

Psychological implications of customer participation in co- production



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Psychological Implications Participation in Co-Production Executive Summary

The recent years have seen an increasing number of firms that have utilized customer participation in the distribution and production of their products. Customer participation has been utilized to varying degrees on goods and services that range from self-serve gasoline, do it yourself hair coloring, web site travel, and furniture which requires assembly. While there is some literature that has addressed the pragmatic aspects of cost, quality, and customer acceptance, this is the first study that has researched the psychological response of a customer's willingness to take responsibility for the outcome of the transaction. The research was designed to determine where the customer places blame for a negative outcome, or who they assign credit to for a positive outcome. The research is intended for any firm that distributes or produces goods and services where the customer participates in co-production.

The research was conducted using undergraduate students in a controlled research study. It was conducted in two phases, which examined the customer's self-serving bias, or the degree that they took responsibility for a positive or negative outcome. The first phase examined the impact that the self-serving bias has on customer satisfaction, and the second phase examined methods to reduce the self-serving bias.

It has been traditionally thought that the lowered price of a self-serve product and customer participation, such as with self-serve gasoline, would bring about greater satisfaction based on economics. However, there is also a level of psychological satisfaction with the firm that is based on the outcome of the transaction and the customer participation. The research

found that if the outcome is positive, the customer has less satisfaction with <https://assignbuster.com/psychological-implications-of-customer-participation-in-co-production/>

the firm when they participate in the production. This indicates that the customer takes partial credit for the positive outcome. When the outcome is negative, there will be no difference in customer satisfaction, whether they participated or not. In this scenario, the customer does not assume any responsibility for the negative outcome. When the outcome is neutral, or as expected, there is some support in the research that indicates there is no difference in customer satisfaction whether they participated or not.

However, this support is weak and may vary by product or service.

The research further examined strategies to reduce the customer self-serving bias by offering the customer a choice of whether or not to participate. It hypothesized that customers who choose to participate in the production would take more responsibility and be more satisfied (less dissatisfied) with a negative outcome. The research concluded that customers that were given a choice took more responsibility for the outcome, and more readily accepted the credit or the blame.

The research is important in that it can help firms design the best strategy for implementing customer participation in the production of goods or distribution of services. Allowing customers to participate, or giving them a choice, may reduce customer satisfaction for a quality product. However, firms may also be able to design a strategy that will minimize the customer dissatisfaction when confronted with a negative outcome.

Bibliography

Bendapudi, Neeli, and Robert P. Leone. " Psychological Implications of Customer Participation in Co-Production." *Journal of Marketing* 67: 14-28.