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Journal of Travel Research 2010 49: 79 originally published online 20 May 2009 DOI: 10.1177/0047287509336466

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# The Impact of Customer-to-Customer Interaction on Cruise Experience and Vacation Satisfaction

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#### **Abstract**

While the role of customer-to-customer (C2C) interaction in shaping service experience has been recognized in the services marketing literature, empirical examination of this issue is limited. Similarly, investigation of tourists' social contacts has mainly focused on the tourist–local community and tourist–service personnel dyads, while much less is known about tourist-to-tourist interactions. To fill this knowledge gap, this study has examined interaction between tourists on cruise vacations and its impact on the cruise experience and vacation satisfaction. An online survey is conducted with an American online panel (n = 613). The findings reveal that the quality of C2C interaction has positive direct impacts on the cruise experience as well as indirect effects on vacation satisfaction, mediated by cruise experience. Moreover, the quality of C2C interaction has suppressor effects on the quantity of C2C interaction. The results call for the incorporation of C2C interaction as one component of the relationship marketing theory.

#### **Keywords**

tourist-to-tourist interaction; customer-to-customer interaction; cruise experience; vacation satisfaction; relationship marketing

The tourist experience generally involves three types of social contacts, including the interaction between tourists and the local community, between tourists and service personnel, as well as between tourists themselves (Pearce 2005). The interaction between tourists and the local community has long been an area of inquiry from the disciplines of sociology and anthropology, and the relationship between tourists and service personnel has received intensive coverage in the services marketing literature. However, the study of the interaction between tourists themselves seemingly lags behind.

Interaction between tourists can be divided into intragroup and intergroup interactions (Pearce 2005). The former refers to interaction between travel companions (e.g., friends and families who travel together), and the latter concerns interaction between unacquainted tourists met en route. In the services marketing literature, interaction between unacquainted customers, also called customer-to-customer (C2C) interaction, is recognized to be a common phenomenon in many servicescapes but remains an underresearched area (Martin 1996). In many tourism services, the presence of fellow customers is not only unavoidable but also an indispensable part of the consumption experience. Hardly anyone would enjoy a sports game, a restaurant meal, or a theme park where only one's group and the service providers are present.

In the services marketing literature, a customer is regarded as a production resource and a partial employee who participates in the service delivery to produce desirable outcomes (Harris and Baron 2004). Such a view has a narrow focus on the instrumental role played by customers in the service process and often fails to capture the influence of customers' presence and participation on fellow customers' service experience. Both the "servuction" system (Bateson 1985) and the seven Ps in services marketing mix (Zeithaml, Bitner, and Gremler 2006) explicitly recognize fellow customers as one element of the service process. However, existing literature tends to examine consumer satisfaction through linkages with the business entity, the business's personnel, and the business's products and services, and much less is known about the influence of fellow customers on customer experience and satisfaction (Martin 1996).

Aubert-Gamet and Cova (1999) propose that marketing has progressed from transactional to relational, and finally to tribal marketing. Transactional marketing focuses entirely on economic transactions, for which the consumer seeks essentially the use value. Relational marketing stresses socioeconomic exchanges, for which the consumer seeks

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both use value and linking value in the interaction with service employees. Tribal marketing focuses predominantly on societal exchanges (although with economic effects), corresponding to the need of consumers to form linkage with other consumers to satisfy their sense of community, with the service personnel being a mere mediator. This idea of marketplace as "postmodern common places" concurred with Oldenburg and Brissett's (1982) "third places," which are public places outside the home (first place) and workplace (second place). According to the authors, the most obvious opportunity provided by the third places (e.g., pubs and cafes) is the possibility of pure sociability, beyond any special and immediate purposes. From a social-psychological point of view, tourism was rarely experienced and interpreted individually, but rather through encounters with other people (Stringer and Philip 1984). Tourist activities often require distinctive types of social interaction and the forging of new relationships (Otto 1997). By combining marketing and social-psychological approaches to tourism study, the present investigation attempted to illuminate the role of C2C interaction in shaping customer experience and postconsumption evaluation.

#### Literature Review

#### Tourism Experience and Satisfaction

The traditional paradigm of service evaluation followed a quality-determinism conceptualization, for which service quality was the pivotal, if not the only, predictor of consumer satisfaction and behavioral intentions (Otto 1997). However, Hirschman and Holbrook (1982) highlighted the importance of emotional experience in hedonic consumption, and in recent years the experiential aspect of consumption has attracted more attention. In particular, the consumption of leisure and tourism means a process of psychological and physical transformation that could not be achieved without the customers' active involvement. Psychic benefits, such as fun and relaxation, are the ultimate goals of leisure and tourism involvement. For this reason, tourism products may better be evaluated in terms of their experiential and psychological abstractions, rather than their attributes or performance. This calls for a shift of focus from service offerings to customer experiences, or an evaluation moving from "utilitarian and rational information processing" (Otto 1997, p. 87) to the customers' psychic state.

Baker and Crompton (2000) highlighted the distinction between quality of performance and quality of experience. The former measures service attributes under the direct control of the service provider, whereas the latter refers to "an emotional state of mind after exposure to the opportunity" and is concerned with measuring a customer's outcome (p. 787). Several studies revealed that customer satisfaction with performance quality was an antecedent to satisfaction with experience (e.g., Chan 2003; Cole and Scott 2004).

These studies highlight the role of customer experience in determining customer satisfaction, with the understanding that quality performance exists "merely to facilitate the delivery of the optimal experience" (Otto 1997, p. 294).

Conceptualization of Experience. Experience was credited as the most elusive area in tourism research (Mannell and Iso-Ahola 1987), and there seemed to be a lack of common language among researchers. For example, it was referred to as experiential themes (Arnould and Price 1993), affective experience (Otto 1997), and quality of experience (Cole, Crompton, and Willson 2002; Otto and Ritchie 1996). Furthermore, researchers apparently used different theoretical frameworks to conceptualize experience, resulting in diverging dimensions of the tourist experience. For example, based on the two motivational forces elaborated by Mannell and Iso-Ahola (1987), Chan (2003) measured customer satisfaction with the tour experience with tourists' needs to escape and seek. Following Pine and Gilmore's (1999) experience economy concept, Oh, Fiore, and Jeong (2007) measured the four realms of tourism experience as education, esthetics, entertainment, and escapism. Le Bel, Sears, and Dubé (2004) conceptualized tourism experience with four basic types of pleasure: sensory (or physical), social, emotional, and intellectual.

Distinction between Customer Experience and Satisfaction. The literature reveals some confusion between customer experience and satisfaction. For Baker and Crompton (2000), customer satisfaction was equal to quality of experience. Lounsbury and Hoopes (1985) entangled satisfaction with the affective responses of experience by measuring vacation satisfaction with six affective state items and one overall satisfaction item. Nevertheless, substantial research maintained that satisfaction was an evaluative process that embraces both cognitive and affective evaluations (e.g., Bigne, Andreu, and Gnoth 2005), and Yi (1990) stressed that satisfaction was not "just the pleasure of a consumption experience, but the evaluation that the experience is as pleasurable as it was supposed or expected to be" (p. 75). Cole, Crompton, and Willson (2002) defined quality of experience as specific psychological benefits obtained, while satisfaction was visitors' judgment of their total experience, or the summation of specific benefits. The authors demonstrated that quality of experience was an antecedent to satisfaction.

Factors Affecting Tourist Experience. The highly subjective and individualistic nature of the tourist experience is gaining appreciation in recent years. It was recognized that tourism experience was not something that could be "stage-managed" by the service provider (Morgan 2007), but rather that tourists aided in the production of their own experiences through their personal characteristics, social identity, and the agendas they brought with them to the tourist encounters (Mcintosh and Siggs 2005). This means that service providers could not sell a preorchestrated experience to the

customers. What they can do is set the stage for tourists to create their own experiences (Morgan 2007).

This implies that the tourist experience is influenced by a wider range of factors in addition to those under the direct control of the service providers (e.g., service quality; Baker and Crompton 2000; Cole, Crompton, and Willson 2002). These include the social-psychological state that a tourist brings to a site (e.g., mood, disposition, and needs), extraneous events (e.g., climate and social group interactions), and program or site attributes. Although an exhaustive list of these factors may be impossible, social interaction between unacquainted fellow tourists could be one factor that deserves further exploration. This echoes the marketing literature on customer compatibility management (CCM) and observable oral participation (OOP), which recognizes the impact of unacquainted customers on customer experience and satisfaction.

#### Services Marketing Research on Customer-to-Customer Interaction

With the development of the service economy and increasing customer expectation, undesirable customer behaviors have brought forth frustrating dilemma to customers and service operators, giving rise to the issue of CCM. This stream of research investigated the types of service settings in which CCM may be a relevant issue (e.g., Clark and Martin 1994; Jones 1995), customer characteristics that may serve as antecedents of compatibility (Martin and Pranter 1989; Grove and Fisk 1997), compatible and incompatible customer behaviors (e.g., Martin 1996; Grove and Fisk 1997), marketing and operations management to enhance C2C relations (e.g., Pranter and Martin 1991; Clark and Martin 1994), and measurement of customer compatibility (Martin 1995).

McGrath and Otnes (1995) stated that although stranger interaction was common in many social settings, the topic was largely unexplored in the commercial setting. One aspect of C2C interaction that has received relatively more attention was customers' OOP, both with the service employees and with fellow customers (for a review on this topic, refer to Harris, Baron, and Parker 2000). This stream of research investigated the frequency, content, and credibility of OOP in service encounters (e.g., Baron, Harris, and Davies 1996; Parker and Ward 2000), the stimuli for OOP between customers (Davies, Baron, and Harris 1999; Harris and Baron 2004), roles played by interacting partners (McGrath and Otnes 1995; Parker and Ward 2000), and characteristics of customers who had different OOP behaviors (Davies, Baron, and Harris 1999). Conceptual frameworks were also proposed to guide research on OOP, for example, the content and process model (Davies, Baron, and Harris 1999) and the stimuli-manifestation-consequences framework (Harris and Baron 2004). Most of these studies investigated C2C interactions in the retail setting, in which the interaction was of a short-term nature.

Most of the studies about CCM and OOP were of a descriptive nature, focusing on the specific incidents and

behaviors of C2C interaction, and studies linking C2C interaction to firm-related service outcomes were quite sparse (Harris and Baron 2004). With a field experiment design, Harris, Davies, and Baron (1997) found that conversations with fellow customers led to greater customer satisfaction and were more credible than those with the sales assistants. Harris and Baron (2004) conducted an ethnographic study of rail travel and found that conversations between unacquainted travelers had stabilizing effects on service experience through consumer anxiety reduction, the enactment of the partial employee role, and the supply of social interaction, thus leading to a more enjoyable service experience. In a hair salon service setting, Moore, Moore, and Capella (2005) found that positive perceptions of atmospherics led to enhanced C2C interaction, which in turn was strongly related to loyalty to the firm and word-of-mouth communication. But C2C interaction was not directly linked to customer satisfaction with the firm.

#### Studies on Tourist-to-Tourist Interaction

The notion that tourists generally expect to interact with host community residents rather than fellow tourists may be an overgeneralization. Cohen (1972) commented that international tourists traveling together with others of their own culture were virtually transposed to the foreign soil in an environmental bubble of their native culture. Interacting with local people was difficult because of little common identity between the tourists and hosts, whereas interacting with other tourists on the same trip was more likely, resulting in a natural tendency to "turn inward rather than outward" (p. 419) in companionship and interaction (Crompton 1979). The ensuing literature review covered tourist-to-tourist interaction in three types of tourism activities—group tour, backpacking, and cruise—areas where interactions among tourists were recognized to be common (Koth, Field, and Clark 1992; Sørensen 2003).

Studies on group tours found that interaction among group members was a crucial theme weaving through the whole tourist experience. Holloway (1981) recognized that physical proximity within the coach tour setting provided a framework for social interaction among tourists, which was an essential element of the holistic tourist experience. Chan (2003) showed that group cohesion was an antecedent to customer satisfaction with tour experiences. Gorman (1979) revealed how the camaraderie developed during the trip contributed significantly to tourists' travel experience. A number of studies focused on coach tours, apparently because the confined environment of the bus as well as plenty of shared time on the journey facilitated group formation and at the same time segregated the tour group from the world outside.

Murphy (2001) revealed that social interaction among backpackers appeared to be an important factor in choosing backpacking as a means of travel, although the interactions pursued may be for either functional or social benefits.

Sørensen (2003) investigated how a backpacker travel culture evolved through impromptu social interaction along the road among backpackers. Loker-Murphy and Pearce (1995) found that both mixing with locals and with fellow backpackers were elements of the best backpacking experiences. Interaction between tourists was also investigated in studies on budget travelers, wanderers, and drifters (e.g., Riley 1988), which overlapped with the backpacker concept.

Research systematically investigating interaction among cruise passengers is quite limited. From an anthropological point of view, Foster (1986) studied the cruise culture for a "short-lived society." Apparently, the passengers had far more interest in nature and the local community than in social interaction with fellow passengers. Somewhat contrarily, Koth, Field, and Clark (1992) showed that for cruise passengers to Alaska, interests in attractions decreased after visitation to the initial ports, and for the trip traveling back home port, passenger focus shifted to entertainment and social events. In an attempt to profile the behavioral pattern of cruise tourists to Antarctic, Bauer (2001) revealed that interaction with fellow passengers was the second most enjoyed activity onboard. The author stated that the results were "unexpected" (p. 168), without further elaboration. Through participant observation, Yarnal and Kerstetter (2005) illustrated that the cruise ship was a liminal space that was outside and different from everyday life. Liminality played an important role in fostering social relations among cruise passengers, and the development of such relations contributed to meaningful cruise experiences.

Tourist-to-tourist interaction has received more attention in recent years. For example, Arnould and Price (1993) found that a feeling of "communita" with other tourists (and with the guide) was one component of an extraordinary river rafting experience (p. 34), and interactions with fellow tourists and locals were at the heart of the appeal of sports tourism (Morgan 2007). However, while the issue of encounter between unacquainted tourists surfaced naturally from investigations on other themes (e.g., tour guide roles), not many studies have tourist-to-tourist interaction as their central research topic. The actual level and nature of touristto-tourist interaction and its unique impact on the tourist experience remains to be fully explored. The majority of previous studies used a qualitative research method, which reflected the vibrant dynamics of interaction between tourists. This serves as the basis for further quantitative research to test the impact of tourist-to-tourist interaction on tourism outcomes.

## Research Setting, Objectives, and Hypotheses

Cruise vacation was chosen as the setting for the present study. Adapting Price, Arnould, and Tierney's (1995) threedimensional (Duration–Affect–Proxemics) service encounter model to C2C encounters, cruise travel represents a potential area where C2C encounters are likely to be extended, affectively charged, and in intimate spatial distance. Such context represents service settings in which C2C interaction may exert substantial effects on customer experience and satisfaction. This study focused on cruise vacations that were longer than 2 days because an extended period of sharing the same servicescape may be necessary for C2C interaction to initiate and develop. The research objectives were to investigate the impact of C2C interaction on cruise experience and vacation satisfaction. This piece of work feeds into the limited research that empirically tested the independent effects of C2C interaction on established service-oriented outcome measures (Harris and Baron 2004; Moore, Moore, and Capella 2005).

Wirtz and Bateson (1999) proposed that C2C interaction was one potential cause in the servuction process that could influence the affective state of the consumption experience. Parker and Ward (2000) suggested that although service delivery may not be dependent on customer participation and interaction, a customer's satisfaction with the service experience could be enhanced by it. Similarly, Price, Arnould, and Tierney (1995) proposed that oral interaction between customers may enhance enjoyment of the total service experience. A few exploratory studies on C2C interaction supported the positive relation between C2C interaction and customer experience (e.g., Yarnal and Kerstetter 2005; Harris and Baron 2004). C2C interaction was the core construct under study, consisting of both quantitative and qualitative aspects. This construct measures the behaviors of the customers, while the cruise experience construct (defined as the psychological benefits obtained) concerns the outcomes that customers achieved. To test the impact of C2C interaction on customer outcomes, hypotheses 1 and 2 were proposed:

Hypothesis 1: Quantity of C2C interaction has a positive direct effect on customers' cruise experience.Hypothesis 2: Quality of C2C interaction has a positive direct effect on customers' cruise experience.

Kozak (2001) suggested that actual holiday experiences should be considered as the most significant factor for determining satisfaction or dissatisfaction. Duman and Mattila (2005) demonstrated that the affective experience of cruise travel had positive influence on perceived overall satisfaction. Cole, Crompton, and Willson (2002) and Cole and Scott (2004) demonstrated that quality of experience was positively and directly associated with satisfaction. Therefore, hypothesis 3 was proposed:

Hypothesis 3: Cruise experience has a positive direct effect on vacation satisfaction.

Based on hypotheses 1 to 3, hypotheses 4 and 5 were proposed:

Hypothesis 4: Quantity of C2C interaction has a positive indirect effect on vacation satisfaction, mediated by cruise experience.

Hypothesis 5: Quality of C2C interaction has a positive indirect effect on vacation satisfaction, mediated by cruise experience.

#### Method

#### Construct Definitions and Measurements

C2C interaction was defined as the direct interaction between unacquainted customers encountered in the servicescape. The quantity of C2C interaction followed the interpersonal interdependence conceptualization from social psychology. The level of interdependence is the key property of personal interaction, and two people are interacting provided that they are influencing each other's behavior (Kelley et al. 1983). The operationalization of quantity of C2C interaction adopted Berscheid, Snyder, and Omoto's (1989) Relationship Closeness Inventory (RCI), with three dimensions—frequency, activity, and influence. The quality of C2C interaction was measured with Wish's (1976) Interpersonal Relations Scale with four dimensions: valence, intensity, power symmetry or asymmetry of the roles played, and social relatedness or work relatedness of the relations. The adjectives in the scale (e.g., close, cooperative) capture the dynamics or the attributes of interpersonal interaction (Miell and Dallos 1996). In summary, the quantity of C2C interaction, represented by RCI, is a measure of behavioral interdependence between customers. The quality of C2C interaction, on the other hand, is customers' subjective perception of the interaction, and reflects customers' positive or negative experience as they relate to other customers.

Following the experiential approach in leisure research, cruise experience was defined as the intrinsic benefits or psychological outcomes that customers obtained as a result of taking a cruise vacation. This approach suggests that leisure activities are simply a vehicle for the benefits they convey. The specific "package" or "bundle" of psychological benefits accomplished through a cruise vacation is an issue to be tested empirically (Manfredo, Driver, and Tarrant 1996).

Vacation satisfaction was defined as customers' postconsumption summary evaluation of the totality of the vacation experience (Otto 1997). This definition allows the investigation of the roles of a wide range of antecedents of customer satisfaction, such as customers' social-psychological state, extraneous events, and particularly C2C interaction in this study. Vacation satisfaction was measured by a unifactorial four-item semantic differential scale (e.g., "Overall, my most recent cruise vacation was dissatisfying/satisfying."), which showed good reliability and validity in previous studies (Baker and Crompton 2000; Cole, Crompton, and Willson 2002).

#### Instrument Development

Measurements for quality of C2C interaction and vacation satisfaction were adapted from the literature, while those for quantity of interaction and cruise experience were developed following the procedures proposed by Churchill (1979). An exploratory qualitative study was conducted with North American cruise customers via seven semistructured individual interviews and three virtual focus groups (VFGs; in which all discussions were undertaken on discussion boards through computer-mediated communications). Items for the cruise experience measure were generated based on content analysis of the interviews and VFG discussions as well as the literature. Major sources of the literature included Duman and Mattila (2005) and the recreation experience preference (REP) inventory (Driver, Tinsley, and Manfredo 1991). A total of 108 items with 21 dimensions was generated for cruise experience. Among these, 16 dimensions were similar to those in the REP scale, and 5 dimensions not included in the REP scale were relaxation, hedonic, rehabilitation, worry-free, and memorability.

Items were also generated for each dimension of quantity of C2C interaction. The activity subscale contained a checklist (26 items) of typical interactional behaviors between cruise customers (e.g., sharing the same dinner table, exchanging contact information). The influence subscale (25 items) tapped the extent of influence from fellow passengers (e.g., staying out longer, enjoying the company from each other). Following the approach of Berscheid, Snyder, and Omoto (1989), the frequency subscale asked participants to estimate the average amount of time that they spent with other passengers during the course of the cruise voyage. The time was broken into morning, afternoon, and evening sessions, with one item for each session.

Next, expert panel reviews were conducted to assess content validity of the measures, following the recommendation of Zaichkowsky (1985). A rating tool was devised and panel members were given the conceptual definition of the constructs and asked to rate each item for its representativeness, using a 3-point Likert-type scale. Several items were added based on reviewers' comments. The results consisted of 30 and 11 items for the activity and influence subscales, respectively. For cruise experience, the initial 21-dimension, 108-item pool was reduced to 18 dimensions with 62 items. The reduction in dimension was a result of merging three dimensions into one because of similarities in coverage and the removal of one dimension that was regarded as inappropriate by the expert panel.

For C2C interaction, the instrument was initially designed to assess a respondent's cumulative interaction with all fellow passengers encountered. One major issue raised by two experts was that a respondent may have varying levels of interaction with different passengers, and thus different answers to the questions depending on which interaction was

under consideration. The RCI scale, initially developed by Berscheid, Snyder, and Omoto (1989), was designed to measure interpersonal relationship with a clearly defined target partner (e.g., a friend or a spouse). Similarly, when examining the impact of C2C relationship on customer satisfaction and loyalty, Guenzi and Pelloni (2004) measured C2C relationship with one particular customer. Therefore, following the expert panel's suggestions, the instrument was revised to target one fellow passenger that the respondent had the most interaction with, because this was the person most likely to have an impact on the respondent's cruise experience, either positively or negatively.

A pilot study was conducted in December 2006 to refine the measurements. An online survey was conducted with a convenience sample of North American cruisers recruited from several cruise Web sites. Invitation e-mails with survey URL links were sent to people who had taken cruises within the past 2 years. The response rate was about 25% and 289 qualified questionnaires were collected. Exploratory factor analysis (EFA) was conducted, and factor loading with an absolute value ≥.5 was used as the cutoff point for item retention, and items with loadings ≥.5 on more than one factor were deleted. The EFA for cruise experience extracted eight dimensions with 44 items, accounted for 73.0% of the variance in the data. Following the approach adopted by Berscheid, Snyder, and Omoto (1989), the sum for each dimension (frequency, activity, and influence) of quantity of C2C interaction was taken as the indicator of the construct. Results of EFA were a one-component solution, which accounted for 76.4% of the variance in the data. The scale was further revised based on comments from participants of the pilot study and a reviewer. The resulting scale contained 25 items for the activity and 10 items for the influence subscales. The frequency subscale remained unchanged.

#### The Main Survey

The questionnaire was divided into several sections. Respondents were asked to answer the questions based on their most recent cruise only, not their general opinion about cruises. The first and second sections included questions about the cruise experience and vacation satisfaction, respectively. Cruise experience was measured with a 44-item 7-point Likert-type scale (from 7 = strongly agree to 1 = stronglydisagree), and vacation satisfaction was measured with a 4-item 7-point semantic differential scale. Then a qualifying question asked the respondents to recall one fellow passenger they had interacted with the most during their most recent cruise. If a respondent could not recall such a passenger, he or she would skip the section about C2C interaction and was directed to the last section on cruise background and demographic questions. For C2C interaction, quantity of interaction was measured with three subscales: frequency (3) items), activity (25-item yes-no questions), and influence (10-item 7-point Likert-type scales). Quality of interaction was measured with a 15-item 7-point semantic differential scale.

The sample was restricted to U.S. cruise customers, who constituted 93.7% of the North American cruise market (CLIA 2006). An online survey was conducted in March 2007, and respondents were recruited through an online panel supplier. By participating in the survey, panelists could accumulate incentive points, which later on could be traded for gifts with the panel supplier. The questionnaire programming only allowed one response per each IP address. The sampling process used three screening questions in succession: (1) have taken a cruise vacation before; (2) most recent cruise lasted for more than 2 days and was (3) after January 1, 2005. Quota sampling was adopted, with gender, age, and annual household income as the three quota variables. Quotas were stipulated based on the U.S. cruise market profile reported by CLIA (2006). Panelists were screened first by the three screening questions and then by the quota variables before they were directed to the online survey. Altogether, 6,476 panelists were invited, with 786 qualified respondents identified and 613 usable questionnaires returned. The response rate and incidence rate were about 78.0% (613/786) and 12.1% (786/6476), respectively. Among the 613 responses, 433 cases finished the entire questionnaire, of which 5 were identified as outliers based on C2C variables and were deleted. Therefore, the sample size used in measurement model testing for the cruise experience construct was 613, while 428 (433 - 5) was the sample size available for other analyses.

All reversely worded items were recoded before the analysis. Missing values were imputed with two methods. The expectation-maximization (EM) algorithm method was used in EFA and full information maximum likelihood (FIML) was adopted in structural equation modeling (Enders 2006). Because the data were negatively skewed, all analyses were based on square transformed data, and the following methods were used to model nonnormal data. For model testing with nonnormal but complete data, the Satorra-Bentler (S-B) rescaled chi-square and standard errors was applied (Finney and DiStefano 2006). For models with both nonnormal and missing data, the Yuan-Bentler (Y-B) rescaling method (Yuan and Bentler 2000) was used. Model testing was implemented with the EQS 6 software package.

#### **Findings**

Respondents' profile based on gender and age was comparable to that reported by CLIA (2006), which was a direct result of using the CLIA statistics as the sampling quotas. Respondents were about equally divided by gender, and the majority of them (87.8%) were between 30 and 69 years of age. The respondents' income was somewhat lower than that reported by CLIA (2006). About 14.2% of the respondents

took their most recent cruise in 2007, 54.1% in 2006, and 31.7% in 2005. The most common travel group size was two people (42.5%). About 4.5% took their cruise alone, 28.3% in small groups of three to five people, and the remaining (24.6%) in groups of six or more people. In terms of the total number of cruises taken before, 28.6% had taken only one cruise, 38.2% cruised two to three times, 18.9% cruised four to six times, 7.3% seven to nine times, and 7.0% 10 times and more.

#### Measurement Model

Model testing adopted the two-step technique recommended by Anderson and Gerbing (1988). First, the measurement model for each latent construct was validated before testing the structural model. The sample was randomly split into two halves: one as the calibration sample for conducting EFA, and the other as validation sample for confirmatory factor analysis (CFA). The EFA results of quantity of C2C interaction were similar to those of the pilot study, showing a one-component structure accounting for 72.7% of the variance. The EFA for quality of C2C interaction extracted two factors (Valence and Intensity), accounting for 68.6% of the variance. Although the results did not replicate the fourdimensional structure from Wish (1976), they were similar to the two dimensional scale used by Ap (1992) to measure the contact between tourists and local residents. For cruise experience, the EFA results were a six-factor structure with 25 variables, which accounted for 77.6% of the variance. The six factors were labelled as Learning, Relaxation, Selfreflect, Family Relation, Fitness, and People. Vacation satisfaction had well-established measurement in the literature, thus EFA was deemed unnecessary.

Then CFA for each construct was conducted with the validation sample. Following Schermellen-Engel, Moosbrugger, and Muller (2003) and Hair et al.'s (2006) suggestions, several indices were adopted to evaluate model fit, and the cutoff values of the indices were determined based on model characteristics. For a relatively complicated model with more than 30 observed variables and a sample size exceeding 250 (e.g., the overall measurement and structural models in the present study), the following cutoff values indicate good fit: a significant p value for  $\chi^2$ , comparative fit index (CFI) ≥.90, root mean square error of approximation (RMSEA) <.70, and standardized root mean square residual (SRMR) of  $\leq$ .80. The nonnormed fit index (NNFI)  $\geq$ .97 indicates good fit, and values between .95 and .97 are acceptable. With EQS 6, except for SRMR, all fit indices are based on robust statistics.

For quantity of C2C interaction and vacation satisfaction, the fit indices suggested good fit between the CFA model and the data (Table 1). The fit indices suggested that the initial results of CFA for quality of C2C interaction and cruise experience were less than satisfactory. The modification indices were then examined to locate parameters that were misfit (Byrne 2006). Two error covariances were identified

in the model for quality of C2C interaction, and two error covariances and two cross loadings were found in the cruise experience model. Because adding correlated errors and cross loadings would violate the assumption of good measurement (Hair et al. 2006), one variable in each pair was deleted step by step. The fit indices for the final results indicated well-fitted models for the two constructs (Table 1).

Given the acceptable measurement model for each latent construct, an overall CFA model was then tested, with all constructs allowed to correlate with each other (n = 428). The overall model fit was good (Table 1). Standardized factor loadings for most of the variables were above the ideal level of .7, except those for three variables (V190, V184, and V183), which were close to or above .6 (Table 2). Reliability of all latent constructs was good, with construct reliability (CR) ranging from .781 to .939. The average variance extracted (AVE) ranged from .616 to .793, indicating good convergent validity. In addition, all AVE estimates were greater than their corresponding interfactor squared correlations, indicating good discriminant validity of all latent constructs under study (Table 3). In summary, the results presented a well-fitted model that could be used as a baseline to specify theoretical relations among the constructs.

#### Structural Model

A structural model was specified based on the hypotheses proposed; the fit indices suggested a fairly well-fitted model. However, the path coefficients revealed some unexpected results. The path coefficients from quantity of interaction to each of the six dimensions of cruise experience were negative, and several standardized path coefficient values, from quality of interaction to the six dimensions of cruise experience, were >1. A negative coefficient also occurred for the path from self-reflect to vacation satisfaction. As shown in Table 3, the zero-order correlations between all latent constructs were positive; thus the negative path coefficients suggested the existence of suppressor effects, with quantity of interaction and self-reflect as the suppressor variables. This happens because the common elements that are shared between the suppressor and the other predictors but are irrelevant to the dependent variables outnumber those shared between the suppressor and the dependent variables (Maassen and Bakker 2001). Following the suggestions in previous studies (Maassen and Bakker 2001; Vazquez-Carrasco and Foxall 2006), the two suppressors—quantity of interaction and self-reflect—were removed from the structural model.

A competing model was then tested. Because quality of interaction was the only exogenous latent variable, the disturbance terms of its two first-order factors were constrained to be equal for identification purposes (Byrne 2006). The results indicated a good fit between the model and the data; Y-B  $\chi^2(339) = 660.280$  (p < .000), CFI = .949, RMSEA = .046 with 90% CI between .041 and .051, SRMR = .055, and NNFI = .935. Figure 1 shows the standardized path coefficients for the causal relationships between the constructs.

Table 1. Fit Indices of CFA Results

Measurement model	χ² (þ value)	df	CFI	RMSEA (90% CI)	SRMR	NNFI
Quantity of C2C interaction <sup>a</sup>	S-B $\chi^2 = 2.767 (.251)$	2	.998	.042 (.000, .149)	.022	0.993
Quality of C2C interaction <sup>b</sup>	$S-B \chi^2 = 19.425 (.110)$	13	.987	.048 (.000, .090)	.032	0.979
Cruise experience	Y-B $\chi^2$ = 323.739 (< .000)	155	.960	.053 (.044, .062)	.045	0.940
Vacation satisfaction	S-B $\chi^2 = .453 (.797)$	2	1.000	.000 (.000, .061)	.004	1.007
Overall CFA model	Y-B $\chi^2$ = 867.322 (< .000)	489	.954	.041 (.037, .046)	.050	0.940

Note: CFI = comparative fit index; RMSEA = root mean square error of approximation; CI = confidence interval; SRMR = standardized root mean square residual; NNFI = nonnormed fit index; C2C = customer-to-customer; S-B = Satorra–Bentler; Y-B = Yuan–Bentler; CFA = confirmatory factor analysis. a. The CFA model for quantity of C2C interaction had three indicators and was just-identified. For identification purpose, an additional variable (V106), which measured overall C2C interaction, was added as an indicator.

b. The CFA model for quality of C2C interaction was specified as a second-order factor model, with valence and intensity as the two first-order factors. With two first-order factors, the higher-order structure was underidentified. To resolve this problem, an equality constraint was specified to set the disturbance terms of the two first-order factors to be equal (Byrne 2006).

Two hypotheses (1 and 4) were not tested because of the removal of quantity of interaction as a predictor in the competing model. Hypothesis 2 could not be rejected. Results revealed strong effects of quality of interaction on all aspects of cruise experience, as evidenced by the relatively high squared multiple correlations (SMCs) for each dimension of cruise experience (from .397 to .771). Hypothesis 3 was partially supported, because only two dimensions of cruise experience—relaxation and learning—had significant direct effects on vacation satisfaction (with SMCs of .501 and .040, respectively). Hypothesis 5 could not be rejected, indicating that quality of interaction had a strong indirect effect on vacation satisfaction, mediated by cruise experience (SMC = .433).

#### **Discussion**

This study used two C2C interaction measures (quantity and quality), with discriminant validity established. However, when both were specified as predictors of customer experience and satisfaction, suppressor effects occurred. Results seemingly suggest that when predicting the outcomes of dyadic interpersonal interaction, it is the quality rather than quantity of interaction with a person that matters. This is congruent with findings from studies on the intergroup contact hypothesis about the quantitative and qualitative aspects of interpersonal interactions and their outcomes. For example, Islam and Hewstone (1993) demonstrated that the qualitative aspect of intergroup contact was a stronger predictor of intergroup anxiety and attitude toward outgroup. Schwartz and Simmons (2001) found that contact quality was significantly related to young adults' positive attitude toward the elderly, while frequency of contact had no effect.

The pervasive impact of quality of C2C interaction on customer experience is unlikely to be a coincidence. Quality of interaction, as an individual's subjective evaluation of the interactions, is underlain by an individual's affective feelings toward the interacting partner. In other words, the affective

factor overshadows the evaluation process (Berscheid, Snyder, and Omoto 1989). Therefore, the positivity or negativity of interpersonal interaction may have an enveloping effect on overall customer experience, which by itself is emotionally charged. This apparently validates Davies, Baron, and Harris's (1999) proposition that the emotions emancipated from C2C interaction could "color the service delivery experience" (p. 48).

However, when interpreting the results, it should be borne in mind that the C2C interaction measures were based on interaction with one fellow passenger. The overwhelming suppressor effects of quality of interaction on quantity of interaction may not hold if the measure was based on interaction with all passengers encountered. This is because an overall quantity of interaction score is likely to be much higher than that based on interaction with one fellow passenger, whereas the quality of interaction score does not necessarily increase when a few more interaction partners are added in the evaluation. Therefore, the relative importance of quantity versus quality of C2C interaction in determining the service outcomes might be different depending on the measures used.

The results also demonstrated that cruise experience had positive direct effect on vacation satisfaction, although only two of the five experience dimensions—relaxation and learning—had significant impact. This is in congruity with Oh, Fiore, and Jeong's (2007) observation that customer experience is contingent, meaning that the service settings dictate which experiential dimensions are salient to customer evaluation. The strongest predictor was relaxation, which alone accounted for 50.1% of the variance in vacation satisfaction. The results support those of Lounsbury and Hoopes (1985), who found relaxation and leisure accounted for 53% of the variance in vacation satisfaction. The definitive impact of relaxation on customer satisfaction seemingly embraced Kleiber's (2000) idea of relaxation as the starting point and essence of leisure.

The indirect relationship between quality of C2C interaction and satisfaction suggests that the effects of C2C

**Table 2.** Results of the Overall Measurement Model (n = 428)

Factor or Item	Standard Factor Loading	t-Value (robust statistics)	Construct Reliability
Quantity of C2C interaction			.834
V198 Activity	.895	27.930	
V193 Influence	.832	20.965	
V190 Frequency	.632	16.464	
Quality of C2C interaction factor 1:Valence	.857ª		.781 <sup>b</sup>
V180 harmonious or clashing	.819	19.535	
V179 hostile or friendly	.806	NA	
VI74 interesting or dull	.794	16.401	
VI75 unequal or equal	.788	20.961	
V184 competitive or cooperative	.592	13.818	
Quality of C2C interaction factor 2: Intensity	.740ª		
V178 close or distant	.834	NA	
V183 intense or superficial	.599	8.852	
Cruise experience factor 1: Learning			.875
V137 It was a very interesting experience.	.894	22.342	
V136 The experience has made me more knowledgeable.	.821	22.796	
V127 I discovered something new.	.737	17.771	
V150 I enjoyed the scenery.	.731	13.003	
Cruise experience factor 2: Relaxation		10.005	.865
V126 I had a worry-free vacation.	.805	18.648	.005
V132 I felt I was well looked after.	.797	17.403	
V125 I gave my mind a rest.	.796	18.311	
V121 It was total relaxation.	.740	18.228	
Cruise experience factor 3: Self-reflect		10.220	.889
V162 I learned more about myself.	.874	28.627	.007
V145 I thought about my personal values.	.864	28.198	
V128 I thought about who I am.	.820	24.145	
Cruise experience factor 4: Family Relation	.020	21.115	.896
V148 It brought my family/partner and me closer together.	.908	27.812	.070
V138 It enhanced my relationship with my family/partner.	.889	22.469	
V163 I got to spend some quality time with my family/	.783	16.248	
partner.	.703	10.240	
Cruise experience factor 5: Fitness			.902
VI57 I got a healthy amount of exercise.	.924	35.025	.702
•	.865	25.868	
V142 I kept physically fit. V147 I felt good after being physically active.	.812	22.634	
Cruise experience factor 6: People	.012	22.634	.876
	.866	21.324	.076
VI61 I met new people.	.850	21.324	
VI33 I talked to new and varied people.	.796		
V159 I met people with similar interests.	./70	23.138	.939
Vacation satisfaction	020	20 550	.737
V171 pleasing/displeasing	.939	20.550	
V169 satisfying/dissatisfying	.897	17.770	
V172 negative/positive	.888	20.208	
V170 unfavorable/favorable	.835	22.357	

Note: NA = not available because the item was used as a reference variable.

interaction are subtle and latent rather than evident. Customers often have expectation about service quality and employee behavior, and performances falling short of expectation bring about customer dissatisfaction. Thus, the impact

of firm-related variables (e.g., customer-to-employee interaction) on customer satisfaction is evident. However, customers generally do not have clear expectations about C2C interaction in the servicescape and may not be aware of

a. Factor loadings for the two dimensions of quality of interaction (valence and intensity) were first-order loadings based on a second-order confirmatory factor analysis model. All other loadings were for observed variables.

b. Construct reliability for quality of interaction based on first-order loadings.

	C2C Quantity	C2C Quality	Relaxation	Learning	Self- reflect	Fitness	Family Relation	People	Satisfaction
C2C quantity	.631	.309	.025	.020	.130	.088	.042	.138	.007
C2C quality	.556 (9.946)	.642	.403	.307	.143	.171	.232	.477	.367
Relaxation	.Ì 59 (2.724)	.635 (10.955)	.616	.576	.267	.283	.496	.506	.536
Learning	.142 (2.490)	.554 (9.636)	.759 (23.484)	.638	.335	.266	.482	.558	.377
Self-reflect	.360 (7.224)	.378 (6.630)	.517 (12.758)	.579 (15.475)	.728	.419	.440	.295	.106
Fitness	.297 (5.720)	.414 (7.256)	.532 (12.949)	.516 (13.080)	.647 (16.465)	.754	.345	.284	.138
Family relation	.206 (3.881)	.482 (8.933)	.704 (19.283)	.694 (18.251)	.663 (19.624)	.587 (14.884)	.743	.331	.244
People	.371 (6.748)	.691 (12.847)	.711 (17.295)	.747 (20.149)	.543	.533 (12.387)	.575 (12.613)	.702	.270
Satisfaction	.082 (1.500) <sup>a</sup>	.606 (12.525)	.732 (18.932)	.614 (14.190)	.326 (7.136)	.372 (8.536)	.494 (10.790)	.520 (11.227)	.793

**Table 3.** Average Variance Extracted (AVE) and Standardized Correlation Matrix for Overall Measurement Model (n = 428)

Note: Values on the diagonal elements are AVE (%) for each factor. Values below the diagonal are correlation estimates with robust t-values shown in parentheses. Values above the diagonal are squared correlations.

a. Insignificant at p < .05, and all other correlations were significant.

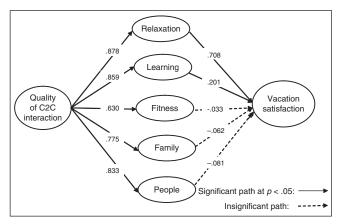


Figure 1. Final Structural Model with Standardized Path Coefficients

how other customers might affect their own behavior, experience, or their impression of the business (Martin and Clark 1996). Arguably, they may not recognize it until C2C interaction has notably impinged on their service experience (either positively or negatively). This could be one of the reasons why C2C interaction has been a neglected area in services marketing research.

### **Theoretical and Practical Implications**

This study focused on one aspect of the tourist experience, namely, interaction between fellow tourists encountered in the tourism space, resonating with Pearce's (2005) call for the social dimension of tourist behavior as a "greater area of

scholarly interest and a focus for potential management action" (p. 134). The value of interaction between unacquainted customers should not be viewed solely in terms of firm-oriented objectives (Harris and Baron 2004). According to Oldenburg and Brissett (1982), association with people outside of the narrow sphere of home and workplace is essential to the individual's well-being, and the third places are an integral part of a properly functioning society. Hopefully, by illuminating the impact of interaction between unacquainted customers on firm-related outcomes, the findings could provide rationale and incentive for firm-initiated efforts for transforming commercial servicescapes into third places, efforts that would not only benefit the firms but also the individuals and the society at large.

The study could contribute to tourism marketing theories in two areas. First, the impact of C2C interaction on customer experience and satisfaction solidified Martin's (1996) proposal for the construction of a relationship marketing model that explicitly incorporates C2C interaction as one component. Namely, desirable C2C interaction may represent a further link that could enhance the overall relationship between the customers and the business. A relationship marketing model embracing C2C interaction advocates the service providers' genuine commitment to nurture harmonious social relations among all of the participants in the servicescape. Thus, a corporate culture that envisions the service exchange as community encounters rather than the traditional goal-directed economic transactions could be cultivated. Such a culture would promote the exchange of love, status, and information rather than monetary exchange between the actors involved, which is the key for enhancing customer loyalty (Morais, Dorsch, and Backman 2008).

Second, the study developed measurement for C2C interaction, which could facilitate further empirical studies to examine its antecedents (e.g., atmospherics) and consequences (e.g., customer loyalty). Focusing on the presumably most influential fellow passenger is one approach to investigate the issue, but it may be inadequate to capture the full impact of overall C2C interaction (with all fellow customers encountered) on customer experience and satisfaction. Future research could investigate the subject by developing an overall C2C interaction measure that could incorporate all encounters between customers. The study also developed a measure for cruise experience, with good reliability and validity. Following the same conceptualization, the experiences of different tourism activities (e.g., theme park visitation) could be assessed.

The findings also had managerial implications for industry practitioners, especially those in the cruise line industry. The strong impact of C2C interaction on customer experience and satisfaction suggests that cultivating favorable C2C interaction could become a differentiating marketing strategy for businesses. Service providers could actively nurture communion between customers so that it becomes a channel for value creation and also a recognizable component of the service experience, thus distinguishing a service provider away from its competitors. This echoes Pranter and Martin's (1991) argument that managerial attention paid to C2C relationships could be as fruitful as attention historically devoted to other firm-to-customer relationships.

Although there is a prevailing view that C2C interaction is outside the direct control of businesses (Martin and Clark 1996), this should not be bluntly translated into the mindset that businesses could do nothing about it. Using field experimental design, Levy (2005) demonstrated that purposefully designed activities (e.g., member introductions and group contests) did result in greater and more positive C2C interaction in group tours. This finding indicates that C2C interaction could be a manageable component of service experience design, which aims to engineer memorable customer experiences through careful planning of the physical and relational elements in the servicescape (Pullman and Gross 2004). For management facilitation of C2C interaction to have optimal service outcomes, several guidelines were proposed based on the findings of the present study.

As informed by this study, management intervention should be directed toward the quality of C2C interaction rather than the mere quantity of interaction. One dimension of quality of C2C interaction was the valence of the interaction. Interactions that were perceived to be friendly, harmonious, cooperative, equal, and interesting had positive effects on the customer experience and satisfaction, as opposed to those that were hostile, clashing, competitive, unequal, and dull. Group activities that require team work could foster cooperation between customers, and special-interest activities could bring like-minded people together,

thereby encouraging the formation of more compatible passenger groups. Moreover, management should keep in mind how its operating policies and service programs would probably affect the nature of the interaction between customers (Martin 1996). For example, waiting-line management should put all customers on equal grounds.

The other dimension of quality of interaction was intensity. The results suggested that closer interaction between passengers would bring more positive effects compared with that of distant and superficial nature. This was consistent with Yagi's (2001) finding that indirect interaction between tourists was less favorably perceived than direct interaction. However, the interview and VFG discussions found that although customers generally welcomed positive C2C interaction, they did not set out to actively seek for it. This indicates that operators have a role to play in building bridges between customers. Welcome reception or singles' parties could help break the ice and open up communication channels between passengers. Most cruise ships have a staff position of social director (or cruise director). The responsibility of grouping customers together and maintaining cohesion between customers should be an explicit component of the job description for this position.

## Limitations and Directions for Future Research

The study had several limitations associated with the research methods used. First, the study focused on multiday cruise vacations and American cruise customers were the population under study. Thus, the findings may not be able to generalize to other service contexts and cultural groups. Second, the quota sampling approach adopted in this study could not guarantee the representativeness of the sample. Third, because of the removal of the two suppressors from the final model, the impact of quantity of C2C interaction and self-reflect could not be tested (Vazquez-Carrasco and Foxall 2006). Future research could test their impact by obtaining additional data or by developing new measures that do not have the same problem. Moreover, the main survey was based on respondents' recall about their cruise vacations up to 2 years and 2 months ago. This suggests that memory decay might have affected the accuracy of the answers from respondents.

Several research questions appear to be worthwhile for further studies. First, a cruise vacation may involve several types of social interaction (e.g., interactions with travel companions, the local community, and the crew). Future research could investigate these interactions concurrently to examine how they act on one another. Second, the impact of C2C interaction on key services marketing constructs deserves further investigation. Grove and Fisk (1997) commented that the potential influence of C2C interaction on a firm's performance (e.g., service quality) was largely ignored. LeBlanc

(1992) suggested that customers might use the presence and behavior of other customers to evaluate the service quality of travel agencies. Customer compatibility might even affect customers' perceived value (Cherng 1993). In addition, the effects of C2C interaction on customer loyalty may be of primary interest to industry practitioners. Although Moore, Moore, and Capella (2005) found that C2C interaction was positively associated with customer loyalty and word-ofmouth, Guenzi and Pelloni (2004) revealed that close long-term C2C relationship was not connected with customer loyalty toward the firm. Third, previous exploratory research has identified many antecedents of C2C interaction, including extraversion, similar interests, age, gender, nationality, education, and income (e.g., Parker and Ward 2000; Levy 2005). It is necessary to distinguish between conditions that are essential as opposed to being merely facilitating to have positive C2C contacts and consequently favorable contact outcomes. Further research in this area would be valuable for effective managerial intervention in C2C interactions.

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