

Co-Creation and Co-Destruction of Service Quality through Customer-to-Customer Interactions: The Moderating Role of Prior Experience

Abstract

Purpose – This study draws on the service-dominant (S-D) logic paradigm to examine value co-creation and co-destruction. Since these phenomena are driven by positive and negative “customer-to-customer” [C2C]) interactions, the researchers examine their influence on tourist perceptions of service quality, and how they shape affective responses towards tourism and hospitality services and brand loyalty.

Design/methodology/approach - Following a comprehensive literature review, the authors used convenience sampling to gather a large sample of tourists at Shanghai Disneyland, a recently opened and already popular international tourism attraction. Structural equation modeling was used to test for direct and moderated relationships.

Findings - The findings indicated that positive and negative C2C interactions have significant though differential impacts on customer responses. Furthermore, it was found that visitor arousal mediated the relationship between service quality and brand loyalty. Prior experience was identified as a moderator in the co-creation and co-destruction process during service encounters.

Practical implications - This paper is one of the first to examine the concept of co-destruction in the tourism and hospitality context. It contributes to the literature by demonstrating the merits of proactive service provision by tourism operators, taking account of both the co-creation and co-destruction of value.

Originality/value - The study extends the literature by taking account of both positive and negative C2C interactions when examining co-creation and co-destruction in the context of service encounters. It also contributes to knowledge by assessing the asymmetry of such interactions in the context of the customer experience.

Keywords: co-creation; co-destruction; C2C interactions; Disneyland; service quality; service-dominant logic

Paper type: Research paper

Introduction

The existing academic literature has placed considerable emphasis on how customers participate in the service delivery process and co-create value, which leads in turn to service improvements that benefit other customers (Chathoth et al., 2013, Payne et al., 2008). The perspective of service-dominant (S-D) logic provides a theoretical underpinning for the present work, with consumers being viewed as integral to the process of value creation (Grönroos and Voima, 2013, Vargo and Lusch, 2016). According to S-D logic, service is the core purpose of exchange, and the paradigm provides a theoretical understanding of how firms, customers, and other market actors co-create value through their service interactions (Jin et al., 2017). Tourism and hospitality scholars have shown growing interest in integration (or non-integration) of resources and in service exchange as mediums for the co-creation of value (Lin et al., 2018, Park and Vargo, 2012). Interactions between service customers lead to the co-creation of value and researchers have given increasing attention to the nature and implications of C2C interactions (Ekpo et al., 2015, Nicholls, 2010, Ji et al., 2017). The thinking has evolved from viewing customers as operant resources that deliver financial benefits to producers whose value extends into the non-financial realm (Merz et al., 2009). This acknowledgement of customer value co-creation views the consumer as an integral part of the service encounter and as interacting with employees and other customers to co-produce higher quality of services (Rosenbaum, 2006, Vargo and Lusch, 2004). An underlying premise of this stream of research is that customer interactions with

others are “co-creative” and “experience-based” (Chathoth et al., 2016) and are harmonious in a way that produces favorable service outcomes (Chathoth et al., 2016, Huang and Hsu, 2010).

However, the existing literature on S-D logic has focused primarily on the positive outcomes of the value co-creation process, despite the fact that customers may engage in negative public behaviors which lead to a reduction of value through the co-creation process (Chang and Horng, 2010, Quach and Thaichon, 2017, Makkonen and Olkkonen, 2017). For example, empirical evidence has suggested that customers and tourists may ignore commonly accepted norms by being noisy in public, littering, spitting, queue-jumping, smoking in prohibited areas, behaving in a rude manner to others, and damaging public property (Yang, 2016). Such behaviors may serve to undermine value creation over the course of C2C interactions. These various destructive behaviors may be considered as a “dark side” in the service encounter, and imply that value co-creation is not always positive; value may even be co-destroyed (Plé and Cáceres, 2010). Collaboration between the various actors who are involved in the service process may also lead to value co-destruction. This outcome may be intentional, or unintentional, depending on the motivations and actions of the service systems (Worthington and Durkin, 2012). Despite such risks, the co-destruction of value has rarely been reported in the tourism and hospitality literature, and the associated empirical evidence has been cursory (Camilleri and Neuhofer, 2017, Echeverri and Skålén, 2011, Makkonen and Olkkonen, 2017).

The co-creation literature has assumed that customers are consistent in their value co-creation/-destruction. This implies common behaviors on the part of different client segments, regardless of experience (Chathoth et al., 2016, Merz et al., 2009, Payne et al., 2008, Yi and Gong, 2013, Grisseemann and Stokburgersauer, 2012). In the current paper, the researchers argue that positive and negative C2C interactions impact differentially on customer service responses and lead to asymmetries between the contradictory forces. Previous studies have shown that prior customer experiences condition service evaluations and responses (Falk et al., 2010, Wong et al., 2016). Their reactions will be shaped by positive and/or negative stimuli (Russell and Mehrabian, 1978, Beverland et al., 2010) and by their interactions with employees and other customers (Echeverri and Skålén, 2011, Kashif and Zarkada, 2015).

The present study addresses deficiencies in the current literature by assessing the impact of both positive and negative C2C interactions on customer service quality perceptions, leading in turn to brand loyalty through the mediating role of affective response. The researchers have addressed the following questions: How do positive and negative C2C interactions influence tourist perceptions of service quality? How do such interactions shape affective responses towards tourism and hospitality services and brand loyalty? How does prior experience work as a boundary condition in the co-creation and co-destruction process? The researchers answered these questions by proposing a dyadic process that combines co-creation and co-destruction. The research sheds light on how these forces in combination can

enhance understandings of consumer behavior and service evaluations (Daunt and Harris, 2017). From the S-D logic perspective, the present study is amongst the first in the tourism and hospitality literature to propose an integrated model that acknowledges the duality of value co-creation and co-destruction. The implications of an integrated model are revealed in the context of theme park service encounters, and the symbiotic relationship between the two forces provides a better understanding of the “Janus of value perceptions.” The researchers also examine the moderating effects of customers’ previous service experiences. In summary, this study extends the literature by considering positive and negative C2C interactions to examine co-creation and co-destruction in the context of service encounters. It contributes to knowledge by assessing the asymmetry of such interactions in the context of the customer experience.

The remainder of the article is structured as follows. A theoretical model is proposed that draws on the literature review, followed by presentation of the research methodology and findings. The theoretical and managerial implications of the study conclude the article.

Literature Review

The Proposed Model

As outlined in Figure 1, the proposed research framework presents an integrated model that incorporates three major domains on tourism and hospitality studies. The first two relate to the symmetry of C2C interactions and their effects on customer service responses. The third domain focuses primarily on previous

experience as a conditioning state that moderates C2C interactions and customer responses. The researchers start from the premise that C2C interactions contribute to how tourism attractions are experienced, thereby influencing subsequent service evaluations and loyalty. It is proposed that social interactions can fulfill tourists' social-psychological needs by engendering positive feelings and emotions through social discourse. Such interactions are of central importance to the tourism experience because they stimulate the creation of value during the encounter (Chathoth et al., 2013). This study seeks to refine the apparent contrast and contradiction between value co-creation ("positive") and value co-destruction ("negative"). The researchers have developed an integrated model that considers this dyadic view towards customer service evaluations and affective responses. The following section outlines the proposed model, the relevant literature, and the proposed hypotheses.

Insert Figure 1 here

Service-dominant logic (S-D logic) is the theoretical underpinning for the present study . As a relatively recent paradigm, S-D logic provides researchers with a medium to explore the co-creation of customers' perceived values in the hospitality context (Sfandla and Björk, 2013, Shaw et al., 2011). The theory of S-D logic views providers and customers as playing roles in the integration of resources and as operating within networks that are embedded within a service system (Lusch and Vargo, 2006, Vargo, 2008). The researchers have opted for a process orientation rather than focusing on outputs (i.e., goods and services), to acknowledge customer

involvement in the co-creation of perceived value (Edvardsson et al., 2011). Lin et al. (2017) have conceptualized value co-creation as an exchange of resources, with interactions between actors enabling an exchange of resources. As such, the proposed effects of positive and negative C2C interactions are respective representations of favorable and unfavorable exchanges of resources. Such interactions align with value co-creation and co-destruction during the service encounter., A favorable exchange will improve service, as a key aspect of value (Rosenbaum and Wong, 2010), as perceived by the various actors. Meanwhile an unfavorable exchange will hamper service provision.

Scholars have observed that though most customers behave rationally, others act thoughtlessly or even abusively (Huang & Wang, 2014). In this paper it is argued that co-creation and co-destruction constitute equally legitimate outcomes of the service encounter. Unfortunately, this co-creation/co-destruction dichotomy has not yet been adequately explained and empirically tested, notably within the S-D logic literature. The creation of experience and value in the theme park context has been particularly unexplored, notably in the case of value co-destruction. The present research draws upon S-D logic framework to undertake a holistic exploration of how negative and positive behaviors are co-created or co-destroyed in theme park settings.

The proposed model embraces an additional stream of research: the pleasure, arousal and dominance (P-A-D) paradigm (Mehrabian and Russell, 1974). This approach contends that human responses to environments can be explained in terms

of three independent bipolar dimensions: pleasure-unpleasant (P), arousal-unaroused (A), and dominant-submissive (D). Tourism experiences have an affective dimension and carry emotional and social meanings because of their close connection with tourist needs and motivations towards the pursuit of pleasure when socializing. Arousal is associated with affective responses such as excitement, enjoyment and memorability (Chen and Chen, 2010). Affective responses relate to feelings of excitement, and may mediate the relationship between service quality and brand loyalty in the tourism and hospitality context (Yüksel and Yüksel, 2007). The current authors extend the uses attributable to arousal in environmental psychology to show that loyalty towards tourism products flows from both service quality and affective responses. It has previously been shown that the quality of C2C relationships may influence customers' holistic evaluations of the service providers (Johnson and Grier, 2013); it also affects their hedonic experiences and willingness to return and/or to repurchase (Martin and Martin, 2016).

The authors propose that positive and negative C2C interactions have an asymmetrical influence on customer perceptions of service quality based on their prior experiences. The co-creation of perceived service quality arises from moderated positive and negative interactions amongst customers. It is suggested that these service evaluations generate brand loyalty towards the service provider through affective responses.

Positive Customer Interactions

In seeking to deliver high quality service, tourism destinations and service providers should seek cooperation between tourists (Buonincontri et al., 2017).

Positive, harmonious and friendly C2C interactions between previously unacquainted tourists are examples of co-creative behaviors. They include both physical and psychological participation and constitute a joint, collaborative, concurrent and peer-like process of producing value (Im and Qu, 2017). It is increasingly prevalent for tourists to collaborate by co-creating their own experiences with the host, thereby producing meaningful value.

Studies dealing with experiential products or hedonic settings have provided empirical evidence that customers are involved in contributing to the enjoyment of experiences by other customers (Pan and Siemens, 2011). Customers with a higher level of knowledge, self-efficacy, and motivation are more likely to participate in co-creation (Im and Qu, 2017). Customers' positive emotions towards a firm may result in enthusiasm and attention towards products or settings (Tonder and Petzer, 2018). Closer and friendly interactions with other tourists evidently lead to positive experiences and to satisfaction (Millán et al., 2016). Mathis et al. (2016) have argued that the co-creation of experiences arises from opportunities for greater social interaction.

In the case of participants in guided tours, cruise holidays or events and festivals, the quality of C2C interactions impacts positively on satisfaction levels through the actions of coming together and spending time with significant others (Huang and Hsu, 2010). Positive tourist citizenship behaviors may facilitate

communications and coordination, thereby bringing harmony and conviviality to the tour, encouraging benevolent acts, and motivating and supporting service providers (Liu and Shenghshiung, 2014). Positive C2C interactions lead to satisfaction with service quality in hedonic contexts, particularly in the case of leisure (Levy, 2010).

Prebensen and Xie (2017) have identified the importance of co-creation as a crucial variable that influences tourists' perceived value and satisfaction. Positive C2C interactions drive value to customers by enhancing individual hedonic perceptions, thereby influencing their perceptions of quality (Yoo et al., 2012). Tourists who participate and interact proactively often evaluate their travel and vocation experience more positively than others (Campos et al., 2017). On the basis of the foregoing discussion, the researchers proposed the following hypothesis:

Hypothesis 1: Positive C2C interactions are positively related to service quality.

Negative Customer Interactions

The literature has documented that a combination of careful service design and employee training can mitigate the prospect of service failure. Value co-destruction emerges when customers misbehave in service settings (Kashif and Zarkada, 2015, Järvi et al., 2018). In the current paper, the authors view value co-creation as a process through which customers become either better or worse off through the course of the service encounter (Grönroos, 2012). The term *co-destruction*, however, implies that a customer's co-created experience may also have negative consequences (Echeverri and Skålén, 2011). We have extended Ple and Caceres's (2010) conceptual definition by referring to co-destruction as an interactional process by

which service experiences are impacted adversely by the misbehaviors of other customers, leading to depletion of value.

Smith (2013) has suggested that value co-destruction even occurs where the potential enhancement of well-being has not been met and the desired value has not been created. We argue that negative C2C interactions are co-destructive behaviors because they diminish well-being (McCabe and Johnson, 2013) compared to the enhancement of well-being that is expected by at least one service actor. Though the tourist may have gained value, their interaction with the firm has not been mutually beneficial.

The researchers view theme parks as places where a variety of resource integrators come together. We do not view Disneyland, for example, as a dyad where two actors come together. Rather, the park is a platform where a multiplicity of actors integrate their resources. Resources may be categorized as material (e.g. transportation, food); condition (e.g. social status); self (e.g. self-esteem, self-efficacy) and social (e.g. support) resources (Smith, 2013). Inappropriate or unexpected behaviors may lead to their misuse, leading to discrepancies between the desired and actual states, and ultimately to value co-destruction (Chowdhury et al., 2016). In fact, available resources may be misused when one service system fails to integrate and apply operant and operand resources of the service systems to handle negative interactions, which could ultimately affect a firm's financial bottom line (Park and Ha, 2016, Agrawal and Rahman, 2015). Thus, it is important that a service recovery approach remediates any delivery-related problems.

Poor C2C interactions refer to the violation of acceptable behavioral norms and the disruption of normal consumption during service encounters (Tsang et al., 2016). These may hamper the quality of service, even where the provider has exercised care in crafting and delivering the service. Previous studies have shown that the failures of other customers reflect negatively on how patrons evaluate service quality (Huang et al., 2010). Customer perceptions of C2C interaction incidents in retail settings may influence evaluations of their fellow customers and holistic service evaluations. Customers who view service failures as being avoidable are likely to react negatively (Choi and Mattila, 2008). Such negative feelings may not be mitigated in cases where the cause of the failure is ambiguous (Quach and Thaichon, 2017). Understanding of co-destruction of the brand experience extends to conversations and sophisticated interactions between multiple parties, including the brand, the staff, customers, and other related groups. (Daunt and Harris, 2017) have identified that co-destructive and co-creative behaviors may occur simultaneously, concurrently, and iteratively. Moreover, conceptualizations of value creation should not be confined to the creative process, but also to acts of creative destruction.

(Vargo and Lusch, 2008) have embraced the premise that customers are always co-creators of value. However, subsequent scholarly contributions have shown that faulty interactions may lead to the co-destruction of value (Echeverri and Skålén, 2011, Plé and Cáceres, 2010). The tourist value chain is applicable to the discussion. This chain encompasses the psychological processes that underlie relationships between negative C2C interactions and service evaluations (Huang, 2010). It is

notable, for example, that tourist enjoyment may be impeded by the annoying behaviors of others (Kimieng et al., 2012). In a study of group package tourists, Tai (2012) identified significant correlations between many questionable behaviors and tourist statements about their attitudes. According to Neuhofer (2016), though technology can create value during the travel experience, it may also be a barrier to escaping from everyday life, interrupt the ‘lived’ experience, be addictive and create pressures, thereby diminishing value for tourists. Across many service contexts (e.g., restaurants and accommodations), the actions and/or behaviors of problem customers could have a detrimental effect on satisfaction with the service provider by others and lead to diminished value, thereby increasing negative word-of-mouth reputation (WoM), and discouraging potential patrons (Camilleri and Neuhofer, 2017, Huang, 2008). In the most serious cases, customers may destroy the relationship, brand image, clientele, and even the whole service delivery process (Krishna et al., 2013). On the basis of the foregoing discussion, the following hypothesis was proposed.

Hypothesis 2: Negative C2C interactions are negatively related to service quality.

Service Quality, Customer Response, and Brand Loyalty

The early research on service quality dates back to the 1980s and 90s, with the seminal work by (Parasuraman et al., 1988) and (Grönroos, 1984) proposing the SERVQUAL model and the technical vs. functional domains of services, respectively. (Oliver, 1994) proposed an alternative model – the Tri-component model – that focuses on service product, environment, and delivery. A critique by (Cronin et al., 2000) recommends refinements to the service quality measures by summarizing the

construct into an overall scale as a general measure of how customers perceive service quality. In this study, we adopt this definition to define service quality as an overall evaluation of customer perception on a service provider's quality.

Service quality has been widely accepted as a critical evaluative metric for the tourism and hospitality industry because service oases are indicative of the provider's market positioning as well as of excellent customer value (Sengupta and Dev, 2011, Wong and Wu, 2013). Service quality also conveys a capacity to deliver a brand that customers prefer (Frow and Payne, 2007). This may explain why service providers have endeavored to harness brand equity and loyalty by improving the design of services and of the customer experience (Patricio et al., 2011, Prentice and Wong, 2016). Brand loyalty represents a customer's deeply held commitment to repurchase a preferred brand or to patronize repeatedly (Oliver, 1999). Loyalty is behavioral when it is associated with repeat purchases, and attitudinal when it involves an intention to repeat and to recommend (Antón et al., 2017). Empirical evidence has provided extensive support for the link between service quality and customer loyalty to a specific brand. An elevated level of service often leads to future patronage intentions and to actual behaviors (Zeithaml, 1996) across service contexts including tourism and hospitality settings. Kayaman and Arasli (2007) found that perceptions of quality amongst hotel customers has a significant effect on brand loyalty. Following the preceding discussion, the following hypothesis was proposed.

Hypothesis 3: Service quality is positively related to brand loyalty.

Although the literature has substantiated the relationship between service quality and brand loyalty, the present researchers argue that there is an alternative approach to understanding this relationship through the mediation of customers' affective responses. The assertion is supported by the fact that perceptions of service quality often lead to arousal and affective responses (Oliver, 1993, Hellén and Sääksjärvi, 2011). This may be defined as the degree to which a person is stimulated and activated through positive feelings such as joy, excitement, and pleasure (Westbrook and Oliver, 1991, Bagozzi et al., 1999). Consistent with the behaviors that are characterized by the stimulus response paradigm, customers react to a favorable service experience by evoking their emotions with short-run arousal and affective spurs (Lacher and Mizerski, 1994).

Since such affective responses are tied to specific cues and environmental stimuli, it follows that customer cognition of the services that are delivered could strongly affect their emotional valence through affective behavioral outcomes (Russell and Mehrabian, 1978, Han and Hyun, 2012). As is manifest through a commitment to and patronage of a brand, these outcomes are often linked with behavioral intentions and actual approach behaviors (Jang and Namkung, 2009, Back and Parks, 2003, Tanford et al., 2010). The current authors view this linkage as particularly acute within the entertainment business, notably in the case of theme parks such as Disneyland and Universal Studios. Such hospitality providers have been tireless in their evocation of customer senses and emotional valence through the provision of games, "streetmosphere," aesthetics, and a stream of surprises. These

allow guests to participate actively and to immerse themselves within magical wonderlands (Nd and Gilmore, 1998, Nooshin, 2004). Based on the foregoing discussion, the following hypotheses were proposed.

Hypothesis 4: Service quality is positively related to affective response.

Hypothesis 5: Affective response is positively related to brand loyalty.

Hypothesis 6: Affective response plays a mediating role between service quality and brand loyalty.

The Moderating Effect of Customer Experience

Customers' brand and destination images may be affected by their prior experiences (Hong et al., 2009), perceived service quality (Bolton and Drew, 1991, Palmer, 2010), satisfaction (Prayag et al., 2013, Brakus et al., 2009) and loyalty (Ryu and Han, 2011). Prior experiences are also a vital determinant of consumers' tripographic characteristics (e.g., prior visitation, length of stay, party size, and accommodation type), as well as variables such as planning behaviors and post-experience evaluations (Li et al., 2008, Mckercher and Chan, 2005). According to (Kerstetter and Cho, 2004), repeat visits to a destination or attraction may refer back to previous experiences. In research about the close relationship between previous experiences and future behavioral intentions, it has been reported that repeaters are more likely to choose the same destination in future than first-timers (Hong et al., 2009). Repeaters had higher levels of satisfaction than first-timers, were more strongly disposed to returning, and were more likely to give positive word-of-mouth communications (Li et al., 2008). (Lim et al., 2015) found that there were differences

between the desired outcomes of first-time and return visitors that were responsible for motivating their visitation and satisfaction levels.

Prior experience with an attraction or destination has previously been used as a boundary condition that provides an enhanced understanding of the link between relationship quality (i.e., relationship with providers, other customers, and companions) and customer satisfaction (Choo and Petrick, 2012). Though much effort has been devoted to investigating the role of prior experience, the findings have been inconclusive. For example, while some studies have shown that it is easier for tourism service providers to satisfy first-timers (Mckercher and Wong, 2004), others have reached different conclusions (Wong et al., 2016). In particular, it has been noted that repeaters are less tolerant of poor service and travel inhibitors, leading to lower satisfaction than is prevalent amongst first-timers (Rittichainuwat et al., 2002).

In tourism and hospitality service settings, the customer experience is associated closely with the cues that customers use to evaluate service quality (Nd and Gilmore, 1998, Wong and Wu, 2013, Palmer, 2010). Repeat patrons are better placed to make accurate evaluations of the gap between expectations and performance (K Ryu, 2011). The so-called customer contact model provides theoretical guidance for the development of the propositions (Mersha, 1990, Soteriou and Chase, 1998). The model asserts that customer service evaluations are determined by their level of contact and involvement in the delivery process, including interactions with providers and with other customers (Kellogg and Chase, 1995). In particular, a higher level of customer service contact often results in alleviated service quality evaluations

(Dagger et al., 2008). This is largely attributable to the involvement of customers in service provision. This premise suggests that more experienced and involved customers who experience positive interactions during the course of encounters would evaluate services most favorably, but would evaluate services less favorably in cases where they experienced negative interactions. These assertions lead to the following hypotheses.

Hypothesis 7: Prior experience moderates the relationship between positive C2C interactions and service quality in that the relationship is stronger amongst repeat customers.

Hypothesis 8: Prior experience moderates the relationship between negative C2C interactions and service quality in that the relationship is stronger amongst repeat customers.

Methods

Sample

The researchers deployed a quantitative approach in this study to examine the hypothesized relationships. As a venue to administer the survey they chose mainland China's first Disney park resort – Shanghai Disney Resort. Shanghai Disneyland was considered to be suitable as a tourism and hospitality example for testing the proposed model because it offers hedonic experiences to patrons, and seeks to generate heightened emotions amongst them. It is commonplace in the case of tourism and hospitality services that social companions are integral to the consumption experience. Visitors experience venues that range from restaurants and theme parks to movie theaters, with companions in social settings. In the case of theme parks, visitors engage in leisure activities, are entertained in their discretionary free time and have an

association with what may be described as “new vacation experiences” (Milman, 2001).

Shanghai Disneyland attracted four million visitors in its first four months after opening in mid-2016. There have, however, been widespread reports in the Chinese media about discourteous and undesirable behaviors on the part of visitors to the attraction (China Daily, 2016). Woosnam et al. (2009) observed that tourists often compete for common and restricted resources such as space within shops and public transport, and for access to festival events. This pattern is endemic in larger scale theme parks such as Shanghai Disneyland, where the behavior of groups or individuals may displease other customer groups, thereby diminishing their enjoyment. Lengthy waiting times may exacerbate unsatisfactory visitor experiences at theme parks. Tensions are particularly prevalent during peak periods around the most popular rides (Kemperman et al., 2000).

The current research team administered questionnaires around peripheral areas of Shanghai Disneyland and at the exit and entrance of the nearest subway station because many visitors reach and depart from the theme park by metro. The data were collected using convenience sampling. Field investigators approached prospective respondents to solicit their voluntary participation in the survey. Filter questions were used to confine the coverage to adult tourists who had just experienced the theme park. Once the English language version of the questionnaire was completed, it was professionally translated into Chinese, and then reviewed by four bilingual (Chinese and English) experts. Any discrepancies emerging through the back-translation

process were identified and remedied. The researchers assessed the quality of the translation by comparing the materials in the original language, in order to minimize any language-related nuances (Dimanche, 1994). Following finalization of the Chinese questionnaire and prior to data collection, two rounds of pilot testing were conducted. A total of 765 usable questionnaires were collected, coded, and analyzed for this study, amounting to a response rate of 80.5%. Appendix 2 presents a demographic summary of the study sample.

Measures

The survey questionnaire incorporated several multi-item scales that were adopted from the relevant literature (see Appendix 1 for details). Except where otherwise specified, each item was measured using a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Positive customer-to-customer interactions (PC2CI) were assessed using a three-item scale that was adopted from (Huang and Hsu, 2010). The following is an example of one of the questions: “My interaction with other tourists was harmonious.” The scale was fairly reliable with a Cronbach’s alpha (α) of .91.

Negative customer-to-customer interactions (NC2CI) were assessed using a four-item scale that was adopted from (Chang and Horng, 2010). An example of a question is: “I do not like other customers interrupting the services I received.” The scale exhibited a scale reliability of .81. *Service quality* was operationalized by an overall measure of the service quality that customers received. It was assessed by a three-item measure adopted from (Cronin et al., 2000). Each item was evaluated using an 11-

point semantic differential scale ranging from 1 (poor\inferior\low standards) to 11 (excellent\superior\high standards) with the statement “Please evaluate the overall services provided by the theme park.” The scale reliability was high with $\alpha = .90$.

Affective response was operationalized to assess customers’ affection and arousal on the theme park’s experience. The construct was adopted from (Babin and Darden, 1995) with three 9-point semantic differential scale items – aroused, simulated, and excited – ranging from 1 (not at all) to 9 (very much). The scale was fairly reliable with $\alpha = .92$. *Brand loyalty* was assessed by three items adopted from Yoo, Donthu, and Lee (2000). An example question included “Shanghai Disneyland would be my first choice.” The scale had an α of .76, indicating adequate liability. *Prior experience* was measured using a ratio scale, with a question asking respondents to specify the number of times that they had visited the park. The variable was recoded into a dichotomy with 0 = first time visitor and 1 = repeat visitor.

Prior to undertaking the data analysis, the researchers proceeded to diagnose common method basis (CMB) and multicollinearity. For the purposes of the CMB evaluation, the approach of Podsakoff et al. (2003) was adopted using a three-item marker variable – brand extension fit that drawn from John et al. (1998) – to offset its effect on the endogenous factors (affective response and brand loyalty). No differences were identified concerning the postulated relationships on these two factors, which indicates that the study is not limited by CMB. Variance inflation factor (VIF) was used as a diagnosis for the presence of multicollinearity. The results

revealed that that no VIF exceeded 2.0, an indication that multicollinearity was not an issue.

Findings

Most of the respondents were female (58.4%); 58.8% were aged between 20 and 40; and over half (52%) of the participants held a bachelor's degree or higher. For place of residence, 32.9% of the participants were from the neighboring regions such as Zhejiang and Jiangsu Provinces, while 65.5% originated from less proximate regions across mainland China. Most participants were frequent visitors, having visited Shanghai on three or more occasions. Respondents reported an average expenditure at Disneyland of RMB 1,187 (or US\$177) including entrance fees. The characteristics of the sample population are generally consistent with actual visitors to Shanghai Disneyland in terms of distribution around gender, age, and origin (Talking Data, 2016).

A confirmatory factor analysis was performed for the five scales of interest. Each of the multi-item measures exhibited adequate scale reliability and validity, with average variance extracted (AVEs) $\geq .50$ and Cronbach's alphas $\geq .70$. Discriminant validity was demonstrated as AVEs are greater than square of each pair of inter-factor correlation. Overall, the measurement model fitted the data fairly well with a comparative fit index (CFI) = .99, normed fit index (NFI) = .98, and root mean square error of approximation (RMSEA) = .04.

Table 1 presents descriptive statistics and zero-order correlations of the variances that are of interest. It is notable that no correlation exceeds .54, and that as

expected, negative C2C interaction (NC2CI) is negatively correlated with positive C2C interaction (PC2CI), service quality, affective response, and brand loyalty. The researchers proceeded to control for the effect of demographics such as gender, age, and education, on brand loyalty, since previous researchers have noted different travel behaviors across these characteristics (Lehto et al., 2004, Li, 2010). Structural equation modeling (SEM) in LISREL 8.80 was used to test the proposed framework in Figure 1 using two models: baseline and invariance.

Insert Table 1 here

As presented in Table 2, the results reveal that positive C2C interaction is directly, positively, and significantly related to service quality ($\beta = 0.51, p < 0.05$); thus, Hypothesis 1 is supported. As expected, the negative C2C interaction is directly, negatively, and significantly related to service quality ($\beta = -0.20, p < 0.001$); thus, Hypothesis 2 is also supported. These findings support the proposition that customer interactions draw upon both congruent (in the case of co-creation) and incongruent (in the case of co-destruction) elements of C2C interaction practices (Echeverri and Skålén, 2011). The study also confirms that service quality is positively related to brand loyalty ($\beta = 0.14, p < 0.001$), thereby supporting Hypothesis 3. The results that are presented in Table 2 further show that the relationships between service quality and affective response ($\beta = 0.59, p < 0.001$) as well as between affective response and brand loyalty ($\beta = 0.30, p < .001$) are positive and significant, thereby supporting Hypotheses 4 and 5.

The researchers drew upon Baron and Kenny's (1986) procedure to test the

mediating effect of affective response. The results reveal that affective response partially mediates the service quality–brand loyalty relationship, thus Hypothesis 6 is supported. The significance of the mediation was then assessed using the Sobel test. The results indicate that the effect is significant ($Z = 7.95$) at the .001 level. The LISREL based results reveal a significant indirect effect of service quality on brand loyalty ($\beta = 0.27, p < .001$). They further reveal a positive significant effect of positive C2C interaction (PC2CI) on affective response ($\beta = 0.21, p < .001$) and brand loyalty ($\beta = 0.16, p < .001$). However, there is a negative C2C interaction (NC2CI) indirect effect on affective response ($\beta = -0.06, p < .05$) and brand loyalty ($\beta = -0.04, p < .05$).

Insert Table 2 here

Hypotheses 7 to 8 propose a moderating effect of past experience at Shanghai Disney, which was measured using a dichotomy – prior visitation to the park (i.e., repeat visitor [N = 219] vs. first-time visitor [N = 546]) – on the relationship leading from PC2CI and NC2CI to service quality. We examined the moderating effect using group invariance testing (Hair et al., 2006). As is shown in Table 3, past visitation experience exerts a significant moderating effect on the relationship between PC2CI and service quality, in that repeat visitors evaluate the service quality more strongly if they perceived harmony and positive interactions with other customers ($\beta_{First-time} = .47, p < .001$ vs. $\beta_{Repeat} = .66, p < .001$; $\Delta\chi^2_{(1)} = 3.50, p < .10$). The results further indicate that past experience has a significant moderating effect on the relationship between NC2CI and service quality, in that repeat patrons were also more sensitive

about unfavorable interactions, and hence possess stronger negative evaluations of the services due to such negative interactions with other patrons ($\beta_{First-time} = -.15, p < .01$ vs. $\beta_{Repeat} = -.39, p < .05$; $\Delta\chi^2_{(1)} = 2.77, p < .10$). Thus, Hypotheses 7 and 8 are supported.

With respect to the control variables, the results suggest that women were more brand loyal than men ($\beta = 0.17, p < .05$). However, the gender effect on brand loyalty is also moderated by prior experience, in that the effect is strong for both repeat and for first-time female guests ($\beta_{First-time} = .08, p < .10$ vs. $\beta_{Repeat} = .57, p < .001$; $\Delta\chi^2_{(1)} = 9.48, p < .01$). In addition, the age effect on brand loyalty is contingent on prior experience, in that the effect is only significant for first-timers ($\beta_{First-time} = .09, p < .10$ vs. $\beta_{Repeat} = .00, n.s.$; $\Delta\chi^2_{(1)} = 3.18, p < .10$).

Insert Table 3 here

Discussion

Theoretical Implications

The study findings have some key implications for the literature. Despite increasing attention in the tourism literature to the notion that active customer engagements in the service encounter can be fostered through value co-creation (Chathoth et al., 2016, Rihova et al., 2015, Binkhorst and Den Dekker, 2009), little is known about the effect of negative C2C interactions on value co-creation. The researchers have addressed this gap by proposing the conceptual framework to examine potential asymmetries of service quality co-creation and co-destruction, with

another focus on the moderation effect of prior experience. Based on empirical research, the paper has focused on the notion of value-in-use, namely the value that is co-created and co-destroyed concurrently through interactions associated with service encounters (Smith, 2013). The present research is consistent with the increased scholarly interest in the influence of value co-destruction on services (Worthington and Durkin, 2012). It heeds calls from Vargo and Lush (2016) to generate more empirical evidence that is germane to the S-D logic research domain in a variety of service contexts.

Understanding consumer experiences is critical because such interactions between customers and providers are at the heart of the tourism industry (Shaw et al., 2011). The study has shown that visitors to a prominent theme park are valuable resources and that they experience value creation and destruction through interactive exchanges with other visitors. This integrated process of “co-crestruction” (i.e., co-creation and co-destruction), which is manifest through customer-to-customer (C2C) interactions, helps to explain why C2C exchanges improve or hamper the customer experience. This view of double-edged value perceptions and the proposed symbiotic relationship between two forces offers an innovative contribution to the literature about the pros and cons of C2C exchange in the service creation process.

The present research has gone beyond goods-dominant (G-D) logic, which has conceptualized value in terms of a two-stage sequence (Grönroos, 2006) where firms create value during the production process and that value is subsequently destroyed by consumers at the moment of consumption. This investigation has demonstrated that

value co-creation and value co-destruction in tourism and hospitality are interactional, asymmetrical, and symbiotic. Prior research has largely conceptualized perceived service quality as a consequence of business propositions whereby customers act passively (Merz et al., 2009). It has only recently been recognized that in their role as operand resources, customers co-create value such as better services and customer experience through active engagement in the service encounter and interactions with other clients (Chathoth et al., 2013, Jeon et al., 2016, Grönroos and Voima, 2013, Chathoth et al., 2014). Previous researchers have focused on the positive role of the antecedents of service quality, but have largely ignored the negatives of C2C interactions (Yang, 2016, Plé and Cáceres, 2010). Hence, this study has offered a timely update to the literature by delving into the dyadic view of positive and negative interactions among customers in co-creating service quality as perceived by customers. This symbiotic impact of service quality through co-creation and co-destruction amongst customers further influences their brand affections and allegiance through indirect C2C interactions.

An important study finding concerns the asymmetric effect of positive and negative C2C interactions through the moderating effect of past experience. As demonstrated in Table 3, the effect of positive C2C interactions is more salient for repeat patrons, while the negative effect of C2C interactions is also more acute for this client group. That is, the intensity of C2C interactions is not solely dependent on the favorability or unfavorability of such interactions, but is also influenced by guests'

prior service experiences. Such a collation of evidence advances the literature in three primary ways.

First, it enriches the co-creation literature by providing empirical evidence for the role of co-destruction as a delineation of the extent to which negative C2C interactions hamper service quality as it is perceived by customers. The inclusion of both positive and negative C2C interactions should improve the theoretical understanding of value co-creation in that customers do not always create value, and may work against this goal, thereby starving firms of resources in their service delivery.

In essence, these two forces work in tandem with the service providers and create a symbiosis of experience which ultimately enhances or has a deleterious effect on affective and conative responses.

The second major contribution of the study is its bridging of a research gap by presenting an integrated model to better understand perceptions of service quality and customer responses, based on interactional effects amongst customers. Furthermore, it contributes to the literature on customer loyalty by showing how and to what extent negative C2C interactions may produce undesirable customer reactions and commitment.

Managerial Implications

From a management perspective, the research has several implications for tourism and hospitality practice. Firstly, understanding tourist value and the process

whereby value is co-created is a major concern for tourism managers and is fundamental to competitiveness. Value co-creation is dependent on engagements and on the exchange of resources between parties. This indicates that customer engagements are critical to value creation (Chathoth et al., 2014). However, as has been illustrated in this research, managers should understand and acknowledge the two sides that co-exist: value co-creation and value co-destruction. The findings suggest that practitioners should consider tourist participation at all stages of the value co-creation and co-destruction process and consider alternative approaches to achieving service recovery. As tourism firms seek to engage customers in co-creating strategies for improvement, they should reduce negative interactions and increase perceived quality and hence brand loyalty. Tourist perceptions of co-destruction are particularly valuable as tourism enterprises seek to orient and integrate customers as “partial employees.”(Kelley et al., 1990)

More importantly, employees should be trained to handle misbehaving customers and to assist affected tourists, thereby alleviating any dissatisfaction that is associated with badly behaving customers. To identify any emerging problems, it will be necessary to monitor staff. Service recovery may be fulfilled through staff expressions of empathy towards affected visitors, thereby addressing problems expediently, or by offering a heartfelt apology. Social media provide travelers with opportunities to connect and interact with other customers in rich and complex ways. This in turn allows for the influence over others within social networks (Sashi, 2012). Social media may also enhance the effectiveness and the efficiency of co-creation by

lowering the cost of interactions amongst participants and by allowing a larger number to contribute to particular co-creation initiatives (Piller et al., 2012). On this basis it is recommended that theme park operators should devote greater attention to social networking sites in order to facilitate value adding through customer participation that arises from connecting and interacting with other customers. Tourism enterprises such as Disneyland should make increasing use of customer co-design that deploys social media (See-To and Ho, 2014) and address the various barriers that are associated with co-destruction.

Secondly, given that affective response is an important predictor of brand loyalty, destinations should manage the holistic experience. The findings of this study have highlighted the importance of experience management to the success of tourism attractions. The results provide an indication to management that their marketing should seek to build emotional connections with customers. Theme park operators may use an array of methods to enhance visitor preferences (e.g., developing attractive amusement items/designs, creating visually appealing décor, and generating a comfortable/warm atmosphere). The identification and manipulation of tourism ambience should elicit positive feelings by modifying stimuli such as music, color/lighting, and scent (Lin, 2004, Hussain and Ali, 2015). Collectively such cues may alter tourist perceptions of and behaviors within the environment. Efforts should be made to provide more varied experience programs, to introduce new items and to promote what is on offer using appropriate marketing channels. Furthermore, it is suggested that the owners and operators of tourism entertainment businesses such as

Disneyland might elicit, stimulate, and promote positive emotions amongst respondents through their advertising activities using refined photography and promotional videos (Hyun et al., 2011, Wu et al., 2008).

Thirdly, the study demonstrates that repeat visitors are more sensitive than their first-time counterparts to both positive C2C interaction and negative C2C interaction, when evaluating service quality. Additionally, it is suggested that the theme park could provide some compensation services for customers who have been subjected to uncomfortable experiences during their visit. Entertainment business owners might provide discount coupons or other promotions to repeat visitors in order to enhance recognition that the park management cares about customers. Such efforts could establish trust and enhance perceived service quality, especially in the case of repeat visitors.

Limitations and Future Research Directions

Some of the opportunities for future research arise from the study limitations. Firstly, our data were collected in Shanghai, with all the respondents being Chinese; hence, the generalizability of findings is limited to the cultural context of the study. Recent evidence has shown that Asians perceive customer value differently than their Western counterparts (Yi and Gong, 2013). On this basis, it is suggested that future studies might consider the effects of different cultural contexts. For example, the role of culture in C2C interactions could be examined with respondents drawn from both more individualistic and more collectivist cultures. Secondly, it might be revealing to investigate the long-term and dynamic effects of co-creation and co-destruction on

service quality evaluations. It may be useful to undertake studies that adopt a longitudinal framework, with a view to providing information for strategy development. The adoption of a time-series approach and testing the negative behaviors associated with service within a longitudinal framework would also provide more insights into potential causation. Future researchers should also test value co-destruction behaviors within a more comprehensive model that integrates theoretically related constructs. Thirdly, the convenience sampling approach that has been deployed included only tourists who volunteered to participate in the survey. Future researchers are encouraged to adopt more robust sampling methods with a view to eliminating potential response bias, while the deployment of multiple data sources could lead to the reduction of potential common method bias.

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