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The role of Customer Participation in Creating e-Service Value

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Problem area

- Self-service technologies
- Roles in service process
 - Co-creation value
 - Empowerment
- Increasing customer activity
- Customer independence



Research gap

- E-service research on
 - Perceptions of e-service quality and e-service value
 - Describing and categorizing self-service technologies
 - Adoption, trial and attitudes of e-services
- Research on customer participation
 - Why customers participate in the service production
 - Managing customers as partial employees
 - Levels of customer participation
 - Roles of customers
- Recent discussion on value-in-use perspective



Purpose

How does the new service environment influence value creation?

- Purpose: explore the role of participation on customer perceptions of e-service value
 - how does consumers' use of e-services influence value?



Paper outline

- Theoretical framework
 - Service value
 - Customer participation
- Conceptual framework
- Empirical study
 - Online questionnaire in September 2004
- Empirical findings
 - Differences in the level of value
 - Customer participation and service value
- Conclusions and implications
 - Theoretical and practical



Key concepts

- **Customer participation:** user's activity on the web site and how many different aspects of the site are used
- **e-service value:** users' perceptions on the benefits and sacrifice related to the service



Customer participation

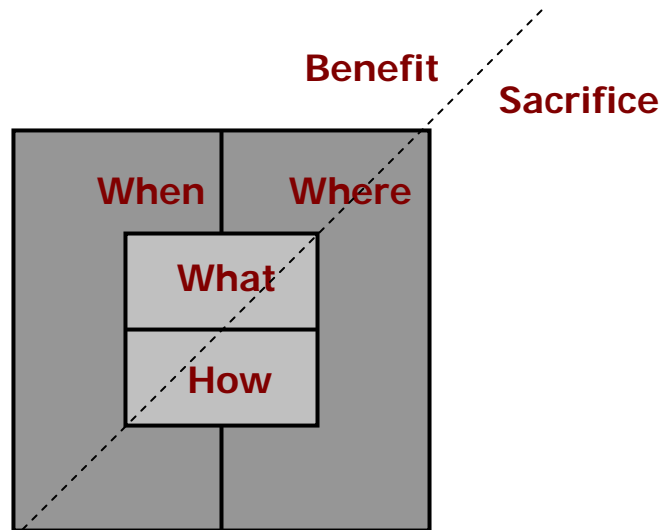
- Different levels
 - Low: physically present
 - High: co-creates the service together with the service provider
- Input
 - information, physical effort or inconvenience
- Service encounters
 - direct personal encounter, indirect personal encounter, remote encounter
 - Number of outlets, where the interaction occurs
- No focus on the customer's activity in service use
- No link to service value



Customer value

- Customer perceptions
- Value-in-use
 - Determined by the customer in the consumption of the service
- Trade-off between benefit and sacrifice
- Four dimensions of service value
 - Technical value: outcome of the service interaction.
 - Functional value: interactions between the customer and all kinds of interfaces of the company, both personal and technical.
 - Temporal value: perceptions of the time of the service process.
 - Spatial value: customer perceptions of the physical place and its characteristics.

Customer value



“Customer perceived value is the perceived outcome of the trade-off of the set of technical, functional, temporal and spatial benefit and sacrifice components.”
(Heinonen 2004:156)



Research questions

- What is the service value of an online web site?
- How do different levels of customer activity influence service value?



Empirical study

- Conducted in September 2004
 - explored the perceived value of a Finnish online travel service
- Online questionnaire hosted at the site of the travel agency
 - developed with several iterations involving two researchers, consumers and representatives of the travel agency.
 - sample size of 3328
- Customer participation
 - questions specifically developed for the chosen web service.
 - different service characteristics that the consumer was able to use, and the level of participation was higher the more service elements that the respondent used.
- Service value
 - 18 questions representing 15 sub-dimensions
 - in two different sets;
 - level of activation of the attribute measured by the willingness to use the service (activating – non-activating)
 - the evaluation of the same attributes compared to competing services (benefit – sacrifice)



Service value questions

- Technical value
 - content,
 - tangibles and
 - price
- Functional value
 - process ease/functionality,
 - security,
 - entertainment,
 - decision support and
 - dependability.
- Temporal value
 - temporal efficiency/usefulness,
 - speediness and
 - temporal latitude
- Spatial value
 - spatial latitude,
 - visual layout,
 - channel functionality and
 - navigation



Findings

	Technical dimension	Functional dimension	Temporal dimension	Spatial dimension
Low value	2,9%	0,8%	2,3%	1,5%
Moderate value	74%	75,6%	63,5%	70%
High value	23,1	23,6	34,2%	28,5%



Findings

	Technical dimension	Functional dimension	Temporal dimension	Spatial dimension
Low activity	0.62	0.71	0.89	0.77
Moderate activity	1.06	1.22	1.65	1.36
High activity	1.67	1.81	2.14	2.06
Mean value	1.03	1.19	1.58	1.33



Sub-dimensions of service value

	Low activity	Moderate activity	High activity	Mean
content	0.66	1.17	1.79	1.14
tangibles	0.95	1.57	1.92	1.51
price	0.44	0.75	1.47	0.74
process easiness/functionality	0.73	1.22	2.01	1.19
security,	0.94	1.43	1.94	1.39
entertainment,	0.42	0.83	1.38	0.82
decision support	0.64	1.25	1.78	1.19
dependability.	0.75	1.32	1.83	1.27
temporal efficiency/usefulness,	0.75	1.49	1.85	1.42
speediness	0.91	1.58	2.00	1.52
temporal latitude	1.02	1.86	2.51	1.78
spatial latitude	0.95	1.68	2.46	1.63
visual layout	0.76	1.35	1.89	1.30
channel functionality	0.59	1.16	1.89	1.12
navigation	0.77	1.27	2.01	1.24



Sub-dimensions of service value

- Most important sub-dimensions relate to time and location
 - temporal latitude, spatial latitude, speediness
- High participation relate to temporal spatial and processual efficiency
 - process easiness, speediness, temporal latitude, spatial latitude, and navigation



Conclusion

- High activity on the site increases service value
 - Customer activity has a role in creating e-service value
- Differences in the perceptions of each value dimension and in the corresponding sub-dimensions depending on the level of customer activity
 - Technical dimension may benefit the most from higher activity
 - Temporal value increases slower when moving from moderate to high activity compared to the situation from low to moderate activity



Implications

- In order to create the highest level of value, then customers need to be highly active in the service process
 - little involvement from the service provider is relevant
- Theoretical implication:
 - Instead of “customer participation” use the word “company participation” in service value-in-use
- Managerial implication:
 - Need to understand whether and how companies can influence customer activities concerning the use of the service.
 - Service arena



Contribution

- Empirical findings on the perceived value of e-services
- Improved knowledge of how customer activity influences service value
- Extends the discussion on value-in-use by indicating how customer activity, i.e. different levels of service use influences service value



Future research

- Qualitative approach to how activity influences service value
- Explore factors influencing the relationship between service value and customer activity
- Compare other types of services, both e-services and traditional interpersonal services