 1.77) were also more satisfied with the employee than those who were grouped by the company (M= 6.77; SD = 1.88).

Interactions

A two-way interaction between consumption type and group formation, was significant $F(1,135) = 6.13$, $p = .01$ (see Table 5). The results suggest that respondents' satisfaction with the employee in the hedonic consumption condition (M= 7.26; SD = 1.84 for self formation) and (M= 7.41; SD = 1.74 for company formation), does not seem to be largely impacted by one type of group formation over the other. However, respondents in the utilitarian condition show a stronger impact of self group formation (M= 7.57; SD = 1.71) on their satisfaction with the employee than their counterparts in the company group formation condition (M= 6.24; SD = 1.87; $F(1,135) = 9.63$, $p = .003$) (see Table 6 and Figure 6). This preference of the utilitarian consumption group condition to grouping themselves can be due to their need to control the

situation as mentioned earlier. For utilitarian consumption respondents, the task is not meant to be an adventure, but is meant to fulfil a practical need. Having the company choose their group members for them, allows too much of the unknown in the control of the company. We've seen in the previous three-way interaction on satisfaction with the company, that the utilitarian consumption condition, also showed a preference to group themselves. Not grouping themselves resulted in lower satisfaction rates for the company. We also saw in the three-way interaction that hedonic consumption group conditions cared about how their groups where formed when evaluating the company. When evaluating the employee however, it doesn't seem to make a big difference to them regarding how their groups were formed, when group member behavior is not taken into consideration. This indicates a distinction hedonic consumption groups make between the employee and the company when assigning attributions.

-----Insert Table 5 about here-----

-----Insert Table 6 about here-----

-----Insert Figure 6 about here-----

Summary and next steps

Study 1 supported our hypotheses regarding the effect group member behavior has in a group-service on a customer's satisfaction with the company. It also demonstrates that not all types of group-services are alike. The type of service differs in two ways. First, generally, utilitarian consumption groups prefer to group themselves, as they are more satisfied with the company when customers group themselves over the company grouping them. The hedonic consumption groups do not generally distinguish between the two grouping methods when evaluating the company. However, when taking group member behavior into consideration, we've seen that hedonic consumption groups show a different story. Hedonic consumption groups, attribute a negative or positive interaction with their group members, to the company

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much more, when grouped by the company, than they do when grouped by themselves. Utilitarian consumption groups, were not as affected by how their groups were formed in light of their group members' behavior. They generally seemed to prefer grouping themselves, but weren't drastically dissatisfied when their groups behaved negatively and the company had grouped them, compared to when they had grouped themselves; nor were they overly less satisfied when their groups behaved positively, and the company had grouped them, compared to when they had grouped themselves.

The study also sheds light on customers' evaluation of the employee. It shows, once again, that utilitarian consumption groups are generally less satisfied – this time with the employee- when the company groups them, as opposed to grouping themselves. Therefore, it seems that both the satisfaction with the company and the satisfaction with the employee decreases in the utilitarian consumption group, if the groups are formed by the company. However, in the hedonic group condition their evaluation of the employee is not impacted much by how their groups were formed. We conclude from these results that, it is more important for a group-service provider, to allow their customers to group themselves if the group-service is for utilitarian consumption, than if it were for hedonic consumption. Moreover, if the group-service is for hedonic consumption, the company should only form the groups, if they can guarantee a good experience between the group members, otherwise, they are better off letting the groups form themselves.

In addition to scenario-based results, we gathered some learnings from the recall data. For example, we learned that respondents were concerned with the outcome of the service and mentioned it as an expectation they had of the service. Many respondents considered the service outcome to be the main goal of the task, regardless of how the experience might have been. Statements such as " *It was as expected, we learned how to canoe, and in the end everyone knew how to canoe*" or " *The team had some great people. It would be better if we won*", lead us to consider including service outcome as a variable of interest. In study 1, we were able to focus on group member behavior's effects, by holding service outcome constant in our scenarios, as service outcome is known to effect satisfaction of any service. We also saw how satisfaction with employee was also impacted by group member behavior. In study 2, we wanted to test the effects outcome may have on both, satisfaction with company and satisfaction with employee. We seek to

understand, in a highly collaborative service environment such as group-services, what is the role service outcome plays in a customer's evaluation? Would there be some attribution towards the employee? Would customers have different attributions for the company than they have towards the employee? Using a regression, we test the strength of the effects of both variables, outcome (good, bad) and group member behavior (positive, negative) on satisfaction with each, company and employee. Moreover, we apply the same comparison for the effect of group member behavior on both satisfactions as we did for outcome, in search for a similar pattern of effects. Using a different regression, we compared the effects of group member behavior on satisfaction with company with group member behavior's effects on satisfaction with employee. Finally, as we did in study 1, we took a look at the effects of all three independent variables together on the two dependent satisfaction variables using a MANOVA. Moreover, since the recall section already gave us a better understanding of respondents' experience, we decided to exclude it from the next study to reduce response fatigue.

Study 2

In this study, we tested the effect of service outcome (good, bad) on both satisfaction with company and satisfaction with employee. We also tested the effect of group member behavior (positive, negative) on both, satisfaction with company and satisfaction with employee. Finally, we ran a three-way MANOVA to test our three variables outcome, group member behavior and group formation on both satisfaction with company and satisfaction with employee. In our scenarios, a good service outcome is defined as, the dish looking like the instructor's dish and tasting good. A bad service outcome, is when the dish does not look like the instructor's dish and does not taste good.

Theoretical Background

Service Outcome

Some group-services are centered around learning by adding to one's knowledge or skill-set, through a form of teaching provided by the service instructor or employee (e.g. acting class, baseball league, practicing with a musical band, etc.). Other group-services offer a form of entertainment that commonly centers around some kind of win or achievement (winning a game of laser-tag or paintball, escaping a mystery room, climbing mount Everest, etc.). Therefore, it is not surprising that respondents in the recall survey section expected to learn something new or to win a challenge as an outcome of the group-service they signed up for. In fact, it is reasonable to assume that the outcome of the group-service is very important for a service, and is likely to affect customer satisfaction with the employee or instructor.

Just like any service, group-services are co-created with the provider; with group-services though, there are several entities co-creating the service. The provider in a group-service is usually represented by either an employee who facilitates the service (entertainment services) or an employee who instructs the service (educational services). No matter which type of service the employee is representing, a group-service employee shares some responsibility towards the outcome of the service. Employees are not

responsible for the service outcome on their own however, as the customers take part in how the results turn out. For example, if a customer signs up to learn how to play the bass with a band, the instructor is responsible for teaching, engaging, and inspiring the customers. The customer, on the other hand, is responsible for showing up on time, practicing and collaborating with the band. Failing to learn cannot completely be the instructor's fault. The instructor can be responsible for not teaching the right method or for lack of experience in teaching, which will definitely affect the service outcome. Therefore, it is a shared responsibility, which can differ in terms of the degree of responsibility each the instructor and customer has. In situations where the employee merely facilitates the service, such as in the majority of entertainment group-services, the facilitator's responsibility is naturally less than an instructor's responsibility. A group-service employee who facilitates a city scavenger hunt for her customers, is less involved in the co-production, compared with an employee who instructs an acting class.

Attribution theory as mentioned earlier, explains how these different situations are likely to be attributed or assigned responsibility. Controllability, one of the three dimensions of attribution theory, refers to the degree to which the cause is perceived to be under an entity's volitional control. This means that if a customer believes that the company or employee can control or influence a situation, the company or employee would be assigned the attribution (Hess Jr., Ganesan, and Klein, 2003; Weiner, 2000), and in turn, affect customers' satisfaction. Mattila (2004) demonstrated that a customer's perception of a firm's responsibility has a significant influence of his or her satisfaction evaluations. Therefore, employees of group-services are likely to be assigned some level of responsibility towards the service outcome. While the literature supports the notion of service outcome affecting satisfaction with the company (Keaveney and Parthasarathy, 2001; Meuter, Ostrom, Roundtree, and Bitner, 2000; Mohr and Bitner, 1995), we believe that according to attribution theory, the service outcome will impact satisfaction with employee more than it would impact satisfaction with company. We reason that instructors and facilitators of a group-service would be perceived to be more responsible for the service outcome, since they have a higher level of *direct* control over a portion of the outcome, compared with the control level a company has. Therefore, we

predict service outcome will have a stronger effect on satisfaction with the employee than on satisfaction with the company.

If we apply the same logic, group member behavior should have different effects on, satisfaction with company and satisfaction with employee. Every group-service is faced with the question; how will groups be formed? It is up to the company to decide, then implement their decision in the design of the service. Whether the company decides to form the groups (company formation), - as we showcased in our scenarios - or decides to let the customers choose their own groups (self formation), it is a company's decision and not the employee. The company in this case, explicitly chose to subject the customer to either type of group formation. The company has control over the design of the service, hence is responsible for the consequences of this decision. A consequence such as, a customer's experience with their group members. As we've seen in study 1, the consequence of this decision impacted the customer's satisfaction. The employee, on the other hand, is only executing the company's service design and does not have control over the design. Therefore, according to our argument on attribution and control, we predict the following:

H6: Service outcome will have a stronger positive effect on satisfaction with the employee than satisfaction with the company.

H7: Group member behavior will have a stronger positive effect on satisfaction with the company than satisfaction with employee.

With this in mind, several questions arose. We wondered how would the interaction between the two variables affect satisfaction with the company and satisfaction with the employee? Intuitively, one would consider that respondents would have the highest satisfaction rates when both the group member behavior and the service outcome were favorable. The opposite being, that the lowest satisfaction rates are assumed to be the result of both, unfavorable group member behaviors and unfavorable service outcome. However, how would respondents react to a mix of the two cases? Would having group members behave negatively, while the service outcome is a success, be any different from if the group members behaved

positively, while the service outcome was not a success? Which one would be more important in driving the satisfaction index up? Would the way their groups were formed still play a role in how they experience the service, as it did in study 1? To explore the answers to these questions, we ran a MANOVA to test the interactions of our Independent variables on each dependent variable (satisfaction with company and satisfaction with employee).

Research Design and Methodology

173 undergraduate students at a large Southwestern University participated in this study for extra course credit. All 173 participants were randomly assigned to one of the eight conditions in a 2(group member behavior: positive, negative) X 2(service outcome: good, bad) X 2(group formation: self, company) between-subject factorial design (see Figure 7). Also see service outcome scenarios in Appendix G.

Procedure and Measurements

The study took place online using Qualtrics, a website that facilitates online surveys. We used the same scenario-based survey we used for study 1, only this time, we did not have any indication for the type of consumption. We simply used the statement "*You signed up for a cooking class at Pro Chef and paid $45 the average fee for such classes*." At the end, we added the service outcome manipulation as shown in Appendix G. Same measurements were used from study 1.

Results

Comparing direct effects – Service Outcome

We ran two separate regression models, one for each dependent variable of interest. In our first model, using satisfaction with employee as the dependent variable, results show that service outcome has a significant effect on satisfaction with employee (ß= -.536 , t = -8.014 , p = .000). In our second model, we used satisfaction with company as the dependent variable. The results also showed that service outcome has a significant effect on satisfaction with company (ß= -.496, t = -7.211 , p = .000). As predicted, we can observe from the standardized beta coefficients that, service outcome has a stronger effect on respondents' satisfaction with the employee than their satisfaction with the company. In order to test whether the difference in beta size between (ß= -.536) and (ß= -.496) is statistically significant, we refer to Reis & Judd (2000)'s method of creating a difference score between the two dependent variables. We then used the independent variable (service outcome) to predict the difference score. Results show a marginal significant difference between the two standardized beta coefficients (ß= -.153, t = -1.946, p = .026 one-tailed), supporting H6 (see Table 7).

-----Insert Table 7 about here-----

Comparing direct effects – Group Member Behavior

We ran two separate regression models, this time to test the effects of group member behavior on both dependent variables. A regression model for each dependent variable of interest. Our first model using satisfaction with company as the dependent variable, results show that group member behavior has a significant effect on satisfaction with company (ß= -.582 , t = -9.030 , p = .000). Our second model we used satisfaction with employee as the dependent variable. The results also showed that group member behavior has a significant effect on satisfaction with employee (ß= -.267, t = -3.496 , p = .001). As predicted, we can observe from the standardized beta coefficients that, group member behavior has a stronger effect on respondents' satisfaction with the company than their satisfaction with the employee. In order to test whether the difference in beta size between (ß= -.582) and (ß= -.267) is statistically significant,

we use the same method used in the previous test. Results show there is a statistical significant difference between the two standardized beta coefficients (ß= -.581, t = -8.991, p = .000)), supporting H7 (see Table 8).

-----Insert Table 8 about here-----

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Effect of all three independent variables
Manipulation check

As predicted, all three manipulations were effective. Respondents perceived the positive group member behavior (M= 1.06; SD = .23) as positive and the negative group member behavior as negative (M= 1.88; SD = .32 ; F = 8.99), p = .000). Respondents who were told to group themselves (M= 1.33; SD = .47) considered the formation of their group as self-assigned, while the respondents who were grouped by the company (M = 1.92; SD =.27 ; F = 96.64), p = .000) considered their group formation pre-assigned. Finally, respondents in the good service outcome condition (M = 1.97; SD = .15) considered their service outcome to be good, while respondents in the bad service outcome condition (M = 1.09; SD = .29 ; F = 15.20) p =.000) considered their service outcome to be bad.

Moreover, 12 respondents out of the 173 respondents failed two or more manipulation checks. These respondents were taken out of the sample before running the hypotheses testing, bringing our sample to 161 respondents.

Reliabilities

The same items used in study 1 to measure satisfaction variables were used in study 2. Each construct's reliability was assessed using Cronbach's α. The satisfaction items show a Cronbach's α of .93 for Satisfaction with Employee and .98 for Satisfaction with Company. All α values are > .7 for all of the constructs, indicating good reliability of the scales (Hair et al. 2010). This suggests that the scale reliabilities have adequate and stable measurement properties.

Main and interaction effects

Satisfaction with Company

The MANOVA test yielded significant results for the main effect of group member behavior $F(1,135) =117.87$, $p = .000$ and service outcome $F(1, 135) = 84.29$, $p = .000$ on satisfaction with company. Group formation on the other hand was not significant (see Table 9). Respondents who were with positive group members were more satisfied with the company ($M = 7.56$; $SD = 2.34$) than those who were with negative group members ($M = 3.99$; $SD = 2.77$). Respondents who had a good service outcome were more satisfied with the company ($M = 7.29$; $SD = 2.79$) than those who had a bad service outcome ($M = 4.27$; $SD = 2.65$). The interaction between service outcome and group member behavior and group formation on satisfaction with the company was not significant.

-----Insert Table 9 about here-----

Satisfaction with Employee

Main effects

A MANOVA test yielded significant results for the main effect of group member behavior $F(1,135) = 15.63$, $p = .000$ and service outcome $F(1, 135) = 71.10$, $p = .000$ on satisfaction with the employee. Group formation on the other hand was not significant. Respondents who were with positive group members were more satisfied with the employee ($M = 7.60$; $SD = 2.06$) than those who were with negative group members ($M = 6.45$; $SD = 2.40$). Respondents who had a good service outcome were more satisfied with the employee ($M = 8.26$; $SD = 1.78$) than those who had a bad service outcome ($M = 5.80$; $SD =2.10$).

Interactions

A two-way interaction between service outcome and group formation on satisfaction with employee, only yielded marginal significance $F(1, 135) = 3.61$, $p = .06$. There is a three-way interaction

effect among group member behavior, service outcome and group formation F(1, 135) = 4.76, p =.03 (see Table 10).

To better understand this three-way analysis, we conducted separate analyses for each group service outcome condition (see Figure 8). The good service outcome group condition indicated a marginally significant main effect of formation on satisfaction with employee F (1,135) = 3.80; p = .055), a significant main effect of group member behavior F(1,135) = 7.67; p = .007), and a marginal group member behavior X group formation interaction effect F (1,135) = 3.70; p = .058). The bad service outcome group condition indicated no significant main effect of formation on satisfaction with employee F (1,135) = 8.1; p = .005), a significant main effect of group member behavior F(1,135) = .723; p = .39), and no group member behavior X group formation interaction effect F (1, 135) = 1.54; p = .21)

The results indicate that when the service outcome is good and the group members are behaving positively, respondents' satisfaction with the employee is not affected by whether they grouped themselves or the company grouped them (see Figure 8. (a)). However, in the negative group member behavior condition, we see a noticeable difference in respondents' satisfaction with the employee. Respondents are statistically more satisfied when they group themselves (M = 8.47; SD = 1.33) than when the company groups them (M = 7.01; SD = 2.14; F (1,135) = 5.79; p = .002). It appears that respondents attribute some blame towards the employee when their groups are behaving negatively, despite the fact that the outcome of the service was good. It shows that a negative behavior can decrease the respondents' satisfaction with the employee in general, but more so, when the groups are formed by the company. Figure 8. (b) depicts the bad service outcome condition. Here, the results give us more insights into how respondents are affected by our variables. Once again, in the positive group member behavior condition, respondents don't seem to be much effected by how their groups were formed F (1,135) = .092; p = .763). Only a slight increase is satisfaction when they group themselves (M = 6.52; SD = 1.73 compared with company formation (M =

6.34; SD = 2.02). However, when it comes to the negative group member behavior, we observe a different pattern. It is interesting to note that forming their own group does not always translate into higher satisfaction levels with the employee. In fact, in the negative group member behavior condition, respondents were less satisfied (M = 5.63; SD = 1.91) when they formed their own group than when the company formed their group for them (M = 4.70; SD = 2.32) (see Table 11). Although this difference is not statistically significant $F (1, 135) = 1.85; p = .181$) it seems that the employee in this case, takes some blame for giving the respondents the freedom to choose their own group.

-----Insert Table 11 about here-----

A group-service company under circumstances with negative group member behaviors does not seem to have a clear path to satisfy the customer. In one case – good service outcome – respondents are not satisfied with the employee when the company groups them, and in another – bad service outcome– they are not satisfied when they group themselves. This can possibly be explained by respondents' high expectations in the service company to deliver an outstanding experience, where the service output and group behavior are both guaranteed to be positive. When one of the two fail, the employee will be accountable or will take some blame. To control both of these aspects of a group-service is not an easy task. Although service outcome may be thought of as something that is in the control of the company, in group-services, this is not always the case. A company can do its best to provide the best training, equipment, customer service, etc. However, the customers are co-creating the service with the provider, therefore, the service outcome is partly in their hands. Getting the best instructions from a music conductor or a choirmaster on how to perform with a musical band or an orchestra, will not guarantee good performance if the students do not practice their parts. A top chef with the best ingredients and kitchen supplies, can't guarantee a well cooked meal, if the participants aren't following the instructions. It won't even guarantee high satisfaction with the chef as our results indicate. Therefore, it is key to control as much as possible, how group members interact with one another.

-----Insert Figure 8 about here-----

Summary

Study 2 results showed significant effects of both group member behavior and outcome on respondents' satisfaction with the company as well as the employee. The objective of study 2 was to understand how respondents are effected by different aspects of a group-service. We tested a groups-service's technical quality (service outcome) and functional quality (group member behavior), and how they relate to the provider of a group-service. We found support for our hypothesis by showing a stronger effect of service outcome on satisfaction with the employee than satisfaction with company. We believe there is more attribution towards an employee – which in many cases is the instructor or the facilitator of the service – in regards to how the service outcome turns out. In a similar vein, we supported our hypotheses that the effect of group member behavior is stronger on respondents' satisfaction with the company than it is with the employee. Similarly, we believe the company shares more responsibility for how the group members behave, since the company designed the service which is responsible for how the groups were formed. These findings show that both process and outcome are critical for a group-service, as each attribute responsibility towards the employee or the company thus affecting customer's satisfaction.

Finally, we ran a three-way MANOVA to test the interacting effects of our three variables (group member behavior, service outcome and group formation). Results did not show a three-way interaction of our independent variables on satisfaction with company. However, results showed a three-way interaction of our independent variables on satisfaction with employee. We found that customers will be less satisfied with the employee if one of the two service aspects – group member behavior or service outcome – are unfavorable, regardless of how their groups were formed. However, the formation of the group becomes important when examining the degree of their dissatisfaction or low levels of satisfaction. Results show, that when the service outcome is good, respondents are less satisfied with the employee if the company

forms the group that is behaving negatively, than if respondents formed it themselves. In the case of the bad service outcome and groups behaving negatively, respondents are even more dissatisfied if they formed their groups themselves than if the company formed them. For better customer satisfaction, group-service companies should provide high quality in delivering their part of the co-production. However, more importantly, they should pay attention to group member interaction, by considering it one of the service offerings, since customer satisfaction is effected by how customers interact in a group.

Chapter 4

Discussion

This dissertation contributes to the body of literature on customer-to-customer interaction by exploring these interactions in a group-service setting. Group-services have not received much attention in the literature; as far as we know, only a handful of papers were published on this topic. We also direct more attention towards customer interactions by including fellow-customer in the Service Marketing Model. We believe our approach gives a more comprehensive understanding of all the crucial interactions that take place in majority of services. We further look at the literature on services that involve groups and disentangle the different services from one another, by classifying these services in terms of their relation to customer interaction. We recognized that the literature on customer-to-customer interactions does not do a good job in defining the context of the service, where customer-to-customer interaction takes place, specifically when groups are involved. Failing to have a clear classification of these services will result in missed opportunities, both for practitioners and researchers. The dynamics of customer interaction differ from service to service, and with that, their perception of the service.

The dissertation, sought to understand the effect interactions between customers in group-services (group member behavior) have on the satisfaction with the company. We also explored the effects of these interactions on their satisfaction with the employee. We introduce three boundary effects (consumption type: hedonic, utilitarian; group formation: self, company; and service outcome: good, bad) to test the effects of such variables on the main relationship between group member behavior and satisfaction with the company.

The dissertation consists of three studies including a pilot study. The pilot study was conducted in a behavioral lab, testing respondent's actual interactions with one another, while collaborating in teams to build a LEGO object. It was intended as an exploratory study to give us some insight into how to best conduct our following studies. While the pilot study did not produce any significant statistical results, it

helped us design and enhance our two following studies. Study 1, tested our main relationship between group member behavior - a manipulated variable representing positive and negative customer-to-customer interactions in the group – on satisfaction with the company. It also tested to see if 1) the type of consumption (hedonic, utilitarian) has an effect on the main relationship. 2) how group formation (by self, by company) has an effect on the relationship.

As we had predicted, we found that respondents in the positive group member behavior condition were more satisfied with the company than those who were in the negative group member behavior condition. A two-way interaction between group member behavior and consumption type or group member behavior and group formation, was not found significant. However, although not hypothesized, we found that a three-way interaction produced interesting results. It showed that when the company formed the groups and assigned them to negative group members, respondents did not differ in their satisfaction with the company; both the hedonic and utilitarian consumption groups were less satisfied with the company than if their groups behaved positively. In the positive group member behavior condition, respondents were more satisfied with the company in the hedonic group consumption condition than in the utilitarian consumption condition. This shows that there is a difference in the respondents' satisfaction for each of the two types of consumption groups (hedonic and utilitarian) depending on how their groups behaved.

Hedonic consumption groups are very satisfied with the company when the company groups them with favorable group members. On the other hand, they become disappointed when the company groups them with an unfavorable group. While this seems somewhat intuitive, participants did not react with the same levels of satisfaction when they group themselves. We believe that although grouping themselves allows customers the freedom and control, they are not that impressed by the company if their group members behave positively, nor are they that disappointed when their group members behave negatively. We attribute this difference in perception to the power of company promise. When a company takes control over more aspects of the service (forming the groups), their responsibility and expectations to deliver a good customer experience increases. Failing to do so, results in low levels of satisfaction. Lower than if the customer was given the freedom to choose, perhaps the same group members.

In the utilitarian consumption condition, respondents generally prefer grouping themselves over the company grouping them, perhaps to gain more control over the service. When taking their group member behavior into consideration, their satisfaction with the company did not seem to have a significant change in the positive group member behavior between grouping themselves and being grouped by the company, nor in the negative group member behavior. The three-way analysis indicates that companies must pay attention to the type of consumption their consumers are using their service for. If they are consuming it for utilitarian reasons, it's best not to form the groups and allow customers to form their own groups. However, if the consumption is for hedonic reasons, then grouping the customers will yield high satisfaction with the company, only if the group member interactions are favorable. If the group members do not interact well with one another, then grouping the customers will be in fact risky, as satisfaction will decrease dramatically.

When testing our same variables on satisfaction with the employee, we found that the group member behavior also affects respondents' satisfaction with the employee in a direct way. Respondents are more satisfied when their group members are behaving positively, and less satisfied when group members are behaving negatively. Results also reflect a main effect of group formation on satisfaction with employee. Respondents were generally more satisfied when they had grouped themselves over being grouped by the company. Moreover, results show a two-way interaction between group consumption and group formation. Results indicate and confirm the importance of allowing group members to form their own groups, if they are consuming the service for utilitarian reasons. This is evident is the difference in their satisfaction with the employee between hedonic and utilitarian consumption groups.

In study 2 we tested the effect of service outcome on respondents' satisfaction with the company as well as its satisfaction with the employee. Literature has shown that service outcome is one of the predictors for satisfaction with the service (Mohr and Bitner, 1995). However, we were interested in determining if this predictor had less influence on satisfaction with the company than it had on satisfaction with the employee. Our results indicate a link between service outcome and the employee, as the effect of service outcome is stronger when evaluating the employee than when evaluating the company. This

suggests that customers will attribute more of the service outcome to the employee of a group-service, perhaps due to the level of involvement an employee has in delivering the service. We must note here that in our scenario, the employee plays the role of the instructor as the chef teaches the customers how to cook the ingredients. If our scenario showcased a different group-service, that perhaps involved an employee as an instructor instead, our results may not have been significant. To avoid any dissatisfaction with the employee, group-services must recognize the role of the employee in the service, and not rely completely on customers to deliver their share.

We also used the same logic of attributing responsibility towards one entity over another, to test the effect of group member behavior on both, satisfaction with the company and satisfaction with the employee. Consistent with our previous reasoning, there is a stronger effect of group member behavior on satisfaction with the company, as the company controls the design of the service. An important element of the group-service design, as we've shown previously, is the formation of the groups. Respondents end up with their group members due to how the service was designed. Therefore, in any method, whether the groups were formed by the company or they were formed by the customers themselves, customers assign attribution towards the company, for being grouped with their group members. To ensure customer satisfaction, group-services need to pay greater attention to the interactions between customers in their groups to control this important aspect of the service. According to compatibility management (Martin and Pranter, 1989) a service provider can help mitigate any undesired interactions between customers.

We also tested in study 2 the same variables on satisfaction with the employee. The results show a three-way interaction on satisfaction with employee. It suggests that a group-service provider should strive to guarantee good interactions between group members. Not doing so can have double ramifications for the service. Results show that the respondents that were grouped with negative group members are less satisfied in two conditions: 1) forming their own group while having a bad service outcome, and 2) not forming their group (company forming) while having a good service outcome. This indicates that there is possible blame directed at the employee in both cases of negative group member behavior. Dissatisfaction or low satisfaction rates with the employee is critical. If dissatisfaction is expressed by the customer, it can

affect employee's stress, and in turn, affect their performance and the company's bottom line. If not expressed, the company will not address the issue, and will be impacted by negative WOM and customers discontinuing their business with the service.

Managerial Implications

Our findings have important implications for managers of group-services. Managers may not consider their customers' behavior something to which they need to pay attention. After all, a service focuses on their own deliverables, which commonly centers around the front-line employees, the service offer and the company image. Group-service companies need to change this mind-set to include their own customers' behaviors as part of their "deliverables". Literature on Compatibility Management, which is defined as "a process of first attracting homogeneous consumers to the service environment, then actively managing both the physical environment and customer-to-customer encounters in such a way as to enhance satisfying encounters and minimize dissatisfying encounters." (Martin and Pranter, 1989, p.7), suggests some tactics to help services mitigate fellow-customers' negative impact on a customer's experience. Compatibility management was intended for services in general, since most services happen in the presence of other customers. However, as we have seen in the proposed literature, customer-to-customer interactions are more central to some services than others.

According to Martin and Pranter, services with compatibility-relevant characteristics, where relationships between customers are the most critical, need to pay extra attention to compatibility management. Most of these characteristics are evident in group-services, which makes compatibility management more critical for group-services. Characteristics such as 1) customers are in close physical proximity to each other. 2) verbal interaction among customers is likely 3) customers are expected to share time, space, or service utensils with one another 4) when the customer mix is heterogeneous in any of several ways, and 5) when customers have slightly different objectives for using the service environment. Their suggestions in their study include encouraging companies to enforce rules and regulations, for example, appropriate behavior, dress codes, etc. as well as training employees to encourage healthy interactions. We believe that for group-services, compatibility management takes on a deeper meaning than what is suggested in the literature. Compatible customers for group-services do not necessary need to be homogeneous in their backgrounds or behaviors, in fact, in some cases, in might not even be preferred.

The reason being, is that group-services require collaboration between customers to accomplish a task. Having people come together with different backgrounds, knowledge, skill sets, etc. can add to the richness of the collaboration and can foster growth. Of course, some elements of similarities like age for example may be needed, but not all customer characteristics should line up. The key, here, is to put together the customers with the *right mix* of differences and similarities relevant for the type of service. To do so, we strongly recommend collecting as much information about the customers prior to the service. Taking a survey to qualify for the service can help companies not only have additional information about their customers in their databases, but more importantly, allow staff to create the right mix of group members for the service.   To achieve this, an understanding of the group literature in social psychology is needed to recognize what makes a group cohesive, perform better, engage well, etc. relevant to the task at hand. This means that companies are encouraged to form the groups themselves instead of leaving this task up to the customer or to chance. However, as we learned from this study, it is a high risk-high return kind of suggestion. If done right, customers can be delighted with the service and their overall experience, but if done wrong, there are negative consequences.

After groups are formed, employees are encouraged to assist the group by assigning some roles and responsibilities to each group member. The role assignments could be set up loosely to give customers some ideas on how to best work together, while allowing them the freedom and flexibility to figure it out on their own. For example, a customer that is weaker than the rest of the members in some aspects can be assigned a role that capitalizes on their strength rather than their weakness. If a customer is found to be an introvert, leading a group of strangers might not be the most comfortable role for them. Employees are also encouraged to monitor the groups' interactions and assist when needed before a problem arises. For example, if some customers lack the motivation to equally contribute to the task, encouraging them or adding excitement to the atmosphere, can help motivate them. To successfully plan, manage and help the groups have a positive experience, companies must invest in training their employees on how to manage groups, spot cues about customers' interaction, like body-language, synergy, etc. and more importantly, recruit and attract likeminded people that can grasp the concept and importance of customer interactions.

Limitations and Future Studies

Studying interactions in group-services is a novel area of study. Future work can expand on this dissertation to include greater richness in customer interactions. The study is based on human interactions, which involve body language, eye contact, tone, delivery, chemistry and many more nuances of communication. It is not possible to capture all these elements in a read scenario. Future research could examine customer groups in a natural setting to capture true group dynamics. Moreover, there are several methods to forming a group, other than the two methods we proposed. A company can form groups according to seating arrangements, or arrival to the location, in ratio of men to women, etc. All these methods do not allow the customer to choose their own group, but, at the same time, they are random. These types of group formations, although formed by the company, might not have the same effect as shown in our study. Future research can explore the different types of group formations to further understand how attribution is assigned. The type of group-service we chose is limited to a cooking class service, which is indoors and does not require much physical or mental effort. Future research can consider group-services that involve different conditions, like high physical and/or mental involvement, outdoors setting, competitive challenges with high rewards, etc. This study showcased a group-service that typically takes an hour to an hour and a half from start to completion, other group-services can take much longer. For example, sport training is usually not a one-time type of service. It requires training with a team for several days, even months. Groups that interact over a longer period of time are likely to be effected differently by the dynamics of their group, and are likely to evaluate the company differently. Future research can explore more types of group-service, across several industries, not only in regards to time or conditions.

Further, this research does not examine the group as whole. We looked at a single customer's perspective of their own group and service company. Future research can evaluate group-service customers from a group level to evaluate intra-group processes and relationships. It can also look at the employee/instructor of a group-service and study the relationship between employee/instructor and customer-group. There are group-services that require the employee/instructor to manage more than one

group at the same time, as in the cooking class case. Other group-services assign an employee per group as in a room escape adventure service. The difference between these two types of groups can have a different effect on how the customer perceives the employee and the company. Customer envy can also be an interesting topic to investigate for group-services that assign only one employee/instructor to manage several groups at the same time. The attention, quality of service the employee gives to one group over another group, can cause direct comparison by the customers and perhaps dissatisfaction. Moreover, in today's technologically advanced times, it is important to incorporate technology's role in the overall new service marketing model we proposed. Technology has become an inevitable part of any business. Technology is found in offline group-services and in online group-services like online gaming. Online gamers form groups with strangers, sometimes thousands of miles away to play together or compete with each other. There is great potential in studying all relationships in our model and how they relate to technology.

Finally, the interactions between group member behavior, service outcome and consumption type were not examined in this study. By testing the effects of these interactions on satisfaction, future research can understand which elements of the group-service are key, in light of the reason behind the consumption. It is important because, the way a customer might define what a service outcome is, can greatly depend on why they are consuming the service from the first place. Perhaps, the service outcome for some, is simply to get to meet new people and communicate with others, even though the group-service is a competition. Others may consider the service outcome to be the learning itself or achieving something.

Figure 1

Service Marketing Triangle Model

Company

External Marketing

Internal Marketing

Customer

Interactive Marketing

Employee
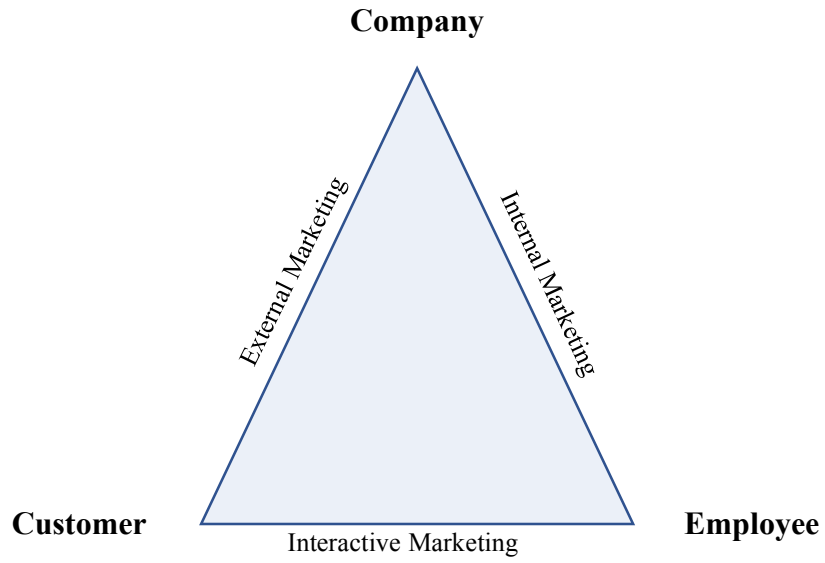
Figure 2

Service Marketing Square Model

Company

External Marketing

Fellow-Customer

External Marketing

Interactive Marketing

Compatibility Management

Customer

Interactive Marketing

Employee
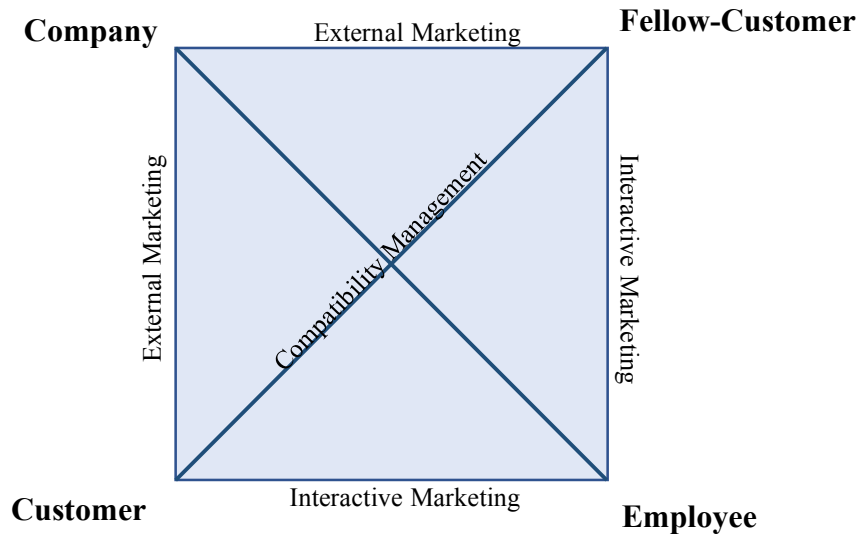
Figure 3

Pilot Study Model
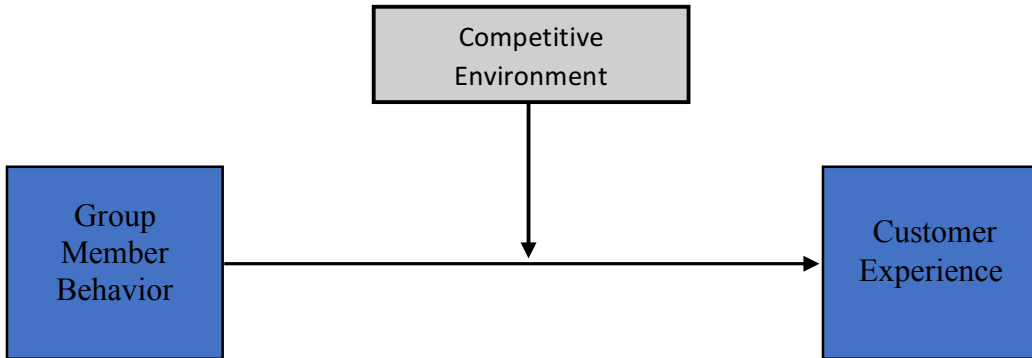
Figure 4

Study 1 Model
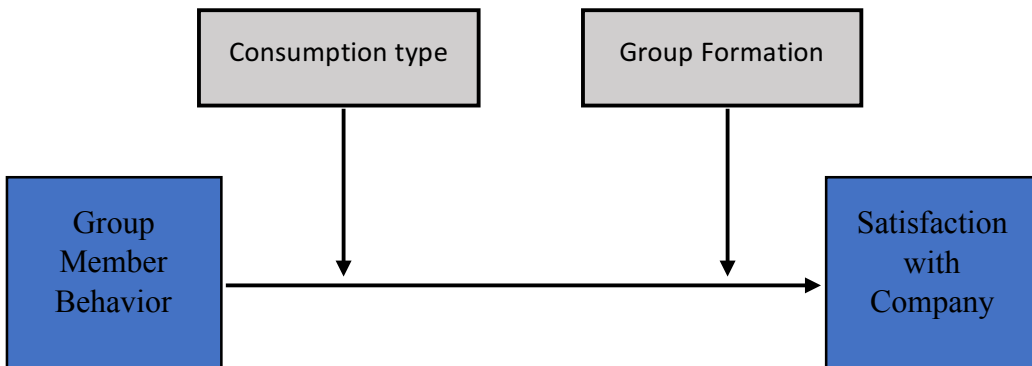
Figure 5

Study 1 - Three-way Interaction on Satisfaction with Company

(a) Company Group Formation
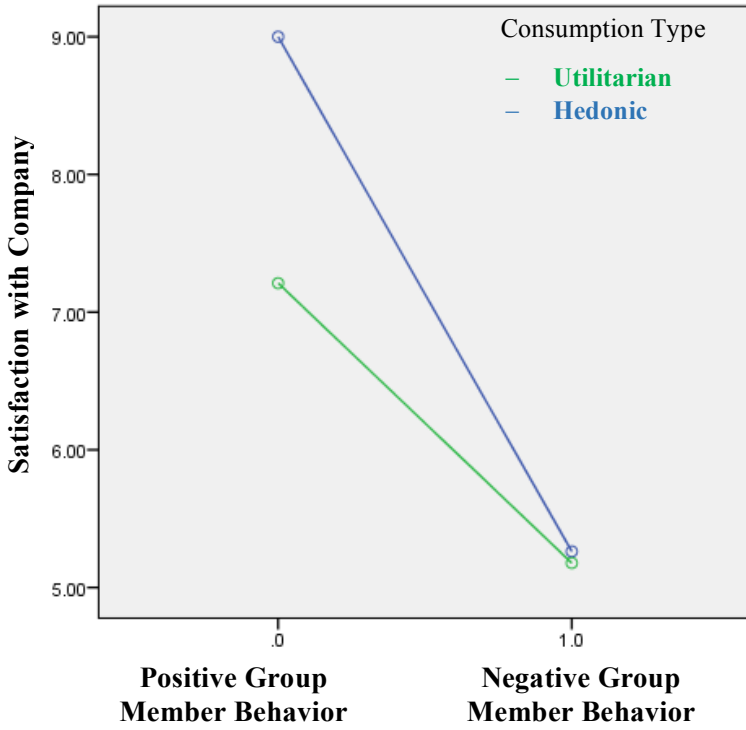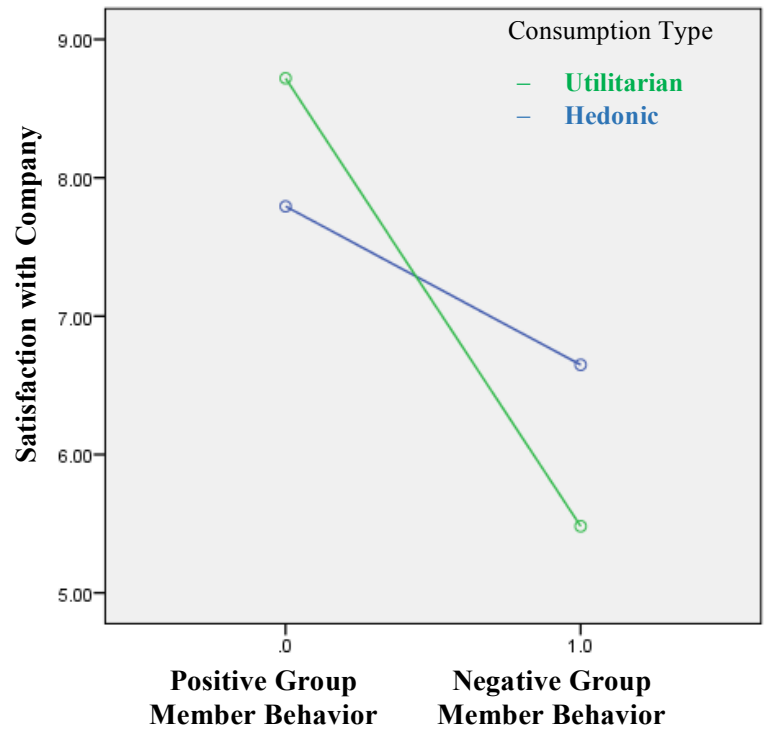

(b) Self Group Formation

Figure 6

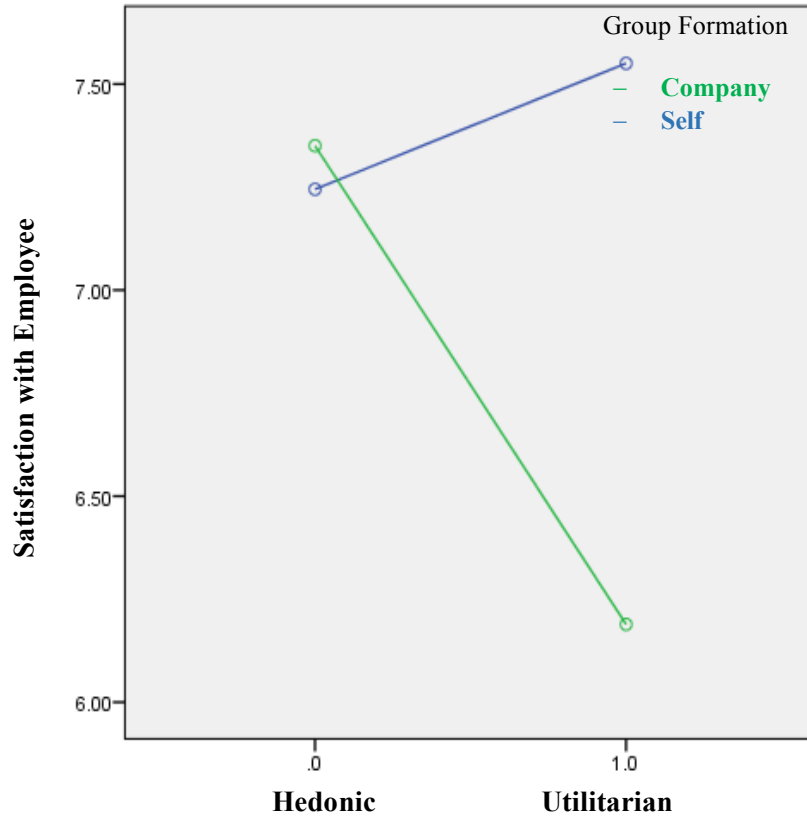**Study 1 - Two-way Interaction (Consumption type X Group Formation) on satisfaction with Employee**
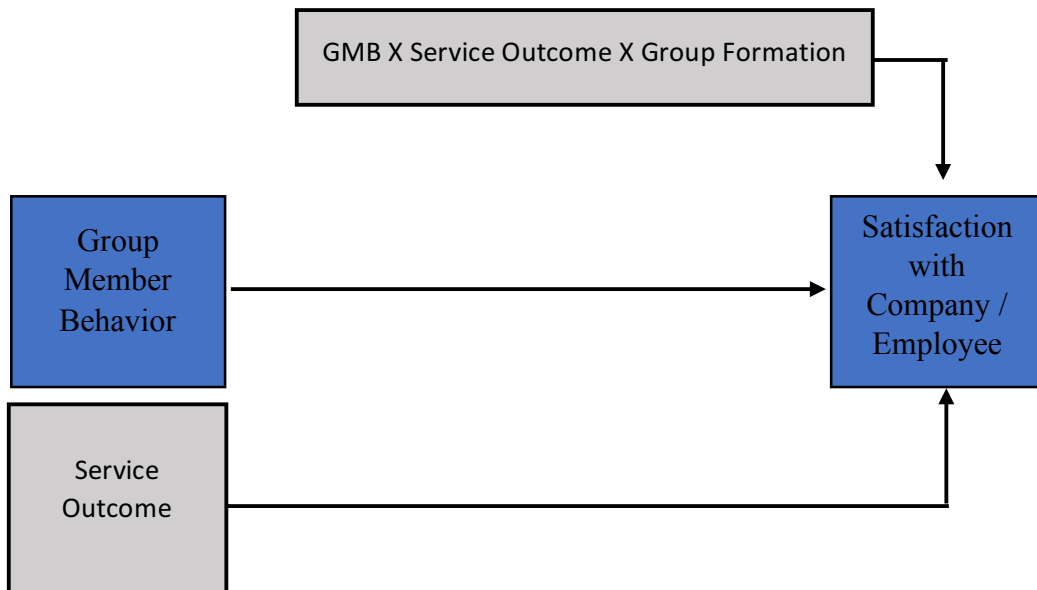

Figure 7

Study 2 Model

Figure 8

Study 2 - Three-way Interaction on Satisfaction with Employee

(a) Good Service Outcome
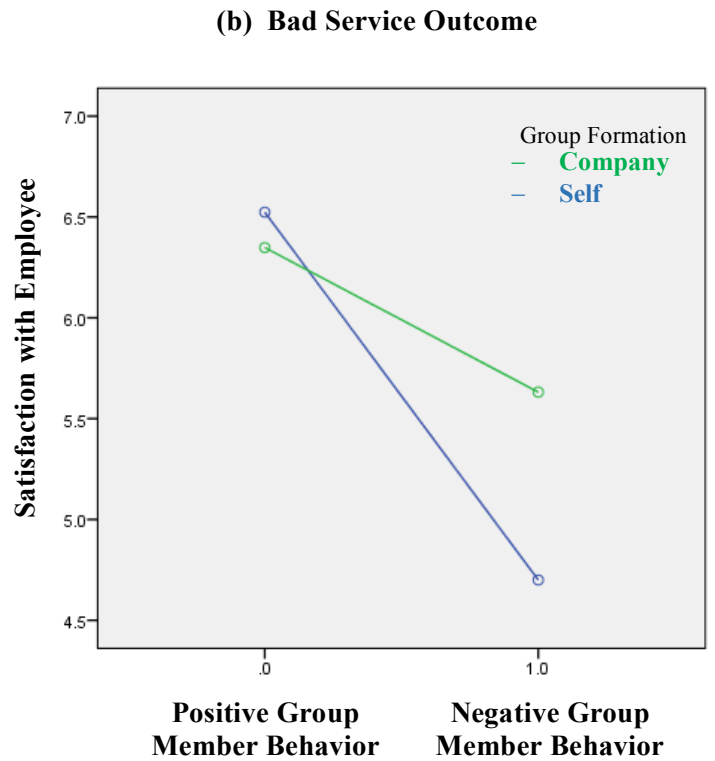

(b) Bad Service Outcome
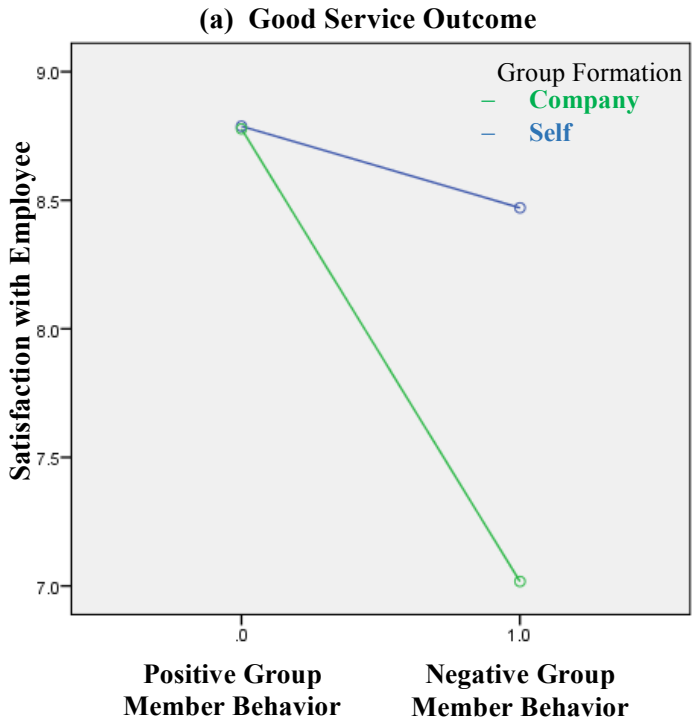
Table 1

Types of Interaction Context and their Roles in the Service

Context	Examples	Role of customer-to-customer Interactions	Definite Interactions	Possible Interactions
Dyadic Individual customer (private)	• Phone encounters • Online encounters • Home Delivery encounter	None	Customer - provider	None
Dyadic Individual customer (public)	Most Services: • Car Rental • Hotel Check-in • Bank clerk • Hair salons • Shopping • Dinning • Supermarket	Supplements core service Generally limited to moderate interactions	Customer - provider	Customer-to-customer (Servicescape)
Customer Cohort	• Movie Theater • Flight • Train • Tour guides (bus, ferry, walk, Segway) • Theme park ride • Any structured audience (Stadium, play, opera…)	Supplements core service Generally moderate to heavy customer-to-customer interactions	Customer - provider	Customer-to-customer (Servicescape) Customer-to-customer (from cohort)
Group Service	(services that require teamwork) • Education (group projects) • Entertainment (Paint ball, Escape rooms, Laser tag…etc) • Tutoring (culinary class, dance class, acting class, music band classes) • Sport leagues or training classes (soccer baseball, basket ball, football…etc)	Integral to core service Generally heavy customer-to-customer interactions	Customer - provider Customer –to - customer (group members) Provider – (group members)	Customer-to-customer (Servicescape)

Table 2

Pilot - Number of Respondents in Each Condition

Respondents Only	Positive Behavior	Negative Behavior
Competitive	5	6
Non-Competitive	3	6

Table 3

Study 1 - Main and Interaction effects on satisfaction with Company

Independent Variables	F-Value	t	P-Value
Group Member Behavior	**64.348**	**8.02**	**.000**
Consumption Type	2.791	1.67	.097
Group Formation	2.477	1.57	.118
Group Member Behavior X Consumption Type	.093	0.30	.760
Group Member Behavior X Group Formation	1.202	1.09	.275
Group Formation X Consumption Type	1.663	1.28	.199
Group Member Behavior X Consumption Type X Group Formation	**9.001**	**3.00**	**.003**

Dependent Variable: Satisfaction with company

Table 4

Study 1 - Three-way Interaction Means and Standard Deviation– Satisfaction with Company

Group Member Behavior	Consumption Type	Group Formation	Mean	SD
Positive	Hedonic	Self	7.79	1.69
Positive	Hedonic	Company	9.00	1.30
Positive	Utilitarian	Self	8.71	1.19
Positive	Utilitarian	Company	7.21	1.79
Negative	Hedonic	Self	6.64	2.04
Negative	Hedonic	Company	5.26	2.48
Negative	Utilitarian	Self	5.48	2.21
Negative	Utilitarian	Company	5.17	2.21

Table 5

Study 1 - Main and Interaction effects on satisfaction with Employee

Independent Variables	F-Value	t	P-Value
Group Member Behavior	**8.179**	**2.85**	**.005**
Consumption Type	2.087	1.44	.151
Group Formation	**4.493**	**2.11**	**.036**
Group Member Behavior X Consumption Type	.852	.92	.358
Group Member Behavior X Group Formation	.031	.17	.860
Group Formation X Consumption Type	**6.130**	**2.47**	**.015**
Group Member Behavior X Consumption Type X Group Formation	.538	.73	.465

Dependent Variable: Satisfaction with employee

Table 6

Study 1 - Two-way Interaction (Group Formation X Consumption Type) Means and Standard Deviation– Satisfaction with Employee

Consumption Type	Group Formation	Mean	SD
Hedonic	Self	7.26	1.84
Hedonic	Company	7.41	1.74
Utilitarian	Self	7.57	1.71
Utilitarian	Company	6.24	1.87

Table 7

Study 2 - The effect of service outcome on the difference between satisfactions

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	-.840	.232		-3.624	.000
Outcome: Good 0, Bad 1	-.632	.325	-.153	-1.946	.026

Dependent value: Difference between satisfactions

Table 8

Study 2 - The effect of GMB on the difference between satisfactions

	Coefficients				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	-.039	.183		-.212	.833
Group Member Behavior: Positive 0, Negative 1	-2.410	.268	-.581	-8.991	.000

Dependent value: Difference between satisfactions

Table 9

Study 2 - Direct effect on satisfaction with Company

Independent Variables	F-Value	t	P-Value
Group Member Behavior	117.873	10.86	**.000**
Service Outcome	84.298	9.18	**.000**
Group Formation	.014	0.12	.906
Group Member Behavior X Service Outcome	.066	0.26	.798
Group Member Behavior X Group Formation	.089	0.30	.765
Group Formation X Service Outcome	.667	0.82	.415
Group Member Behavior X Service Outcome X Group Formation	.349	0.59	.555

Dependent Variable: Satisfaction with company

Table 10

Study 2 - Main and Interaction effects on satisfaction with Employee

Independent Variables	F-Value	t	P-Value
Group Member Behavior	15.63	3.95	**.000**
Service Outcome	71.10	8.43	**.000**
Group Formation	.37	0.61	.55
Group Member Behavior X Service Outcome	.16	0.40	.70
Group Member Behavior X Group Formation	.08	0.28	.78
Group Formation X Service Outcome	3.61	1.90	.06
Group Member Behavior X Service Outcome X Group Formation	4.76	2.18	**.03**

Dependent Variable: Satisfaction with employee

Table 11

Study 2 - Three-way Interaction Means and Standard Deviations – Satisfaction with Employee

Group Member Behavior	Service Outcome	Group Formation	Mean	SD
Positive	Good	Self	8.78	1.07
Positive	Good	Company	8.77	1.88
Positive	Bad	Self	6.52	1.73
Positive	Bad	Company	6.34	2.02
Negative	Good	Self	8.47	1.33
Negative	Good	Company	7.01	2.14
Negative	Bad	Self	4.70	2.32
Negative	Bad	Company	5.63	1.91

Appendix

A. Three Phase Process - Pilot Study

Pre- Task	• Measurement questions for both Respondents and Influencer • Interest in team work – interest in building objects…etc • Influencer was asked additional questions about their understanding of the acting task
Task	• LEGO object to build using only the picture on the package. • Competitive condition: asked to time themselves and report time of completion • Non-competitive condition: were not restrained with time
Post-Task	• Survey handed to fill out (overall experience, satisfaction with exercise) • Influencers' instruction: Acting • Respondents' instructions: filler questions on teamwork skills

B. *Influencer* role, character and instructions – Pilot Study

Influencer Role:

Your role in this exercise is to work with your group member in creating a LEGO object. While doing so, you will need to act in a specific manner for the purpose of this study. There are some phrases you will need to say and behaviors you will need to do. Your group member should not be aware of these instructions and should be made to believe that this is how you would truly behave, therefore, staying in character and not disclosing the instructions of your role to him/her is key for this study.

Words you need to incorporate in your interaction wherever you find fit:
- What a boring exercise (This is gonna be fun!)
- We don't know how to do this (We are doing a good job!)
- We will not finish on time. (We will finish on time.)

Influencer Character:

Your character in this study is negative, pessimistic and discouraging (positive, optimistic and encouraging) when working with others. You appear unexcited (excited) about the task and you are uncooperative and disengaged (cooperative and engaged). You don't always (you always) listen to your group member's suggestions and you are not (you are) polite when disagreeing with their suggestions, cutting them off to enforce your suggestions (waiting for them to finish their sentence before sharing your suggestion).

C. *Respondent*s' filler questions – Pilot Study

Rate from 0 to 10 how much you agree with the following statements:
- I am known as a team player when performing in groups
- Teamwork is something I've always enjoyed doing
- I always fulfill my obligations to others I work with

D. LEGO object - Pilot Study

Built LEGO Object

LEGO package

E. *Respondent*s' and Influencers' questions – Pilot Study

Rate from 0 to 10 how much you agree with the following statements:
- When I look at the LEGO object we built, I feel proud of what we accomplished
- Working on building the LEGO object made me feel good about myself
- I feel proud because I did a good job
- I like the object we put together very much
- I am satisfied with the object we created
- I am satisfied with my group member
- I am satisfied with the exercise itself
- **Overall, my experience was pleasant**
- The research facilitator was clear
- The instructions given to me were simple
- The interaction with my group member was very pleasant
- The interaction with my group member was very smooth
- The interaction with my group member was very good
- My group member was very cooperative
- My group member was very positive
- My group member was very engaged in the task

F. *Influencers'* questions regarding their acting – Pilot Study

Rate from 0 to 10 how much you agree with the following statements:
- I was able to convey my character
- It was difficult to stay in character the whole time (R)
- My group member noticed that I was acting (R)

Please list 3 statements you used with your group member while in character to convey your character?

G. Scenarios - Studies 1 and 2

Consumption Type

Hedonic
After working so hard for 3 weeks, you finally decided to treat yourself to some fun for the weekend. Since, you've always wanted to try out one of those hands on cooking classes, you signed up for a cooking class at Pro Chef as the fun thing to do for the weekend and paid $45 the average fee for such classes.   In this class you are required to work in groups of 4, while an instructor teaches you how to prepare a specific 5 course meal.

Utilitarian
You are desperately looking for a job and heard that there are lots of positions available working in kitchens alongside chefs, so you decide to apply. While applying to several culinary jobs, you realized that it seems important to have hands on experience working with others in the kitchen, even if it were just one class session. You are required to describe how well you managed cooking with others and how well you worked together due to your team-work skills. So you decided to sign up for a full day group cooking class at Pro Chef and paid $45 the average fee for such classes.

Group Formation

Company
Prior to coming to class, you were asked to fill-out a questionnaire that asks you questions about your background, your skill set, your interest, your strengths and weaknesses. You are told that this set of questions are to help the instructor group you with suitable group members in order to enhance your experience and learning. Upon arrival, you are asked to sit at the station that has your name assigned to it.

Self
Upon arrival, you are asked to find 3 other customers that you would like to work with. Once the 4 of you agree to work together, you choose a station to work at.

Group Member Behavior

Negative Behavior
In your group, the 3 other customers were not great to work with, each contributing little to the group. They were rude to one another, uncourteous and either unengaged or hogging the equipment, not allowing for fair participation. Group members did not seem serious to learn or to allow others to learn, rushing through the steps.   During your interaction, you engaged with your group members in forced meaningless conversation and shared awkward moments of silence. The interaction was awkward, dull and unpleasant; and you found that you do not have much in common with these group members.   The course itself was fine, you ended up adding to your skills and

knowledge but you weren't pleased with your experience, as there were lots of negative interactions that contributed to the lousy team-work you've experienced.

<u>Positive Behavior</u>
In your group, the 3 other customers were great to work with, each contributing the group. They were courteous to the members of the group, making sure that each had their fair share of applying what you learned. At one point a group member asks if anyone would like to practice some more before moving to the next step.   During your interaction, you engaged with your group members in interesting conversation and shared some laughs together. The interaction was delightful, fun and joyful; and you found that you have a lot in common with these group members. The course itself was fine, you ended up adding to your skills and knowledge and felt good about your experience, as there were lots of positive interactions, that contributed to the great team-work you've experienced.

Outcome

<u>Good Outcome</u>
The dish you and your group prepare ends up to be a complete success; it looks exactly like the instructor's dish and it even tastes good.

<u>Bad Outcome</u>
The dish you and your group prepare ends up to be a complete failure; it does not look like the instructor's dish and it doesn't even taste good.

H. Recall Questions – Study 1

Recall a situation in the past, where you participated in a group service that involved working with others in a team. A group service is a service that you pay for and receive while working with others in a group. Examples are (paint ball, cooking class, sports' team training, acting class, dancing classes, etc.) A group can be considered you and at least one other person.

Answer the following questions regarding your experience with the group:

In two sentences, describe the group service? how long ago was it?
- How many people including yourself were in the group?
- How many people in the group did you personally know?
- Approximately, how much did you pay for this service?
- How were you grouped? Self-assignment or other? Explain
- Did your experience meet your expectations? Explain
- Overall, how did you feel about the group service? Why?
- Do you think the group contributed negatively or positively to your experience?
- If you had the chance to repeat this experience, would you?
- What would you do differently?
- Is there anything else you would like to add about your experience?
- Rate from 0 to 10 how much you agree with the following statements regarding your experience:
  - I have developed friendships with the group member(s) I met
  - I enjoyed spending time with my group member(s)
  - My group member(s) made my time more enjoyable
  - I interacted frequently with my group member(s)
  - I performed very well in the group service
  - I actively participated in the group
  - I tried not to let the group down
  - I tried to do the best I could for my group member(s)
  - I was not a free-rider
  - Most of the group members performed very well in the group
  - Most of the group members actively participate in the group
  - Most of the group members let the group down(R)
  - Most of the group members tried their best
  - Most of the group members were free-riders(R)
  - The interaction with my group member(s) was pleasant
  - The interaction with my group member(s) was smooth
  - The interaction with my group member(s) was good
  - My group member(s) was/were very engaged in the task
  - My group member(s) was/were very cooperative
  - I had a very good experience with my group member(s):
  - I was very happy with my group member(s)?
  - I was very pleased with my group member(s)?
  - I felt very good about your group member(s)
  - Overall I was happy with my experience
  - Overall I was pleased with my experience
  - Overall my experience was favorable
  - Overall my experience was enjoyable

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BIOGRAPHICAL INFORMATION

Ryan Rashad Abualsamh is known for his inquisitive and creative mind, always searching for the underlying reason behind everything. He is very analytical and an avid observer of human behavior. He received a B.S. in Computer Science from King Saud University in Saudi Arabia in 2003. Realizing that dealing with computers will not satisfy his curiosity in human psychology, he joined Ogilvy and Mather, a global advertising firm as a Strategic Planner. Immediately he knew it was the right fit for him. In his advertising career of six years, he discovered his passion towards understanding consumer behavior. He enjoyed the challenge of digging deeper to unveil consumer behavior insights. However, he wanted to gain a better understanding of business, so he obtained an M.B.A., with a concentration in Marketing from Temple University in Philadelphia in 2012. He then went on to pursue a doctorate degree in Marketing with a concentration in Consumer Behavior from the University of Texas at Arlington in 2017.

His research interest is in the areas of customer experience, customer co-creation, and service failure and recovery. Although he considers the Ph.D. program intellectually fulfilling, he is eager to implement his experience and learning in the real world. He would like to utilize his education, analytical skills, and ability to uncover crucial insights of consumer behavior to improve the customer's experience.