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# Long-Term Services Requiring Customer Participation And Compliance

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## ABSTRACT

*This paper provides a theoretical conceptualization and classification of long-term services requiring customer participation and compliance. Long-term services which require both customer participation and compliance are known as compliance dependent services (CDS). In CDS the customer participates during the face-to-face exchange and must comply with his or her role once away from the provider to ensure positive outcome and customer satisfaction. CDS entail service delivery processes that are of longer duration. Compliance is integral to producing these services. Non-compliance, i.e., when a consumer regimen is not followed, most likely will lead to adverse impact on the consumer and provider. It is important that scholars understand the service delivery process of services, in particular CDS, whereby both customer participation and compliance are required.*

**Keywords:** Compliance Dependent Services (CDS); Customer Participation; Customer Compliance Behavior

## INTRODUCTION

The customer has an important role in the production of services. Consequently, for better or worse, the customer has the potential to directly impact the service delivery process and outcome. The purpose of this paper is to conceptualize and classify services known as compliance dependent services (CDS). This paper extends the work by Dellande and Gilly (1998) in which CDS were identified. Such services typically entail service delivery processes that are of a longer duration. CDS are services in which the customer participates to create during the face-to-face exchange and *must* comply with his/her role once away from the provider to ensure positive outcome and customer satisfaction.

This paper offers a conceptual background and classification of CDS. The paper begins with a literature review of the role of customer participation in services, in general and, as it relates to CDS. Next is a review of customer compliance behavior literature. Insight into the identification of CDS follows. Lastly, is a classification of the various types of CDS, requiring both customer participation and compliance.

## LITERATURE REVIEW

### Customer Participation

Dellande and Gilly (1998) conceptualized CDS in terms of requiring customer participation when the customer is within the service facility and the necessity of customer compliance once the customer is away from the provider. Customer *participation* is a key identifying characteristic of services (Bowen 1986) during the face-to-face exchange. Customer participation is defined as the customer's role in the service production process in which the customer and provider co-create the service during the face-to-face exchange. During co-creation the customer provides information and/or effort.

A central difference between service and manufacturing firms is that, with services, customers are often physically present as the service is created quite unlike manufacturing firms where customers are only rarely present

during production (Bowen 1986). Customer participation "replaces the work done by the employees of the firm with work done by the customers" (Bateson 1989, p.146). It entails the customer as a temporary participant in the service delivery process of the service organization (Kelley, Donnelly, Jr. & Skinner 1990). Examples of services in which customer participation is sufficient are restaurants in which restaurant patrons inform the service provider on how to prepare the meal, and hair salons where clients tell the hair stylist how to style his/her hair.

The participation literature suggests that the degree of customer participation necessary for a successful outcome is based on the proportion of contact (low, moderate, or high) between the customer and provider during a service encounter (Chase, 1978). Research on customer participation has focused primarily on the customer's participatory role in service creation during the face-to-face service exchange (Bateson, 1989; Bowen, 1986; Chase, 1978; Kelley, Donnelly, Mills, Chase, & Margulies, 1983; Skinner 1990; Lovelock & Young, 1979). The existing conceptualization, however, of participation is insufficient for understanding customer compliance behavior in CDS.

### Customer Compliance Behavior

Customer participation is not enough in the service delivery process of CDS whereby both customer participation and customer compliance are required. Kelman (1961, p. 62) defines compliance accordingly: "Compliance can be said to occur when an individual accepts influence from another person or from a group because he hopes to achieve a favorable reaction from the other. He may be interested in attaining certain specific rewards or in avoiding certain specific punishments that the influencing agent controls." However, while the influencing agent controls rewards and punishments, such as approval or disapproval, not all of the control is under the agent's influence (e.g., actual weight loss, disease cure).

Vital in CDS is customer *compliance*, e.g., in healthcare where patients must comply with doctors' orders to become well; dieters must comply with nutritionists' food regimens to lose weight; clients must comply with tax preparers' instructions to save and organize receipts to minimize tax liability (Dellande & Gilly, 1998); and patients who have undergone surgery must adhere to postoperative exercises (Bowen 1986) to facilitate recovery.

Bowen (1986) noted that often customers must perform before entering the service firm. In addition, he posited that they may also have to perform after leaving the provider. Nevertheless, the services marketing literature has not addressed these aspects of the customers' role in the service delivery process. Services in which customers have to perform before entering and/or leaving the service provider are services that are dependent on customers adhering to or complying with his/her role in successful service production. The table below, List of Compliance Dependent Services (CDS), offers a more complete list of services known as CDS.

**Table 1.** List of Compliance Dependent Services (CDS)

<b>Compliance Dependent Services (CDS)</b>
Athletics
- Organized sports (e.g., baseball, soccer)
Auto Maintenance
Certain Medical Conditions (e.g., diabetes)
Counseling (e.g., marital, psychological)
Debt Management Programs (DMP)
Dental Care
Education
Exercise Programs (e.g., fitness, postoperative exercise)
Physical Therapy
Prenatal Care
Savings Programs
- Short-term savings programs (e.g., Christmas savings programs)
- Long-term savings programs (e.g., Retirement savings programs)
Smoking Cessation Programs
Substance Abuse Programs (e.g., alcohol, drugs)
Tax Preparation Services
Weight Loss Programs

In CDS, customer *compliance* is a key identifying characteristic. After the face-to-face exchange customers are required to perform for themselves and the company (Bowen 1986) to achieve a successful outcome. Therefore, productivity of services, in general and CDS in particular, entail more than the performance of the service employee; it also includes the firm's customer. Consequently, customer performance must be assessed because this participant (the customer) will directly influence the output, especially in CDS. The insight provided in this conceptualization of CDS is likely useful in the decision making process of providers of CDS. Furthermore, this conceptualization may be useful to other interested parties beyond practitioners, including academics, policy makers, even customers. Thus, this paper attempts to offer more insight about CDS. To that end, the identification and classification of services known as compliance dependent services (CDS) are provided. Information about CDS is needed given that customer participation is not enough in the service delivery process of these services.

### IDENTIFICATION OF COMPLIANCE DEPENDENT SERVICES

Many researchers (cf. Bowen, 1986; Kelley, Donnelly, Jr. & Skinner, 1990; Lovelock & Young, 1979; Mills, Chase, & Margulies, 1983) suggest that customers, who provide resources to the service organization in the form of either information or effort, be viewed as "partial employees" of service organizations. Kelley, Donnelly, Jr., & Skinner (1990) posit that customers be viewed as external employees of the firm. Thus the customer is a temporary participant (or partial employee) in the service delivery process of the service firm. The extant literature in services marketing conceptualizes the service delivery process primarily in terms of customer participation (Chase, 1978; Lovelock, 1983) or based on the provider and customer during the face-to-face exchange; not in terms of consumer compliance behavior, i.e., once the customer is away from the provider (the exception, Dellande & Gilly, 1998).

Customer participation in the delivery of most services is essential to the service delivery process. However customer involvement often extends beyond the face-to-face exchange. Participation does not consider the customer's role once *away* from the provider, a necessary condition of CDS and to achieve a satisfactory service delivery outcome. See figures 1 and 2 below. Figure 1, Classification of Customer Participation in Services, depicts the identification of CDS (Dellande and Gilly, 1998); figure 2, Compliance Dependent Services Model, offers a model of the participation and compliance process (Dellande and Gilly, 1998).

Specifically, figure 1 offers a classification scheme which refines previous conceptualizations of customer participation in services. The matrix indicates that service production is based on whether customer participation required is either active or passive, and whether the performance required occurs within or outside of the service firm. The services marketing literature has focused on customer participation within the service firm (cells 1 and 2, figure 1), particularly active customer participation (cell 1, figure 1). On the other hand, the services marketing literature has not invested much effort on the customer's role once outside of the service organization (cells 3 and 4, figure 1), particularly active customer compliance (cell 3, figure 1).

In figure 1 the terminology "inside factory" and "outside factory" is based on early literature in services marketing (Bateson, 1989; Bowen, 1986; Chase, 1978; Kelley, Donnelly, & Skinner, 1990; Mills, Chase, & Margulies, 1983; Lovelock & Young, 1979). This terminology was used until approximately the late 1990s. The services delivery process was likened to the manufacturing process, thus the terminology "inside factory" and "outside factory" (Dellande & Gilly, 1998).

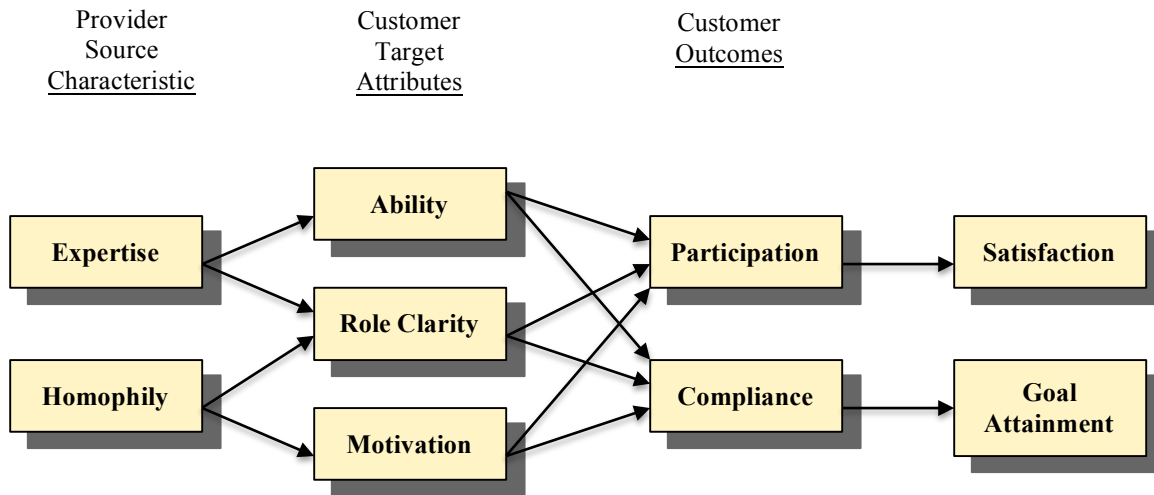
**Figure 1**  
**Classification of Customer Participation in Services**

		<u>Customer Participation</u>	
		Active	Passive
<b>Inside Factory</b>	Haircut	<b>1</b>	<b>2</b>
	Amusement Park		Massage Theater
<b>Outside Factory</b>	Therapy	<b>3*</b>	<b>4</b>
	Weight Loss Program		Utilities
	Financial Planning		Cable TV

\* Compliance Dependent Services (CDS)

Service creation for compliance dependent services (CDS) is a twofold process entailing customer participation (which occurs while the customer is within the service firm) and customer compliance (which occurs once the customer is away from the service provider). In CDS the client creates a major portion of the service on his or her own, that is, outside of the supervision of the service provider. The provider may offer the customer directives on how to perform the service; however, the customer operates independently in his or her adherence to the directions given by the provider, ultimately impacting service outcomes (Dellande & Nyer, 2013).

The model of compliance dependent services, in figure 2, highlights the ways in which source characteristics influence the acquisition of target attributes necessary for customer cooperation and the desired outcome in the service process. For the customer to take part in service delivery, certain customer attributes are necessary. The service provider must possess expertise and homophily (the similarity that two people share) with the customer, in which case, the provider will influence the customer’s acquisition of the attributes ability, role clarity and motivation. These variables are necessary for the customer to perform as expected. Upon participation in the service delivery process and compliance with the service delivery role, the model suggests two outcomes. Participation will lead to compliance and satisfaction with the service. Compliance will lead to goal attainment. Should the customer attain his or her goal, he or she is likely to be satisfied with the service delivery process. See figure 2 below.

**Figure 2.** Compliance Dependent Services Model

### CLASSIFICATION of COMPLIANCE DEPENDENT SERVICES (CDS)

There is a dearth of literature which suggests that the customer needs to participate in the service delivery process during the personal interaction and to independently continue to do so over the long-term (Bowen, 1986). Thus, literature relating to CDS is scarce (Nyer & Dellande, 2010). As indicated above, compliance differs from participation. Compliance involves behavior that the customer must perform when away from the service provider.

Failure to comply with the initiation or maintenance of a prescribed regimen is one of today's major unsolved health problems and is beginning to be acknowledged as the most prominent reason for failed therapy (Buckalew, 1991). Petty and Cacioppo (1996) suggest that most of the leading causes of death in the United States could be reduced substantially if people at risk would change the following behaviors - poor diets, lack of an exercise regimen, tobacco use, excessive alcohol consumption, and drug abuse. Each of these behaviors is inextricably linked with marketing efforts and consumers' reactions to marketing campaigns (Petty & Cacioppo, 1996).

While non-compliance in certain CDS is unlikely to lead to detrimental outcomes, non-compliance, however, will most likely lead to undesirable outcomes. For example, failing to comply with the terms of a loan is likely to lead to consequential outcomes. As a case in point, non-payment of a consumer loan can place the consumer further in debt (Li, Mumford, & Tobias, 2012) and lead the consumer into bankruptcy (Skiba & Tobacman, 2009).

A classification of CDS, focused on customer compliance behavior, is needed given the necessity of compliance to create these services. Customers play a vital role in the service delivery process of CDS and there is the potential for consequential or detrimental outcomes when the required regimen is not followed. Figure 3 below, A Classification of Compliance Dependent Services (CDS), depicts the level of compliance needed (low or high) and the potential outcome of non-compliance (consequential or detrimental). For example, in the CDS education (cell 2, figure 3), the level of compliance required when the student is away from the provider is high. Not adhering to the requirements in this type of CDS will most likely lead to a consequential outcome. On the other hand, in the CDS substance abuse (cell 4, figure 3) the level of compliance required when the client/patient is away from the provider is also high. However, failing to adhere to the requirements in the CDS substance abuse (cell 4, figure 3) will most likely yield a detrimental outcome, i.e., an outcome deemed deleterious for the client/patient. See figure 3 below.

**Figure 3.** A Classification of Compliance Dependent Services (CDS)

Potential Outcome	Level of Consumer Compliance Required When Away From the Provider	
	Low	High
Consequential	1 Auto Maintenance Counseling Dental Care Exercise Programs	2 Athletics Education Physical Therapy Weight Loss Programs
	3 Prenatal Care Tax Preparation Services	4 Certain Medical Conditions Debt Management Programs Smoking Cessation Substance Abuse

**CONCLUSION**

In CDS, after customer participation occurs then compliance is required to complete the service delivery process. When customers are non-compliant in the services in cells 1 and 2 (figure 3), the outcome is likely consequential. That is, non-compliance may lead to an indirect or an undesirable secondary outcome (e.g., a poor performing automobile). However, when customers are non-compliant in the services in cells 3 and 4 (figure 3), the outcome will likely be detrimental, i.e., cause irreversible damage, be deleterious or ruinous (e.g., a jail sentence for tax evasion).

Just the same, there are benefits of compliance. For example, when a customer is motivated to comply, which is required in the service delivery process of CDS (Dellande & Nyer, 2013; Nyer & Dellande, 2010; Dellande, Gilly, & Graham, 2004; White, Taylor, & Dellande, 2003), he or she will most likely attain the desired outcome as well as customer satisfaction. Dellande, Gilly, & Graham (2004) demonstrate that compliance leads to goal attainment, which results in satisfaction. In order for providers of CDS (e.g. weight loss programs, debt management programs, or retirement savings programs) to successfully deliver these services, they must influence customer participation and, importantly, customer compliance behavior.

Understanding the consumer's participatory role in service creation is the key to understanding consumer behavior in services (Andreasen, 1983). Because of the mandatory role of customers in the delivery of services, in particular CDS, it is vital that providers understand the ways in which to influence or gain customer compliance (Dellande, Gilly, & Graham, 2004). Doing so may contribute to increasing customer participation and role adherence, essential to consistently bringing about successful outcomes.

Just as customer participation is required to achieve the desired outcome, customer satisfaction with CDS is dependent upon the customer adhering to his or her role in the delivery of those services. Marketing scholars were instrumental in the “wear your seat belt” campaign and calling attention to the adverse and long-term consequences of sugary beverages. Thus, they can advance our understanding of CDS. Scholars will, hopefully, recognize the importance of and need for more research in this area of services marketing.

Previous literature has conceptualized customer participation in the service delivery process in terms of the level of contact between the service provider and customer (as either low, moderate, or high). While customer participation is an important aspect of the service delivery process during the face-to-face exchange, however, when dealing with CDS, what transpires outside the firm is perhaps of greater importance to service quality outcome. More important than the face-to-face interaction between the provider and customer is the impact that the internal process has on the external process. As such, in compliance dependent services, both customer participation and compliance are required.

**AUTHOR INFORMATION**

**Frances Turner, DBA**, is Assistant Professor of Marketing at Menlo College in Atherton, CA. Practical experience in telecommunications, entrepreneurial and non-profit sectors inspire Dr. Turner's research interests in: consumer

experience; co-design in mass customization; customer-centricity; relationship between consumer perceived value, satisfaction and loyalty; individual thinking style; and neuromarketing from the consumer's perspective. In addition to her research published in *Business Leadership Review*, and *Conference Proceedings of the 2011 Biennial World Conference on Mass Customization, Personalization and Co-Creation*, Dr. Turner's 2013 dissertation was a quantitative empirical analysis entitled "Enhancing the Consumer's Value of the Co-Design Experience in Mass Customization: the Relationship between Perceived Value, Satisfaction, Loyalty Intentions, and Thinking Style".

**Mark J. Hager** is an Associate Professor of Psychology at Menlo College in Atherton, CA. Dr. Hager studies social-psychological influences on faculty teaching and student learning, and future research includes the application of compliance theory to the long term commitment necessary to persist in graduate education. Dr. Hager is a frequent speaker and consultant at national and international venues, including the US Department of Veterans' Affairs; University of New Mexico Mentoring Institute; the American Educational Research Association; the International Congress of Psychology (Berlin); and the UK Council for Graduate Education.

**Stephanie Dellande** is an Associate Professor of Marketing at Menlo College in Atherton, CA (94027) in Silicon Valley. Dr. Dellande studies a group of services known as compliance dependent services (CDS). Her future research is to develop a compliance scale and empirically determine the various categories of CDS. Her ultimate goal is to identify the theory of compliance in CDS. Dr. Dellande's research is published in top tier academic marketing journals, e.g., the *Journal of Marketing (JM)*, *Journal of Retailing (JR)*, *Psychology & Marketing (P&M)*, and she has presented her work at national and international conferences.

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**NOTES**