RESEARCH NOTES

EXAMINING THE IMPACT OF CUSTOMER-TO-CUSTOMER INTERACTION ON SERVICE EXPERIENCES: A PILOT STUDY

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Abstract

This research focuses on how the design of backpacker hostels influences social interaction among guests and how this could enhance or spoil their service experience. There are opposing views on how different aspects of hostel design and services contribute towards guests’ evaluation of their hostel stay. On one hand, it is suggested that a hostel environment which encourages social interaction adds value to the service experience while on the other hand, an environment that offers extra privacy, such as en-suite bedrooms, is more valued. The present research therefore argues that some aspects of the hostel’s current design and core services may now be redundant for certain market segments of the hostel guest. Empirical evidence is needed to illustrate the extent to which hostels are providing the right design and services to meet the current requirements of their target market. At this stage of the research, a pilot study has been carried out using semi-structured interviews with individuals who have stayed in backpacker hostels. Using the Critical Incident Technique (CIT), respondents were asked to recall a specific incident where they had interacted with other hostel guests. Details about the environment in which the interaction took place, as well as how the respondents felt about the interaction, were asked during the interview. It is expected that the findings of this research will shed light on which aspects of a hostel’s design and guests’ interaction would contribute towards enhancing the service experience.

Keywords: Hostelling; social interaction; backpacker; service experience.
Introduction

To date, the majority of the services and marketing literature has mainly focused on the influence of the physical aspects of the service settings on service experience (Kotler, 1973; Bitner, 1992; Kwortnik, 2008; Harris & Ezeh, 2008). It is argued by Jones (1995), Martin (1995), Tombs and McColl-Kennedy (2003) and Nicholls (2010) that the service context plays an important role in determining whether or not social aspects of the environment, such as the presence and behaviour of employees and other customers, may have bearing on the customer's experience. So far, very few studies (Kwortnik, 2008; Obenour et al., 2006; Papanathanasi, 2012) have explored social interaction among customers in a comprehensive manner. This lack of research is surprising given that many business companies deliver services to customers in the presence of other customers.

The term 'servicescape' was originally introduced by Bitner (1992) to describe the physical environment of an organisation encompassing several different elements such as overall layout, design and décor. In the context of retail settings for instance, servicescapes are designed to influence consumer response behaviour such as stay/leave or browse/purchase, as well as social interaction (Donovan & Rossiter, 1982). However, several researchers have demonstrated that the servicescape elements should not be limited to just the physical environment of the service setting (Martin, 1995; Tombs & McColl-Kennedy, 2003; Harris & Ezeh, 2008; Hall, 2009; Nicholls, 2010). Harris and Ezeh (2008) argue that the servicescape aspect should also include the behaviour and image portrayed by employees, as these factors also affect the customer’s service experience. Furthermore, empirical studies carried out by Tombs and McColl-Kennedy (2003) have demonstrated that other customers present within the service setting have an important role in either enhancing or damaging the service experience. Their study highlighted that for a large birthday party at a buffet-style restaurant, for instance, the ambience may be enhanced by lively, friendly banter between customers. In contrast, a couple anticipating a romantic dinner for two would perhaps consider such behaviour inappropriate as they may wish for more privacy.

Martin (1995), Hall (2009), Huang and Hsu (2009a), Nicholls (2010) and Nilsson and Ballantyne (2014), also acknowledge that customers’ interaction with other customers create part of the servicescape atmosphere. A clearer understanding of how social interactions contribute to the service experience may assist service firms to gain competitive advantage and enhance service quality (Jones, 1995; Moore et al., 2005; Huang & Hsu, 2009b; Zhang, Beatty & Mothersbough, 2010) as well as increase the perceived value of the firm’s offer (Gruen, Osmonbekov & Czaplewski, 2007). Since prior research clearly suggested that social interaction can contribute to the service experience, the present research will therefore focus on the extent to which customers’ interaction with one another influences their evaluation of the service experience.

Literature Review

Customer-to-Customer Interaction and the Service Experience

Among the earliest work focusing on social interaction between customers in a service environment was that by Martin and Pranter (1989). Their study explored several fundamental research questions around customer compatibility management. Customer compatibility is especially important to service providers such as restaurants, bars and hotels, which could potentially be affected by the nature of customer-to-customer interactions. Their exploratory study combined reviews of trade and academic literature with consumer focus groups and observation audits. Findings showed that pleasant encounters (e.g. polite conversations, good manners, friendly smile) with fellow customers add positively to the service experience and seem to enhance perceptions of service quality. On the other hand, negative experiences, which were usually a result of customer incompatibility, had the opposite
effect and led to customer dissatisfaction. Their study provided a list of incompatible behaviours such as rudeness and poor manners, loud and boisterous behaviours and inappropriate dress. Some of the recommendations made by the researchers include grouping compatible customers together, enforcing codes of conduct for customers and utilizing the physical environment to foster compatible customer-to-customer relationships.

Based on Martin and Pranter’s (1989) study, the present research suggests that positive service experiences could be offered by service firms by managing how customers interact with each other, as well as manipulating the physical environment to either encourage or discourage this interaction. Nonetheless, it is acknowledged by Levy (2010) that facilitation from service providers can be valued only if it is in agreement with the customer’s social needs.

Building on Martin and Pranter’s (1989) study, Martin (1995) attempted to gain further insights into the impacts of other customers on satisfaction of the overall service experience. He developed a 19-item generic scale to measure customer compatibility in a variety of service environments. Customer compatibility was conceptually defined as “the extent to which customers within a business’ physical environment interact with one another in a satisfying/dissatisfying manner” (Martin, 1995, p.302). This interaction may be direct (through specific interpersonal encounters) or indirect (by being part of the service environment’s atmosphere). The satisfaction or dissatisfaction derived from the interaction implies varying degrees of personal tolerance towards others as well as a degree of psychological discomfort. For example, customer satisfaction may suffer if other customers on the premises smoke, shout loudly or dress inappropriately. Conversely, smiling or polite conversations among customers may lead to a more satisfying service experience.

In Martin’s (1995) study, customers were asked to recall specific service experiences that were influenced by the behaviours (or characteristics) of other customers simultaneously sharing the service environment. The 19-item customer compatibility scale used a 5-point Likert-type format with responses ranging from ‘strongly disagree’ to ‘strongly agree’. When using the customer compatibility scale, if a respondent is very compatible, s/he would be expected to report being tolerant of other customer’s specific behaviour such as smoking or using profanity. Although Martin’s (1995) findings have been recognised as a landmark study in the area of consumer interaction, a major criticism of the customer compatibility scale is that the 19 items in the scale do not actually reflect how compatible one person is to another person. It cannot be assumed that an individual who is highly tolerant of another person’s behaviour is highly compatible with each other. While this is seen as the study’s main weakness, the findings provide valuable insight into how the service experience is influenced by interactions with fellow customers. Understanding how the service experience is affected by customer compatibility and how customers tolerate each other’s behaviour or physical characteristics, is of fundamental importance within the present research.

Twenty years on after Martin and Pranter’s (1989) seminal work, there has been an emerging stream of research that examines the effects of social interaction among customers in the service process and how this contributes to the overall service experience (Grove & Fisk, 1997; Harris & Baron, 2004; Jones, 1995; Martin, 1995). Nevertheless, this area of study is still regarded as limited and not sufficiently covered (Nicholls, 2010; Papatheanassis, 2012; Rosenbaum, 2008; Wu, 2007; Zhang, Beatty & Mothersbaugh, 2010). Much of the services literature has concentrated on customer-employee interactions and customer-service environment interactions. It is argued that one of the main reasons for the lack of research on interactions among customers is largely because the firm is not able to control such interactions (Fisk, Brown & Bitner, 1993; Harris, Davies & Baron, 1997; Levy, Getz & Hudson, 2011; Martin & Clark, 1996).
The Management of Customer-to-Customer Interaction

Several researchers have indicated that in theory, firms can intentionally influence customer interaction through the design of their servicescape (Argyle, Furnham & Graham, 1981; Bowie & Buttle, 2011; Mehrabian & Russell, 1974). Furthermore, empirical studies conducted by Kwortnik (2008), Murphy (2001), Obenour et al. (2006), Zemke and Shoemaker (2007) have demonstrated that social interaction can be managed and even facilitated by the firm using different elements of the servicescape. Obenour et al. (2006) for instance, suggested that larger kitchens in hostel buildings would encourage more social interaction whereas smaller kitchens would inhibit interactions. Drawing from this, the present study suggests that service firms can purposely manipulate different elements of the servicescape to facilitate social interaction among customers.

Given that the topic is largely under-researched, it not surprising that empirical research in this area is still quite scarce. Studies that have been carried out employ mostly exploratory research techniques in their investigation (Grove & Fisk, 1997; Harris & Baron, 2004; Harris, Davies & Baron, 1997; Martin & Pranter, 1989; Tombs & McColl-Kennedy, 2010; Zhang, Beatty & Mothersbaugh, 2010). For instance, Harris and Baron (2004) studied conversations between strangers during rail travel and found that these conversations have a stabilizing impact on consumer expectations and perceptions of service experience. They found three components to the stabilizing effect which are consumer risk/anxiety reduction, the enactment of partial employee role and the supply of social interaction. Another example is Tombs and McColl-Kennedy’s (2010) study of café patrons which showed that not only does the presence of customers influence the duration of stay of other customers, but also that customers like to be spatially near other customers when they are on their own or as a couple.

It has been argued by Papathanassiss (2012) that “compatibility/homogeneity as the key determinant of customer-to-customer satisfaction could be regarded as rather oversimplified, at least when isolated from the situational factors” (p.1149). In his study of guest-to-guest interaction on board a cruiseship, it is suggested that an alternative strategy of pre-selecting customers and demographically segregating them on board should be adopted. Social engineering in cruise tourism was seen to be carried out through practices such as seating arrangements and time, dress code and communication formality. Such facilitation aimed at segregating incompatible customers and harmonising difficult customers. Although social engineering may result in more positive interactions, such practice could be considered as a form of discrimination and raise ethical concerns (Johnson & Grier, 2013). Furthermore, current trends show that a significant number of cruise guests, especially younger ones appreciate minimal ‘managerial facilitation’ and regulation in their interactions with others. Therefore, his study proposed that shared experiences should be created and cruise guests be offered opportunities to participate in activities that have a focus on interaction. Levy (2010) supports this notion and suggests that a more conducive environment may be offered to appeal to market segments that enjoy having social interaction. Similar to Papathanassiss (2012) and Levy (2010), the present study views that servicescapes that are purposely designed to encourage social interaction could act as a marketing strategy to attract customers that are especially interested in the social aspects of the service experience.

Jones (1995) proposed that social interaction among customers can be central, additional or irrelevant to the service experience, depending on the context of service. For example, besides the services and facilities being provided, the social experience within Club Med, cruise ships and conferences may influence the way customers evaluate the organisation’s offering. This would mean that customer interaction is seen to be an integral part of the service experience. As for individuals going on a shopping trip or a holiday, the social interaction that might take
place with fellow customers may be additional but not central to their service experience. Lastly, there are the interactions that serve almost no role in the service experience, such as bank transactions that require more privacy. Jones (1995) proposition has been referred to by many researchers in their studies within the context of cruise tourism (Huang & Hsu, 2009b; Papathananassi, 2012), retail (Harris, Davies & Baron, 1997), amusement parks (Grove & Fisk, 1997) and rail travel (Harris & Baron, 2004). However, the industry-specific nature of these studies limits the generalizability of the findings.

For the present study, hostel accommodation is chosen as the service setting as it represents a service context in which social interaction and relationships are likely to impact on service experience. The facilities and services offered in hostels (e.g. dormitories, kitchen, bathrooms, lounge) are often expected to be shared among the guests. Consequently, both positive and negative interactions are bound to happen within the hostel’s shared environment. Furthermore, hostel users are relatively heterogeneous as they are likely to be backpackers with different nationalities and varied demographic characteristics.

Research Method

In this pilot study, the eight respondents interviewed had stayed in a backpacker hostel for at least one night within the past year. An exploratory approach was used to obtain initial insights into how social interactions between customers affect their service experience, and subsequently how servicescapes facilitate such interactions. Specifically, the Critical Incident Technique (CIT), in the form of semi-structured interviews, was used to obtain an understanding of the research topic from the perspective of the hostel guest. This method is considered appropriate due to the deficiency in research on customer-to-customer interaction within the hostel context. The technique involves asking respondents to narrate negative and positive incidents that had an impact on their overall service experience. Questions related to the demographic profiles were asked at the beginning of the interview session to gather the overall background of the respondent and to establish good rapport. This was followed by a statement asking the respondents to state a specific situation/incident where they interacted with other hostel guests. Respondents were asked the following question:

*Think of a time when you had one particularly positive experience interacting with guests in a hostel you stayed in. This could be in another hostel other than the one you are staying in. Could you describe the situation and tell me what happened?*

Following the respondent’s recall of the incident, probing questions were then asked to find out more about the details of the incident. The questions include:
1. When did this happen?
2. Where were the other guests from?
3. How did you feel about what happened?
4. What did the guest(s) say or do that made you feel that way?
5. How would you describe the place/area in which you had the interaction?

Results

Following data analysis procedures suggested by the CIT method (Flanagan, 1954), respondents’ narratives were examined using content analysis to uncover common themes and potential categories. A deductive approach to qualitative data analysis was adopted, in which a coding schema derived from the literature was developed (Altinay & Paraskevas, 2008). These categories were initially based on studies by Murphy (2001), and Huang and Hsu (2009b). These studies examined social interaction in terms of the functional benefits of interactions (Murphy, 2001) and levels of interactions between customers (Huang and Hsu, 2009b). Murphy (2001) highlighted that interactions among
backpackers usually have either a functional purpose or a social purpose. Functional purposes include sharing information about each other’s travel routes and experiences, whereas social purposes include sharing personal information and forming friendships. However, the present study has been unable to demonstrate that social interaction could be grouped into these two themes. This because some respondents reported that the only interaction that took place was non-verbal in nature (e.g. greetings, smiles). As such, non-verbal behaviours could not be placed within the functional/social categorisation. Finally, the incidents were examined again and it was evident that three themes, suggested by Huang and Hsu (2009b), best described the categorisation of social interactions. Different levels of social interaction existed between the guests as some of them hardly talked to other guests whereas others planned for and participated in social activities together. Therefore, the social interaction incidents were divided into superficial, spontaneous and personal interactions.

Category One: Superficial Interactions

For this category, very limited or no interaction with fellow guests took place. Privacy and interaction with own travel companion(s) were given priority.

“When I went in the hostel, it was late at night so I didn’t have a chance to meet them”.

“Yes, we meet other guests but it’s just talk. You know … where are you from and .. what are you doing?And that’s it”.

“When I went with my girlfriend, I nearly didn’t talk to other people”.

Category Two: Spontaneous Interactions

Within this category, respondents had free-flowing interactions whereby conversations covering a wide range of topics occurred on the spot. Interaction did not extend beyond the duration of the hostel stay.

“I went to the kitchen to get my breakfast and there were everybody from all over the world. And we were like chatting, talking and interacting”.

“We introduced each other, where we’re from and what we are doing here. She shared her experience with me, which sightseeing and which place I wanted to visit”.

Category Three: Personal Interactions

For this last category, interactions with other guests developed into purposely coordinated activities to be experienced together. The friendship also extended beyond the boundary of the hostel.

“I met an Australian guy. He asked me a lot of stuff and we even went to a musical together in the evening”.

“It’s a coincidence that we’re living together in the same room. Then we just went to a lot of places together”.

“After that, we became like friends. We went for travelling in that city, we ate together and we found interesting places together”.

In terms of the location in which the interaction took place, analysis of the interview data revealed that most interactions occurred in communal areas, as expected. The hostel dormitory was largely a place for guests to retreat and have some privacy.

“Dorms don’t work because people come in and out all the time. Usually people go into a dorm to sleep. They don’t go there to socialise”.

“When I came downstairs for some basic cooking, I met some other guests”.

“You make friends in the lobby and kitchen as well. You can sit there and somebody will talk to each other”. 
The final part the interview focused on how respondents evaluated their hostel service experience. Incidents were first grouped into either positive or negative cases. Positive incidents demonstrated that social interaction enhanced the service experience whereas negative incidents damaged the service experience.

“It will make my stay more comfortable, more enjoyable”.

“If I have good interaction, I will remember the hostel”.

“Sometimes the people I interact with might influence my hostel rating, but I try to be neutral”.

“You can have a great hostel and meet really bad people. You wouldn’t go back to that hostel necessarily”.

However, there were also several social interaction incidents that had negligible impact, as most respondents felt that other aspects of their hostel stay influenced their overall evaluation of their experience.

“It can make my stay there more enjoyable, but it will not affect my evaluation to the hostel that much”.

“No, no. It wasn’t the first thing that came to mind”.

“If the guy is not nice and he snores, it’s just bad luck”.

When respondents reported that social interaction had negligible impact on service experience evaluation, the interviewer probed this subject further. It was evident that physical servicescapes influenced the way respondents assessed the hostel service experience, as reflected in the following accounts:

“The rooms were clean, it was quiet. It was comfortable and well-equipped”.

“I consider its price and cleanliness. It should be clean and tidy a bit”.

“The food is nice and the bed was nice so I will give it a high ranking”.

This pilot study has revealed that both hostel servicescapes and social interaction among hostel guests contribute to their evaluation of the service experience to different degrees. This implies that hostels could add value to their product offerings by managing and facilitating positive interpersonal interactions among guests. The interview data also indicated that the manipulation of physical servicescapes is not as effective in encouraging social interaction, thus contradicting the findings from the existing literature.

Conclusion

This study aimed to explore whether the social aspect of staying in hostels has an impact on guests’ service experience evaluation. Several interesting results have emerged from this study. Firstly, the results suggest classifying social interaction into three groups - superficial, spontaneous and personal interactions. These groups indicated the level of interaction that occurred between the hostel guests. Secondly, this study suggests that both physical and human dimensions of the servicescape affected guests’ social interaction. Thirdly, evaluation of the service experience is influenced by social interaction factors as well as servicescape factors. Therefore, these findings provide empirical evidence that customers co-create their service experience through interactions with other customers, which could lead to either favourable or unfavourable service encounters. This implies that hostels could add value to their product offerings by facilitating positive interpersonal interaction among guests. Manipulation of the servicescape could also contribute towards guests’ enjoyment of the hostel experience. It is suggested that further research should be conducted to fully investigate the relationship between social interaction, servicescapes and service experience evaluation.
References


