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Balancing customer and marketing inputs to maximize the value experience

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BALANCING CUSTOMER AND MARKETING INPUTS TO MAXIMIZE THE VALUE EXPERIENCE

by

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A Dissertation Presented in Partial Fulfillment of the Requirements for the Degree of Doctor of Business Administration

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ABSTRACT

Customer co-creation has been recognized in the marketing literature as a beneficial activity for both firms and customers, however, further research is needed to more fully understand how firms and customers work together to maximize the value creations. In order to extend this area, the present study conducts two studies to empirically test how customer participation interacts with other factors to influence customer shopping experience and behavior responses.

In the experiment study, an updated typology of service context was developed to examine how customer input and service provider input along other factors to influence value co-creation outcomes. A computer stimulated gift shopping experiment is designed to examine customer co-creations across four service contexts (relational service context, customer dominant service context, service provider dominant service context, and discrete service context). In the experiment study, the authors report the study results through recruiting 189 student subjects to answer how they felt after reading one of sixteen developed scenarios. In the survey study, a conceptual model is proposed for testing how service provider customer orientation and customer participation work together to influence customer experiences and corresponding behaviors. Using data collected from 415 consumers registered on the panel list of a market survey company, SEM techniques are used to examine how the value propositions offered by sellers and customer coproductions produce outcome. The customer participation in survey study is
identified as two-dimensional construct, customer participation (information resource) and customer participation (codeveloper).

The results suggest that customer orientation constantly enhances customers’ hedonic and utilitarian value perceptions and behavior responses such as satisfaction and WOM. Further, it is found that the impacts of customer orientation on outcomes are become stronger when the level of trust in service provider is relatively low. These findings highlight that service provider who practice a customer orientation is more likely to better service customers and achieve positive outcomes.

The customer co-creation behaviors investigated across both studies produce mixed results. The results of experiment study suggest that subjects in high customer input group perceived higher hedonic value comparing to their counterparts. Additionally, there is no difference for perceived utilitarian value across two groups. The results of experiment study also suggest that customers develop higher emotional attachment toward the service provider when both customer input and service provider input levels are high (relational service context). That is, the intense interactions between sellers and buyers increase buyers’ emotional belongings toward the sellers.

The results based on survey study suggest that customer participation (information resource) is negatively related to customer experiences and responses. However, the results indicate another dimension of customer participation (codeveloper) is positively related to the same outcomes. Together, these findings suggest that customer participation do influence value co-creations but the relationships are not clear.
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CHAPTER 1

INTRODUCTION

Nature of the Problem

Customer Co-Creation

The traditional marketing perspective focuses on the understanding of providers’ activities by showing how they can achieve maximum production efficiency and generate high profits. Consistent with this thought, prior research has focused attention on the purchase decision made by customers rather than the active role they play during the purchase and consumption processes. In contrast to this view, more and more academics suggest that customers and service providers each have important roles to play, both together and separately, in creating an enjoyable shopping experience. One important aspect in the transaction is the role of customers as co-creators of value. The notion of customers as co-creators and partial employees of the mutual creation of value is not totally new but gaining more attention (Bendapudi and Leone 2003; Lovelock and Young 1979; Lusch, Brown, and Brunswick 1992; Vargo and Lusch 2004, 2008).

Customers go to supermarkets and select, scan, bag, and transport the goods; log onto websites to search, compare, and purchase items; order parts from dealers and customize cars in their own backyard; and even use open source software to develop new programs. More specifically, customers use not only the intermediate products
produced by firms, but also their own competence, skills, tools, and time to co-create the value derived from goods and service consumption and experience. Indeed, the customer's input can magnify a firm's competitive advantage and increase sales revenue. Normann and Ramirez (1993, p.69) indicate that “the key to creating value is to coproduce offerings that mobilize customers.” Lovelock and Young (1979) suggest that customers can help firms increase productivity. More recently, service-dominant (S-D) logic posits that a firm cannot deliver value by itself, and that both the firm and customer are creators of value (Vargo and Lusch 2004, 2008).

The realization that customers are integral parts in creating benefits and values from their own consumption is aligned with the post-modernist view that customer is an active participant in the customization of one’s world (Firat and Venkatesh 1995). The view of customers as co-creators has affinity to the concept of the customers as partial employees (Bowers, Martin, and Luker 1990; Mills and Morris 1986) and is consistent with the notion of “presumption” (Toffler 1980; Kotler 1986). In summary, customer participation is an essential part of value creation. Marketing practitioners and academics recognize that customers are indispensable for many production activities (Chase 1978; Mills and Morris 1986; Vargo and Lusch 2004, 2008). In addition, in many service encounters, customers themselves play vital roles in creating service outcomes and ultimately enhancing or devaluing the service experiences (Bitner et al. 1997). More recently, the Marketing Science Institute has identified customer co-creation as one of the top research priorities (Marketing Science Institute 2008).

However, customer participation should be treated differently depending on the nature of service contexts: customers can be seen as a source of either productive
producers or unwanted trouble makers (Bitner, Booms, and Mohr 1994; Lovelock 1994). Specifically, customer’s participation can sometimes generate undesired consequences. For instance, medical doctors may prefer to have patients indicate necessary information and then keep silent during the examination and treatment. Many restaurants instruct servers to lead customers to an assigned table without openly inviting input beyond, “how many in your party?” The recognition that customer participation can have both positive and negative impacts on service performance highlights the challenge of understanding which level of customer participation is needed and in what activities. Hence, this dissertation intends to develop a typology of services contexts and conduct an empirical study to test related hypotheses.

Customer Orientation of Service Providers

The topic of marketers’ customer orientation and related practices is a cornerstone of the marketing discipline. Many studies provide evidence suggesting that the customer orientation of a firm and its employees significantly impacts long-term market success (e.g., Deshpande, Farley, and Webster 1993; Saxe and Weitz 1982). For example, Brown et al. (2002) suggest that service-workers’ customer orientation exerts a positive effect on performance related outcomes. Customers experience higher satisfaction when firms and its employees practice customer-oriented selling (Goff et al. 1997). Firms are more successful when they embrace a customer orientation (Deshpande, Farley, and Webster 1993).

These core topics of a marketer’s customer orientation share an important but insufficient assumption; that is, the transaction or exchange is essentially an internal, sales-based activity determined primarily by the actions of a salesperson (Saxe and Weitz
Although marketing academics continue to test hypotheses concerning customer orientation, the importance of the customer's role in the transaction is hardly studied. More specifically, prior studies have focused on how sellers achieve the optimal outcomes by implementing a customer orientation strategy while still considering the customer as a passive being. However, some academics suggest that customers are in many situations the key creators of marketing, delivery, consumption, and value-creation process (e.g., Lovelock and Young 1979; Mills and Morris 1986; Vargo and Lusch 2004, 2008). Indeed, it may not be precise to study the efficiency of customer orientation by only including one participant (e.g., a salesperson) because of the dyadic nature of personal selling (e.g., Webster 1968; Mills and Morris 1986). Thus, the second part of this dissertation develops a research framework to examine how customers' participation and service producers' customer orientation work together to maximize value creation (see Figure 1.1).
Figure 1.1. Hypothesized Model for Survey Study
Purpose of the Research

Objectives

The benefits of customer co-creation activities in the service contexts have been described elsewhere (e.g., Bitner et al. 1997; Chase 1978, 1981; Mills and Morris 1986; Vargo and Lusch 2004, 2008). However, to date, marketing literature has devoted scant attention to customer co-creation, and instead, continues to treat customers as passive buyers and users. Furthermore, the research on co-creation mainly concentrates on conceptual development (e.g., Vargo and Lusch 2004, 2008). Although some empirical evidence is emerging (e.g., Bitner et al. 1997; Xie, Bagozzi, and Troye 2008), the concept is in need of further theoretical and empirical development. Consequently, the marketing discipline needs to devote more attention to investigating the nature of this phenomenon and its implications. The understanding of the role played by customers can at best be categorized as being at a nascent stage. Many aspects of customer co-creation warrant theoretical and empirical investigations.

The general aim of this dissertation is twofold. The remaining chapters illustrate these two themes. First, a potential typology of service contexts based on the different combinations of customer inputs and service provider inputs is presented (see Table 1.1). Specifically, this research tries to examine under what conditions customers are more likely to participate in co-creation activities. A 2 × 2 matrix puts forth a typology of different types of service contexts that vary in the degree of customers’ co-creation activities. The purpose of the typology is to provide academics and practitioners with a framework that examines the nature of the co-creation activities among firms and customers. The typology will be developed further in Chapter 2.
Second, the dissertation examines how customers’ participation and service producers’ customer orientation work together to maximize value creation (see Figure 1.1) by showing how customers’ participation creates values for themselves and service producers. Specifically, the dissertation attempts to identify how customers’ co-creation activities impact the relationship between service providers’ customer orientation and
customers' experiences (e.g., hedonic value and utilitarian value) and how customers' experiences influence customer behavior response. Customers' trust in a salesperson is implicated as a moderator that influences the impact of service producers' customer orientation on customers' experience.

Contributions

While the significance of customer co-creation has been stressed by a number of researchers (e.g., Lovelock and Young 1979; Mills and Morris 1986), and more recently in the context of S-D logic (e.g., Vargo and Lusch 2004, 2008), the marketing literature does little to describe how customers come to engage in and go about co-creation (Woodruff and Flint 2006). This study can lead to several important advances that can benefit both the marketing discipline and practitioners.

Contributions to Marketing Theory

First, this dissertation is intended to develop a typology to classify service contexts on the basis of customer's input and service provider's input, respectively. The typology of service contexts plays an important role in theory development because it provides a general set of principles for depicting why and how customers engage in value co-creation, either by doing by themselves (e.g., pumping gas in the gas station) or by cooperating with service producers (e.g., planning cosmetic surgery). The proposed typology of service contexts not only allows both researchers and marketers to understand extremely complex service encounters in a relatively simple fashion, but also stimulates critical thinking about the underlying mechanisms of customers' co-creation behaviors.
The proposed typology also deepens the understanding of existing customer co-creation literature by identifying the boundary conditions when customer participation is efficient. Specifically, the variation of customer participation impact is due to diversity in both individual factors (e.g., motivation, ability, etc.) and organizational factors (e.g., customer orientation strategy) on customer participation. Another contribution of this typology is to develop a set of theory-based hypotheses and provide corresponding empirical results showing how consumers’ co-creation inputs influence their own shopping values.

Second, this study, among few other works, attempts to integrate customer orientation and customer co-creation to offer another angle to understand the effectiveness of firm’s strategies. Built on both customer orientation and customer co-creation literature, this dissertation develops and tests a conceptual model of the impact of customer participation on a service provider’s marketing strategies. Furthermore, it presents evidence that a customer’s value perception from service delivery mediates the relationships between a marketer’s marketing strategies and customer behavioral responses. Examining these neglected mediating factors is another contribution to the customer co-creation literature.

This proposed research framework further investigates customers’ trust in service providers when they interact in service encounters. It proposes and empirically tests a series of hypotheses based around three components of consumer trust in service providers: ability, integrity, and benevolence. Insights into why and how different impacts of trust components on the buyer and seller dyad are essential ingredients in
understanding how customers and service providers achieve an optimal goal for the service delivery.

Contributions to Practitioners

From the perspective of marketing practitioners, the main question in the present paper is not whether the marketers should involve customers in the services delivery or not, but rather, how should the marketers go about designing an optimal service system to encourage the "right" customers' inputs. The presented service contexts typology can help practitioners understand how to set up a proper design of service production process between service firms and their customers. Such works suggest that services providers' specific missions and operating objectives can guide market segmentation of target customers and the provision to these segments of suitable services production designs. For instance, firms that pursue marketing effectiveness should encourage customer co-creation inputs and vice versa.

Moreover, by gaining an understanding of how customer co-creations affect firms' marketing strategies (e.g., customer orientation vs. selling orientation), the service providers can focus on communicating customer oriented selling to consumers in a way that would emphasize the most salient benefits for customers (e.g., utilitarian values in the form of a high quality service and hedonic value in the form of shopping enjoyment). Next, these customers' perceived values can lead to positive customers' behavioral responses and service employees' desirable job performances.

Finally, the study provides insights into the mechanisms of different customer trusts in service providers. Managers can shape policies and reward systems that contribute to positive outcomes--such as the relative emphasis on "can-do" versus "will-
do” selling. Further, human resource managers may be helped by better understanding the extent to which an individual’s innate integrity and benevolence are relevant to a positive business performance.

In summary, it is hoped that this research provides theoretical contributions by not only offering a classification of service contexts that shows different combinations of customer and service provider contributions to service delivery, but also by developing a framework that indicates how customer co-creation impact a marketer’s marketing strategies. This study also tends to offer practical contributions in the form of guidelines for firms to reform effective service designs that engage appropriate levels of customer participation.

**Organization**

The dissertation is organized in the following manner. Chapter 1 provides a brief overview of customer co-creation, customer orientation and the relevant literature, and introduces the research problem and contributions. Chapter 2 presents the literature review and the conceptual framework. In this chapter, a typology of service contexts is presented for the marketing discipline. Further, the framework of how customer co-creation influences marketer’s customer orientation practices is developed as well. Finally, hypotheses are presented in this chapter. In Chapter 3, the research methodology and data collection method is introduced as well. Chapter 4 details the data analysis and empirical results. The dissertation concludes with Chapter 5, in which the findings are discussed, the implications and contributions are highlighted further and more specifically, the limitations and suggestions for future research are listed.
CHAPTER 2

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This chapter provides a theoretical background for the present study. The first section provides a discussion of the literature on services, customer co-creation, customer orientation, and perceived value. Then, a typology of services contexts that classify a diverse degree of customers’ co-creation activities and service providers’ inputs is developed. Based on the review of the literature, a conceptual framework that integrates the marketer’s customer orientation and customer co-creation is also proposed. This research framework tends to examine how customers and marketers work simultaneously to maximize the value experience. Further, the related hypotheses of the service contexts typology and research framework are listed as well.

Research on Service

Service Definition

Academicians and practitioners have paid much attention to services because services have become an integral part of today’s economy. To illustrate, the service sector accounts for over two thirds of the GDP and four fifths of employment in many developed countries (e.g., Statistical Abstract of the United States (SAUS), 2008). Over the past decades, the share of GDP attributable to services accounts for more than 60
percent of the world output (Kotabe and Helsen 2004). The role of services also is expected to increase in the future (Sampson and Froehle 2006).

The first step in studying services is to consider the definition of services. Different academics and organizations have defined service and services differently (Lovelock and Gummesson 2004; Roth and Menor 2003; Sampson and Froehle 2006). A service offering contains a mix of tangible and intangible components.

One of the earliest attempts to define services can be traced back to the announcement by the Definitions Committee of the American Marketing Association (1960, p.21):

Activities, benefits, or satisfactions which are offered for sale, or are provided in connection with the sale of goods. Examples are amusements, hotel service, electric service, transportation, the services of barber shops and beauty shops, repair and maintenance service, the work of credit rating bureaus. This list is merely illustrative and no attempt has been made to make it complete. The term also applies to the various activities such as credit extension, advice and help of sales people, delivery, by which the seller serves the convenience of this customers.

This definition is limited because of its dependence upon listed examples (Judd 1964). The U.S. Government Standard Industrial Classification’s service definition (1972, p.295) also focuses on a series of examples and includes those organizations that are:

...primarily engaged in providing a wide variety of services for individuals, business and government establishments, and other
organizations. Hotels and other lodging places, establishments providing personal, business, repair, and amusement services; health, legal, engineering, and other professional services, educational institutions; membership organizations, and other miscellaneous services are included.

Fortune magazine decided to collapse both the Fortune Industrial 500 and the Fortune Service 500 into a single list because the publisher could not discriminate a "service" from other kinds of processes after publishing them separately for many years (Eiben and Davis 1995). Castells and Aoyoma (1994) highlighted the challenge for service classification:

The notion of 'services' is often considered at best ambiguous, at worst misleading (Gershuny and Miles 1983; Daniels 1993). In employment, it has been used as a residual notion embracing all that is not agriculture, mining, construction, utilities, or manufacturing. Thus, the category of services includes activities of all kinds, with roots in various social structures and productive systems. The only feature common to these service activities is what they are not (Castells 1976; Stanback 1979; Cohen and Zysman 1987; Katz 1988; Daniels 1993).

Many academics define services using the characteristics of services. Pearce (1981, p. 390) suggested that services "... are sometimes referred to as intangible goods; one of their characteristics being that in general, they are 'consumed' at the point of production." Bannock, Baxter, and Reese (1982, p.372) defined services as "... customer or producer goods which are mainly intangible and often consumed at the same time they
are produced...Service industries are usually labor-intensive.” Karmarkar and Pitbladdo (1995, p.397) delineated the distinguishing characteristics of services to include “... intangibility of service output, the lack of inventories, the difficulty of portability, and complexity in definition and measurement... and often involve joint production between the buyer and the supplier.” Harvey (1998, p.596) stated that “customer contact and intangibility are the two most important distinguishing features of services.” Nie and Kellogg (1999) summarized several most notable characteristics of services such as intangibility, customer contact, heterogeneity, inseparability of production and consumption, perishability, and labor intensity.

Zeithaml and Bitner (1996) suggest that services are deeds, processes, and performances. In their view, services are intangible things that can not be seen, smelled, or touched. However, services cannot be separated by tangible goods, since almost all services are associated with facilitating goods (Sasser, Olsen, and Wyckoff 1978). Thus, a simple dichotomy between service firms and manufacturing firms is not appropriate because there is no a clear-cut distinction between services and goods (Berry and Parasuraman 1991). Despite all these efforts, Cook, Goh and Chung (1999, p. 319) suggest that “we believe no single definition of service is capable of encompassing the full diversity of services and the complex attributes that accompany them.” Such a deficiency makes it difficult to achieve a conclusive definition in this field.

In this dissertation, a service is defined as “the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself.” (Vargo and Lusch 2004, p. 2). This definition emphasizes the necessary components of human’s involvement in the services
delivery. Specifically, entity’s contributions (knowledge, skills, time, works, etc.) are one critical criterion to discriminate services from other processes.

Service Encounter

In service and sales settings, a customer’s experience is often influenced by the quality of the interpersonal interaction between a customer and the contact service provider. The moment that a customer meets and interacts with a service provider is known as the service encounter (Roth and Mentor 2003; Surprenant and Solomon 1987). Services literature suggests that the service encounter is the kernel of the service strategy triad (Roth and Menor 2003). Since customers experience the delivered services and compose judgments that motivate their overall feelings and attitudes toward the service providers, it is important to understand the service encounter that involves a customer and a frontline employee.

Surprenant and Solomon (1987, p.87) define a service encounter as “the dyadic interaction between a customer and service provider.” This definition draws on their earlier work suggesting that: (1) service encounters are dyadic; (2) service encounters are human interactions; and (3) service encounters are role performances (Solomon et al. 1985). The argument that “service encounters are dyadic” refers to the sale of a product or service depends on both parties of the transaction, not on one individual. As noted by Pennington (1968), one party to the transaction tends to be studied in isolation. Some researchers in this area have questioned the simplistic argument of a model based on only one participant (e.g., salesperson), and have posited the dyadic nature of personal selling (e.g., Webster 1968; Mills and Morris 1986). This elevated recognition was presaged back by Evans (1963, p.76), who suggested that “the sale is a social situation involving
two persons. The interaction of the two persons, in turn, depends upon the economic, social, and personal characteristics of each of them. To understand the process, however, it is necessary to look at both parts of the sale as a dyad, not individually.”

The argument that “service encounters are human interactions” refers to a transaction that is a purposive and interactive process between customers and employees. The shopping/service experience which distinguishes one firm from another is a result of the dynamic interaction between the customer and the contact employee (Booms and Nyquist 1981). The outcome of a purposive transaction depends on the coordinated actions of both customer and employee (Solomon et al. 1985). As is the case in many types of dyadic interaction, one cannot predict the quality of outcomes with knowledge of only one participant’s behavior. Indeed, much of the social behavior consists of joint activity--a major task for the interacting person is the mutual coordination of appropriate behavior vis-à-vis the other person (Thibaut and Kelley 1959).

The argument that “service encounters are role performance” refers to the fact that both customers and service providers have roles to act. Each party to the transaction has learned a set of behaviors that are appropriate for the service encounter, and such knowledge will increase the probability of goal achievement (Soloman et al. 1985). Each participant has a role to play; the script from which he/she reads is sometimes strictly defined. Role theory suggests that employees and customers should learn behaviors appropriate to the positions they occupy in marketplace. For instance, an individual who is labeled a car salesperson should have sufficient knowledge about the cars on the sales lot.
Empirical research in the service marketing literature affirms the importance of the quality of customer/employee interaction in determining overall quality and satisfaction with services (Bitner, Booms, and Tetreault 1990). Several studies also suggest that the human interaction component of service delivery is essential to the determination of the shopping experience (e.g., Crosby and Stephens 1987).

Crosby and Stephens (1987) highlight how the interaction between a customer and a contact employee has a positive impact on satisfaction with the contact employee. Furthermore, a customer's satisfaction with a contact employee is a significant predictor of overall satisfaction with the service firm. Håkansson (1982) suggests that relationship strength varies directly with the extent of the customer-seller interaction and communication. Hence, a customer's participation/involvement is likely to elevate service quality and spur a transaction.

Service-Dominant Logic

Traditional marketing literature and practice largely operate under a seller-centered paradigm, and customers are viewed as relatively passive buyers and users of the goods and products. This traditional perspective is currently being challenged by the emergence of new thoughts suggesting that customers actively provide input and influence the output of an exchange. Since Vargo and Lusch (2004) first proposed their service-dominant (S-D) logic, marketing researchers have discussed and extended the thought of S-D in various ways (e.g., see the special issue of Journal of Academy Marketing Science, 2008 (Spring)). One key premise of S-D logic is that the value is co-created by service providers and customers together.
The argument of customers as partial creator of product and service is not a brand new concept in today’s world. One of the striking features of the contemporary marketplace is that customers and service/product providers are indispensable to the goods value production. Service output emerges from the coordinated efforts of both the service employee and the customer. Mills and Morris (1986) suggest that “in complex services where customer performance is crucial to service production, boundaries of the service organization have to be expanded to incorporate the customers as temporary members or participants” (p. 726). More recently, Sampson’s Unified Services Theory (2001, p.16) highlights the importance of customer participation:

> With service processes, the customer provides significant inputs into the production process. With manufacturing processes, groups of customers may contribute ideas to the design of the product, but individual customers’ only participation is to select and consume the output. All managerial themes unique to services are founded in this distinction.

There are two basic ways that customer knowledge obtained by a contact employee is used to improve service: (1) knowledge is used by the contact employees themselves to facilitate their interactions with customers and (2) knowledge is used by the firm for making decisions (Bitner, Booms, and Mohr 1994). A genuine customer orientation and focus on relationship marketing requires the development of a better understanding of how firms can motivate their customers as partners in service delivery. Furthermore, a service-centered view is inherently customer oriented and relational (Vargo and Lusch 2008).
According to S-D logic, customers determine value-in-use, and the marketer can only offer value propositions. Etgar (2008) proposes a five-stage model of the customer co-creation process. Based on Etgar’s five-stage model, this dissertation presents a schematic displaying why and how customers participate in the co-creation process (see Figure 2.1). The first three stages of Etgar’s (2008) model emphasize the antecedents of customers’ engagement of co-creation activities. Some antecedents that are more relevant to the salesperson-customer context are (1) customer linked factors such as time, customer efficiency, dialogical capability and so on; (2) product linked factors such as brand; (3) situational factors such as customer trust in salesperson, management belief, and so on; (4) economic drives such as economic rewards, risk reduction, and so on; (5) customers’ intrinsic (hedonic) values and extrinsic (utilitarian) values; and (6) customers’ economic costs and non-economic costs.

Once customers decide to engage in co-producing activities, they move to the fourth stage-activation. In the activation stage, Etgar posits that customers choose the levels of the production-consumption activities and then participate in the co-creation activity. More specifically, customers may participate in any of the following phases:

- product initiating and design
- manufacturing and assembly
- distribution
- consumption
- evaluation.
Stage 1: Antecedent Condition of Customer Participation
- Environmental conditions
- Customer linked factors
- Product/service linked factors
- Situational factors

Stage 2: Customer Motivation to Participate
- Economic drivers
- Psychological motivations
- Social benefits

Stage 3: Cost-benefits analysis of participating co-creation
- Economic costs and benefits
- Non-economic costs and benefits

Stage 4: Customer actively participating
- Phase of recognizing and designing the products/services
- Phase of manufacturing and assembly
- Phase of distribution
- Phase of consumption

Stage 5: Output generation and evaluation of results
- Outputs of co-creation
- Cost-benefit analysis for co-creation

*Based on Etgar (2008)

Figure 2.1. Customer Five Stages Co-creation Model*
The last stage of Etgar’s model is evaluation. The result of the activation stage is the creation of certain outputs. Customers will compare the effectiveness of a co-creation strategy by using cost-benefit analysis to make a final evaluation of the results. In summary, S-D logic posits that customers are central and vital participants in the exchange process, and in some cases, are the major producer of goods and services with little help from sellers.

Research on Customer Orientation

The marketing literature is replete with studies arguing that the firms or employees who are oriented around customers’ needs are better positioned to achieve long-term success than are those with different orientations (e.g., Deshpande, Farley, and Webster 1993; Donavan, Brown, and Mowen 2004; Dwyer, Schurr, and Oh 1987; Rindfleisch and Moorman 2003; Saxe and Weitz 1982). Marketing researchers use the term customer orientation to refer to the firms and individuals who perform such implementation (Deshpande, Farley, and Webster 1993). Indeed, empirical research demonstrates many positive outcomes of customer oriented (CO) practice, including service/ sales employee job satisfaction (e.g., Donavan, Brown, and Mowen 2004), job commitment (e.g., Jaworski and Kohli 1993), organizational citizenship behaviors (e.g., Donavan, Brown, and Mowen 2004), job performance (e.g., Brown et al. 2002), customer satisfaction (Goff et al. 1997), perceived service quality (Macintosh 2007), word-of-mouth (Macintosh 2007), and profitability (e.g., Narver and Slater 1990).

Researchers have investigated the implementation of CO practice at both individual and organization levels. Researchers mainly focus on antecedents, outcomes, and correlates of CO. Saxe and Weitz (1982) first introduce customer orientation from
an individual employee perspective. Saxe and Weitz (1982) find evidence that a two-dimensional “selling orientation-customer orientation” measure (i.e., SOCO) is connected to salesperson performance. Saxe and Weitz define customer-oriented selling (COS) as “the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs” (Saxe and Weitz 1982, p. 344). Customer-oriented salespeople engage in behaviors aimed at building a long-term relationship between them and customers rather than accomplishing an immediate sales goal. Salespeople who practice COS try to identify and cater to the needs and problems of customers. Saxe and Weitz further propose selling-oriented selling (SOS)--an opposite concept to COS--that is, salespeople seeking to increase the probability of an immediate sale, potentially at the expense of lower customer satisfaction.

Saxe and Weitz (1982) conceptualized a salesperson’s customer orientation as a behavioral construct. Recently, Brown and his colleagues (2002) defined CO as an “employee’s tendency or predisposition to meet customer needs in an on-the-job context.” They argue that CO is influenced by an individual’s deeper personality traits and, in turn, influences worker behavior. Although it seems as if Brown and his colleagues’ (2002) view is inconsistent with Saxe and Weitz’s (1982) approach, the different explanations between these two views may be bridged by psychology literature (e.g., Bowers 1973). More specifically, Bowers (1973) argues that behavior is a function of both person and environment; that is, any particular customer-oriented behavior will result from the combination of person (e.g., personality, goals, and functional motives) and environment (e.g., organization culture, nature of the job, and context).
At the organization level, customer orientation has been defined as the firm-level ability to recognize and take customers’ needs into account (e.g., Narver and Slater 1990; Gatignon and Xuereb 1997). From an organizational perspective, customer orientation is the organization-wide gathering, sharing, and use of intelligence about customers, including coordinated actions based on its intelligence (Deshpande, Farley, and Webster 1993). Narver and Slater find that as organizations increase their level of market orientation, their organizational performance increases as well.

Prior research suggests that the customer orientation of the firm shows an ambiguous relationship with business performance (see Zhu and Nakata 2007). On one hand, research suggests that CO at the organizational level produces positive outcomes, including enhanced profitability (e.g., Narver and Slater 1990), higher employee commitment (e.g., Jaworski and Kohli 1993), greater esprit de corps (e.g., Jaworski and Kohli 1993), and improved new product success (e.g., Singh and Ranchhod 2004). On the other hand, research also shows that customer orientation can have a neutral or even a negative impact on profitability, sales growth, customer retention and other indicators of business performance (e.g., Noble, Sinha, and Kumar 2002; Voss and Voss 2000). For instance, customer orientation is not always positively linked to profitability, repeat business, return on assets and sales (e.g., Noble, Sinha, and Kumar 2002). Furthermore, Voss and Voss’s (2000) present results suggesting that the most unambiguous result is that customer orientation exhibits a negative association with subscriber ticker sales, total income, and net surplus/deficit in the nonprofit professional theater industry. Briefly speaking, prior literature suggests that the relationship between customer orientation of firms and business performance may be positive/neutral/negative across different studies.
Thus, theory development depends on identifying more moderator variables.

Such ambiguous evidence suggests that the traditional customer orientation literature largely views service as an internal seller-based process in which customers are relatively passive participants. The new paradigm “service dominant logic” highlights that prior studies may neglect key influences of customers because customers are active co-creators of the services they purchase and use. This study posits that certain moderators or mediators might be overlooked. For instance, the effect of customer orientation of firms on customer and salesperson’s responses may be mediated or moderated by possible boundary conditions (e.g., customer’s value orientation, customer participation, industry/product characteristics).

Research on Hedonic vs. Utilitarian Shopping Values

The research for customers’ consumption experience continually attracts the attention of marketing researchers. Support for the utilitarian and hedonic components of consumption have been suggested in the marketing literature (e.g., Babin, Darden, and Griffin 1994; Batra and Ahtola 1990; Holbrook and Hirschman 1982; Voss, Spangenberg, and Grohmann 2003). Customers buy and consume for two basic reasons: (1) immediate affective (hedonic) gratification derived from the experience (from sensory attributes), and (2) instrumental or utilitarian outcomes related to task completion. In other words, the historical view of one-dimensional shopping value cannot capture the overall customer consumption experience (Voss, Spangenberg, and Grohmann 2003). Babin, Darden, and Griffin (1994) review the value literature and summarize two types of
general shopping value. Utilitarian shopping value results from a conscious pursuit of an intended consequence, such as getting the needed product, and a hedonic shopping value, which is related to more experiential responses, such as an enjoyable shopping trip.

Empirical research offers support for this bidimensional value argument. For instance, Dhar and Wertenbroch (2000) suggest that customers are more reluctant to sell hedonic goods than sell utilitarian goods. Chandon, Wansink, and Laurent (2000) delineates that monetary promotions are more effective for utilitarian products than for hedonic products. These findings suggest that the bidimensional construct of hedonic and utilitarian shopping value is more appropriate to enable researchers and managers to understand customers’ experience. The two-dimensional conceptualization of shopping value is adopted for this study. Furthermore, the study proposes that customers create hedonic and utilitarian shopping values when a salesperson offers the value proposition (e.g., customer-oriented selling practice).

One fundamental premise of S-D logic argues that the customer plays a key role in creating value from products and services (Vargo and Lusch 2008). Traditionally, salespersons introduce goods and services, and customers purchase goods and services. Customers inevitably engage in dialogue with a salesperson during the selling process (Ballantyne and Varey 2006). Together, both parties have the opportunity to create value through a customized, co-produced offering. Prior research suggests that customers have diverse goals for a shopping trip and want to achieve different values. Although the marketing literature documents a great deal of motivation that drives a customer’s consumption (e.g., Lusch, Brown, and Brunswick 1992, Holbrook 2006), there are typically two main drives: economic drives and psychological drives (Etgar 2008).
Economic drives are defined by Lusch, Brown, and Brunswick (1992) as pursuit of economic rewards. Cost reduction of the performance of a given activity can be a major motivator. In today’s marketplace, customers commonly need to provide some basic information about the desired product or service to the salesperson. Customers can provide the information either by doing a long distance communication through email, telephone, etc., or by speaking to the salesperson face to face.

Customers may also decide to engage in co-creation in order to reduce the risks associated with receiving inappropriate products. For instance, customers may prefer to control the situation rather than letting the salesperson do so when customers hold a lower level of trust in a salesperson. During the shopping process, customers can discuss preferences with a salesperson, try out the product/service, compare different choices, etc. It is expected that customers can create utilitarian value when they spend time, energy and other types of resources during the shopping process and finally make the right purchase.

Customers may also develop psychological benefits independently of the economic worth of the goods or services created in the consumption process. Holbrook (2006) provides a list of customers’ intangible rewards for shopping, such as fun, ethics, excitement, etc. For example, a customer may experience fun when the customer self-selects the combination of desired components of a laptop, using Dell’s website. Further, customers may also feel additional psychic benefits of self-confidence, which stem from the psychic reward of being able to get things done. Thus, it is expected that customers can generate hedonic value which is independent of economic value during a shopping trip.
Based on the above discussion, it is posited that there is a positive relationship between a salesperson's customer orientation and a customer's utilitarian and hedonic shopping value. Various studies have suggested that long-term customer relationships can be achieved by having salespeople practice customer-oriented selling strategies (Schwepker 2003). Organizational customers and customers alike both experience higher levels of overall satisfaction with salespeople (Goff et al. 1997) when dealing with customer-oriented salespeople. A salesperson's use of customer-oriented selling facilitates mutual trust and commitment, two prerequisites for relationship development (Jolson 1997). Thus, it is expected that a salesperson offers value propositions by customer-oriented selling practice and such a value proposition positively influences how customers create/perceive utilitarian and hedonic shopping values.

**Research on Behavioral Responses of Salesperson and Customer**

Considerable attention has been given to the study of how salespeople's customer orientation influences sales performance and customer response (e.g., Stathakopoulos 1996; Stock and Hoyer 2005; Tadepalli 1995), with benefits from such practices being reported in various studies (e.g., Schwepker 2003). Relationship marketing literature suggests that COS involves salespeople practicing the marketing concept (Morgan and Hunt 1994; Saxe and Weitz 1982). Since the marketing concept seeks to establish a long-term mutually profitable partnership between service providers and customers, fostering a customer-oriented selling approach among salespeople should bring beneficial outcomes for both parties (Brown, Widing, and Coulter 1991; Goff et al. 1997; Schwepker 2003). Prior research suggests COS could lead to higher customer satisfaction (e.g., Stock and
Hoyer 2005; Goff et al. 1997), WOM (e.g., Williams and Attaway 1996), buy intention (e.g., Williams and Attaway 1996), employee job satisfaction (e.g., Donavan, Brown, and Mowen 2004), and job performance (e.g., Brown et al. 2002).

It is proposed that the shopping values (utilitarian vs. hedonic) perceived by a customer serve as a mediator between a salesperson’s CO selling and the behavioral responses of a salesperson and customer, respectively. A customer is unlikely to perceive a positive experience (e.g., satisfaction, loyalty, WOM, etc.) if he/she feels the products available are not suitable (low utilitarian value) or the shopping trip is not rewarding in and of itself (low hedonic value). Similarly, a salesperson is compelled to help facilitate this value creation when they feel customers are not satisfied with the shopping experiences (e.g., low hedonic value, low utilitarian value). The tentative framework (Figure 1.1) suggests that customers create shopping values (hedonic vs. utilitarian values) and generate the following purchase intention when a salesperson offers a desirable value proposition (customer oriented selling). Thus, the following research question is raised: how does the relative balance between customer and marketing production influence the net value in exchange?

In the previous discussion, it is proposed that salesperson customer orientation will influence customers’ behavioral responses through customers’ perceived values experienced during shopping process. Next, the study introduces how a customer’s trust in a salesperson impacts the above delineated relationships.
Research on Trust and Trustworthiness

As boundary spanners, service employees are the primary source of customer contact for the firm and are thus the most visible cue shaping the firm's trustworthiness. Furthermore, service employees play a vital role in serving customers' interests and maintaining a mutually valuable relationship (Schwepker 2003). Although marketing researchers have produced many studies focusing on trust in one way or another, the precise mechanism by which trust or its components translate business actions into performance is not well known.

Trust has been defined as an expectation that another party will perform a particular action. One driver of that expectation is trustworthiness (Mayer, Davis, and Schoorman 1995). Flores and Solomon (1998) suggest that "in the ideal case, one trusts someone because she is trustworthy, and one's trustworthiness inspires trust" (p. 209). That is, trustworthiness plays an important role for predicting one's trust toward another party. Trust theory distinguishes trustworthiness as a multifaceted construct consisting of three dimensions: ability, benevolence and integrity of a trustee (Mayer, Davis, and Schoorman 1995). Ability specifies whether the customer perceives an agent as possessing the skills and competence necessary to perform his or her task adequately. Ability captures the "can-do" aspect of trustworthiness. In contrast, benevolence captures the perception that an agent truly desires to perform in a way that prioritizes the customer's best interests. Integrity represents an agent's dedication to fulfilling moral obligations faithfully -- these obligations include providing customer value. The latter dimensions touch on an individual's character and, in this sense, they represent the "will-do" aspect of trustworthiness (Colquitt, Scott, and LePine 2007). Prior research has
documented such “can-do” and “will-do” components of trustworthiness tend to exert independent effects (Campbell 1990).

The trust a customer has in service providers is generally thought to be a key determinant of the quality of their relationship (Swan, Bowers, and Richardson 1999). The use of COS by salespeople to help build long-term customer relationships may best be explained by the relationship of COS to customer trust. Establishing durable relationships necessitates developing customer trust (Dwyer, Schurr, and Oh 1987). According to Jolson, relationship selling “focuses on the building of mutual trust within the buyer/seller dyad with a delivery of anticipated, long term, value-added benefits to buyers” (1997, p.76). William (1998) suggests that COS corresponds with the coordinative style of negotiation behavior (Dabholkar, Johnston, and Cathey 1994) since it reflects a non-opportunistic behavior that stresses customer-focused solutions and mutual benefits. The coordinative style facilitates mutual trust and commitment, two prerequisites for relationship development (Morgan and Hunt 1994).

The effect of interplay between trustworthiness dimensions remains to be studied. Trust literature has suggested that trust is a product of customer evaluation of salespeople from three aspects: ability, benevolence, and integrity. Relatively little research examines how the interaction of trustworthiness dimensions influences the relationship between sellers and buyers through its impact on trust. Thus, this dissertation also investigates the following research questions: When trustworthiness dimensions are not in the same level, how important are each of the three in influencing the relationship between salespeople’s COS and customer responses?
A Typology of Service Contexts

Research on Service Typology

The marketing literature provides many examples of classification schemes to study services and its related topics (e.g., Bowen 1990; Haywood-Farmer 1988; Kellogg and Chase 1995; Mills and Margulies 1980; Silvestro, Fitzgerald, and Johnston 1992). Tracking the evolutions of service typologies allows researchers to gain an appreciation of the nature of services and provide theoretical foundations for the new typology development. Thus, this dissertation first provides a brief review of service typologies based on several summaries of classification schemes (Bowen1990; Cook, Goh, and Chung 1999; Lovelock 1983; Mersha 1990).

The concept of services was first introduced in economics literature. Clark (1940) argues for the transaction of an economy from preindustrial to industrial and to postindustrial, breaking whole economies into three sectors: primary (agricultural), secondary (manufacturing), and tertiary (services). In his definition, the service sector consists of three parts: the quasi-domestic services, business services, and other services such as, health care, education, and recreation.

Marketing academics formed the earliest service typology and definition of services (e.g., Judd 1964; Rathmell 1974). Although these works produced significant contributions for services literature, these preliminary efforts contain certain drawbacks. For instance, Judd’s (1964) service typology proposes three types of service activities: rented goods services, owned goods services, and nongoods services. However, Judd’s (1964) definition neglects several types of services such as insurance, banking, legal advice, and accounting. Rathmell’s (1974) classification scheme utilizes several
ineffective criterions to group services. Specifically, Rathmell selected type of seller, type of buyer, buying motives, buying practice, and degree of regulation as classification constructs. Yet, Rathmell’s classification of services has no specific application to services because the classification schemes could apply equally to goods (Cook, Goh, and Chung 1999).

While a large number of service typologies continued to appear in the 1980s, several authors begin to examine the organization that provides these services. Mills and Margulies (1980) utilize seven dimensions of the interaction between customer and organization to develop three types of service organizations: maintenance-interactive, task-interactive, and personal-interactive. Lovelock (1980) categorize the organization by ownership (i.e., for-profit, private not-for-profit, and public). During the past few decades, new service taxonomies have been proposed (e.g., Kellogg and Chase 1995; Kotler and Armstrong 1994; Rust and Metters 1996). The development of classification schemes for services and service organizations plays a critical role in service literature. Without a clear understanding of the nature of services, any generalized findings might be established on a shaky framework (Hunt 2002).

Yet, a careful review of the existing marketing literature reveals that most of these classifications focus on services or service organizations (e.g., Bowen 1990; Cook, Goh, and Chung 1999; Lovelock 1983; Mills and Margulies 1980; Ng, Russell-Bennett, and Dagger 2007), and only few taxonomies actually are customer co-creation related (O’Hern and Rindfleisch 2008). There is no known research that examines the co-creation phenomena from both a customer and firm’s perspective simultaneously. Thus, a classification of service contexts that represents the amalgamation between customer and
service provider input is helpful in allowing academics and practitioners to better understand the characteristics of the nature of customer co-creation.

“Right” Customer Participation

Although, marketing academics have begun to recognize and investigate the customer’s role in the co-creation process, few works have demonstrated the optimal input level for the customer. Several views suggest that customer co-creation strategy should be treated with caution. First, customer participation is not always beneficial to the marketers. Some researchers suggest that an unsatisfactory service experience may be due to inappropriate customer behaviors—the notion that sometimes customers are wrong. For instance, some works suggest the existence of problem customers (e.g., Bitner, Booms, and Mohr 1994; Lovelock 1994). Lovelock suggests the term “jaycustomers” to label customers who “misconsume” in a manner similar to jaywalkers who cross streets in unauthorized places. Bitner et al. provides empirical evidence that these different customer types do exist and, in fact, can be the source of their own dissatisfaction. Hence, the wrong kind of customer participation is not beneficial for anybody.

In addition to the troubles “jaycustomers” bring to the service, a customer’s proper co-production may generate undesirable outcomes (Selnes and Hansen 2001). Service literature suggests that customer may perceive higher quality service when the same employee repeatedly serves the customer (Lovelock 1983). Furthermore, customers may perceive relational benefits (e.g., social bonds) beyond the service itself (Gwinner, Gremler, and Bitner 1998). Hence, a customer’s self-service sometimes dilutes customer loyalty toward the firm (Selnes and Hansen 2001) and lessens the connection between a service provider and a customer (Price and Arnould 1999).
Organization literature treats customer participation in service production as a source of input uncertainty (Argote 1982; Larsson and Brown 1989). This view is understandable because the necessity of a customer’s input in service production prohibits complete contracting between the seller and buyer and limits the utility of a service provider’s market governance (Mills 1986; Williamson 1979).

Managerially, a firm would want a customer to be a “good customer”—to perform the precise behaviors required to order and take delivery of the service and not make extraneous demands that require special treatment. These discussions raise several interesting questions: should firms allow customers to participate in the production process? What is the perfect level of input the customers need to provide? How much should the firms and their employees assist customers to achieve this goal? Do the effects of customer co-creation depend on many factors, such as the nature of the service being delivered (transaction selling vs. relational selling), behaviors included in the service script, service environment (e.g., physical complexity of the servicescape), and customer characteristic (e.g., expertise, confidence, etc.)? If a classification of services contexts can answer these questions by showing different customer co-creation situations, then this theoretical advancement may have important implications for services strategy.

Customer Co-creation with Service Providers: A New Typology

The above discussions suggest that customers’ co-creation activities (e.g., participation) are not a panacea for marketing practices because customers sometimes are not contributors creating a desirable product or service. The phenomenon of customers’ co-creation in services is not easily addressed through established literature. Marketing professionals need to conduct more studies to explain this new paradigm. Among all
these efforts, typologies play an important role in understanding the role of customers in certain services encounters.

To conduct a typology, one first needs to select the criterion/characteristics used in the typology of service contexts. Based on several reviews of services classification (e.g., Bowen 1990; Cook, Goh, and Chung 1999; Lovelock 1983; Mersha 1990), this dissertation lists a review of typology studies that examine a customer’s co-creation activities (see Table 2.1).

Table 2.1. Summary of Customer Co-creation Related Typologies

<table>
<thead>
<tr>
<th>Author</th>
<th>Classification Criteria</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chase (1978)</td>
<td>Extent of customer contact required in service delivery: High contact (e.g., healthcare); Low contact (e.g., postal service)</td>
<td>Product variability is harder to control in high contact services because customers exert more influence on timing of demand and service features</td>
</tr>
<tr>
<td>Lovelock (1980)</td>
<td>Extent to which customers must be present during service delivery</td>
<td>Marketing insights would come from combing this criterion with other criteria</td>
</tr>
<tr>
<td>Mills and Margulies (1980)</td>
<td>Personal interface between the customer and the service organization</td>
<td>There are three types of organizations: maintenance-interactive, task-interactive, and personal-interactive</td>
</tr>
<tr>
<td>Bell (1981)</td>
<td>Classification based on tangibility and extent of customer involvement</td>
<td>Provides a scheme that explicitly considers goods</td>
</tr>
<tr>
<td>Maister and Lovelock (1982)</td>
<td>Customer contact: extent of customization</td>
<td>Identifies factory, jobshop, mass service, and professional service</td>
</tr>
<tr>
<td>Grove and Fisk (1983)</td>
<td>Audience size: customer contact</td>
<td>The typology is developed based on the percepts of dramaturgy</td>
</tr>
<tr>
<td>Kotler (1983)</td>
<td>Necessity of client’s presence</td>
<td>Provides understanding of products to managers</td>
</tr>
<tr>
<td>Silpakit and Fisk (1985)</td>
<td>Customer participation</td>
<td>Relates the participation of services to productivity</td>
</tr>
</tbody>
</table>
(Table 2.1 Continued)

<table>
<thead>
<tr>
<th>Schmenner (1986)</th>
<th>Degree of customer-provider interaction and service customization</th>
<th>Claims that this model offers improvement over the customer contact model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haywood-Farmer (1988)</td>
<td>Degree of interaction and degree of customization</td>
<td>Overcomes many of the criticisms of the customer contact approach and Schmenner’s service process matrix classification system</td>
</tr>
<tr>
<td>Larsson and Bowen (1989)</td>
<td>Customer participation</td>
<td>Utilizes sources of input uncertainty to classify service design types</td>
</tr>
<tr>
<td>Bowen (1990)</td>
<td>Degree of contact</td>
<td>An empirically derived taxonomy</td>
</tr>
<tr>
<td>Mersha (1990)</td>
<td>Traditional customer contact</td>
<td>Broadens the customer contact model. Distinction is made between service systems that accommodate the customer and those that involve considerable interaction and service customization</td>
</tr>
<tr>
<td>Kellogg and Chase (1995)</td>
<td>Communication time, intimacy and information richness</td>
<td>The research demonstrates a significant move toward the verification and empirical development of a classification dimension</td>
</tr>
<tr>
<td>Cunningham et al. (2006)</td>
<td>11 dimensions were selected to develop the typology</td>
<td>Two dimensions (involvement, and think/feel) explain majority of variance</td>
</tr>
<tr>
<td>O’Hern and Rindfleisch (2008)</td>
<td>Customer’s contribution and selection of these contribution</td>
<td>It focuses on customer co-creation in new product development</td>
</tr>
</tbody>
</table>

Note: partially based on Cook, Goh, and Chung (1999)

One of the most visible service provider and customer interface typology is found in Mill and his colleague’s work (e.g., Mills and Margulies 1980). Mills and Margulies (1980) develop a typology for service organizations based on the personal interface
between the customer and the service organization. By using various low-, medium-, or high-level combinations of seven service provider-customer interface factors, they suggest that three types of service organizations can be distinguished: maintenance-interactive, task-interactive, and personal-interactive. The term maintenance-interactive refers to a cosmetic, continuous interaction between employee and customer/client in which the focal point is building trust or confidence in an attempt by the organization to sustain the relationship for an indefinite time period (e.g., banking, retail).

The term task-interactive refers to relatively concentrated interaction between employee and client/customer in which the focus is on the varied techniques possible in problem solving (e.g., legal, engineering). The focus of these organizations is on the tasks to be performed: it is not so much what the client/customer wants but how to accomplish these wants. The personal-interactive type refers to the personal nature of the problem brought to the employee decision unit by the client/customer. The interaction focuses on the improvement of the client/customer’s direct intrinsic and intimate wellbeing (e.g., health care, education). These three types of services have differing features of client involvement. The participation of customers in the service varies considerably depending not only on the type of service, but also on the task requirements of a given service episode and the client’s skills and motivation level (Mills and Morris 1986). Lengnick-Hall (1996) echoes Mills and Morris’s view by suggesting that customer’s co-creation is irrevocably dependent on the knowledge, motivation, and experience of the customer. However, Mills’ works have limitations because the three types can not cover all possible combinations of the seven factors, and any service provider could fall in more than one of the three types of interface (Larrson and Bowen 1989; Snyder, Cox, and Jesse 1982).
Larrson and Bowen (1989) offer a typology to show how two dimensions (diversity of demand and customer disposition to participate) governing input uncertainty create four different conditions of input uncertainty. Larrson and Bowen define diversity of demand as the uniqueness of the customer’s supply that is to be serviced and the uniqueness of the desired service outcome. This dimension reflects the customization-standardization standard found in the service literature. Disposition to participate of customer refers to the extent to which the customer tends to contribute the inputs to the services production process. The second dimension of Larrson and Bowen’s work emphasizes the degree of customer participation.

The first quadrant of Larsson and Bowen’s framework represents high customer participation and low diversity of demand. In this group, the customers are expected to be more price sensitive because they forgo customization and contribute most of the work themselves. Employees offer a minimum of work to keep costs down. The typical examples are self-service retail stores, car rentals, and Laundromats (Larrson and Brown 1989). In the second quadrant, the customers have complex and unique demands (e.g., psychotherapy, medical care, legal advice, higher education). The high customer participation and high diversity of demand suggest that customers may have a higher motivation to participate in the service production and are thus less price sensitive. High interactive service production between customers and front-office employees is also expected in these cases. The third quadrant suggests high diversity of demand and low customer participation. This cell includes the following examples, dry laundry, cleaning, and gardening. The customers prefer to have service providers perform the services for them due to lack of motivation, lack of time, etc. The last quadrant reflects low customer
participation and low demand diversity. One of the noticeable differences between this quadrant and quadrant three is the low demand diversity. The conventional instances of this quadrant are fast food restaurants, theaters, banks, and insurance companies.

Larrson and Bowen suggest that a customer's participation presents certain uncertainty to service provider because "customers present the service organization with incomplete information regarding either what (customer mind, body, and/or goods) is to be serviced toward which desired outcomes or what actions they will contribute in service co-production (1989, p. 218)."

More recently, O'Hern and Rindfleisch (2008) propose a typology of customer co-creation showing how customers contribute and/or select the content of a new product development (NPD). It is hard for marketers to measure and coherently fulfill buyers' demands because customer needs are often idiosyncratic. Thus, many new product failures are attributed to the firm's lack of understanding of customer needs (Ogawa and Piller 2006). O'Hern and Rindfleisch's (2008) typology development is based on two dimensions: (1) a customer's contribution to the NPD process, and (2) a customer's autonomy to produce a contribution to the NPD process. Based on these two dimensions, they derive four types of customer co-creations: (1) collaborating, (2) tinkering, (3) co-designing, and (4) submitting.

O'Hern and Rindfleisch's (2008) typology suggests customer co-creation activities lie along a continuum from low to high. At one extreme, collaborating reflects a process in which customers have been empowered to the greatest power to participate in the core components in the development of a product. Customer co-creation in this form contributes significantly to the final structure of the products and the consequent values.
One example of collaborating is that customers use an open source code to produce a customized program. At the other extreme, submitting refers to a process in which customers spend substantial resources (e.g., time, energy) to reply to a firm's inquiry for new ideas for NPD. In this form of customer co-creation, the firm retains full control over the NPD development process and customers only respond to a firm's request. In spite of these efforts, the existing classification studies of customer co-creation have limitations because they have not considered the inputs by a customer and a service provider simultaneously.

The majority of classification studies have applied a two by two matrix approach to classify services or services organizations (e.g., Larsson and Bowen 1989; Lovelock 1983; O'Hern and Rindfleisch 2008; Schmenner 1986). The two dimension approach permits the analysis of a complex phenomenon with a relatively parsimonious structure. Thus, the typology presented in this dissertation shows how the two contingencies—level of customer participation and level of service provider participation—create four distinct situations of customer co-creations.

The typology of service contexts (Table 1.1) illustrates different scenarios that involve diverse input levels from customers and service providers. Specifically, there are high vs. low input levels of customers and service providers in an exchange, respectively. Thus, four quadrants reflect how customers and producers interact with each other in different situations. The typology presented in this dissertation tends to group services by service contexts rather than by organization or industry. Service producers can engage in different scenarios, as depicted in Table 1.1.
This typology contributes to service literature by showing not only the nature of the services that requires inputs from firms and customers, but also the evidence that varying forms of co-creation by firms and customers exist based on service contexts. For example, AutoZone can either sell the parts to a customer for self-service (Quadrant B) or help a customer change the wiper blades and battery (Quadrant D). This study provided the opportunity to group service contexts from the same service producers (e.g., organization). The detailed service contexts patterns are discussed in the following paragraphs.

**Quadrant A (Discrete Service Context).** The discrete service context category reflects both customers and service providers who are minimally involved in inputs during the service delivery process. This type of service context is defined as *discrete service context* because it is expected that the relationships between customers and service providers are detached. Low customer and service provider's inputs can be seen, for example, in the following cases: buying fast food, paying a utility bill, purchasing soda at a gas station, etc. These services are offered in this context typically with the following characteristics: low cost, high quantitative volume, and standardized design. Meuter et al. 2005 propose that a set of customer readiness variables could help explain customers' self-service behaviors. Specifically, “coproduction relies on customers knowing what is expected of them (role clarity), being motivated to engage in desired behaviors (motivation), and having the necessary knowledge and skills (ability) to fulfill their responsibilities (Dellande, Gilly, and Graham 2004; Schneider and Bowen 1995).” (Meuter et al. 2005, p. 63). Low customer motivations are the dominant reason for this group of customers. For example, customers have low extrinsic motivation to monitor
how the staff cook the fries, prepare the drinks, or print out the receipt in a fast food restaurant because of the low risk of this product category. Furthermore, customers have low intrinsic motivation to be involved in these service contexts because there is no fun in participating.

A customer only needs to be present and conduct basic activities (e.g., order the service, pay the receipt, etc.) Service providers in the service context also contribute a low level of input. This context generally produces low price and services with mass production requiring low service providers' contributions. One example shown in Quadrant A is when employees prepare fast food for customers. Since the company has established well-organized systems and an efficient production process, every employee repeatedly performs a few steps among the whole service production. Hence, service providers also contribute a low level of service input.

**Quadrant B (Customer Dominated Service Context).** This quadrant is labeled as a customer dominated service context. With low service provider input and high customer input, the bulk of the workload here is with customers—assuming they have adequate ability and are willing to take on such a role. Here, customers are motivated to take the leading role of service production due to different reasons. Motivation literature suggests that customers' motivations to participate in service delivery include intrinsic motivations and extrinsic motivations (Dabholkar 1996; Kelley, Donnelly, and Skiner 1990; Meuter et al. 2005; Schneider and Bowen 1995). Extrinsic motivations represent customers' motives to control the process and make utilitarian and outcome-related choices (e.g., Kelley, Donnelly, and Skiner 1990). Extrinsic motivations tend to drive customers to participate in the outcome-related aspects of service production. For example, customers
search and compare the promotional deals among different websites before visiting a real car dealer. Thus, they may find a great deal and perceive that they are saving money as a form of extrinsic motivation. Intrinsic motivations refer to the motives that drive customers to participate in the process-related aspects of service delivery. Intrinsic motivations include needs for dependence, relationship development, one’s self-concept, emotional needs, social needs, etc. For instance, some customers may enjoy the delight brought by bidding on a car online instead of doing field shopping. In other words, customers’ participation can be motivated by both utilitarian (extrinsic motivation) and hedonic (intrinsic motivation) goals.

Customers’ ability to provide input is the necessity for customer participation. It is unlikely that customers participate in the co-production process without required skills and knowledge. For example, medical operations seldom fall in this cell because few patients have the ability to heal themselves when surgeries are needed. The ability to control their self productions is also important for customers. Customers need to control themselves to follow the steps and achieve the goals on time. For example, customers’ complying with the prescribed diet regimen at a weight-loss clinic is critical for attaining their objective (Dellande, Gilly, and Graham 2004). Finally, customers need to understand their role in the service delivery process (Larsson and Bowen 1989). Customer participation can be confined due to insufficient knowledge of what is expected of them. Thus, role clarity is necessary for a customer’s participation. The low level of service provider inputs can be attributed to something as simple as the customers do not need them. In other words, the customers can handle the jobs and thus need minimum help from service providers (e.g., fixing a car in the garage; cooking dinner at home,
etc.). The services occurring in this context can be either simple ones (e.g., cooking dinner at home) or complex ones (writing computer software using open sources). The service providers can offer simple or sophisticated parts (e.g., frozen chicken and syntax codes) to assist customers in accomplishing the service delivery. Customers lead the process at the point of service delivery. However, it is difficult for service providers to control the customers' experience and final evaluation when the level of customers' participation is high. The higher the level of a customer's participation, the higher the level of uncertain input is brought by the customer into the service delivery (Chase and Tansik 1983).

**Quadrant C (Relational Service Context).** High levels of customer participation also can be accompanied by high levels of service provider inputs. Many highly customized services offered by professionals require substantial participations by customers and service providers. Here, the bulk of the workload is taken by service providers as well as customers. Professionals usually need lengthy and formal higher education to acquire specialist knowledge, skills, and experience (Hausman 2003). This knowledge cannot be easily learned by customers and is necessary to solve the relatively complex problems. Cosmetic surgery is an ideal example of this type of service context. To make sure the doctor understand his/her needs, the patient will communicate with the doctors many times during the whole process. Furthermore, the surgery requires a doctor who is knowledgeable and is good at providing patients' appropriate suggestions and conducting the operations. Thus, patients and doctors contribute substantial inputs in this process and co-produce the service delivery. Compared to Quadrant B, the services of this category are usually highly customized services that may require either professional
service provider involvements or complicated equipment to get the job done. This leads to high interactive service co-productions between customers and service providers that are typically found in higher education, medical care, legal consulting, and many other professional services (e.g., Larsson and Bowen 1989). Here, customer motivations to participate in the co-production play a critical role. Customers who have insufficient ability (e.g., first semester MBA students, patients) and unclear role expectations still can provide many inputs into the service delivery process if they are strongly willing to participate in the process. Service providers not only contribute necessary inputs to this service context, but also educate and help customers become involved in the service production.

**Quadrant D (Service Provider Dominated Service Context).** The last quadrant represents low customer inputs and high service provider inputs in the service production. Low customer inputs can stem, for example, from the fact that customers may not be able to engage in a task because of low motivation, lack of ability, lack of confidence, or no knowledge of how to do something. For instance, a customer hires a travel agent to purchase air tickets instead of doing so by himself because he is very busy handling other important things. Lack of ability is more likely with complex tasks. For example, customers prefer to send advanced electrics (a professional camera) to a company authorized service center to identify and repair the problem. Thus, service providers do the majority of work to deliver the service.

These four service contexts represent different combinations of the customer participation and service provider participation existing in different service encounters.
Thus, these two defining dimensions of service contexts create a two-by-two service contexts framework.

Hypotheses Development

The typology of service contexts shows the nature of how customers and service providers co-create services in different service encounters. Next, the empirical examination of the proposed typology offers evidence showing how customer co-creations do generate different consequences.

Marketers are confronted with two conflicting goals when designing service delivery systems: (1) efficiency, and (2) personalization (Surprenant and Solomon 1987). How do customer-oriented service providers offer efficient service at an acceptable level of quality while simultaneously treating each customer as a unique person? The customer may face a similar conflict. For instance, do customer oriented practices always generate favorable outcomes? Surprenant and Solomon (1987) suggest that customization is expensive, and it also forces the service business to relinquish some control over service delivery to the customer. Chase (1978) notes that operating efficiency tends to be related inversely to the degree of customer contact required by the system. The specific missions and operating objectives of different service contexts should be differentiated in light of their unique environments. The marketing strategies of service providers need to adjust to fit these requirement.

Marketing literature traditionally assumes that a customer orientation produces better outcomes than a selling orientation (e.g., Gatignon and Xuereb 1997; Narver and Slater 1990; Saxe and Weitz 1982). Yet, Zhu and Nakata (2007) suggest that customer orientation may not always be a good strategy for marketers. For example, customer
orientation is not always positively linked to profitability, repeat business, return on assets, and sales (e.g., Noble, Sinha, and Kumar 2002). Furthermore, Voss and Voss’s (2000) study reports that the most unambiguous result is that a customer orientation exhibits a negative association with subscriber ticket sales, total income and net profit in a theater (entertainment) context.

It is expected that firms and employees should execute different strategies when they face different service contexts. Customers prefer to see selling oriented firms or employees in many cases. For example, customers may not want fast food restaurants to add additional steps to the service delivery (even if these steps can add certain value by improving taste, nutrition or customization) but simple, accurate, and speedy service delivery. The important value producing benefit is fast food. Likewise, busy customers may just want to drop the car at the repair center and come back later to pick up the car after the repair. They may not really have an interest in exactly what the problem is with the car. A lengthy explanation with chance to give input may be only a bother. The paramount need for patients in an emergency room is fast treatment. Thus, the patients should prefer to let the doctors take the full role to heal the ill. Hence, the following statement is proposed:

**H1a:** customer orientation produces better outcomes (e.g., emotional attachment and WOM) in service contexts when the level of customer input is high (Quadrant B and C).

**H1b:** In contrast, a selling orientation produces relatively better outcomes (e.g., emotional attachment and WOM) in service contexts when the level of customer input is low (Quadrant A and D).
Emotional attachment refers to customers' affection and belongingness in the service providers (Arnould and Price 1993; Deighton and Grayson 1995; Coulter and Ligas 2004). In relational service contexts (e.g., MBA education, cosmetic surgery), the customers and service providers co-work together for an extended time to produce the services. This service context binds both parties, causing each to focus exclusively on the other (e.g., Price et al. 1995). For the customers, the personal attention might be comforting, rewarding, or even relaxing (Coulter and Ligas 2004). Furthermore, the customers may realize gratification through the perceived efficacy that accompanies co-production. Here, no outcome is possible without input from both the service provider and the consumer. In contrast, customers have relatively low level of contacts with service providers in the other three service contexts. Thus, customers from these three quadrants are expected to perceive similar emotional attachment with the marketers. Therefore, the following statement is formulated as:

**H2a:** The level of emotional attachment for Quadrant C is significantly higher than those for the other three quadrants.

**H2b:** the levels of emotional attachment of the other three quadrants (Quadrant A, Quadrant B, and Quadrant D) are not significantly different among each other.

Customers purchase goods and services in pursuit of hedonic and utilitarian value (Babin, Darden, and Griffin 1994; Batra and Ahtola 1990). Several researchers suggest that customers are more likely to engage in co-creation when they feel intrinsically attractive (e.g., Bateson 1985; Dabholkar 1996), and then customers should perceive higher satisfaction (Kelley, Donnelly, and Skinner 1990). However, the literature on self-service bias indicates when someone shares a task with another; one is more likely to
claim responsibility over the partner for success rather than for failure (Wolosin, Sherman, and Till 1973). It is expected that customer participation plays a dominant role for customers' shopping value formation—particularly under conditions of a positive outcome. Therefore:

**H3a:** Customers in Quadrants B and C experience higher levels of hedonic value than customers do in Quadrants A and D.

**H3b:** Customers in Quadrant B and C experience higher levels of utilitarian value than customers do in Quadrant A and D.

### A Research Framework of Customer Co-creation and Customer Orientation

**Development of the Research Framework**

Customer orientation is a major topic for the marketing discipline and has spurred numerous studies. This dissertation tries to bring together the service encounter view and S-D logic view in developing the hypotheses. Furthermore, the moderation effects of trust in service providers will be addressed as well.

Some updated foundational premises (FPs) of S-D logic provide the theoretical base for the research framework. They are (1) FP6: the customer is always a co-creator of value, (2) FP7: the enterprise cannot deliver value, but only offer value propositions, and (3) FP8: a service-centered view is inherently customer oriented and relational (Vargo and Lusch 2008). Customer orientation of service employees (see Figure 1.1) may be viewed as a value proposition offered by firms and their representatives, service employees. Such value propositions may either encourage customer participation in the co-creation process or influence how customers obtain values. Finally, both customer
value dimensions (hedonic and utilitarian) and the value propositions (offered by a salesperson and firms) work simultaneously to create value for customers (e.g., satisfaction, WOM).

The collaborative nature of co-creation (FP6) presupposes a requisite level of trust by both parties (Vargo and Lusch 2004). The dialogic orientation of the S-D logic highlights the importance of trust for value co-creation (Ballantyne and Varey 2006). This dissertation brings the multifaceted trustworthiness construct into the proposed framework and examines the effect of the interaction of trustworthiness components on trust. Specifically, this study addresses whether the level of trust has a moderation effect between the value propositions (customer orientation) and a customer’s shopping values and ensuing behavior responses.

The tentative framework advances the customer co-creation literature by offering empirical evidence. Customer importance has been emphasized in organization theory (Mills and Morris 1986), operations management (Chase 1978), strategic management (Porter 1985), and marketing literature (e.g., Parasuraman, Zeithaml, and Berry 1988; Vargo and Lusch 2004), yet only a few studies offer specific ways to translate customer-orientation words into customer-orientation deeds. The research framework contributes to marketing literature by emphasizing how customers and marketing producers work together to maximize the value experience.

Hypotheses Development

Marketing literature suggest that sellers that focus on customers’ needs are more likely to achieve long-term success (e.g., Deshpande, Farley, and Webster 1993; Donavan, Brown, and Mowen 2004). Customer orientation (CO) was first studied in
selling context (Saxe and Weitz 1982). Customer oriented selling refers to "a way of doing business on the part of salespeople. The term refers to the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs" (Saxe and Weitz 1982, p. 344). Customer oriented firms focus on increasing long-term customer satisfaction in order to achieve sellers' goals. In other words, customer oriented firms avoid actions that sacrifice customer interest to boost sales revenues. Previous studies indicate that the customer oriented practices can lead to customer satisfaction (Goff et al. 1997), perceived service quality (Macintosh 2007), word-of-mouth (Macintosh 2007), and profitability (e.g., Narver and Slater 1990).

One purpose of this study is to investigate the effects of customer orientation on customers' shopping values and behavior responses. Relationship marketing literature suggests that CO involves service providers practicing the marketing concept (Morgan and Hunt 1994, Saxe and Weitz 1982). Since the marketing concept seeks to establish a long-term mutually profitable partnership between service providers and customers, fostering a customer-oriented approach among sellers should bring beneficial outcomes to customers (Brown, Widing, and Coulter 1991; Goff et al. 1997; Schwepker 2003). Therefore, customer orientation is likely to lead to positive shopping experiences for customers (e.g., hedonic value and utilitarian value) and the following behavior responses (satisfaction, WOM).

The current study further proposes that the shopping values of customers will mediate the relationships between customer orientation and consequences, such as satisfaction and WOM. Crosby and Stephens (1987) suggest that though relationship
marketing adds value to the service package, it is not a substitute for having a strong, up-to-date core service. More specifically, they conducted a study to compare two competing models of relationship marketing under the life insurance selling context. The results of Crosby and Stephens’s paper suggest that the performance of the core service, or the utilitarian benefits of a transaction, dominates customers’ judgment of overall satisfaction. The contact employee’s performance certainly affects a customer’s satisfaction but it plays a complementary role. Thus, customer orientation is not enough to achieve a customer’s overall satisfaction. Customer perceived utilitarian value of product/service is a necessary antecedent for customer’s overall shopping experience. In line with much of the past research, the following proposition is expected:

**H4:** Customer orientation positively affects customer experience (hedonic and utilitarian value) and customer satisfaction and WOM.

Recent literature has demonstrated the positive outcomes of active customer involvement in service production. For example, Auh et al. (2007) suggest that customer participation is not only directly related to attitudinal loyalty but also is indirectly related to behavioral loyalty via the mediator attitudinal loyalty. Chan, Yim, and Lam (2010) show that customer participation generates mixed results based on the sample of 349 pairs of customers and service employees of a large multinational bank. Specifically, the results from their study demonstrate that customer participation enhances both customers’ economic values and the relational bond between customers and employees, but it also leads to higher employee job stress and low job satisfaction. Fang (2008) examines the relationships between customer participation and the trade-off between speed to market and product innovativeness in B2B settings. The results of Fang (2008) suggest that the
two dimensions of customer participation (codeveloper vs. information resource respectively) only produce positive outcomes under certain conditions. Service-Dominant logic summarizes that customers determine value-in-use because customers are always involved in the production of value (Vargo and Lusch 2004, 2008). However, the above mentioned studies highlight that the positive impacts of customer participation on expected outcomes do not always hold (Chan, Yim, and Lam 2010; Fang 2008).

The main objective of the second study of the dissertation is to investigate how customer participation and customer orientation coproduce the service outcome by building a structural model. Therefore, H5 and H6, along with H4, are developed to accomplish this plan. The two-dimension customer participation construct is adopted in the current study (Fang 2008). Specifically, it is expected that the two dimensions of customer participation, codeveloper (CPC) and information resource (CPI), are positively related to the value perception and behavior responses of customers.

Prior literature suggests explanations of why customers may perceive benefits when they participate in the product/service production. First, customer participation helps firms to customize their offerings to every customer (Auh et al. 2007). In this process, customers can either share information with service providers or actually become involved in the production. The interface between customer and service provider suggests that customers directly contribute to the consequences of the services. Furthermore, customer participation is extremely important in complex services such as financial, medical, and legal services (Mills and Morris 1986) because the complex services demand a high degree of coupling (i.e., the parties affect each other continuously, significantly, and immediately), interdependence (i.e., a party's outcomes
are contingent upon the actions of another party), and information richness (i.e., a great deal of information is shared between customer and service provider) (Kellogg and Chase 1995). Customers in low- and moderate-involvement service contexts can also perceive better shopping experiences (Auh et al. 2007). Specifically, customers who are involved in the production are more likely to perceive that they have more control and opportunities to influence the final outcomes of the services (Bateson 1985; Schneider and Bowen 1995). Furthermore, customers can also expect that their participation leads to a low price for the product/service because firms need fewer laborers to accomplish the production with the input from the firms' "partial "employees--the customers (Mills and Morris 1986). Thus, customer participations is expected to generate better shopping experiences (e.g., hedonic value and utilitarian value), and the perceived values will lead to customer satisfaction and WOM (e.g., Lusch, Brown, and Brunswick 1992; van Raaij and Pruyn 1998; Vargo and Lusch 2004, 2008).

Furthermore, the research framework further posits that a customer's hedonic and utilitarian values should have mediation effects on the relationships between customer participations (CPI and CPC) and customer behavior responses. Following the logic discussed by Hypothesis 4, the utilitarian and hedonic benefits of a transaction are expected to show mediation effects between customer participations and satisfaction and WOM. That is, the impact of customer participation on satisfaction and WOM will decrease if customers perceive lower hedonic and utilitarian benefits from the product/service transaction. Hence, the following statements are posited:

**H5:** Customer participation (information resource) positively affects customer experience (hedonic and utilitarian value) and customer satisfaction and WOM.
**H6:** Customer participation (codveloper) positively affects customer experience (hedonic and utilitarian value) and customer satisfaction and WOM.

Next, this dissertation develops a set of key, testable propositions that hope to shed light on the role of trust on the relationships between customer orientation and customer experiences and behavior responses. Customer trust is the willingness to rely on another party in whom one has confidence (Moorman, Zaltman, and Deshpande 1992). Trust literature suggests that the three dimensions of trustworthiness are key antecedents of trust (Colquitt, Scott, and LePine 2007; Mayer, Davis, and Schoorman 1995; McKnight, Cummings, and Chervany 1998). One important antecedent of customer trust is the ability or competence of a service provider’s job-related expertise. Trust based on ability focuses on a service provider’s knowledge and the skills needed to succeed in assisting a customer to accomplish a buying task. For example, when a car salesperson knows both the products within their dealer inventory and the competitors’ product very well, he can provide detailed and clear information to customers for comparing different cars and making a purchase decision. Yet if the customer doubts the salesperson’s knowledge of the cars that are recommended by the salesperson, the customer is more likely to spend more time shopping around. In other words, the customer will be reluctant to trust the salesperson’s words and does not make choice immediately due to the salesperson’s lack of expertise.

A customer’s development of trust in a service provider relies not only on the service provider’s ability but also on character (Colquitt, Scott, and LePine 2007, Doney and Cannon 1997). Trust literature separates character into two components (e.g., Mayer, Davis, and Schoorman 1995). The first component is benevolence, defined as the extent
to which a trustee is believed to want to do good for the trustor, apart from any profit motives. The second component is integrity, defined as the extent to which a trustee is believed to adhere to sound moral and ethical principles. In a sales context, a customer is expected to generate lower trust if he or she has doubts about a salesperson’s character. For example, a customer might distrust and even dislike a salesperson if he or she finds that either generating sales revenue is the salesperson’s paramount goal (lack of benevolence) or believes the salesperson does not act with fairness, justice, and or with a desire to fulfill promises (lack of integrity). If a bad situation occurs, the salesperson may never see the customer come back. In contrast, customers are likely to develop both a higher level of trust and an enduring relationship with exchange partners if customers perceive a salesperson as caring for a customer’s needs and acting with higher principles.

The above discussion has recognized the role of trustworthiness (ability, benevolence, and integrity) in the customer-firm’s dyad relationship. That is, a customer trusts the service provider because the service provider is trustworthy, and a customer’s trustworthiness inspires his/her trust in the service provider (Flores and Solomon 1998). Next, the study considers whether the three trustworthiness dimensions separately or jointly form one’s perception of trust toward the service provider, and how the trust formed moderates the relationship between service provider’s customer orientation and customer responses.

The trust a customer has in service providers is considered a key determinant of the quality of their relationship (Swan, Bowers, and Richardson 1999). The service provider’s use of a customer orientation (CO) strategy to help build long-term customer relationships may best be explained by the relationship of CO to customer trust.
Establishing durable relationships necessitates developing customer trust (Dwyer, Schurr, and Oh 1987). According to Jolson, relationship selling “focuses on the building of mutual trust within the buyer/seller dyad with a delivery of anticipated, long term, value-added benefits to buyers” (1997, p.76). William (1998) suggests that CO corresponds with the coordinative style of negotiation behavior (Dabholkar, Johnston, and Cathey 1994) since it reflects non-opportunistic behavior that stresses customer-focused solutions and mutual benefits. The coordinative style facilitates mutual trust and commitment, two prerequisites for relationship development (Morgan and Hunt 1994).

Given this discussion, it is expected that the level of trust will impact the relationship between the service provider’s CO and customer responses. When the levels of trustworthiness dimensions (ability, benevolence, and integrity) are relatively high, customers tend to perceive better experiences. These dimensions translate into stronger behavior intention because higher trust inspired by trustworthiness enhances the impact of CO on the outcomes. Numerous studies have shown that the presence of trust in a service provider-customer dyad enhances consumer perception of service quality (e.g., Gounaris and Venetis 2002), makes for a more enjoyable shopping experience (e.g., Swan, Bowers, and Richardson 1999), and strengthens buying intention (e.g., Milliman and Fugate 1988).

In contrast, when the trust levels become relatively low (the level of trust is low), customers doubt the ability and motivation of service provider attitudes and expertise to perform CO. Therefore, even if a marketing employee tries hard to practice customer oriented selling, the lack of trust and suspicion that remains with a consumer under conditions of low trust will inhibit or at least diminish the otherwise positive effect. In an
extreme case, customers may react negatively if the trust level is quite low (or distrust happens). Accordingly, the following hypothesis is proposed:

**H7:** Trust in a service provider (which is highly related to trustworthiness’s three dimensions (a) ability, (b) benevolence, and (c) integrity) will moderate the relationships between the service provider’s CO and customer shopping experiences and behavior responses, such that these relationships will be stronger when the level of trust in the service provider is high.

To summarize, the study posits that trust in a service provider moderates the effects representing the relationships between a service provider’s CO and customer responses. However, the effect of interplay between trustworthiness dimensions remains to be studied. Trust literature suggests that trust is a product of customer evaluation of a service provider from three perspectives: ability, benevolence, and integrity. Relatively little research examines how the interaction of trustworthiness dimensions influences the relationship between sellers and buyers through its impact on trust. Thus, the study investigates the following research question: When trustworthiness dimensions are not at the same level, how important are each of the three in influencing the relationships between a service provider’s CO and customer responses?

Swan, Bowers, and Richardson’s (1999) meta-analysis study shows that benevolence has a stronger effect on trust than ability does. Specifically, the population effect sizes for a service provider’s benevolence and a service provider’s ability are 0.56 and 0.46, respectively. However, integrity is missed in their study. Kim et al. (2004) and Wang and Huff (2007) have found that there may be some inherent differences in the way people assess positive versus negative information about ability versus character.
They and other researchers (e.g., Martijn et al. 1992) suggest that individuals tend to weigh positive information about ability more heavily than negative information, but tend to weigh negative information more heavily than positive information about character. This implies that individuals place more weight on perceived lack of character than perceived lack of ability. If a service provider lacks capability, the customer may attribute the failure to factors out of the service provider’s control. On the other hand, when a service provider lacks character, the customer will more likely believe that a service provider had the chance to do otherwise, but, acting on his or her own volition, intentionally harmed the buyer. The above discussion implies that customer places more weight on perceived lack of character than on perceived lack of ability when the level of certain trustworthiness dimension is low. In other words, lack of character may have dominant impact on the dyads between a service provider and a customer no matter the level of ability. Hence, the following proposition is expected:

**H8a:** When the level of ability is low but the level of character is high, (a) trust in the service provider remains high, and (b) the proposed relationship in H7 still exists.

**H8b:** When the level of character (benevolence or integrity) is low but the level of ability is high, (a) trust in the service provider will be low, and (b) the proposed relationship in H7 does not exist.
CHAPTER 3

EXPERIMENT STUDY FOR SERVICES
TYPOLOGY

Pretest

Pretests were conducted before the main study. The primary objectives of pretests were 1) to ensure subjects had sufficient levels of familiarity to comprehend the scenarios; 2) to ensure the quality of manipulations; 3) to develop and ensure the constructs had acceptable validity and reliability. In a series of pretests, different groups of subjects (e.g., undergraduate students, doctoral students, professors in business) were distributed a questionnaire like that in the main experiment and asked to participate in the survey.

Fellow doctoral students and professors provided insights regarding several questions: (1) Was the instruction of scenario believable and relevant to student subjects? (2) Were the instructions clear and the procedure of experiment appropriate? (3) Were the question items understandable and clear? Based on the resulting comments, the questionnaire was modified to clarify the instructions, adjust the sequence of questions, reword the question instructions, and modify, add, or delete a small number of certain items (e.g., demographic question), etc. Next, the integrated responses were analyzed to ensure the validity and reliability of the measures for multiple-item constructs. The
results guided several rounds of questionnaire modifications. The pretests suggested that the questionnaire was adequate to conduct the main study.

**An Experimental Study of a Typology of Service Contexts**

**Overview**

A computer simulated gift shopping experiment was conducted to empirically examine the proposed service context reflecting how customer and service providers coproduce an exchange outcome. Customer input, service provider input, and service provider orientation were each manipulated over two levels. Although the proposed hypotheses mainly focus on these three treatment factors, the study further manipulated the service delivery outcome at two levels as well: positive outcome (friend loved the purchased gift) and negative outcome (friend disliked the purchased gift). The manipulation of different service outcomes helps ensure situations customers encounter in the real world. The experiment design resulted in a $2 \times 2 \times 2 \times 2$ between-subjects design. A causal design was used because it allows for systematic manipulations of the diverse combinations of customer input and service provider input reflected by the proposed typology while controlling for other factors that might affect customer experiences.

**Sample Description**

A total of 249 undergraduate and graduate students from two different universities participated in the experiment (see Table 3.1). Students who participated in this study were enrolled in a business class. Eighty percent of respondents reported being younger than 30. The sample consisted of 48.4 % female and 51.6 % male students. Additionally, 74.5 % of the respondents were undergraduates and 25.5 % were graduate students.
Faculties from these two universities offered course credit for encouraging student participation. While the findings of a study using a student population may not be generalizable to the overall consumer population (Ferber 1977), this sample was deemed appropriate for the following reasons. First, students are indeed consumers themselves. The results based on the student sample should be meaningful and can be generalizable to a broader consumer population if the appropriate transaction setting is chosen (gift shopping is relevant to students). Second, student samples represent a relatively homogeneous group, allowing for a stronger test of theory and increased internal validity (Calder, Phillips, and Tybout 1981). Using a relatively homogeneous sample decreases the influence of extraneous factors.

Table 3.1. Descriptive Information of the Sample

<table>
<thead>
<tr>
<th></th>
<th>Sample 1</th>
<th>Sample 2</th>
<th>Sample 3</th>
<th>The Whole Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample Size (N)</td>
<td>95</td>
<td>95</td>
<td>59</td>
<td>249</td>
</tr>
<tr>
<td>Subjects</td>
<td>Enrolled in business class</td>
<td>Enrolled in business class</td>
<td>Enrolled in business class</td>
<td>Enrolled in business class</td>
</tr>
<tr>
<td>Female percentage a</td>
<td>53.3%</td>
<td>44.8%</td>
<td>46%</td>
<td>48.4%</td>
</tr>
<tr>
<td>Respondents are younger than 30 b</td>
<td>77.8%</td>
<td>77%</td>
<td>90%</td>
<td>80%</td>
</tr>
<tr>
<td>Undergraduates percentage c</td>
<td>56.7%</td>
<td>95.4%</td>
<td>70%</td>
<td>74.5%</td>
</tr>
<tr>
<td>Location of university</td>
<td>South</td>
<td>South</td>
<td>Midwest</td>
<td>USA</td>
</tr>
</tbody>
</table>

a,b,c Percentages based final sample

Experiment Design

The experiment was implemented using an online survey tool. The instructors of classes posted the survey instructions and corresponding links on the universities' online
learning websites. Subjects were asked to participate in a shopping task for a wedding gift. A gift shopping scenario was chosen because buying an important gift for a friend is relevant and of interest to students. The questionnaire asked participants to indicate their thoughts and feelings after describing a gift shopping experience. In keeping with the University human subject policy, the survey instructions clearly informed subjects of the purpose of this research and made clear the fact that participation was voluntary.

Subjects were randomly assigned to one of the sixteen experimental conditions as seen in Table 3.2. After deleting respondents with an abnormally high amount of missing data and multiple invalid answers for the experiment conditions, the data is comprised of a total of 189 subjects across the 16 experimental conditions: 2 (high vs. low customer input) \times 2 \text{ (high vs. low service provider input)} \times 2 \text{ (selling vs. customer orientation)} \times 2 \text{ (positive vs. negative outcome)}. The numbers of subjects were from 6 to 18 to the 16 experimental conditions (for the focused $2 \times 2 \times 2$ design, the numbers of subjects were from 15 to 31 to the eight experimental conditions, with an average of 23 subjects per experimental condition, see Table 3.2).

Table 3.2. Experiment Conditions and the Corresponding Respondents’ Size

<table>
<thead>
<tr>
<th>Experiment Condition</th>
<th>Customer Input</th>
<th>Service Provider Input</th>
<th>Orientation(^a)</th>
<th>Outcome(^b)</th>
<th>Number of Subjects (^c)</th>
<th>Number of Subjects for Main Study (^d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Low</td>
<td>Low</td>
<td>S</td>
<td>P</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>2</td>
<td>Low</td>
<td>Low</td>
<td>S</td>
<td>N</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>High</td>
<td>Low</td>
<td>S</td>
<td>P</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>High</td>
<td>Low</td>
<td>S</td>
<td>N</td>
<td>6</td>
<td>21</td>
</tr>
<tr>
<td>5</td>
<td>High</td>
<td>Low</td>
<td>C</td>
<td>P</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>High</td>
<td>Low</td>
<td>C</td>
<td>N</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>7</td>
<td>Low</td>
<td>Low</td>
<td>C</td>
<td>P</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>8</td>
<td>Low</td>
<td>Low</td>
<td>C</td>
<td>N</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>Low</td>
<td>High</td>
<td>S</td>
<td>P</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td>Low</td>
<td>High</td>
<td>S</td>
<td>N</td>
<td>10</td>
<td>20</td>
</tr>
</tbody>
</table>
### Manipulations and Manipulation Checks

**Manipulations**

Customer input, service provider input, service provider orientation, and service outcome were manipulated between subjects. Two levels for each treatment factor were included. These manipulations reflect the proposed typology of service contexts (see Table 1.1). The two level manipulations are also easy to interpret regarding the studied phenomena.

*Customer input* was manipulated over two levels. The low customer input level describes a consumer who does no research before visiting the shopping mall and completely follows the service provider suggestions to purchase a gift from the registry. In the high input condition, the consumer does research before visiting the mall and spends time searching in the store for a very special gift. *Service provider input* was manipulated by describing the store associate as only involving herself in routine service to assist the customer (e.g., checking the computer, taking payment, wrapping the gift, etc.) in the low service provider input condition. In the high service provider input

---

(Table 3.2 Continued)

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Low</td>
<td>High</td>
<td>C</td>
<td>P</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>Low</td>
<td>High</td>
<td>C</td>
<td>N</td>
<td>18</td>
</tr>
<tr>
<td>13</td>
<td>High</td>
<td>High</td>
<td>C</td>
<td>P</td>
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<tr>
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<td>C</td>
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<tr>
<td>15</td>
<td>High</td>
<td>High</td>
<td>S</td>
<td>P</td>
<td>7</td>
</tr>
<tr>
<td>16</td>
<td>High</td>
<td>High</td>
<td>S</td>
<td>N</td>
<td>8</td>
</tr>
</tbody>
</table>

\( ^a \) S=Selling orientation, C= Customer orientation
\( ^b \) P=Positive outcome, N=Negative outcome
\( ^c \) The numbers in this table represent final included subjects for main study after deleted invalid subjects. The sample sizes of every cell reflect 2 (customer orientation) \( \times \) 2 (service provider input) \( \times \) 2 (customer input) \( \times \) 2 (service outcome) experiment design.
\( ^d \) The numbers of the eight cells reflect the sample sizes of 2 (customer orientation) \( \times \) 2 (service provider input) \( \times \) 2 (customer input) experiment design.
condition, the store associate performs more service activities to help the customer (e.g., discussing gift options with the customer, comparing gifts with the customer, etc.).

*Service provider orientation* was described as “the store associate seems very concerned with making sure she sells something expensive” in the selling orientation condition. The customer orientation condition was described as “the store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive.”

*Service outcome* was manipulated to ensure customers can encounter good or bad feedbacks from their friends. In the negative outcome condition, respondents would read “A couple of weeks later, you receive an email with a note from your friend that simply said ‘thanks for the gift.’” In the positive outcome condition, respondents would read “A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.” Appendix A presents the sixteen scenarios for the experiment.

**Manipulation Checks**

Manipulation checks were performed to verify that respondents perceived the manipulations of treatment factors as intended. Manipulation checks are needed for experimental studies in marketing when higher order, latent independent variables are used “because latent variables cannot be manipulated directly, but the research has to manipulate them indirectly by changing selected aspects of subjects’ environment” (Perdue and Summers 1986, p.217). To enhance the confidence in the researcher’s causal explanation of the experimental results, it is prudent for the researcher to begin with a “careful preexperimental explication of constructs so that the definitions are clear and in
conformity with public understanding of the words being used” (Cook and Campbell 1979, p.60). The focus of the present research was on examining the effect of customer input, service provider input, and service provider orientation on customer responses, which are all unobservable latent variables. Therefore, the manipulation checks assess a subject’s perception of the scenario. The survey also included two questions evaluating believability and relevance of the situations to the respondents. All manipulation check questions and the two questions for scenario believability and relevance were placed after all the dependent measures in the survey (Perdue and Summers 1986).

The manipulation check for customer input consisted of the following statement: “How much effort did you put into creating this shopping experience?” (5-point Likert scale 1= a little and 5 = a tremendous amount). Similarly, the manipulation of service provider input was verified by using the following statement: “How much effort did the sales associate put into producing this shopping experience for you?” (5-point Likert scale 1= a little and 5 = a tremendous amount).

The present study consisted of two multiple-item constructs with four items each: customer orientation and service quality. As a manipulation check for service provider orientation, one of four items was used: “The store associate had my best interests in mind.” (7-point Likert scale 1= strongly disagree and 7= strongly agree). Similarly, the manipulation of service outcome was assessed by the following statement (the scenario finished by describing the way the friend expressed gratitude for the gift): “What do you feel after your friend thanked you for the gift?” (7-point semantic differential scale 1= dissatisfied and 7= satisfied). All manipulation checks are displayed in Table 3.3.
Table 3.3. Manipulation Check Items for Customer Input, Service Provider Input, Service Provider Orientation Strategy, and Service Outcome

<table>
<thead>
<tr>
<th>Customer input: “How much effort did you put into creating this shopping experience?” (5-point Likert scale 1 = a little and 5 = a tremendous amount).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service provider input: “How much effort did the sales associate put into producing this shopping experience for you?” (5-point Likert scale 1 = a little and 5 = a tremendous amount).</td>
</tr>
<tr>
<td>Service provider orientation strategy: “The store associate had my best interests in mind.” (7-point Likert scale 1 = strongly disagree and 7 = strongly agree).</td>
</tr>
<tr>
<td>Service outcome: “What do you feel after your friend thanked you for the gift?” (7-point semantic differential scale 1 = dissatisfied and 7 = satisfied).</td>
</tr>
</tbody>
</table>

Measures of Dependent Variables

Hedonic value, utilitarian value, WOM, and emotional attachment were measured as dependent variables via multiple item scales (see Table 3.4). Consumer shopping values were operationalized along two constructs: hedonic value and utilitarian value. Hedonic value represents that the shopping experience brings consumers experiential gratification and psychological pleasure, while utilitarian value brings the net gains to the consumers by acquiring or using the product (e.g., the task is accomplished). Drawing on Babin, Darden, and Griffin (1994), an eleven-item scale was used to measure hedonic value and a six-item scale was used to measure utilitarian value, respectively.

This experiment further examined consumer responses toward the service provider after the transaction is completed. Emotional attachment refers to consumer’s feeling of belongingness with the service provider (Price and Arnould 1999). A consumer may develop this feeling after spending a significant amount of time with the provider during the transaction process. Emotional attachment was measured with a five-item
scale adapted from Coulter and Ligas (2004). Consumer’s WOM was measured using a five-item scale adapted from Babin et al. (2005) and Brown et al. (2005).

Table 3.4. Measurement Scales for Dependent Variables

<table>
<thead>
<tr>
<th>Construct:</th>
<th>Source(s):</th>
<th>Scale Items:</th>
</tr>
</thead>
</table>
| Hedonic Value       | Babin, Darden, and Griffin (1994)    | Imagine all the events of the shopping experience are complete. Please indicate your level of agreement or disagreement with the following statements based on how well they describe the outcome of the entire shopping experience.

1. The experience provided value because the shopping trip was truly a joy
2. I’d continue shopping, not because I had to, but because I would want to
3. I accomplished just what I wanted to while in the store
4. Compared to other things I could have done, the time spent shopping in this store was truly enjoyable
5. While shopping, I enjoyed being immersed in a lot of exciting products
6. I enjoyed this shopping trip for its own sake, not just for the item I purchased
7. After purchasing the gift, I would have a good time shopping because I could act on the spur of the moment
8. While shopping in this store, I felt the excitement of the hunt
9. I was able to forget my problems during this shopping trip
10. While shopping, I experienced a sense of adventure
11. Shopping here would truly be a nice time out

<table>
<thead>
<tr>
<th>Utilitarian Value</th>
<th>Babin, Darden, and Griffin (1994)</th>
<th>Imagine all the events of the shopping experience are complete. Please indicate your level of agreement or disagreement with the following statements based on how well they describe the outcome of the entire shopping experience.</th>
</tr>
</thead>
</table>
| Emotional Attachment | Coulter and Ligas (2004) | 1. Shopping here truly felt like 'an escape'  
2. While shopping, I found just what I was looking for  
3. I would feel disappointed because I would eventually go to another store to buy a better gift (↑)  
4. I would not have purchased things I really needed to buy (↓)  
5. This shopping experience allowed me to complete this shopping task successfully  
6. The time spent shopping provided value because I finished the job of buying a gift  
How you would feel about being waited on by this employee should you visit the store again?  
1. I would enjoy my visit with the store associate  
2. I would feel good when I'm working with this store associate  
3. I really would not want this person to wait on me ever again (↓)  
4. This store associate would put me in a good mood  
5. I would love using this store associate  
Please indicate your level of agreement or disagreement with the following statements  
1. I will recommend this store associate to people I know who are gift shopping  
2. I will say positive things about this store associate to other people  
3. I would feel very uneasy recommending this store to people I know (↓)  
4. I will encourage friends and relatives to visit this store  
5. I will not recommend this store as a good place to buy wedding gifts (↓)  
(↑) Items are negative coded |

Analysis and Findings

The purpose of this section is to discuss the results of the empirical analysis. First, manipulation checks for treatment variables are discussed. Second, the factor analysis of
the multiple item scales used in the experiment study is evaluated. Finally, the empirical
test of the hypothesized model is analyzed, and the findings of the research are presented.

Manipulation Checks

Before hypotheses tests are performed, manipulation checks are needed to
demonstrate that treatment manipulations are indeed related to the measures of latent
independent variables (Perdue and Summers, 1986). As can be seen in Table 3.5, all
manipulation checks were successful. Manipulation checks were performed using an
ANOVA method.

Table 3.5. Analysis of Manipulation Checks

<table>
<thead>
<tr>
<th></th>
<th>Mean (Group 1)</th>
<th>Mean (Group 2)</th>
<th>Significance</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Input</td>
<td>2.58</td>
<td>3.69</td>
<td>79.32 (p&lt;.001)</td>
<td>Successful</td>
</tr>
<tr>
<td>Service Provider Input</td>
<td>3.12</td>
<td>4.00</td>
<td>44.82 (p&lt;.001)</td>
<td>Successful</td>
</tr>
<tr>
<td>Service provider</td>
<td>3.73</td>
<td>5.56</td>
<td>39.78 (p&lt;.001)</td>
<td>Successful</td>
</tr>
<tr>
<td>Orientation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Outcome</td>
<td>3.87</td>
<td>6.40</td>
<td>105.45 (p&lt;.001)</td>
<td>Successful</td>
</tr>
</tbody>
</table>

Note:
- a Group 1= low customer input and Group 2 = high customer input
- b Group 1= low service provider input and Group 2 = high service provider input
- c Group 1= selling orientation and Group 2 = customer orientation
- d Group 1= negative outcome and Group 2 = positive outcome
- e ANOVA analyses provided F values and corresponding p values.

Subjects in the low customer input condition perceived that the effort they offered
was significantly lower than subjects in the high input condition (mean low input = 2.58,
mean high input = 3.69, F=79.32, p < .001). Subjects also perceived a low level of service
provider effort in the low service provider input condition than in the high service
provider input condition (mean low input = 3.12, mean high input = 4.00, F=44.82, p < .001).
Subjects in the selling orientation condition report a lower level of perceived care for
their needs than subjects in the customer orientation condition (mean selling orientation = 3.73,
mean customer orientation = 5.56, F=39.78, p < .001). Finally, a negative service outcome yields significantly less satisfaction than the positive service outcome (mean negative outcome = 3.87, mean positive outcome = 6.40, F=105.45, p < .001).

The survey also consisted of two items assessing the believability and relevance of the situation to a student population (Bendapudi and Leone 2003). The perception of scenario believability received an average rating score 5.67 on a seven-point scale anchored by 1 (“not at all believable”) and 7 (“very believable”). Subjects’ perception of scenario relevance received an average rating score 4.58 on a seven-point scale anchored by 1 (“not at all relevant for me”) and 7 (“very relevant for me”).

- **Customer input:** “How much effort did you put into creating this shopping experience?” (5-point Likert scale 1= a little and 5 = a tremendous amount).

- **Service provider input:** “How much effort did the sales associate put into producing this shopping experience for you?” (5-point Likert scale 1= a little and 5 = a tremendous amount).

- **Service provider orientation strategy:** “The store associate had my best interests in mind.” (7-point Likert scale 1= strongly disagree and 7= strongly agree).

- **Service outcome:** “What do you feel after your friend thanked you for the gift?” (7-point semantic differential scale 1= dissatisfied and 7= satisfied).

Evaluation of Measurement Model

A measurement model consisting of the four, multiple-item, reflective, latent dependent variables (hedonic value, utilitarian value, emotional attachment, and WOM) was assessed to confirm that the scales were unidimensional and reliable, and thus that the scales possessed satisfactory psychometric properties. Confirmatory factor analysis (CFA) was performed before testing hypotheses (Gerbing and Anderson 1988). Twenty-
seven measures reflect the four latent, endogenous constructs (\( \eta \)). The scales used to measure the latent constructs in the model are shown in Table 3.6.

Respondents were asked to indicate their agreement (on a 1 = “strongly disagree” to 7 = “strongly agree” Likert scale) with statements regarding four latent constructs: (1) perceived hedonic value, (2) perceived utilitarian value, (3) WOM, and (4) emotional attachment toward the service provider. Based on the original 19 shopping value items, 11 items were modified to capture the hedonic value consumers perceive in the service encounters and six were modified for the utilitarian values for the present study (Babin, Darden, and Griffin 1994). Consumers’ emotional attachment toward the service provider was measured using five Likert statements (Coulter and Ligas 2004) that assessed consumers’ intimacy toward the service provider. Consumers’ WOM intention was measured using five Likert statements that built on prior study (Babin et al. 2005; Brown et al. 2005). Covariances among these items were used as an input to the CFA procedure.

An initial CFA including all items suggested several with low factor loading estimates (\( \lambda \)) leading to the deletion of two items, yielding a final measurement model using 25 measured items. The resulting \( \chi^2 \) fit statistic is 517.17 with 269 degrees of freedom and the corresponding \( p < .01 \). This result does not necessarily suggest a poor fit due to the large sample size (Bagozzi and Yi 1988). The model comparative fit index (CFI) is .97; the root mean squared residual (RMSEA) is .07, and the parsimony normed fit index (PNFI) is .84. All factors are highly significant (\( p < 0.05 \)) and the variance extracted estimates (Table 3.6) from 0.46 to 0.83. Construct reliability coefficients range from .80 to .90.
Table 3.6. Scale Items and Measurement Properties

<table>
<thead>
<tr>
<th>WOM</th>
<th>Lambda$^a$</th>
<th>CR$^b$</th>
<th>VE$^c$</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will recommend this store associate</td>
<td>.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to people I know who are gift shopping</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will say positive things about this</td>
<td>.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>store associate to other people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would feel very uneasy</td>
<td>.75</td>
<td>.89</td>
<td>.62</td>
</tr>
<tr>
<td>recommending this store to people I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>know$^d$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will encourage friends and relatives to</td>
<td>.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>visit this store</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will not recommend this store as a</td>
<td>.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>good place to buy wedding gifts$^d$</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emotional Attachment</th>
<th>Lambda$^a$</th>
<th>CR$^b$</th>
<th>VE$^c$</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would enjoy my visit with the store</td>
<td>.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td>associate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would feel good when I’m working</td>
<td>.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td>with this store associate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I really would not want this person to</td>
<td>.77</td>
<td>.90</td>
<td>.83</td>
</tr>
<tr>
<td>wait on me ever again$^d$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This store associate would put me in a</td>
<td>.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>good mood</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would love using this store associate</td>
<td>.95</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hedonic Value</th>
<th>Lambda$^a$</th>
<th>CR$^b$</th>
<th>VE$^c$</th>
</tr>
</thead>
<tbody>
<tr>
<td>The experience provided value because</td>
<td>.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the shopping trip was truly a joy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I’d continue shopping, not because I</td>
<td>.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>had to, but because I would want to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping here truly felt like ‘an</td>
<td>.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>escape’</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to other things I could have</td>
<td>.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>done, the time spent shopping in this</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>store was truly enjoyable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>While shopping, I enjoyed being</td>
<td>.64</td>
<td>.90</td>
<td>.46</td>
</tr>
<tr>
<td>immersed in a lot of exciting products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I enjoyed this shopping trip for its own</td>
<td>.71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sake, not just for the item I purchased</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After purchasing the gift, I would have</td>
<td>.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a good time shopping because I could</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>act on the spur of the moment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>While shopping in this store, I felt the</td>
<td>.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>excitement of the hunt</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I was able to forget my problems during this shopping trip. While shopping, I experienced a sense of adventure. Shopping here would truly be a nice time out.

Utilitarian Value
I accomplished just what I wanted to while in the store. While shopping, I found just what I was looking for. I would feel disappointed because I would eventually go to another store to buy a better gift. I would not have purchased things I really needed to buy.

This shopping experience allowed me to complete this shopping task successfully. The time spent shopping provided value because I finished the job of buying a gift.

Discriminant validity was assessed using conventional procedures (Fornell and Larcker 1981). Five of six squared correlation estimates are less than the variance extracted estimates for the respective constructs. In the remaining one case, two separate measurement models were conducted to compare the difference of $\chi^2$ values (Table 3.7). When emotional attachment and WOM was constrained into one single factor as showed by Model 2, the model produced a poor fit compared to Model 1 (emotional attachment and WOM were different factors). The $\chi^2$ difference between these two models was
119.99 (df=3, p < .001). The results suggest that constraining the measured variables from both factors (WOM and emotional attachment) onto a single factor severely diminished the model fit, and thus emotional attachment and WOM are distinct but related constructs.

Table 3.7. Results of Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>Model 1&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Model 2&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Difference between Model 2 and Model 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$</td>
<td>517.17 (p&lt;.01)</td>
<td>637.16 (p&lt;.01)</td>
<td>119.99</td>
</tr>
<tr>
<td>Degree of freedom</td>
<td>269</td>
<td>272</td>
<td>3</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.07</td>
<td>0.085</td>
<td>0.015</td>
</tr>
<tr>
<td>CFI</td>
<td>0.97</td>
<td>0.96</td>
<td>-0.01</td>
</tr>
<tr>
<td>PNFI</td>
<td>0.84</td>
<td>0.84</td>
<td>0</td>
</tr>
</tbody>
</table>

Note:  
<sup>a</sup> Model 1 consists of hedonic value, utilitarian value, emotional attachment, and WOM  
<sup>b</sup> Model 2 consists of hedonic value, utilitarian value, and third combined dimension (including emotional attachment and WOM items all on a single factor)

Correlation estimates between the latent constructs and the means and standard deviations of constructs are reported in Table 3.8. Overall, the evidence suggests sufficient construct validity to move forward with further analyses.

Table 3.8. Latent Variable Correlations, Means and Standard Deviations

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Emotional Attachment</td>
<td>5.03</td>
<td>1.51</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. WOM</td>
<td>5.44</td>
<td>1.22</td>
<td>0.83**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Hedonic Value</td>
<td>4.31</td>
<td>1.09</td>
<td>0.35**</td>
<td>0.39**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Utilitarian Value</td>
<td>5.54</td>
<td>0.92</td>
<td>0.29**</td>
<td>0.41**</td>
<td>0.39**</td>
<td></td>
</tr>
</tbody>
</table>

Note: N=189  
** p<.01(two tailed)
Results

Tests of the hypotheses pertaining to customer co-creation were performed to assess the effects of different combinations of customer input and service provider input on the customer shopping experience and behavioral intentions. H1-H3 results are summarized in Table 3.9.

Table 3.9. Summary of H1-H3

<table>
<thead>
<tr>
<th>Hypothesis 1:</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Customer orientation produces better outcomes (e.g., emotional attachment and WOM) in service contexts when the level of customer input is high (Quadrants B and C). H1b: In contrast, a selling orientation produces relatively better outcomes (e.g., emotional attachment and WOM) in service contexts when the level of customer input is low (Quadrants A and D).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hypothesis 2:</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2a: The level of emotional attachment for Quadrant C is significantly higher than those for the other three quadrants. H2b: the levels of emotional attachment of the other three quadrants (Quadrant A, Quadrant B, and Quadrant D) are not significantly different among each other.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hypothesis 3:</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3a: Customers in Quadrants B and C experience higher levels of hedonic value than customers do in Quadrants A and D. H3b: Customers in Quadrants B and C experience higher levels of utilitarian value than customers do in Quadrants A and D.</td>
</tr>
</tbody>
</table>

Note:
- Quadrant A/Discrete Service Context: low customer input $\times$ low service provider input
- Quadrant B/Customer Dominated Service Context: high customer input $\times$ low service provider input
- Quadrant C/Relational Service Context: high customer input $\times$ high service provider input
- Quadrant D/Service Provider Dominated Service Context: low customer input $\times$ high service provider input
Hypothesis 1. H1 proposes a disordinal interaction of customer orientation and customer input on the outcomes (emotional attachment and WOM). More specifically, H1a predicts that increased customer orientation would generate higher levels of WOM and emotional attachment (EA) when the level of customer input was high. A MANOVA analysis was first conducted to test whether the interaction of customer orientation and customer input influences emotional attachment and WOM. Because H1 proposes a disordinal interaction impact of treatments on outcomes, the main effects are not interpretable.

The results of MANOVA show that the interaction of customer orientation and customer input significantly influences emotional attachment (F=18.97, p<.01) and WOM (F=14.91, p<.01) respectively. To provide more detailed information, a series of one-way ANOVAs were performed. As can be seen in Table 3.10, the results reveal customer orientation as a better outcome than selling orientation.

Table 3.10. Empirical Analysis of Hypothesis 1

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Dependent variables</th>
<th>Level of Customer Input</th>
<th>Selling Orientation a</th>
<th>Customer Orientation a</th>
<th>F-statistic b</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>EA</td>
<td>High</td>
<td>4.06</td>
<td>5.70</td>
<td>34.53 (p&lt;.01)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>WOM</td>
<td>High</td>
<td>4.81</td>
<td>5.77</td>
<td>17.68 (p&lt;.01)</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>EA</td>
<td>Low</td>
<td>4.32</td>
<td>5.64</td>
<td>22.95 (p&lt;.01)</td>
<td>Not supported</td>
</tr>
<tr>
<td></td>
<td>WOM</td>
<td>Low</td>
<td>4.87</td>
<td>6.05</td>
<td>26.48 (p&lt;.01)</td>
<td>Not supported</td>
</tr>
</tbody>
</table>

a The numbers in the cells are the means of perceived dependent variables
b ANOVAs produce the F values and corresponding p values
Specifically, emotional attachment is significantly higher (F=34.53, p < .001) in the customer orientation and high customer input group (mean=5.70) as compared to the selling orientation and high customer input group (mean = 4.06). Similarly, subjects report higher scores of WOM (F=17.68, p < .001) in the customer orientation and high customer input group (mean=5.77) compared to the selling orientation and high customer input group (mean = 4.81). Therefore, H1a is supported.

H1b hypothesizes that a selling orientation produces better outcomes (WOM and emotional attachment) when customer input was low (a disordinal interaction of customer orientation and customer input on WOM and emotional attachment). To test H1b, separate ANOVAs were conducted for dependant variables of WOM and EA respectively. The results suggest opposite findings, as expected in H1b (Table 3.10). Specifically, customer orientation consistently generates higher EA (mean customer orientation= 5.64, mean selling orientation= 4.32, F=22.95, p<.01) and higher WOM (mean customer orientation= 6.05, mean selling orientation= 4.87, F=26.48, p<.01) no matter the level of customer input. The differences between selling and customer orientation are consistent across levels of customer input. Therefore, H1b was not supported. In summary, these results suggest customer orientation develops higher level of positive outcomes such as WOM and EA across low and high customer input conditions.

**Hypothesis 2.** H2a predicts that customers would be more likely to develop higher EA in the Quadrant C condition (relational service contexts) than customers in the other three quadrants (see Table 1.1). H2b further predicts that EA would remain the same across the other three quadrants. The univariate analysis shows a main effect of service provider input (F=12.87, p < .001) and an interaction effect of service provider
input by customer input on the dependant variable of EA (F= 2.60, p < .05). To test H2a and H2b, a series of contrast analyses were conducted. As can be seen in Table 3.11a, the descriptive analysis shows that emotional attachment for Quadrant C (relational service context) presents the highest value (mean\_quadrant\_c = 5.62).

Table 3.11a. Descriptive Analysis of Four Quadrants

<table>
<thead>
<tr>
<th>N</th>
<th>Mean of Emotional Attachment</th>
<th>Std</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>49</td>
<td>4.78</td>
</tr>
<tr>
<td>2</td>
<td>45</td>
<td>4.51</td>
</tr>
<tr>
<td>3</td>
<td>49</td>
<td>5.20</td>
</tr>
<tr>
<td>4</td>
<td>46</td>
<td>5.62</td>
</tr>
</tbody>
</table>

Notes:
1: low customer input x low service provider input (Quadrant A/ Discrete Service Context)
2: high customer input x low service provider input (Quadrant B/ Customer Dominated Service Context)
3: low customer input x high service provider input (Quadrant D/ Service Provider Dominated Service Context)
4: high customer input x high service provider input (Quadrant C/Relational Service Context)

The results of contrast 1 in Table 3.11b suggest EA is significantly higher in Quadrant C as compared to the average of Quadrants A (discrete service context), B (customer dominated service context), and D (service provider dominated service context) (value of contrast= .78, p<.01). Furthermore, the level of EA in Quadrant C is significantly higher than that in Quadrant A (contrast 2; value of contrast=.83, p<.01), Quadrant B (contrast 3; value of contrast=.11, p<.01), and Quadrant D (contrast 4; value of contrast=.41, p<.08), respectively. Therefore, hypothesis H2a is supported.

To test H2b, the contrast analyses compare EA values between any two of the other three quadrants (Quadrant A, Quadrant B, and Quadrant D). The results in Table 3.11b show no differences for EA between Quadrants A and B (contrast 5; value of contrast= -.27, p > .10). The contrast of Quadrants A and D is not significant (value of
contrast= .42, p>.05) at p=.05 level. The contrast between Quadrants B and D (value of contrast= .69, p <.05) is significant. The results in Table 3.11b indicate that subjects in Quadrant D perceive higher EA than those in Quadrant B. Thus, H2b is partially supported based on the results that two-third of contrasts support H2b.

Table 3.11b. Contrast Analysis of H2a and H2b

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Contrast</th>
<th>Contrast Coefficients a</th>
<th>Contrast Tests b,c</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>QA</td>
<td>QB</td>
<td>QD</td>
<td>QC</td>
</tr>
<tr>
<td>H2a</td>
<td>1</td>
<td>-.33</td>
<td>-.33</td>
<td>-.34</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>-1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0</td>
<td>-1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>H2b</td>
<td>5</td>
<td>-1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>-1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>0</td>
<td>-1</td>
<td>1</td>
</tr>
</tbody>
</table>

Notes:

a QA, QB, QD, and QC represent Quadrant A, Quadrant B, Quadrant D, and Quadrant C, respectively. See the notes of Table 11a for the detailed information of four quadrants

b The results were based on assumption of unequal variances among quadrants

c One tailed test were applied

**Hypothesis 3.** H3a and H3b propose that higher customer input leads to higher levels of hedonic and utilitarian value (Quadrant B and Quadrant C) than lower customer input does (Quadrant A and Quadrant D). That is, H3a and H3b predict a main effect of customer input on hedonic value and utilitarian value, respectively. The results in Table 3.12 suggest that hedonic value was indeed higher in the high customer input condition than in the low customer input condition (mean customer high input= 4.58, mean customer low input= 4.07, F=10.60, p < .001). Furthermore, the perceived utilitarian value in the high customer input condition is directionnally higher than that in the low customer input condition.
condition, but the result is not significantly different (mean customer high input = 5.60, mean customer low input = 5.49, F=0.66, p >.10). Therefore, H3a is supported but H3b is not supported.

Table 3.12 Empirical Analysis of Hypothesis 3

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Dependent variable</th>
<th>Mean 1 (low customer input)</th>
<th>Mean 2 (high customer input)</th>
<th>F-statistic</th>
<th>Significance (from F-test)</th>
<th>Hypothesis (sign)</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3a</td>
<td>HV</td>
<td>4.07</td>
<td>4.58</td>
<td>10.60</td>
<td>P &lt;.01</td>
<td>Mean 2 (+)</td>
<td>Supported</td>
</tr>
<tr>
<td>H3b</td>
<td>UV</td>
<td>5.49</td>
<td>5.60</td>
<td>.66</td>
<td>P &gt;.10</td>
<td>Mean 2 (+)</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>
CHAPTER 4

SURVEY STUDY FOR CUSTOMER CO-CREATION

This chapter first details the methodology used to address the research questions about customer co-creation based on a survey study. The research design, sampling, data collection procedure, and measurement variables are presented here. Next, the second section of this chapter presents the findings of the empirical study.

Structural equation modeling (SEM) was adopted to conduct tests of the measurement model and the main hypotheses represented in Figure 1.1. SEM is a powerful multivariate technique that can “estimate a series of separate, but interdependent, multiple regression equations simultaneously by specifying the structural model” (Hair et al., 2010, p.617). Structural equation modeling is especially suited to survey research due to its ability to 1) represent unobserved constructs in proposed relationships and account for measurement error, 2) estimate multiple and interrelated relationships simultaneously, and 3) assess a model to explain the entire set of relationships (Hair et al., 2010). LISREL 8.80 (Jöreskog and Sörbom 1993) was applied for data analysis in the current study.
Methodology

Sample and Data Collection Procedures

A survey instrument was designed and used to gather data for use in this study (Study 2 in the dissertation--see Appendix B). Data were collected using an online survey administration tool (www.qualtrics.com). Respondents for this study were US consumers who registered as panel group members with Qualtrics. There is a significant body of marketing research based on an online survey method (e.g., Bart et al. 2005; Meuter et al. 2000; Montoya-Weiss, Voss, and Grewal 2003). The reason for this emerging survey tool is two-fold. First, the characteristics of online survey respondents are close to those of the population at large. As more and more consumers have internet access, online panels are more likely to represent people from different social classes and geographical areas. Second, the online survey approach is a very efficient way to collect data compared to traditional paper and pencil snail-mail surveys. Because of the nature of internet technology, the researchers can accomplish the data collection within a few days after launching the questionnaire online. Furthermore, this convenient choice also allows respondents to fill in the survey and return (submit) the responses quickly.

Qualtrics.com helped administer the survey during January and February, 2010. Potential respondents were invited to take part in a survey that dealt with common consumer situations. During this process, qualtrics.com sent the invitations to its online panels in two different rounds to solicit participation. In the first round, 9500 invitations were sent out, and in the second round, 2156 invitations were sent out. Eight hundred and fifty six respondents started the survey and 625 of them completed the survey before the survey was closed. That is a 6.6% response rate based on the number of email
solicitations. However, the survey is closed once the quota for completed responses is obtained so the number of email solicitations may overstate the number of individuals actually able to participate in the survey. Low response rates are expected in online survey contexts (Deutskens, Ruyter, and Wetzels 2006).

Among the 625 respondents, 415 usable responses were finally obtained. Two steps were used to obtain the final sample. First, a screening question was added by qualtrics.com: “To ensure you are reading the questions, please choose ‘strongly agree’ as your answer to this statement.” Therefore, respondents who did not correctly answer this question were deleted from the final data set supplied to the user. Second, the author examined the remaining sample and deleted those respondents with a significant amount of missing or nonsensical information. After these two steps, 415 respondents were retained for data analysis.

Table 4.1 shows the characteristics of the sample. Respondents were predominantly female (67.7%). The high rate of female participants is common in other academic marketing research using online surveys (e.g., de Gregorio and Sung 2010; Parasuraman, Zeithaml, and Malhotra 2005). The majority of respondents were between 26 to 65 years old (84.1%), and 5.3% of respondents were younger than 26 years old, and 10.6% were older than the age of 65. In terms of educational background, 48.9% were college or university educated or above. Furthermore, 33.7% had received a high school diploma. Of the respondents, 15.4% had annual household incomes less than $20,000, 62.9% of respondents had annual household incomes that ranged from $20,000 to $74,999, and 13.5% of respondents had annual household incomes between $75,000 and $104,999. The remaining respondents (8.2%) had annual household incomes greater
than $105,000. The ethnic composition of the sample is 84.6% Caucasian, 6.7% African American, 2.7% Hispanic, 3.4% Asian/Pacific Islander, 1.4% American Indian/Alaska Native, and 1.2% others. Thus, the sample is diverse.

Table 4.1 Demographic Profile of the Respondents

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>134</td>
<td>32.3</td>
<td>32.3</td>
</tr>
<tr>
<td>Female</td>
<td>281</td>
<td>67.7</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>415</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 or under</td>
<td>22</td>
<td>5.3</td>
<td>5.3</td>
</tr>
<tr>
<td>26-35</td>
<td>61</td>
<td>14.7</td>
<td>20</td>
</tr>
<tr>
<td>36-45</td>
<td>78</td>
<td>18.8</td>
<td>38.8</td>
</tr>
<tr>
<td>46-55</td>
<td>115</td>
<td>27.7</td>
<td>66.5</td>
</tr>
<tr>
<td>56-65</td>
<td>95</td>
<td>22.9</td>
<td>89.4</td>
</tr>
<tr>
<td>66 or over</td>
<td>44</td>
<td>10.6</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>415</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Annual House Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $20000</td>
<td>64</td>
<td>15.4</td>
<td>15.4</td>
</tr>
<tr>
<td>$20000-$34999</td>
<td>84</td>
<td>20.2</td>
<td>35.7</td>
</tr>
<tr>
<td>$35000-$54999</td>
<td>95</td>
<td>22.9</td>
<td>58.6</td>
</tr>
<tr>
<td>$55000-$74999</td>
<td>82</td>
<td>19.8</td>
<td>78.3</td>
</tr>
<tr>
<td>$75000-$104,999</td>
<td>56</td>
<td>13.5</td>
<td>91.8</td>
</tr>
<tr>
<td>$105,000-$124,999</td>
<td>10</td>
<td>2.4</td>
<td>94.2</td>
</tr>
<tr>
<td>$125,000-$154,999</td>
<td>12</td>
<td>2.9</td>
<td>97.1</td>
</tr>
<tr>
<td>Over $155,000</td>
<td>12</td>
<td>2.9</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>415</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caucasian/White</td>
<td>351</td>
<td>84.6</td>
<td>84.6</td>
</tr>
<tr>
<td>African American</td>
<td>28</td>
<td>6.7</td>
<td>91.3</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>14</td>
<td>3.4</td>
<td>94.7</td>
</tr>
<tr>
<td>Hispanic</td>
<td>11</td>
<td>2.7</td>
<td>97.3</td>
</tr>
</tbody>
</table>
Measurement of the Constructs

Similar to the operationalization of constructs in Study 1, all constructs in Study 2 were measured using previously developed scales. Table 4.2 lists the scales that were used to measure each construct. Each scale’s reliability, measured by Cronbach’s alpha, exceeded the threshold of 0.70 recommend by Hair et al. (2010) (see Table 4.3). Research suggests that the manipulation of seven-point Likert-type scales yields consistent and reliable subjects’ responses (Weng 2004). All constructs were assessed using seven-point scales labeled as strongly disagree, disagree, somewhat disagree, neither agree nor disagree, somewhat agree, agree, and strongly agree.

The three exogenous constructs are customer orientation, customer participation-information resource (CPI), and customer participation-codeveloper (CPC). Customer orientation refers to the degree to which service providers try to satisfy a customer’s need instead of pursuing sales revenue.
This scale was originally developed by Saxe and Weitz (1982) to assess the degree to which salespeople engage in customer-oriented practice. For this study, the service provider's customer orientation was measured with a four item scale adapted from Saxe and Weitz (1982) and Brown, Widing, and Coulter (1991).

Table 4.2. Scale Items and Measurement Properties

<table>
<thead>
<tr>
<th>Scale</th>
<th>Item</th>
<th>Lambda</th>
<th>CR</th>
<th>VE</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td>I will recommend this service provider to people I know who are asking my advice</td>
<td>.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I will say positive things about this service provider to other people</td>
<td>.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I would feel very uneasy recommending this service provider to people I know</td>
<td>.83</td>
<td>.94</td>
<td>.76</td>
</tr>
<tr>
<td></td>
<td>I will encourage friends and relatives to visit this service provider</td>
<td>.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I will not recommend this service provider as a good option</td>
<td>.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The amount of contact I had with this service provider was adequate</td>
<td>.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am satisfied with the level of service this service provider has provided</td>
<td>.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In general, I am very satisfied with my dealings with this service provider</td>
<td>.92</td>
<td>.89</td>
<td>.68</td>
</tr>
<tr>
<td></td>
<td>The service provider did nothing to make me feel satisfied with this experience</td>
<td>.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Hedonic Value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overall, the experience was truly a joy</td>
<td>.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I invested time in this experience not because I had to, but because I wanted to</td>
<td>.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The experience truly felt like 'an escape'</td>
<td>.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compared to other things I could have done, the time spent was truly enjoyable</td>
<td>.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I enjoyed being immersed in the experience</td>
<td>.90</td>
<td>.95</td>
<td>.62</td>
</tr>
<tr>
<td></td>
<td>I enjoyed this experience for its own sake, not just for things I might have purchased</td>
<td>.83</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I enjoyed the experience because I could act on the spur of the moment. 
All things considered, the experience was worth at least as much as the price. 
I was able to forget my problems during this experience. 
I felt a sense of adventure during the experience. 
The experience was truly a nice time out.

**Utilitarian Value**
I accomplished just what I wanted to by going through this experience. 
During the experience, I got just what I was looking for. 
I felt disappointed because I had to spend more money elsewhere to get what I really wanted. 
I was unable to get all I wanted from this experience. 
This experience was a success. 
The time spent was worthwhile because I finished the job.

**Customer Orientation**
The service provider helped me achieve my goal. 
The service provider had my best interests in mind. 
The service provider tried really hard to satisfy me. 
The service provider tried to offer the product that is best suited to my desire.

**Customer participation-information resource dimension**
I actively provided information to the service provider. 
I kept my service provider informed about what I wanted. 
I did not tell the service provider how to do his/her work. 
I shared information with the service provider to help get the job done.

**Customer participation-codeveloper dimension**
I played a very important role in completion of this experience. 
My input constituted a significant portion of the overall effort to provide the service. 
My involvement as a producer of the outcome of the experience was significant.
(Table. 4.2. Continued)

**Trust in service provider**

<table>
<thead>
<tr>
<th>Item</th>
<th>Loading Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider was friendly</td>
<td>0.88</td>
</tr>
<tr>
<td>The service provider was sincere</td>
<td>0.95 0.91 0.62</td>
</tr>
<tr>
<td>The service provider was honest</td>
<td>0.90</td>
</tr>
<tr>
<td>I felt very little risk was involved when dealing with this service provider</td>
<td>0.62</td>
</tr>
</tbody>
</table>

Notes:

- The numbers are CFA Loading Estimate of items on the corresponding constructs.
- Construct Reliability
- Variance Extracted
- Reverse coded
- Item dropped when factor loading is less than .5 (Hair et al. 2010)

Table 4.3. Correlation Estimates among Variables and Cronbach Alpha

<table>
<thead>
<tr>
<th></th>
<th>WOM</th>
<th>Satisfaction</th>
<th>HV</th>
<th>UV</th>
<th>CO</th>
<th>CPI</th>
<th>CPC</th>
<th>TIS</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.97**</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HV</td>
<td>0.64**</td>
<td>0.62**</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UV</td>
<td>0.84**</td>
<td>0.84** 0.73**</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>0.87**</td>
<td>0.88** 0.62**</td>
<td>0.83**</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPI</td>
<td>0.18**</td>
<td>0.18** 0.08**</td>
<td>0.21**</td>
<td>0.31**</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPC</td>
<td>0.32**</td>
<td>0.30** 0.30**</td>
<td>0.34**</td>
<td>0.37**</td>
<td>0.73**</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIS</td>
<td>0.85**</td>
<td>0.87** 0.60**</td>
<td>0.77**</td>
<td>0.95**</td>
<td>0.26**</td>
<td>0.29**</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cronbach alpha</td>
<td>0.94</td>
<td>0.88 0.95</td>
<td>0.91</td>
<td>0.93</td>
<td>0.77</td>
<td>0.83</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

- HV= hedonic value, UV= utilitarian value, CO= customer orientation, CPI= customer participation (information resource), CPC= customer participation (codeveloper), and TIS= trust in service provider.
- **Correlation is significant at the 0.01 level (2-tailed).**
- *Correlation is significant at the 0.05 level (2-tailed).**

Customer participation represents the level of customer input in the service delivery process. The customer participation scale represents two sub-dimensions; composite measures include an information resource dimension (four items) and a
The information resource dimension consists of four items to measure the degree to which customers provide information to assist service providers in accomplishing the service outcome. In addition, the three-item codeveloper dimension refers to the extent to which a customer's actions constitute a significant portion of the service delivery outcome.

Four endogenous constructs are WOM, customer satisfaction, perceived hedonic value, and perceived utilitarian value. The hedonic value and utilitarian value constructs were measured with perceived shopping value scales (Babin, Darden, and Griffin 1994). The original 19-item shopping value scales were modified to be applicable to the context of the present study. Eleven items capture the hedonic value consumers perceive from the service encounters and six items capture utilitarian value. Consumers' WOM intention was measured using five Likert statements that built on prior research (Babin et al. 2005; Brown et al. 2005). A four-item consumer satisfaction scale was included comprised of three Likert statements (Ramsey and Sohi 1997), plus an additional statement added for the purpose of the current study.

Study two also proposes that trust in the service provider moderates the relationships between customer orientation and customer value perception and customer satisfaction. Trust in the service provider refers to the degree to which customers feel that little risk is involved when dealing with their service providers. Using a four-item scale developed by Ramsey and Sohi (1997), respondents reported their trust toward service provider.
Pretesting

To ensure the quality of the survey instrument, pretesting of the questionnaire is necessary before the main study (Dillman 2000; Schwab 2005). First, comments were sought from fellow doctoral students and professors regarding the readability and understandability of the survey instruction and questions, as well as the relevance to the subjects. Based on feedback, minor modifications were made to ensure that the questionnaire was appropriately developed to measure the latent constructs.

Next, the questionnaire was tested with 76 undergraduate and MBA students to examine the validity and reliability of the instrument. Student populations can reflect the characteristics of the consumer population when students are familiar with the study topics. Because the present study focuses on consumer co-creation behaviors within service contexts, it was necessary that students have experience with services such as getting car maintenance, scheduling travel online, dining in restaurants and so on. Therefore, student respondents in this case satisfy Schwab’s suggestion that pretesting should be done with “individuals similar to those who will be asked to complete it (the questionnaire) as part of the substantive research.” (Schwab 2005, p.47). In addition, students participated via an online survey just as the respondents in the main study did.

Coefficient alphas (Cronbach alpha) of the scales were calculated as an estimate of internal consistency. The Cronbach alphas of the different constructs range from 0.72 to 0.95 (see Table 4.3). The results suggest that the Cronbach alpha coefficients meet the recommended significance of 0.7 (Hair et al. 2010).
Evaluation of Measurement Model

The objective of the measurement analysis is to verify that scales adopted appropriately represent the latent constructs before testing the proposed structural model. Seven latent constructs (customer orientation, customer participation-information resource dimension, customer participation-codeveloper dimension, hedonic value, utilitarian value, customer satisfaction, and WOM) were assessed to confirm that the scales were unidimensional and reliable, and thus the conclusions of hypotheses tests could be supported by valid measurement. Confirmatory factor analysis (CFA) is applied before testing theoretical hypotheses as a way of validating the measurement theory formed by combining all the previously used scales described above (Gerbing and Anderson 1988). Thirty-seven scale items capture the seven latent constructs. The scales used to measure the latent constructs in the model are provided in Table 4.2. Each construct shown in the research framework was measured using preexisting scales. Respondents were asked to indicate their agreement (on a 1 = “strongly disagree” to 7 = “strongly agree” Likert scale) with statements regarding seven latent constructs.

An initial CFA including all items suggested several with low factor loading estimates ($\lambda$) leading to the deletion of three items yielding a final measurement model using 34 measured items. The resulting $\chi^2$ fit statistic is 1,362.86 with 506 degrees of freedom ($p < .01$). The statistical significance of the test does not necessarily suggest a poor fit due to the large sample size, and the fact that the test statistic is a mathematical function of sample size (Bagozzi and Yi 1988). The model comparative fit index (CFI) is .99, the root mean squared residual (RMSEA) is .064, and the parsimony normed fit index (PNFI) is .88. All factors are highly significant ($p < 0.05$) and the variance extracted
estimates range (Table 4.2) from 0.54 to 0.77. Construct reliability coefficients range from .78 to .95. Thus, the model exhibits adequate convergent validity and fit.

Discriminant validity was assessed using conventional procedures (Fornell and Larcker 1981). Three of 21 squared correlation estimates are less than the variance extracted estimates for the respective constructs. In the remaining three cases, constraining the measured variables from both factors onto a single factor lead to a worse model fit, suggesting the constructs were distinct (Table 4.4).

Table 4.4. Results of Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>Model 1&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Model 2&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Difference between Model 2 and Model 1</th>
<th>Model 3&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Difference between Model 3 and Model 1</th>
<th>Model 4&lt;sup&gt;d&lt;/sup&gt;</th>
<th>Difference between Model 4 and Model 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>X&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1362.86</td>
<td>1422.03</td>
<td>59.17</td>
<td>1807.78</td>
<td>444.92</td>
<td>1968.01</td>
<td>605.15</td>
</tr>
<tr>
<td>Degree of freedom</td>
<td>(p&lt;.01)</td>
<td>(p&lt;.01)</td>
<td>(p&lt;.01)</td>
<td>(p&lt;.01)</td>
<td>(p&lt;.01)</td>
<td>(p&lt;.01)</td>
<td>(p&lt;.01)</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.064</td>
<td>0.066</td>
<td>0.002</td>
<td>0.078</td>
<td>0.014</td>
<td>0.083</td>
<td>0.019</td>
</tr>
<tr>
<td>CFI</td>
<td>0.99</td>
<td>0.98</td>
<td>-0.01</td>
<td>0.98</td>
<td>-0.01</td>
<td>0.98</td>
<td>-0.01</td>
</tr>
<tr>
<td>PNFI</td>
<td>0.88</td>
<td>0.89</td>
<td>0.01</td>
<td>0.89</td>
<td>0.01</td>
<td>0.88</td>
<td>0</td>
</tr>
</tbody>
</table>

Note:

<sup>a</sup> Model 1 consists of customer satisfaction, hedonic value, utilitarian value, customer orientation, customer participation-information resource dimension, customer participation-codeveloper dimension, and WOM.

<sup>b</sup> Model 2 consists of hedonic value, utilitarian value, customer orientation, customer participation-information resource dimension, customer participation-codeveloper dimension, and sixth scale (including WOM and customer satisfaction).

<sup>c</sup> Model 3 consists of hedonic value, utilitarian value, WOM, customer participation-information resource dimension, customer participation-codeveloper dimension, and sixth scale (including customer orientation and customer satisfaction).

<sup>d</sup> Model 3 consists of hedonic value, customer orientation, WOM, customer participation-information resource dimension, customer participation-codeveloper dimension, and sixth scale (including utilitarian value and customer satisfaction).
When customer satisfaction and WOM were constrained into one single factor as shown by Model 2, the model produced a poor fit compared to Model 1 (customer satisfaction and WOM were different factors). The $\chi^2$ difference between these two models is 59.17 (df=6, $p<.01$). Similarly, the $\chi^2$ difference between Model 3 (customer orientation and customer satisfaction treated as one single factor) and Model 1 (customer satisfaction and customer orientation are different factors) was 444.92 (df=6, $p<.01$). In addition, the $\chi^2$ difference between Model 4 (utilitarian value and customer satisfaction treated as one single factor) and Model 1 (customer satisfaction and utilitarian value are different factors) is 605.15 (df=6, $p<.01$). These results suggest acceptable discriminant validity among the constructs. Therefore, given adequate model fit and construct validity, the results suggested that the measurement model adequately represents the theoretical constructs.

**Theoretical Model Analysis**

As the analysis of the measurement model suggests a satisfactory fit, the structural equation model representing the proposed theory can be satisfactorily tested. The theory implies several interesting relationships. The model fit is estimated, and the proposed relationships among constructs tested using LISREL 8.80 (Jöreskog and Sörbom 1993). The resulting $\chi^2$ from testing the theory model (see Figure 1) is 1371.27 with 511 degrees. The RMSEA is .064, the CFI is .985, and the PNFI is .899 (see Table 4.5). These results suggest a reasonably good fit for the theoretical model given the model parameters. Further, the $\chi^2$ difference between the structural and measurement model is not significant ($\Delta \chi^2=8.41$, df=5, $p>.10$), suggesting that the theoretical paths fit
the covariation among the latent factors. Therefore, these acceptable findings lead to hypotheses test. Table 4.6 presents the summary of H4, H5, and H6.

Table 4.5. Fit Results for Selected SEMs

<table>
<thead>
<tr>
<th></th>
<th>1 Group Models</th>
<th>2 Group Models</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CFA*</td>
<td>STR</td>
</tr>
<tr>
<td>( \chi^2 )</td>
<td>1362.86</td>
<td>1371.27</td>
</tr>
<tr>
<td>Df</td>
<td>506</td>
<td>511</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.064</td>
<td>0.064</td>
</tr>
<tr>
<td>CFI</td>
<td>0.99</td>
<td>0.985</td>
</tr>
<tr>
<td>PNFI</td>
<td>0.88</td>
<td>0.889</td>
</tr>
</tbody>
</table>

Model Abbreviations:
CFA: Confirmatory Factor Analysis (measurement model tested on overall sample)
STR: Structural Model (theoretical model tested on overall sample)
Structural TF: 2 Structural Model estimated simultaneously allowing all structural coefficients to be free across two groups
STRUC=IN: 2 Group Structural Model constraining all structural coefficients to be equal across two groups

Table 4.6. Summary of H4-H8

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H4: Customer orientation positively affects customer experience (hedonic and utilitarian value) and customer satisfaction and WOM.</td>
</tr>
<tr>
<td>H5: Customer participation (information resource) positively affects customer experience (hedonic and utilitarian value) and customer satisfaction and WOM.</td>
</tr>
<tr>
<td>H6: Customer participation (codeveloper) positively affects customer experience (hedonic and utilitarian value) and customer satisfaction and WOM.</td>
</tr>
<tr>
<td>H7: Trust in service provider (it is highly related to trustworthiness’s three dimensions (a) ability, (b) benevolence, and (c) integrity respectively) will moderate the relationships between the service provider’s CO and customer shopping experiences and behavior responses, such that these relationships will be stronger when the level of trust in the service provider is high, respectively.</td>
</tr>
<tr>
<td>H8a: When the level of ability is low but the level of character is high, (a) trust in the service provider remains high, and (b) the proposed relationship in H7 still exists.</td>
</tr>
<tr>
<td>H8b: When the level of character (benevolence or integrity) is low but the level of ability is high, (a) trust in the service provider remains low, and (b) the proposed relationship in H7 does not exist.</td>
</tr>
</tbody>
</table>
H4 predicts that customer orientation is related positively to customer experience (hedonic and utilitarian value) and satisfaction. In addition, customer orientation affects WOM via customer experience and satisfaction. Table 4.7 presents the empirical results of H4, H5, and H6.

Table 4.7. Structural Path Estimates for the Theoretical Model

<table>
<thead>
<tr>
<th>Direct Effects on:</th>
<th>Endogenous Constructs:</th>
<th>Predictor Constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CO</td>
<td>CPI</td>
</tr>
<tr>
<td>HV</td>
<td>H4</td>
<td>H5</td>
</tr>
<tr>
<td>Estimate (ML) a</td>
<td>0.117</td>
<td>-0.42</td>
</tr>
<tr>
<td>Std. Estimate b</td>
<td>0.088</td>
<td>-0.247</td>
</tr>
<tr>
<td>t-value</td>
<td>1.076</td>
<td>-3.303**</td>
</tr>
<tr>
<td>UV</td>
<td>H4</td>
<td>H5</td>
</tr>
<tr>
<td>Estimate (ML)</td>
<td>0.871</td>
<td>-0.189</td>
</tr>
<tr>
<td>Std. Estimate</td>
<td>0.83</td>
<td>-0.14</td>
</tr>
<tr>
<td>t-value</td>
<td>16.889**</td>
<td>-2.186*</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>H4</td>
<td>H5</td>
</tr>
<tr>
<td>Estimate (ML)</td>
<td>0.462</td>
<td>-0.121</td>
</tr>
<tr>
<td>Std. Estimate</td>
<td>0.634</td>
<td>-0.129</td>
</tr>
<tr>
<td>t-value</td>
<td>9.079**</td>
<td>-2.489**</td>
</tr>
<tr>
<td>WOM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimate (ML)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Std. Estimate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>t-value</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indirect Effects on:</th>
<th>HV</th>
<th>Satisfaction</th>
<th>WOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimate (ML)</td>
<td>0.692</td>
<td>0.198</td>
<td>1.118</td>
</tr>
<tr>
<td>Std. Estimate</td>
<td>0.523</td>
<td>0.271</td>
<td>0.879</td>
</tr>
<tr>
<td>t-value</td>
<td>6.956**</td>
<td>5.488**</td>
<td>20.98**</td>
</tr>
</tbody>
</table>

Note:

a Estimate (ML) refers to the estimates calculated by maximum likelihood method

b Std. Estimate refers to the completed standardized estimates

Customer orientation displays a significant direct effect on utilitarian value (γ = .83, p < .01) and satisfaction (γ = .63, p < .01) but does not influence hedonic value (γ =
.12, p > .05). In addition to direct effects, the results also show significant, nontrivial, indirect effects of customer orientation on hedonic value, satisfaction, and WOM. As Table 4.7 shows, customer orientation has significantly indirect effects on hedonic value (e = .52, p < .01), satisfaction (e = .27, p < .01), and WOM (e = .88, p < .01). Thus, H4 is supported.

H5 hypothesizes that customer participation (information resource) has a positive impact on customer experience (hedonic and utilitarian value) and satisfaction, and then affects WOM via customer experience and satisfaction. As the results in Table 4.7 indicate, customer participation (information resource) does significantly impact the three endogenous constructs, but the signs of coefficients (γ and e) are in the opposite direction to that predicted. Specifically, customer participation (information resource) displays a significant direct effect on hedonic value (γ = -.25, p < .01), utilitarian value (γ = -.14, p < .05), and satisfaction (γ = -.13, p < .01). In addition to direct effects, the results also show significant indirect effects of customer participation (information resource) on hedonic value, satisfaction, and WOM. As Table 4.7 shows, customer participation (information resource) has significant, indirect effects on hedonic value (e = -.09, p < .05), satisfaction (e = -.04, p < .05), and WOM (e = -.17, p < .01). Hence, H5 is not supported because the results suggest that participation by giving information input lowers rather than raises value and satisfaction.

Similar to H5, H6 suggests that the second dimension of customer participation—codeveloper—has a positive impact on customer experience (hedonic and utilitarian value) and satisfaction, and then affects WOM via customer experience and satisfaction. Customer participation as codeveloper displays a significant, direct, positive effect on
hedonic value ($\gamma = .23, p < .01$) and utilitarian value ($\gamma = .13, p < .05$), but does not affect satisfaction ($\gamma = .06, p > .05$). In addition to direct effects, the results also show a significant indirect effect of customer participation as codeveloper on hedonic value, satisfaction, and WOM. Specifically, customer participation as codeveloper displays significant indirect effects on hedonic value ($e = .08, p < .05$), satisfaction ($e = .04, p < .05$), and WOM ($e = .10, p < .05$). Therefore, the results support H6.

Analysis of the Moderation Effect of Trust

The discussion above suggests that both customer input (information resource and codeveloper dimensions) and service provider input (customer orientation) work together to affect customers' perceived hedonic and utilitarian value and the following responses (e.g., satisfaction and WOM). Next, the study examines the proposition concerning whether trust in the service provider moderates the relationships between customer orientation and customer responses.

Trust is believed to be critical in the seller-buyer relationships (Morgan and Hunt 1994). From a relationship marketing perspective, establishing durable relationships necessitates developing customer trust (Dwyer, Schurr, and Oh 1987). Jolson (1997, p.76) indicates that relationship selling “focuses on the building of mutual trust within the buyer/seller dyad with a delivery of anticipated, long term, value-added benefits to buyers” (1997, p.76). Given this discussion, one would expect that the level of trust should have an impact on the relationship between customer orientation and customer experience and responses. When the level of trust is relatively high, customers tend to perceive higher quality of service and experience and show stronger purchase intention. In other words, trust in the service provider enhances the impacts of customer orientation
on customer experiences and responses (e.g., Gounaris and Venetis 2002; Milliman and Fugate 1988). In contrast, when the level of trust is relatively low, customers may doubt the ability and motivation of the seller’s attitudes and expertise to perform COS. Therefore, the magnitude of the customer orientation impacts on outcomes is likely to decrease.

Prior to examining H7 and H8, a factor analysis was first conducted to evaluate how the items of the three dimensions of trustworthiness relate to each other and whether factor loadings suggest the items predict the constructs they are purported to measure. First, an exploratory factor analysis of the 17 trustworthiness items was performed to determine the underlying structure using the maximum likelihood method with varimax rotation. The results suggest only one factor was extracted, and therefore the solution cannot be rotated. The one factor solution accounted for a total of 71% of the variance. The achieved Eigenvalue of factor 1 is 12.04 and all the Eigenvalues of the rest of the factors are less than 1. All 17 items loaded on this single factor with a minimum loading value of 0.68 (see Table 4.8), suggesting these items were considered adequate indicators of factor 1 (Hair et al. 2010). The KMO’s measure of sampling adequacy of the solution is 0.974, indicating that the correlation matrix is suitable for the factor analysis. Furthermore, Barlett’s test suggest that the current data is approximately multivariate normal and acceptable for factor analysis (p <.01).

A further analysis of the correlations was performed among the three dimensions of trustworthiness. The results suggested that the three trustworthiness dimensions correlated from 0.89 to 0.92, suggesting substantial overlap among the three dimensions of trustworthiness. That is, the three dimensions of trustworthiness lack discriminating
validity. Furthermore, the Pearson Correlation value is 0.88 between the 17-items factor and trust in service provider. Thus, it was decided to examine H7 based on applying for trust in the service provider as the moderator instead of using the individual trustworthiness dimensions as proposed in H7.

Table 4.8. Factor Analysis of Three Trustworthiness Dimensions

<table>
<thead>
<tr>
<th>Trustworthiness- Integrity</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider has a strong sense of justice</td>
<td>0.74</td>
</tr>
<tr>
<td>I never have to wonder whether the service provider will stick to her/his word</td>
<td>0.71</td>
</tr>
<tr>
<td>The service provider tries hard to be fair in dealing with others</td>
<td>0.85</td>
</tr>
<tr>
<td>The service provider's actions and behaviors are not very consistent</td>
<td>0.68</td>
</tr>
<tr>
<td>I like the service provider's values</td>
<td>0.85</td>
</tr>
<tr>
<td>Sound principles seem to guide the service provider's behavior</td>
<td>0.85</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trustworthiness- Ability</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider is very capable of performing her/his job</td>
<td>0.88</td>
</tr>
<tr>
<td>The service provider is known to be successful at the things s/he tries to do</td>
<td>0.75</td>
</tr>
<tr>
<td>The service provider has much knowledge about the work that needs done</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel very confident about the service provider's skills</td>
<td>0.94</td>
</tr>
<tr>
<td>The service provider has specialized capabilities that can increase work performance</td>
<td>0.73</td>
</tr>
<tr>
<td>The service provider is well qualified</td>
<td>0.89</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trustworthiness- Benevolence</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider is very concerned with my welfare</td>
<td>0.86</td>
</tr>
<tr>
<td>My needs and desires are very important to this service provider</td>
<td>0.90</td>
</tr>
<tr>
<td>The service provider would not knowingly do anything to hurt me</td>
<td>0.78</td>
</tr>
<tr>
<td>The service provider really looks out for what is important to me</td>
<td>0.91</td>
</tr>
<tr>
<td>The service provider will go out of her/his way to help me</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Note: Reverse coded

For testing H7, the sample was divided into two subgroups using a median split for trust in the service provider. The descriptive analysis displayed that the distribution of the seven-point scales of trust in the service provider is highly left skewed (median=6.25,
skewness= -2.05). In other words, the majority of the respondents reported high scores of trust in the service provider. After careful consideration, it was decided to group the respondents into a low trust group (N=109, score ranged from 1 to 5.75) and a high trust group (N=167, score ranged from 6.75 to 7). The respondents clustered around the median (N=139, score ranged from 6.00 to 6.50) were deleted (Hair et al. 2010). The 415 subjects were either included in the low/high trust groups or deleted because the trust scores of the sample are from 1 to 7 with 0.25 for every increment (e.g., 1, 1.25, 1.50, ..., 6.50, 6.75, and 7.00). It is expected that this group split strategy was appropriate for this sample because (1) it facilitates the interpretation of the study results by deleting the subjects whose reported scores were around the sample median; (2) it also kept a relatively large sample size for either group (N>100).

The structural model was estimated across both the high and low trust groups simultaneously. The initial multiple-group model, referred to as totally free (TF model in Table 4.5), allows each structural coefficients to be freely calculated in each group. The results of the TF model show the $\chi^2$ is 1,785.64 with 1,022 degrees (RMSEA = .074, CFI = .964, and PNFI = .84). Therefore, the two-group TF model displays adequate fit and provides a basis for comparing a series of constrained models to test the moderation effects of trust in the service provider on outcome variables (Hair et al. 2010). The moderation hypothesis was examined in two steps. First, invariance constraints were added to all proposed structural parameter coefficients ($\Gamma$ and $B$ matrices). Table 4.5 shows the resulting model (labeled as STRUC=IN) of $\chi^2$ is 1,859.38 with 1,035 degrees (RMSEA = .0748, CFI = .964, and PNFI = .85). The $\chi^2$ difference statistic test is
significantly different, and thus suggests variance in parameter coefficients between the low and high trust conditions ($\Delta \chi^2=73.74$, df =13, and p<.01).

Hypothesis 7 proposes that the relationship between customer orientation and customer experiences and WOM is stronger when the level of trust is high. The results presented in Table 4.9 suggest the opposite evidence.

Table 4.9. Standardized Structural Path Estimated for 2-Group Free Model

<table>
<thead>
<tr>
<th>Direct Effect to:</th>
<th>Customer orientation</th>
<th>Customer Participation -Information resource</th>
<th>Customer Participation -Codeveloper</th>
<th>Hedonic Value</th>
<th>Utilitarian Value</th>
<th>Satisfaction</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Trust (N=167):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedonic Value</td>
<td>.42</td>
<td>-.32</td>
<td>.25</td>
<td>.74</td>
<td></td>
<td>.61</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.20)</td>
<td>(-1.26)</td>
<td>(1.53)</td>
<td>(4.38)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilitarian Value</td>
<td>.66</td>
<td>-.33</td>
<td>.26</td>
<td></td>
<td></td>
<td>.78</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.29)*</td>
<td>(-1.65)</td>
<td>(2.06)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.37</td>
<td>-.09</td>
<td>.03</td>
<td>.11</td>
<td>.21</td>
<td>.56</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.05)</td>
<td>(-0.37)</td>
<td>(0.19)</td>
<td>(1.09)</td>
<td>(1.22)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.65</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(5.23)**</td>
</tr>
<tr>
<td>Indirect Effects on:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedonic Value</td>
<td>.17</td>
<td>-.26</td>
<td>.27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.21)*</td>
<td>(-1.70)*</td>
<td>(2.08)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.09</td>
<td>-.16</td>
<td>.17</td>
<td>.21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.67)*</td>
<td>(-1.50)</td>
<td>(1.66)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td>.22</td>
<td>-.25</td>
<td>.20</td>
<td>.12</td>
<td>.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.82)*</td>
<td>(-0.96)</td>
<td>(0.90)</td>
<td>(1.11)</td>
<td>(1.92)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Trust (N=109):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.43</td>
</tr>
<tr>
<td>Hedonic Value</td>
<td>.29</td>
<td>-.36</td>
<td>.39</td>
<td>.25</td>
<td></td>
<td>.43</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.26)*</td>
<td>(-2.59)**</td>
<td>(1.49)</td>
<td>(1.80)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilitarian Value</td>
<td>.71</td>
<td>-.28</td>
<td>.37</td>
<td></td>
<td></td>
<td>.48</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(7.02)**</td>
<td>(-2.12)**</td>
<td>(1.43)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(Table 4.9 Continued)

<table>
<thead>
<tr>
<th>Satisfaction</th>
<th>.46</th>
<th>-.06</th>
<th>.01</th>
<th>.04</th>
<th>.39</th>
<th>.83</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(4.12)**</td>
<td>(-0.64)</td>
<td>(0.03)</td>
<td>(0.48)</td>
<td>(3.50)**</td>
<td></td>
</tr>
</tbody>
</table>

| WOM | 1.06 | .85 |
|     | (6.23)** |     |

<table>
<thead>
<tr>
<th>Indirect Effects on:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Hedonic Value</th>
<th>.22</th>
<th>-.07</th>
<th>.06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1.41)</td>
<td>(-1.20)</td>
<td>(1.51)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Satisfaction</th>
<th>.34</th>
<th>-.11</th>
<th>.09</th>
<th>.01</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1.89)*</td>
<td>(-1.37)</td>
<td>(2.07)*</td>
<td>(0.35)</td>
</tr>
</tbody>
</table>

| WOM | .84 | -.16 | .09 | .03 | .42 |
|     | (2.16)* | (-0.76) | (1.11) | (0.36) | (2.54)* |

First, customer orientation significantly affects hedonic value ($\gamma_{\text{low trust}} = .29$, $p < .05$), utilitarian value ($\gamma_{\text{low trust}} = .71$, $p < .01$), and satisfaction ($\gamma_{\text{low trust}} = .46$, $p < .01$) in the low trust group. In the high trust group, customer orientation only significantly affects utilitarian value ($\gamma_{\text{high trust}} = .66$, $p < .05$) and not hedonic value ($\gamma_{\text{high trust}} = .42$, $p > .05$) and satisfaction ($\gamma_{\text{high trust}} = .37$, $p > .05$). The findings are somewhat strange because the values of $\gamma$ for both hedonic value and satisfaction in high trust group are relatively large but insignificant. One possible explanation for this finding is that respondents in the high trust group respond to customer orientation quite differently, and the skewed responses may distort the standard errors of the estimates ($\gamma$ in this case). That is, the relationships between customer orientation and hedonic value and satisfaction are positive, respectively, but large variance of the $\gamma$ leads to insignificant results.

One degree of freedom $\chi^2$ difference tests was used for examining the $\gamma$ differences of these three relationships, respectively. The results fail to present a
statistical difference for all three relationships. Furthermore, the results of Table 4.9 suggest that customer orientation has a stronger, significant, indirect impact on satisfaction ($\gamma_{\text{low trust}} = .34, p < .05$ and $\gamma_{\text{high trust}} = .09, p < .05$) and WOM ($\gamma_{\text{low trust}} = .84, p < .05$ and $\gamma_{\text{high trust}} = .22, p < .05$) in the low trust group than it does in the high trust group. Customer orientation has significantly less indirect impact on hedonic value in the high trust group relative to the low trust group ($\gamma_{\text{low trust}} = .22, p > .05$ and $\gamma_{\text{high trust}} = .17, p < .05$).

The aforementioned results suggest that customer orientation interestingly has a stronger influence on customer experience and behavior intention when the level of trust in the service provider is low. Thus, H7 is not supported.

The current data set does not allow an adequate test of H8. Table 4.10 displays the results of a descriptive analysis for three trustworthiness dimensions. The results suggest that the scores of all trustworthiness dimensions are highly left skewed. Because most of the respondents report high scores for all three trustworthiness dimensions, there are small groups of respondents who satisfy "low ability & high character" and "low character & high ability" standards. This means that this study can only attain a small number of samples to test H8 (e.g., N <50). Furthermore, the initial factor analysis mentioned above suggests that all the trust items, regardless of dimension, load relatively highly on a single component. Therefore, it was decided not to test H8 due to the characteristics of current data.
Table 4.10. Descriptive Analysis of Three Trustworthiness Dimensions

<table>
<thead>
<tr>
<th></th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Median</th>
<th>Std. Variance</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI</td>
<td>1</td>
<td>7</td>
<td>5.53</td>
<td>5.83</td>
<td>1.28</td>
<td>-1.37</td>
</tr>
<tr>
<td>TA</td>
<td>1</td>
<td>7</td>
<td>5.90</td>
<td>6.00</td>
<td>1.16</td>
<td>-1.75</td>
</tr>
<tr>
<td>TB</td>
<td>1</td>
<td>7</td>
<td>5.67</td>
<td>6.00</td>
<td>1.34</td>
<td>-1.56</td>
</tr>
</tbody>
</table>
CHAPTER 5

SUMMARY AND CONCLUSIONS

This chapter consists of four sections. In the first section, the results are discussed in relation to the research questions and the hypotheses examined in both the experiment study and survey study. In the second section, the contributions of this dissertation to the academic literature and managerial implications are presented. In the third section, the limitations of this study are detailed. In the fourth section, directions for future research are offered.

Discussion of Findings

Findings of Experiment Study

The primary objective of the experimental study was to examine several research questions that are related to the proposed typology of service contexts. Customer participation in a service encounter is a complex and multifaceted phenomenon (Seybold 2006; Vargo and Lusch 2004). In this dissertation, a typology of service contexts is presented based on input levels from customers and service providers. The proposed typology of service contexts seeks to extend customer co-creation literature by offering a classification scheme consisting of four various service contexts: discrete service context, relational service context, service provider dominated service context, and customer dominated service context (see Table 1.1).
The existing literature suggests that a seller’s customer orientation practices at both the corporation level and employee level produce better performance (e.g., Deshpande, Farley, and Webster 1993; Saxe and Weitz 1982). The present study examines whether customer orientation is an effective strategy across high customer input situations and low customer input situations. The results of the experiment suggest that customer orientation constantly generates better customer responses regardless of the customer input level. That is, customer orientation was found to lead to higher WOM and emotional attachment across all levels of customer input.

The findings provide support for the contention that customer orientation generates better outcomes (WOM and emotional attachment) in the high customer input service contexts, such as a relational service context and a customer dominated service context ($H_{1a}$). The results also suggest that selling orientation does not lead to better WOM and emotional attachment in the low customer input condition as proposed by $H_{1b}$ ($H_{1b}$ is not supported). A possible explanation for this discrepancy is that subjects are likely to favor customer orientation for the wedding gift shopping situations. Types of tasks may be a factor that influences customer expectations toward their transaction partners. When certain types of shopping tasks (e.g., buying fast food, depositing/withdrawing money in a bank, etc.) are compared, it is seen that customers who are highly involved in important shopping tasks (e.g., wedding gift shopping for a best friend) might prefer to experience customer-oriented services provided by the service provider no matter the extent to which the customer provides input. That is, customers who are involved in important shopping tasks favor the customer-centric
service (customer orientation practice) rather than an encounter transaction outcome-centric service (selling orientation practice).

Of particular interest in the experimental study was how customers develop their postconsumption attitude toward their service provider across these four distinct service encounters. To achieve this goal, perceived emotional attachment was compared among the four group respondents ($H_{2a}$ and $H_{2b}$). Emotional attachment is defined as customers' affection and belongingness in their service providers (Arnould and Price 1993; Coulter and Ligas 2004). A customer's emotional attachment is developed during the interaction between customers and sellers during the transaction process. Therefore, it is expected that customers from different service contexts should form different levels of emotional attachment.

Evidence from the contrast analyses suggests respondents from the relational service context perceive higher emotional attachment than their counterparts from the discrete service context, service provider dominated service context, and customer dominated service context did, respectively ($H_{2a}$ supported). The results suggest that customers from a relational service context develop the highest level of emotional belongingness toward their service providers when both customer input and service provider input are high. That is, customers as partial employees contribute to the transaction outcome with the support from service providers. Therefore, the close interaction between partial employees (customers) and employees (service providers) helps customers generate higher emotional attachment toward their “colleagues.”

A series of contrast analyses was further conducted to examine whether the levels of emotional attachment are similar among the other three service contexts, such as
discrete service context, customer dominated service context, and service provider
dominated service context. The results from these contrasts suggest that one contrast for
the perceived emotional attachment shows significantly more difference between two
groups (H2b partially supported). Specifically, subjects from a service provider dominated
service context report higher emotional attachments than subjects from a customer
dominated service context did.

Furthermore, the reported emotional attachment score by the subjects from
discrete service contexts is between the high score (from service provider dominated
service context) and the low score (from customer dominated service context). The
possible rationale for this finding is that a customer from a customer dominated service
context is the major producer of a service outcome with minimum input from the service
provider. Under this situation, it is likely that the customer develops low emotional
attachment due to lack of attention, contact, and support from service provider. In
contrast, it is likely that a customer from a service provider dominated service context
develops a decent level of emotional attachment because he/she experiences a great
amount of service provided mainly by the service provider. Taken as a whole, the results
suggest that both high customer input and high service provider input lead to higher
emotional attachment. Furthermore, the high customer input and low service provider
input produces the lowest level of emotional attachment.

The experiment further examined the proposition that higher levels of customer
input lead to higher levels of customer perceived hedonic value and utilitarian value (H3a
and H3b). The results suggest that higher customer input does generate higher hedonic
value. These findings indicate that customer involvement in the service delivery produce
affective gratification. In other words, customer input/participation is related to the psychological benefits he/she receives in the consumption process. In contrast, higher customer input does not influence perceived utilitarian value (H3a is supported but H3b is not supported). A possible explanation for the results is that the transaction outcome is the key determinant of customer perceived utilitarian value regardless of the level of customer input. Crosby and Stephens (1987) suggest that the core service outcome is central to a customer’s overall evaluation of a transaction. In other words, a customer will perceive high utilitarian value when the transaction outcome is successful (the friend likes the wedding gift in the current study). On the other hand, a customer will feel low utilitarian value if the transaction outcome is negative (the friend does not like the wedding gift). Therefore, customer input has no significant impact on utilitarian value.

Findings of Survey Study

A key assumption that lies behind service-dominant (S-D) logic is that both customers and enterprises are coproducers of a product/service (Vargo and Lusch 2004, 2008). Prior literature fails to provide sufficient empirical evidence to examine this key foundational premise of S-D logic, suggesting more work is needed (Etgar 2008). In the second section of the dissertation, a survey study was conducted to investigate how service provider input (customer orientation) and customer input work together to influence actual customer experiences and responses.

The results from the structural model support the hypothesis that customer orientation positively affects customer perceived shopping value (hedonic and utilitarian value) and customer satisfaction, and then affects WOM via perceived shopping value and satisfaction (H4). In other words, a service provider’s customer orientation activities
directly enhance customer perceived utilitarian value and postpurchase satisfaction. Furthermore, the customer orientation activities indirectly strengthen hedonic shopping value, satisfaction, and WOM through the mediators. Specifically, a customer will perceive hedonic value when he/she is satisfied with the utilitarian aspect of the service/product. Consistent with marketing literature (e.g., Babin, Darden, and Griffin 1994; Chandon, Wansink, and Laurent 2000), a customer will be satisfied with the transaction and spread positive words about the seller after he/she recognizes the transaction does bring him/her acceptable utilitarian and hedonic benefits.

Consistent with the results of the experimental study, customer orientation positively influences customer emotional attachment and WOM. The reported findings in the survey study confirm that customer orientation is indeed an effective strategy for a company and its employees in delivering value. More specifically, customer orientation is positively related to different dependent variables, such as emotional attachment and WOM (experiment study) and shopping values, satisfaction, and WOM (survey study).

H7 further examines the relationships between customer orientation and different dependent variables, when trust in the service provider is taken into account. Specifically, H7 proposes that the relationship between customer orientation and customer experience (hedonic and utilitarian value) and customer satisfaction is stronger when trust in the service provider is high. The results of H7 suggest that customer orientation displays a stronger impact on the dependent variables when trust in the service provider is low. In other words, trust in the service provider does moderate the proposed relationships but in the opposite way, as described by H7. The empirical results indicate that customer
orientation has significant direct impacts on hedonic value, utilitarian value and satisfaction when trust in the service provider is low.

In contrast, customer orientation only has a significant direct impact on utilitarian value when the level of trust in the service provider is high. Furthermore, the results also show that customer orientation has a stronger indirect impact on both satisfaction and WOM in the low trust service provider group than it does in the high trust service provider group. A possible explanation of these findings is that customers need a customer-centric experience brought about by customer-oriented service practices when trust in the service provider is low. For instance, a customer who starts a new business relationship with a new service provider (trust is low in this context) prefers to find the service provider focuses on customer needs and tries to bring a customized solution to the customer (customer orientation practices). The customer orientation signals quality service. On the other hand, there may not be a big difference between production focused practices and customer-oriented focus practices by the service provider when there is a long-term and stable relationship between the customer and the service provider (trust is high in this context). In other words, a service provider’s production focus might not bother a loyal customer. The production focus service described here means that a service provider just needs to provide the “right” service, efficient and high quality service, instead of emphasizing relationship development. That is, customer-oriented practices might not be the priority for a service provider when customer trust in the service provider is high.

Taken together, the findings regarding the influence of customer orientation on customer responses across the experiment study and survey study suggest that customer
orientation is important for service firms, with one very important exception. When customer trust in the service provider is high, customer orientation does not appear to be a key determinant of customer shopping value, satisfaction, and WOM.

Study 2 in this dissertation also includes developing a two-dimensional construct, customer participation, and providing empirical evidence of its influence on shopping value, customer satisfaction, and WOM. Originally developed and examined by Fang (2008) in a B2B context, the two-dimensional customer participation scale was adapted in the present study to investigate its impact on several outcomes in a B2C context.

One key focus in this dissertation is the role of customer participation in the service production process. In order to test the impact of customer participation, customer participation-information resource dimension (H5) and codeveloper dimension (H6) were examined, respectively. The results suggest that both customer participation dimensions influence the related outcomes, but in opposite ways. First, customer participation-information resources significantly and negatively impact customer experience (hedonic and utilitarian value), satisfaction, and WOM (H5 is not supported). This means that higher magnitudes of customer information sharing with the service provider actually reduce customer perceived shopping values and satisfaction and lead to less WOM. One explanation of these results is that the more information customers offer during the service delivery process, the more likely it is that the customers will doubt the service provider’s ability to accomplish the transaction. As such, customers are less likely to realize shopping/service value, satisfaction, and spread positive messages to others. Another possible explanation is that certain factors (e.g., types of service contexts that are developed in the experiment study) may moderate the relationships between
customer participation (information resource) and the proposed outcomes. For a discrete service context, customers might prefer to just provide basic information to get the service delivery done rather than share extra information with the service provider (e.g., buying fast food scenario). In contrast, customers in a relational service context like to have in-depth information communication with the service provider in order to accomplish a relatively complex task (e.g., doing a cosmetic surgery).

Next, it is found that customer participation (codeveloper) positively influences perceived shopping values, satisfaction, and WOM. Specifically, customer participation (codeveloper) displays positive direct effects on hedonic and utilitarian value, respectively. In addition to direct effects, customer participation (codeveloper) also shows positive indirect effects on hedonic value, satisfaction, and WOM, respectively (H6 is supported). As expected, customer participation (codeveloper) activities generate positive values for both the customer (satisfaction, hedonic value, and utilitarian value) and the service provider (WOM).

Summary

In general, this research offers several interesting findings. The results suggest that service providers who practice a customer orientation are likely to (1) generate more value and greater satisfaction for customers and enjoy more positive WOM, regardless of the level of customer input. The results (2) suggest similar outcomes (1) when the level of trust in the service provider is low. This indicates customer orientation appears to be effective and necessary for marketers despite the level of customer input.

Several propositions were developed to examine the role of customer participation in determining consumer experiences and behaviors. The results show the combinations
of customer input and service provider input develop different levels of emotional attachment toward the service provider. Specifically, the customers in a relational service context reported significant higher level emotion attachment compared to the customers from the other three service contexts. In other words, the higher input levels for both buyers and sellers seen in a relational service context generate stronger affection and belongingness in buyers’ business partners.

The results also suggest that customer participation appears to constantly influence perceived hedonic value but not utilitarian value. First, the results from the experiment study demonstrate how higher customer participation increases perceived hedonic value. Furthermore, the results from the survey study suggest that higher customer participation (codeveloper) enhances perceived hedonic value, while higher customer participation (information resource) lessens perceived hedonic value. However, the effects of customer participation on utilitarian are mixed. Specifically, higher customer input does not increase utilitarian value, based on findings from the experiment study. At the same time, the data in the survey study suggest that customer participation (information resource) has a negative impact on utilitarian value, while customer participation (codeveloper) positively affects utilitarian value. Taken as a whole, the mixed findings of customer participation suggest that utilitarian value may be a key explanatory variable. Furthermore, the results from both studies demonstrate the nontrivial indirect effects of customer participation on key outcomes (customer satisfaction and WOM).
Theoretical Contributions and Managerial Implications

Theoretical Contributions

The present study provides contributions to both academics and practitioners. The major theoretical contributions are threefold. First, this study provides a typology of service contexts for examining why and how customers participate in value co-creation. This proposed typology is based on two underlying dimensions of the interaction between customers and service providers. Based on the two dimensions (customer input and service provider input), the developed typology can be used to classify the service contexts into four categories that will assist in the research and management of the dynamic phenomena of customer co-creation behaviors. Earlier typologies in the services literature focus on services and services organizations (e.g., Mills and Margulies 1980; Larsson and Bowen 1989). Furthermore, these earlier typologies have been limited to the assumption that a service/service organization belongs to an exclusive category. The typology presented in the current study allows that the same service provider encounters different service contexts when external factors are different (e.g., customer characteristics, product characteristics).

Another contribution is in empirically examining how seller and buyer work together to accomplish the service delivery. Service dominant logic proposes that both the customer and service provider are producers of the transaction outcome (Vargo and Lusch 2004, 2008). In order to investigate customer co-creation behaviors, both a design experiment and a survey were used in the present study. First, the application of a relatively homogeneous group of subjects (student sample) in Study 1 reduces the influence of extraneous factors when the theory was tested (Calder, Phillips, and Tybout
1981). Second, the results of Study 2 further provide evidence about customer co-creation behaviors using panel respondents. The findings of both studies suggest that customer participation is an important determinant of customer experience and behaviors.

The present study contributes to the marketing literature by showing customer participation does not always produce positive outcomes. Understanding how to manage customer participation is important, as only the “right” customer participation brings enterprises the optimal outcomes. The result highlights include the fact that customer participation (information resource dimension) can negatively impact customer experiences and behavioral responses. Furthermore, the present study offers insight regarding the impacts of customer participation on hedonic value vs. utilitarian value, respectively. The present study is unique in investigating the effects of two-dimensional customer participation in a B2C context. Fang (2008) develops the two-dimensional customer participation construct (information resource and codeveloper dimensions) and examines how it influences new product innovativeness and speed to market in a B2B context. The results uncover these two different dimensions of customer participation work in different directions to influence customer responses. In regards to the information resource dimension, it seems that customers provide the information to assist the service provider in producing the service outcome. Hence, it is expected that a service provider is still the major player of the production process, and customers assist by offering information. In regards to the codeveloper dimension, the customers actually manage the production process, and thus both customers and service providers are major participants of the service delivery process.
This study further highlights the importance of including moderators in examining the proposed relationships between customer orientation and customer responses. The results suggest that trust in the service provider did moderate the strength of the relationships between customer orientation and customer responses. With the inclusion of a moderator, a more accurate picture of the customer responses to customer orientation can be painted. These findings complement customer orientation literature by showing that the relationships between customer orientation and customer responses depend on different boundaries (e.g., trust in the service provider).

Managerial Implications

In addition to the theoretical contributions discussed above, this study also brings relevant managerial implications to practitioners. First, the study offers empirical support of the significant and positive effects of customer orientation on customer experience and response. Although some studies suggest customer orientation may even have negative impacts on customer responses (Noble, Sinha, and Kumar 2002; Voss and Voss 2000), the results of the present study indicate that customer orientation consistently generates better outcomes. For marketers, this is especially important. Customers perceive that a customer-oriented service provider takes customers' needs into account and focuses on customer satisfaction rather than sales performance. The results highlight the fact that customer orientation has a stronger impact on customer experience and response, especially when trust in a service provider is low. Where shopping with an unfamiliar service provider, a customer needs to develop an acceptable level of trust toward the seller before making the final purchase. There is a strong possibility for trust to quickly
be built between the seller and buyer when the customer is served by a customer-oriented seller. Thus, customer orientation is effective and necessary across most service contexts.

What strategies should firms use to encourage their employees to serve customers? The proposed typology of service contexts offers guideline that helps marketers to choose the desirable way to assist customers. Marketers who understand dynamic customer co-creation behaviors across different contexts would benefit from choosing the optimal solution. Service providers can maximize both the customer value experience and the firm's financial returns by applying the right strategy in the right service context. For example, service providers need to invest relatively more resources when they serve customers in the relational service context (e.g., cosmetic surgery) than they do in the discrete service context (e.g., oil change). Selling orientation/production orientation do not necessarily mean that the sellers only focus on their own interests without satisfying customer need. That is, selling orientation/production orientation could present that the sellers emphasize an efficient way to provide high quality product/service to customers with just the "right" care. For instance, some customers may have uneasy feelings during some easy transaction scenarios (e.g., pumping gas or buying fast food) but sellers present special care to the customers. In other words, production / selling orientation could be the right applications in many situations.

In light of the results of the present study, practitioners should also understand how customers respond to participation differently. It was shown that customer participation (codeveloper) is a positive influence on customer experience and behavior responses. Thus, the firm and its employees need to assess the service delivery procedure and identify which aspects of the procedure encourage customers to actually work on the
product/service co-creation activities. Furthermore, it was found that customer participation (information resource) has a negative impact on customer responses. In other words, involving customers in the production process appears to be a double-edged sword for service providers. This means that only requesting information from customers may lead to a worse consequence for the service delivery.

Another implication for practitioners is that the results suggest that customer participation and service provider customer orientation demonstrate different impacts on hedonic value and utilitarian value, respectively. The results suggest customer participation significantly influences customer's psychological perceptions of the service outcome. In other words, customer participation is likely to bring customers fun (no fun), excitement (boredom), happiness (unhappiness), etc. However, the results suggest that customer participation may not be a significant driver of utilitarian shopping value. At the same time, customer orientation remains an important antecedent of a customer's utilitarian value. Taken together, the findings imply that practitioners must understand that customers pursue both utilitarian and hedonic value when they buy and consume a product or service. Furthermore, practitioners should understand the different impacts of customer participation and customer orientation on a customer's hedonic and utilitarian value perceptions.

**Limitations and Future Studies**

The present study also possesses several limitations that lead to future study. The first set of limitations is related to the external validity of the findings. One of these limitations is that only one shopping scenario was used in the experiment study. While the manipulation checks do show the gift shopping scenario is relevant and believable to
the subjects, other service scenarios should be examined in the future to test customer co-creation behaviors across different service contexts in the real marketplace. The wedding gift shopping scenario is by nature an important and relatively complex shopping trip for many consumers. Thus, the manipulation of this scenario may not be appropriate for testing certain service contexts (e.g., service provider dominated service context, discrete service context). For example, the service provider dominated service context proposes that the service provider mainly contributes to the gift shopping task with minimum input from the customer. However, many customers would like to spend significant time to search and shop for a wedding gift for a best friend. Future research should examine customer co-creations across different service contexts by developing appropriate scenarios.

Another potential threat to the external validity is the use of student subjects in the experiment. Student subjects for the gift shopping experiment were judged to be appropriate for the objectives of this study. Specifically, students are indeed consumers when they are familiar with the shopping tasks. However, it is possible that the results based on student subjects may not be generalizable to the average consumer population. Future study that uses a more heterogeneous group of general population will generate stronger evidence about the proposed relationships in the experiment study.

There are also potential limitations that affect the external validity for the survey study. A consumer panel was recruited by www.qualtrics.com to answer the questions related to the survey study. The internet has become a major tool for more and more consumers to conduct transactions online instead of only depending on traditional offline business formats. Certain groups of consumers may not be covered by this study
methodology. For example, some elders still resist using internet to purchase products/services because they think that online shopping is risky. Further, a big percentage of females were included in the survey study sample. Although other studies suggest this is quite characteristic of an online panel (e.g., de Gregorio and Sung 2010; Parasuraman, Zeithaml, and Malhotra 2005), the high rate of female respondents suggests the difference between an online panel and traditional survey sample. That is, the subjects for the survey study were not randomly selected because they were recruited through a panel managed by the online survey firm (www.qualtrics.com). It would be enlightening to use other ways to collect the sample to test whether the findings hold. Future study may use non Web-based samples to reach a more comprehensive sample and test these proposed hypotheses.

The second set of limitations is related to methodological concerns across the experiment and survey study. First, the discriminant validity among several pairs of constructs may decrease the validity of the conclusions regarding the proposed hypotheses. Specifically, the pair constructs of emotional attachment and WOM in the experiment study and the pair constructs of satisfaction and WOM in the survey study suffer a certain degree of discriminant validity concern. Although the analyses of measurement models suggest adequate convergent and discriminant validity regarding these latent contracts, a careful examination of the items of these scales suggest the contents of certain items across different constructs are quite similar. Therefore, it is possible that the interpretations of the results based on these scales may lack statistical conclusion validity (Cook and Campbell 1979). Future research could overcome the
construct discriminant validity concern by exploring other consequences of customer co-creation behaviors.

The two-dimensional customer participation construct has been used by one prior study (e.g., Fang 2008). Marketing literature suggest that customer participation may not be unidimensional but instead be multifaceted. Does customer participation consist of other dimensions besides the two dimensions of information resource and codeveloper? Further empirical testing of the two-dimensional customer participation construct is needed. Additionally, there may be other dimensions of customer participation omitted from the two-dimensional scale. After the scales of customer participation have been established, future research will be able to examine which of those dimensions account for substantive amounts of variance in the customer co-creation behaviors.

In the survey study, structural equation modeling is employed to investigate the causal sequences using a cross-sectional study design. Because certain types of customer co-creation behaviors (e.g., higher education, selling a house) last for a long period, future research using a longitudinal study could highlight the dynamic process of customer co-creation behaviors. Further, some scales were skewed (e.g., trust in service provider, customer satisfaction), which violates the normality assumption for multivariate data analysis techniques such as SEM. For example, the majority of subjects reported quite high scores of trust in the service provider. Thus, our moderation analysis (H7) actually investigated the relationships between customer orientation and customer experiences and responses across the high trust group vs. the non-high trust group. It would be formative to examine how the trust factor moderates the impact of customer orientation on outcomes by including actual high trust groups vs. low trust groups.
Due to the characteristics of current data, it was not possible to test H8. Specifically, most respondents in the survey studies reported service experiences with service partners they trusted. Future studies may use a design experiment to manipulate the levels of trust across ability, integrity, and benevolence. Understanding trust mechanisms is highly relevant for practice and theory. Managers can shape policies and reward systems that contribute to positive outcomes—such as the relative emphasis on “can-do” versus “will-do” selling.

There are also directions that warrant future research. First, the present study suggests trust in the service provider moderates the effects of customer orientation on customer experiences and behavior responses. Future study could test other moderators, such as service characteristics and contextual characteristics. For example, the outcome of service delivery is likely to influence the impact of customer orientation on customer responses, as the attribution theory suggests that an individual attributes the causes of outcome differently across success and failure.

Second, the understanding of customer participation could be enhanced by linking customer participation to other latent constructs, such as positive affect, negative affect, and perceived control. It would be interesting to investigate how customer co-creation influences a customer’s psychological feelings in addition to the economic gains from the transaction.

Third, future research should also pay attention to the effectiveness of customer participation on the seller’s performance. Prior literature on customer participation and the emerging service dominant logic suggest that customers’ involvements of co-creation activities are necessary and beneficial (e.g., Vargo and Lusch 2004, 2008; Etgar 2008). At
the same time, Chan, Yim, and Lam (2010) suggest customer participation increases the employee’s job stress and hampers their job satisfaction. Other studies also find that customer participation sometimes may increases a seller’s cost to the service and even lead to negative consequences (e.g., Bitner, Booms, and Mohr 1994; Lovelock 1994; Price and Arnould 1999). These contrasting views on the effects of customer co-creation on sellers’ performance suggest what the literature knows is minimal. Hence, rigorous attention to the relationships between customer co-creation and sellers’ performance is needed.

Another interest topic pertaining to the customer co-creation is how co-creations work when several customers are involved simultaneously. For example, future research should explore how other customers influence one’s participation activities and the corresponding outcomes. Future research should also explore how customers produce a product/service for other customers. Such research would contribute to the C2C literature and ascertain the generalizability of the results.

So far, most of the research on customer co-creation has been conducted in western cultures. Customer co-creations involve multidirectional creators such as customers, service providers, and third parties. Therefore, the cultural background of each party should influence their expectations, norms, and roles (Patterson, Cowley, and Prasongsukarn 2006). More specifically, the results of co-creation research based on western samples may not be hold when the studies are conducted in an eastern cultural context such as Japan, China, or Thailand (Hofstede’s 1983). That is, an individual’s cultural background should play a role in shaping customer co-creation behaviors. Future research should explore customer co-creation behaviors in other geographic settings. It
would be interesting to contrast the results using the samples from both eastern and western cultures.

Conclusion

The subject of customer co-creation has been recognized by a number of researchers (e.g., Bendapudi and Leone 2003; Bowers, Martin, and Luker 1990; Lovelock and Young 1979; Lusch, Brown, and Brunswick 1992; Mills and Morris 1986), and more recently in the emerging S-D logic (e.g., Vargo and Lusch 2004, 2008). These studies suggest that customer co-creation is a beneficial activity for both marketers and customers. Therefore, marketers should encourage customers to be co-creators in the product and service delivery process. Unfortunately, relatively little is known about how customers participate in the value creation process (Woodruff and Flint 2006). The present research offers new insights into the customer co-creation literature by empirically showing how the service providers and customers work together to generate customer value perceptions and behaviors responses.

Customer orientation was found to be a very sound business strategy. It is worth noting that the service provider’s input reflecting customer orientation is a key driver of positive customer value perception (hedonic and utilitarian value) and responses (emotional attachment and WOM). The positive impact of customer orientation is especially strong when a customer’s trust toward the service provider is low.

The results further suggest that customer participations affect customer value perception, and together the two dimensions of customer participations have distinct and significant impact on satisfaction and WOM. Customer participation (information resource) was shown to be a negative determinant of customer value perceptions and
behavior outcomes. In contrast, customer participation (codeveloper) is a positive driver of the same outcomes.

In conclusion, the results of the present study display the interplay between customer input and service provider input in shaping the service production and consumption process. This study may shed some light on how the service provider's value propositions and customer participations interact with each other to generate customer values and fulfill customer needs.
APPENDIX A

SCENARIOS FOR PRETEST AND EXPERIMENT STUDY
Survey Instruction

Thank you very much for participating in the study! Researchers at Louisiana Tech University are interested in consumers’ opinions about shopping experiences. Participation in this research is strictly voluntary. You may withdraw at any time for any reason.

This survey asks you to imagine yourself shopping for a wedding gift for a close friend. So, imagine what thoughts and feeling you would actually experience in this situation. After reading about the situation, you’ll be directed to a set of questions where you can express your feelings and opinions.

We thank you in advance for your input!
Scenario 1: Low customer input & low service provider input & selling orientation & positive outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Due to your busy schedule, you do not have a chance to think a lot about the gift until the day before the reception. You drive to a shopping mall to look around for a gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy. You go to one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate seems very concerned with making sure she sells something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. She goes behind a counter, looks briefly at a computer screen, and suggests that you buy some silverware. You decide to go ahead and take this advice and buy the item on the registry. After completing the transaction, the store associate goes into the backroom, selects some wrapping paper, and wraps the gift for you. You are glad to get this done so easily.

A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

Scenario 2: Low customer input & low service provider input & selling orientation & negative outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Due to your busy schedule, you do not have a chance to think a lot about the gift until the day before the reception. You drive to a shopping mall to look around for a gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy. You go to one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate seems very concerned with making sure she sells something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. She goes behind a counter, looks briefly at a computer screen, and suggests that you buy some silverware. You decide to go ahead and take this advice and buy the item on the registry. After completing the transaction, the store associate goes into the backroom, selects some wrapping paper, and wraps the gift for you. You are glad to get this done so easily.
completing the transaction, the store associate goes into the backroom, selects some wrapping paper, and wraps the gift for you. You are glad to get this done so easily.

A couple of weeks later, you receive an email with a note from your friend that simply said “thanks for the gift.”

**Scenario 3: High customer input & low service provider input & selling orientation & positive outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Although you have a busy schedule, you first check the Internet site for a local shopping mall so you would get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don’t make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate seems very concerned with making sure she sells something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. So, she goes back to her other tasks. You spend some time looking around the department store and compare many different options. Finally, you select a unique set of silverware. After completing the transaction, you stop by a Hallmark store and pick out the things you need to wrap the gift in a special but appropriate way. You really put a lot of effort into getting this right!

A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

**Scenario 4: High customer input & low service provider input & selling orientation & negative outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:
Although you have a busy schedule, you first check the Internet site for a local shopping mall so you could get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don't make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate seems very concerned with making sure she sells something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. So, she goes back to her other tasks. You spend some time looking around the department store and compare many different options. Finally, you select a unique set of silverware. After completing the transaction, you stop by a Hallmark store and pick out the things you need to wrap the gift in a special but appropriate way. You really put a lot of effort into getting this right!

A couple of weeks later, you receive an email with a note from your friend that simply said “thanks for the gift.”

**Scenario 5: High customer input & low service provider input & customer orientation & positive outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Although you have a busy schedule, you first check the Internet site for a local shopping mall so you could get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don't make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. So, she goes back to her other tasks. You spend some time looking around the department store and compare many different options. Finally, you select a unique set of silverware. After completing the
transaction, you stop by a Hallmark store and pick out the things you need to wrap the gift in a special but appropriate way. You really put a lot of effort into getting this right!

A couple of weeks later, you friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

**Scenario 6: High customer input & low service provider input & customer orientation & negative outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Although you have a busy schedule, you first check the Internet site for a local shopping mall so you could get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don’t make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. So, she goes back to her other tasks. You spend some time looking around the department store and compare many different options. Finally, you select a unique set of silverware. After completing the transaction, you stop by a Hallmark store and pick out the things you need to wrap the gift in a special but appropriate way. You really put a lot of effort into getting this right!

A couple of weeks later, you receive an email with a note from your friend that simply said “thanks for the gift.”

**Scenario 7: Low customer input & low service provider input & customer orientation & positive outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:
Due to your busy schedule, you do not have a chance to think a lot about the gift until the day before the reception. You drive to a shopping mall to look around for a gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy. You go to one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. She goes behind a counter, looks briefly at a computer screen, and suggests that you buy some silverware. You decide to go ahead and take this advice and buy the item on the registry. After completing the transaction, the store associate goes into the backroom, selects some wrapping paper, and wraps the gift for you. You are glad to get this done so easily.

A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

**Scenario 8: Low customer input & low service provider input & customer orientation & negative outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Due to your busy schedule, you do not have a chance to think a lot about the gift until the day before the reception. You drive to a shopping mall to look around for a gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy. You go to one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. She goes behind a counter, looks briefly at a computer screen, and suggests that you buy some silverware. You decide to go ahead and take this advice and buy the item on the registry. After completing the transaction, the store associate goes into the backroom, selects some wrapping paper, and wraps the gift for you. You are glad to get this done so easily.

A couple of weeks later, you receive an email with a note from your friend that simply said “thanks for the gift.”
Scenario 9: Low customer input & high service provider input & selling orientation & positive outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Due to your busy schedule, you do not have a chance to think a lot about the gift until the day before the reception. You drive to a shopping mall to look around for a gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy. You go to one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate seems very concerned with making sure she sells something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. The store associate asks you have a seat and then she brings several items to you. She introduces the pros and cons of these different gift items and suggests that you buy a set of silverware. You decide to go ahead and take this advice and buy the item on the registry. After completing the transaction, the store associate goes into the backroom, selects some wrapping paper, and wraps the gift for you. You are glad to get this done so easily.

A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

Scenario 10: Low customer input & high service provider input & selling orientation & negative outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Due to your busy schedule, you do not have a chance to think a lot about the gift until the day before the reception. You drive to a shopping mall to look around for a gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy. You go to one of the department stores where you are greeted by a store associate who asks, “May I help you?” The store associate seems very concerned with making sure she sells something expensive. She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. The store associate asks you have a seat and then she brings several items to you. She introduces the pros and cons of these different gift items and suggests that you buy a set of silverware. You
decide to go ahead and take this advice and buy the item on the registry. After completing
the transaction, the store associate goes into the backroom, selects some wrapping paper,
and wraps the gift for you. You are glad to get this done so easily.

A couple of weeks later, you receive an email with a note from your friend that simply
said “thanks for the gift.”

Scenario 11: Low customer input & high service provider input & customer
orientation & positive outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend
the wedding reception. So, you need to buy a gift. Suppose the following scenario played
out:

Due to your busy schedule, you do not have a chance to think a lot about the gift until the
day before the reception. You drive to a shopping mall to look around for a gift. The
mall is not particularly crowded, the background music is upbeat and the atmosphere is
generally very pleasant. You know this friend really well, but you really can’t think of
what to buy. You go to one of the department stores where you are greeted by a store
associate who asks, “May I help you?” The store associate is very helpful and friendly
and seems concerned with recommending something appropriate instead of selling
something expensive. She asks about your purpose and tells you that your friend and
fiancée are listed in the store’s bridal registry. The store associate asks you have a seat
and then she brings several items to you. She introduces the pros and cons of these
different gift items and suggests that you buy a set of silverware. You decide to go ahead
and take this advice and buy the item on the registry. After completing the transaction,
the store associate goes into the backroom, selects some wrapping paper, and wraps the
gift for you. You are glad to get this done so easily.

A couple of weeks later, your friend makes a special effort to take you to lunch and tell
you how special the gift was and how much it meant to the newlywed couple.

Scenario 12: Low customer input & high service provider input & customer
orientation & negative outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend
the wedding reception. So, you need to buy a gift. Suppose the following scenario played
out:
Due to your busy schedule, you do not have a chance to think a lot about the gift until the
day before the reception. You drive to a shopping mall to look around for a gift. The
mall is not particularly crowded, the background music is upbeat and the atmosphere is
generally very pleasant. You know this friend really well, but you really can't think of
what to buy. You go to one of the department stores where you are greeted by a store
associate who asks, "May I help you?" The store associate is very helpful and friendly
and seems concerned with recommending something appropriate instead of selling
something expensive. She asks about your purpose and tells you that your friend and
fiancée are listed in the store’s bridal registry. The store associate asks you have a seat
and then she brings several items to you. She introduces the pros and cons of these
different gift items and suggests that you buy a set of silverware. You decide to go ahead
and take this advice and buy the item on the registry. After completing the transaction,
the store associate goes into the backroom, selects some wrapping paper, and wraps the
gift for you. You are glad to get this done so easily.

A couple of weeks later, you receive an email with a note from your friend that simply
said “thanks for the gift.”

**Scenario 13: High customer input & high service provider input & customer
orientation & positive outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend
the wedding reception. So, you need to buy a gift. Suppose the following scenario played
out:

Although you have a busy schedule, you first check the Internet site for a local shopping
mall so you could get an idea of just where to shop for a gift. One week before the
reception, you drive to the shopping mall to go gift shopping. You know it may take
some time to get a good gift. The mall is not particularly crowded, the background music
is upbeat and the atmosphere is generally very pleasant. You know this friend really
well, but you really can't think of what to buy that would really show how much you
care. You spend time searching in several stores, but you don't make a purchase. Then,
you stop by one of the department stores where you are greeted by a store associate who
asks, “May I help you?” She asks about your purpose and tells you that your friend and
fiancée are listed in the store’s bridal registry. However, you tell the associate that you
would rather take some time to try to find a more personal gift idea. The store associate
spends some time browsing around the department store with you and discussing the pros
and cons of different gift items. The store associate is very helpful and friendly and seems
concerned with recommending something appropriate instead of selling something
expensive. After discussing different options together, you finally choose something you
believe is just right- a unique set of silverware. After completing the transaction, you
choose some wrapping paper and the store associate goes into the backroom and wraps
the gift nicely for you. You really put a lot of effort into getting this right!
A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

**Scenario 14: High customer input & high service provider input & customer orientation & negative outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Although you have a busy schedule, you first check the Internet site for a local shopping mall so you could get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don't make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. The store associate spends some time browsing around the department store with you and discussing the pros and cons of different gift items. The store associate is very helpful and friendly and seems concerned with recommending something appropriate instead of selling something expensive. After discussing different options together, you finally choose something you believe is just right- a unique set of silverware. After completing the transaction, you choose some wrapping paper and the store associate goes into the backroom and wraps the gift nicely for you. You really put a lot of effort into getting this right!

A couple of weeks later, you receive an email with a note from your friend that simply said “thanks for the gift.”

**Scenario 15: High customer input & high service provider input & selling orientation & positive outcome:**

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:
Although you have a busy schedule, you first check the Internet site for a local shopping mall so you could get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don’t make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. The store associate spends some time browsing around the department store with you and discussing the pros and cons of different gift items. The store associate seems very concerned with making sure she sells something expensive. After discussing different options together, you finally choose something you believe is just right—a unique set of silverware. After completing the transaction, you choose some wrapping paper and the store associate goes into the backroom and wraps the gift nicely for you. You really put a lot of effort into getting this right!

A couple of weeks later, your friend makes a special effort to take you to lunch and tell you how special the gift was and how much it meant to the newlywed couple.

Scenario 16: High customer input & high service provider input & selling orientation & negative outcome:

Imagine yourself in the following situation:

The time is approaching for one of your best friend’s wedding. You are invited to attend the wedding reception. So, you need to buy a gift. Suppose the following scenario played out:

Although you have a busy schedule, you first check the Internet site for a local shopping mall so you could get an idea of just where to shop for a gift. One week before the reception, you drive to the shopping mall to go gift shopping. You know it may take some time to get a good gift. The mall is not particularly crowded, the background music is upbeat and the atmosphere is generally very pleasant. You know this friend really well, but you really can’t think of what to buy that would really show how much you care. You spend time searching in several stores, but you don’t make a purchase. Then, you stop by one of the department stores where you are greeted by a store associate who asks, “May I help you?” She asks about your purpose and tells you that your friend and fiancée are listed in the store’s bridal registry. However, you tell the associate that you would rather take some time to try to find a more personal gift idea. The store associate spends some time browsing around the department store with you and discussing the pros and cons of different gift items. The store associate seems very concerned with making sure she sells something expensive. After discussing different options together, you
finally choose something you believe is just right- a unique set of silverware. After completing the transaction, you choose some wrapping paper and the store associate goes into the backroom and wraps the gift nicely for you. You really put a lot of effort into getting this right!

A couple of weeks later, you receive an email with a note from your friend that simply said “thanks for the gift.”
APPENDIX B

QUESTIONNAIRE USED IN SURVEY STUDY
Thank you very much for participating in the study! Researchers at Louisiana Tech University are interested in consumers' opinions about service experiences.

Participation in this research is strictly voluntary and your participation or refusal to participate in this study will not affect your relationship with Louisiana Tech University in any way. It should take you less than 15 minutes to complete this survey and there are no risks associated with your participation. You may withdraw at any time or refuse to answer any question without penalty. Upon completion of the study, summary results will be freely available to you upon request. The results of your response will be confidential, anonymous, and reported in aggregate form only. The results of the survey will be accessible only to the principal researcher, yourself, or a legally appointed representative. If you have any questions regarding this survey, please contact Dr. Les Guice (318-257-3056) from the Human Use Committee of Louisiana Tech University.

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We thank you in advance for your input!

○ I agree to participate in the survey

○ I do not agree to participate in the survey
The questions in this survey ask about a recent service experience. Please think back to a recent (within the last month or so) service experience in which you interacted with a service employee or firm. This will be the service experience we will ask you to describe. Please indicate the term that most closely describes the category of the service.

- Vacation/Hotel
- Fine dining experience (i.e., dinner experience at a full service restaurant)
- Routine health care
- Shopping for professional business clothing (i.e., suits, dress slacks...)
- Exercise facility
- Hair style/cut
- Spa service
- Financial/legal service
- Car repair
- Real estate agency (buying or selling)
- Car purchase
- Shopping for electronics
- Insurance service
- Other

When did the service experience occur?

- More than 10 days but less than 1 month
- Between one month and two months
- More than two months but less than six months
- More than six months
- Ten days or less

The questions that follow ask about your perceptions of the entire service experience. Several questions use the term "service provider." Often, more than one employee may have been involved in serving you during experience. When the term "service provider" appears, we are referring to all the individuals who may have served you collectively. To begin, approximately how many employees were involved in serving you during the experience?

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9 or more
Think back and then briefly describe the service experience.

What was the single best thing about the experience?

What was the single worst thing about the experience?

Reflecting on the events of this service encounter, please indicate how well the following adjectives describe your overall feelings about the experience?

<table>
<thead>
<tr>
<th>Adjective</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pleased</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>o o o o o o o o</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Favorable</td>
<td>o o o o o o o o</td>
<td>Unfavorable</td>
</tr>
<tr>
<td>Negative</td>
<td>o o o o o o o o</td>
<td>Positive</td>
</tr>
</tbody>
</table>

Please indicate your level of agreement or disagreement with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will say positive things about this service provider to other people</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I am satisfied with the level of service this service provider has provided</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I will recommend this service provider to people I know who are asking my advice</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I will say positive things about this service provider to other people</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>In general, I am very satisfied with my dealings with this service provider</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I would feel very uneasy recommending this service provider to people I know</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I will encourage friends and relatives to visit this service provider</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
</tbody>
</table>
The service provider did nothing to make me feel satisfied with this experience. I will not recommend this service provider as a good option.

Please indicate your level of agreement or disagreement with the following statements based on how well they describe your feelings about this service experience.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall, the experience was truly a joy</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I invested time in this experience not because I had to, but because I wanted to</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I accomplished just what I wanted to by going through this experience</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>The experience truly felt like 'an escape'</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>Compared to other things I could have done, the time spent was truly enjoyable</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I enjoyed being immersed in the experience</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>During the experience, I got just what I was looking for</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I felt disappointed because I had to spend more money elsewhere to get what I really wanted</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I enjoyed this experience for its own sake, not just for things I might have purchased</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I enjoyed the experience because I could act on the spur of the moment</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I was unable to get all I wanted from this experience</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>All things considered, the experience was worth at least as much as the price</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>This experience was a success</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I was able to forget my problems during this experience</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>I felt a sense of adventure during the experience</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>The experience was truly a nice time out</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
<tr>
<td>The time spent was worthwhile because I finished the job I started</td>
<td>○ ○ ○ ○ ○ ○ ○ ○</td>
<td>○ ○ ○ ○ ○ ○ ○</td>
</tr>
</tbody>
</table>
Based on the impression you have from the experience, please indicate your level of agreement with the following statements.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I felt very little risk was involved when dealing with this service provider</td>
<td>o o o o o o o</td>
</tr>
<tr>
<td>The service provider was sincere</td>
<td>o o o o o o o</td>
</tr>
<tr>
<td>The service provider was honest</td>
<td>o o o o o o o</td>
</tr>
<tr>
<td>The service provider was friendly</td>
<td>o o o o o o o</td>
</tr>
<tr>
<td>Vanilla is better than chocolate</td>
<td>o o o o o o o</td>
</tr>
</tbody>
</table>

The list below contains feelings that one might experience during a service encounter. Please rate the extent to which you experienced each feeling during the service experience. The scale ranges from 1= did not feel at all to 7 = felt that feeling very much.

<table>
<thead>
<tr>
<th>Feeling</th>
<th>Did not feel at all (1)</th>
<th>Felt very much (7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relaxed</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Aroused</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Excited</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Disgusted</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Ashamed</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Upset</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Guilty</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Annoyed</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Manipulated</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Bored</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Attentive</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Helpless</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Happy</td>
<td>o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>In control</td>
<td>o o o o o o o</td>
<td></td>
</tr>
</tbody>
</table>
Based on the impression you have from the experience, please indicate your level of agreement with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider has a strong sense of justice</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I never have to wonder whether the service provider will stick to her/his word</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>This service provider tries hard to be fair in dealing with others</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider's actions and behaviors are not very consistent</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>I like the service provider's values</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>Sound principles seem to guide the service provider's behavior</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
</tbody>
</table>

Based on your impression of the service, please indicate your level of agreement with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel very confident about the service provider’s skills</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider is very capable of performing her/his job</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider would not knowingly do anything to hurt me</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider will go out of her/his way to help me</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>My needs and desires are very important to this service provider</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider has specialized capabilities that can increase work performance</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider has much knowledge about the work that needs done</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider is well qualified</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider is known to be successful at the things s/he tries to do</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider really looks out for what is important to me</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
<tr>
<td>The service provider is very concerned with my welfare</td>
<td>o o o o o o o o</td>
<td></td>
</tr>
</tbody>
</table>
Please indicate your level of disagreement or agreement with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider helped me achieve my goal</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>The service provider had my best interests in mind</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>This service provider tried really hard to satisfy me</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>The service provider tried to offer the product that is best suited to my desire</td>
<td>o</td>
<td>o</td>
</tr>
</tbody>
</table>

Express your agreement with the following statements that describe how much you contributed to the total experience.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>My involvement as a producer of the outcome of the experience was significant</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>I did not tell the service provider how to do his/her work</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>I kept my service provider informed about what I wanted</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>I played a very important role in completion of this experience</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>My input constituted a significant portion of the overall effort to provide the service</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>I actively provided information to the service provider</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>I shared information with the service provider to help get the job done</td>
<td>o</td>
<td>o</td>
</tr>
</tbody>
</table>
Please indicate your level of disagreement or agreement with the following statements.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th></th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The service provider applied pressure to get me to spend a lot</td>
<td>o o o o o o o o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of money even if the product was not right for me</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The service provider seemed concerned with working quickly</td>
<td>o o o o o o o o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>instead of spending time to understand my needs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The service provider went to work before exploring my needs.</td>
<td>o o o o o o o o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>So, I was treated just like all other customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The service provider tried to convince me to buy something just</td>
<td>o o o o o o o o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to make a sale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I did not feel special; I was treated just like any other</td>
<td>o o o o o o o o</td>
<td></td>
<td></td>
</tr>
<tr>
<td>customer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What do you think about this type of service in general? Please choose the spot between each pair of opposing terms that best describes your level of interest.

<table>
<thead>
<tr>
<th></th>
<th>o o o o o o o o</th>
<th>Important to me</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unimportant to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does not matter to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insignificant to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I felt I was able to influence the way things turned out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I felt it was difficult to get my own way</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I felt that everything was under my control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Of no concern to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irrelevant to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the end, the service provider determined the outcome</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means nothing to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means a lot to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means a lot to me</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please circle the choice that best presents the relationship between you and the service provider.

This is the first time we did business  ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ We have a long term business relationship

Please indicate your level of agreement with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I know nothing about the types of services and products offered by the service provider</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free choice: Mark any choice</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am familiar with this type of service</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I possess good knowledge of this type of service</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please express your attitude toward the company/organization where the service provider is from.

<table>
<thead>
<tr>
<th>Attitude</th>
<th>Strongly Disagree</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpleasant</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Useless</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favorable</td>
<td>○ ○ ○ ○ ○ ○ ○ ○ ○ ○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate which of the following statements best represents your thought of the service encounter?

○ With minimum inputs by service provider, I accomplished the service delivery
○ My service provider and I worked together to accomplish the service delivery
○ Both the service provider and I did a little work to accomplish this service delivery
○ The service provider accomplished the service delivery with minimum inputs by me

What is your gender?
○ Male
○ Female
What is your age group?

○ 25 or under
○ 26-35
○ 36-45
○ 46-55
○ 56-65
○ 66 or more

What was your household income before taxes last year?

○ Under $20000
○ $20000-$34999
○ $35000-$54999
○ $55000-$74999
○ $75000-$104,999
○ $105,000-$124,999
○ $125,000-$154,999
○ $155,000 or more

Which of the following groups do you consider yourself a member of ...?

○ Caucasian/ White
○ African American
○ Asian/Pacific Islander
○ Hispanic
○ American Indian/Alaska Native
○ Others

Education completed?

○ GED
○ High school diploma
○ Undergraduate degree
○ Graduate degree
○ Professional degree
○ Other
What is your occupation?


Where do you live now? Please enter your 5-digit ZIP code


APPENDIX C

HUMAN USE LETTER
TO: Mr. Weiling Zhuang and Dr. Barry Babin
FROM: Barbara Talbot, University Research
SUBJECT: HUMAN USE COMMITTEE REVIEW
DATE: January 12, 2010

In order to facilitate your project, an EXPEDITED REVIEW has been done for your proposed study entitled:

"Balancing Customer and Marketing Inputs to Maximize the Value Experience"

# HUC-717

The proposed study’s revised procedures were found to provide reasonable and adequate safeguards against possible risks involving human subjects. The information to be collected may be personal in nature or implication. Therefore, diligent care needs to be taken to protect the privacy of the participants and to assure that the data are kept confidential. Informed consent is a critical part of the research process. The subjects must be informed that their participation is voluntary. It is important that consent materials be presented in a language understandable to every participant. If you have participants in your study whose first language is not English, be sure that informed consent materials are adequately explained or translated. Since your reviewed project appears to do no damage to the participants, the Human Use Committee grants approval of the involvement of human subjects as outlined.

Projects should be renewed annually. **This approval was finalized on January 4, 2010 and this project will need to receive a continuation review by the IRB if the project, including data analysis, continues beyond January 4, 2011.** Any discrepancies in procedure or changes that have been made including approved changes should be noted in the review application. Projects involving NIH funds require annual education training to be documented. For more information regarding this, contact the Office of University Research.

You are requested to maintain written records of your procedures, data collected, and subjects involved. These records will need to be available upon request during the conduct of the study and retained by the university for three years after the conclusion of the study. If changes occur in recruiting of subjects, informed consent process or in your research protocol, or if unanticipated problems should arise it is the Researchers responsibility to notify the Office of Research or IRB in writing. The project should be discontinued until modifications can be reviewed and approved.

If you have any questions, please contact Dr. Mary Livingston at 257-4315.

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

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REFERENCES


