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# 2013

## Frontiers in Service Conference

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### Conference Proceedings





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# 01-103

Session

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## **Analysis and Visualization of Inpatient Flow at the University of Tsukuba Hospital**

The University-of-Tsukuba Hospital (UTH) with 800 beds is one of the key special functional hospitals in Ibaraki Prefecture, Japan. A joint team of hospital staff and OR/MS researchers in the engineering department launched a healthcare service innovation project. The goal is to develop a web-based software system for controlling admission and bed allocation of patients using mathematical optimization. In addition, we analyze and visualize the inpatient flow from admission to discharge within the hospital by system engineering techniques. The complete data set of every movement of inpatients from room to room is at our disposal covering the last two years from April 2010 to March 2012.

Basic performance measures in hospital management include the bed utilization and the mean length-of-stay (LOS) per patient. It is straightforward to calculate the bed utilization from the mean number of patients staying at a fixed time of each day (such as 0:00 a.m., i.e. midnight census) in the entire hospital, in each department ward, and in each clinical group. The latter also makes it possible to compute the mean LOS by the well-known Little's Law from queuing theory and compare it to the value of LOS calculated directly from each patient hospitalization period based on the real data at UTH.

We have conducted a further statistical study for the patterns of inpatient room-to-room transition within each clinical department and between clinical department wards at the UTH. Such a study enables us to identify major patterns of inpatient movement. For example, we find in which department wards and patient rooms does each inpatient spend most of the time during hospitalization.

Finally, we may use a visualization tool previously developed for network analysis. Our tool presents weighted directed-graphs from different viewpoints interactively. The flow of inpatients in a hospital is captured as a weighted directed-graph with the nodes representing departmental wards and the weight on each directed link the number of patient transfers. Using this tool, we visualize the inpatient flow at the UTH, and find some hidden features of the network such as clustering of wards with similar characteristics and recognizing hubs of inpatient transitions.



# 01-104

Session

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## Perceptions Are Relative: An Examination of the Relationship between Relative Satisfaction Metrics and Share of Wallet

Researchers universally agree that perceptual metrics such as satisfaction are relative to competitive alternatives (e.g. Varki and Rust 1997). There is a large body of research confirming the influence of competitive comparisons on both choice and post-purchase evaluations (e.g. Rust, Danaher and Varki 2000). Nonetheless, the overwhelming majority of scientific research investigating satisfaction and other perceptual metrics relies on absolute (as opposed to relative) metrics.

There are calls, however, in the scientific and practitioner communities to use relative metrics. This is driven in large part by the very weak relationship reported in the literature between perceptual metrics like satisfaction (using absolute measures) and behavioral metrics like share of wallet (e.g. Hofmeyr et al. 2008; Hofmeyr and Parton 2010; Keiningham et al. 2011; Mägi 2003).

Nonetheless, the scientific community has been slow to use relative satisfaction (and other perceptual metrics) in their research. The same cannot be said for the practitioner community. Some of the world's largest survey research organizations specifically advocate the use of relative perceptual metrics and make them the foundation of their brand equity and customer experience measurement approaches (i.e. Ipsos Brand Value Creator; Ipsos Wallet Allocation Optimizer; TNS Conversion Model). As evidence of the efficacy of these approaches, these firms report very strong relationships between these varying approaches and share of wallet (e.g. Hofmeyer et al. 2008; Keiningham et al. 2011). It would be difficult to overstate their use by managers. Even if we assume complete overlap of clients, the research firms using these approaches have over 5,000 client companies worldwide (Ipsos 2012).

It is important to note that there are many ways to create and analyze relative metrics. Furthermore, competing research firms use different methodologies when linking relative metrics to share of wallet.

The tremendous gap between the science and the practice of marketing leaves managers with almost no guidance as to the usefulness of different approaches with regard to relative metrics. As a result, there is a need for research regarding 1) the efficacy of relative metrics, and 2) best practices regarding the use relative metrics.

This research fills this gap by investigating 1) the efficacy of, and 2) best approaches for using relative satisfaction metrics when linking to customers' share of category spending (i.e. share of wallet). Using data from approximately 100,000 consumers, covering more than 300 brands from 15 countries across 6 continents, we find that relative metrics significantly outperform absolute measures. Moreover, we find that many of the most commonly used power laws based upon use of relative ranks (e.g. Zipf Distribution, Wallet Allocation Rule, etc.) perform well in linking rank-transformed satisfaction to share of wallet. There are, however, significant differences in the complexity of various approaches. Therefore managers need to consider the trade-off between relationship strength and complexity when selecting the best approach for use within their firms.





## 01-201

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## **The Language Backfire Effect: Do Consumers Always Prefer to Be Served in Their Strongest Language?**

In 2008, newly appointed French education minister Xavier Darcos made headlines around the world by encouraging his compatriots to learn better English. One of the reasons behind the minister's proposal was the perception that speaking English is an essential part of accommodating foreign tourists in France, the world's largest tourism market. The minister's recommendation appears to have been met with such a swing to English among Paris waiters that major British tourism guides to Paris, including Lonely Planet and Rough Guide, advice their readers that they are likely to be addressed in English by Paris waiters even if they try to speak French.

Extant research in sociolinguistics, marketing, and service research support this decision, as researchers propose that customers who are served in their native language, or in a language they feel more comfortable (L1) hold more favorable impressions of the service provider than customers who are served in their second language (L2). This research project challenges this perspective. Three experiments show that consumers who are served in L1, after they initiated contact in L2, feel more humiliated than if they are served in L2. We call this the language backfire effect. We provide support for the idea that the language backfire effect is due to the identity threatening nature of language switching: Consumers who are served in their L1 believe the service provider doubts their second language skills (L2), causing perceived humiliation. The findings also show that the language backfire effect only holds if the service provider him- or herself has bad knowledge of the customer's L1, but not when the service provider has good knowledge of the customer's L1. As even minor variations in humiliation might have negative consequences for service providers, these findings carry important implications for both theory and practice.



# 01-202

Session

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## Perceived Fairness of Preferential Treatment: The Social Comparison Process

With proliferation of advanced technologies, service providers are becoming capable of distinguishing more profitable customers from unprofitable ones. As a result, different consumers may receive different treatment. The practice of treating and serving some customers better than others is defined as preferential treatment. Although preferential treatment is prevalent, it comes with controversies. Some researchers question whether preferential treatment is ethical (Fournier, Dobscha, and Mick 1998) and truly consistent with the principle of relationship marketing (Lacey, Suh, and Morgan 2007). In addition, researchers found inconsistent impact of preferential treatment. Advantaged consumers (i.e., those obtained preferential treatment) do not always respond with positive behaviors. We propose that perceived fairness is a key issue in preferential treatment. Fairness perception is rooted in equity. Treating selected customers better than others violates equity and should induce unfairness perceptions.

Many factors influence fairness perceptions. In this research, we focus on the role of social comparison. Literature suggests that we care about what others get (e.g., Feinberg et al. 2002). Two qualitatively different processes may be responsible for the ways in which we are affected by the outcomes of others (Messick 1985). The first process focuses on empathy, through which one registers the pleasure or pain of others. The second process focuses on competition, where the relativity of one's outcomes to those of others creates a win/lose situation. One does less well when others do well and conversely, one does better when others fare poorly. The first process leads to desire for equity, while the second process leads to desire for advantage.

We identify a set of factors in the social comparison process which may contribute to either the empathetic or the competitive process: the salience of social comparison (e.g., whether the advantage is witnessed by the disadvantaged customer); whether the focal customer deserves the treatment (e.g., loyal vs. non-loyal customer), whether the comparison party deserves the treatment (e.g., loyal vs. non-loyal); and the nature of the relationship between the two parties (e.g., close friends vs. strangers). We further propose that characteristics of preferential treatment (e.g., structured vs. sporadic treatment) moderate the effects of social comparison.

We conducted four studies by manipulating these factors in different service scenarios. Results showed that the competitive process, which leads to the self-interest bias in fairness assessment, is the dominant process especially when consumers are disadvantaged. We also observed the empathetic process in some situations, where one's own advantaged position is perceived as less fair when others are disadvantaged, as well as when one's own disadvantaged position is perceived as less unfair when customers believe that the comparative other deserves the preferential treatment. Our research contributes to the theoretical understanding of social comparison processes in preferential treatment and provides important managerial implications.



## 01-205

Session

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## **Investing in Electronic B2B Relationships: A Predictive Model for Targeting the Right Customers**

The transformation of the buying relationship between two organizations from a manual ad-hoc ordering process towards an automated web enabled one incorporates the co-creation of value imperative. It is an example for the integration of supplier's processes into the customer's everyday practices. The utilization of a web enabled business-to-business (B2B) e-commerce system promises several benefits for customer organizations, such as transaction cost savings. Furthermore, the provider organization can benefit from engaging in an electronic B2B relationship through higher revenue growth rates and increased customer loyalty.

However, significant implementation effort is required on both sides to facilitate an automated web enabled buying process. Therefore, targeting the right customers for investing in the electronic relationship is a crucial decision from a provider's perspective.

We present a predictive analytics model which provides decision support for providers to determine the right customers for investing in electronic B2B relationships, addressing the following events: (1) "Which customers are most likely to engage in an electronic relationship?" and (2) "Which customers promise most additional value?". For building the predictive model, we first conduct a review of literature and interviewed experts in order to derive a conceptual view on electronic B2B relationships. We then build a set of metrics, such as buying frequency and buying diversity, which are related to our conceptual view on electronic B2B relationships. Those metrics can be derived from operational data sources of the provider, such as the sales transaction database. These metrics are then utilized for calibrating the model for predicting the events (1) and (2). We implemented the model using the data of a large multinational technology and consulting corporation.



# 01-206

Session

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## Business Driven IT Cost Driver Analysis

While the outsourcing of IT services is often seen as commodity, IT service providers still struggle to predict accurately and in a timely manner the long-term costs of strategic outsourcing contracts. IT service costs are often based on a client's existing IT inventory taking less into consideration the client-specific business situation (e.g., number of customers, number of service requests) or future business changes that will impact how the provider's IT service costs will change over time dependent on changes to that business situation (e.g., altering market situation, expected revenue growth). This makes it challenging for IT service providers to plan IT resources economically while meeting the client's future business requirements. The current trend away from the typical IT based to the business outcome-based pricing model increases the relevance of gaining full understanding on how IT services costs are impacted by the client's business. While the IT based pricing model aligns the pricing to the actual consumption of IT resources (e.g., required storage), the business outcome based pricing model aligns the pricing to a client's business outcome, measured in core business metrics (e.g., revenue for a revenue sharing pricing model). This requires a thorough understanding of the relationship of business metrics to IT cost categories, which is expensive to establish effectively with current methods and often not feasible due to lack of availability of detailed configuration data from the client.

This paper introduces a systematic approach to predict more efficiently and accurately the development of a provider's long-term IT service costs in a typical strategic outsourcing engagement. Built on a rich set of industry reference data, the dependencies between the business characteristics and information technology of an industry are described in a quantitative modeling language connecting business metrics as IT drivers to IT service costs. For this, the IT resources and services are decomposed and allocated to business capabilities in accordance with business reference. In the initial sales phase of an outsourcing contract, the IT service provider customizes the industry model to represent the initial business situation of the client. Furthermore, several best, average, and worst business case scenarios (caused for instance by increasing / decreasing number of customers) are created by the sales and pricing personnel. The system automatically updates the IT resources and IT services creating a set of cost scenarios to the corresponding business scenarios. The business triggers of the high cost scenarios are considered in commercial terms of a deal, or for discussion of client value with the customer. The use of a customizable industry cost allocation model on a business capability level significantly reduces the effort to create a model on which a cost driver analysis can be based while still providing sufficient prediction accuracy.

We illustrate our approach and results with sample data from the Telecom industry. We provide details on the proposed modeling language, technical challenges and novelties, as well as valuable feedback and lessons learned from strategic outsourcing deals.



## 01-301

Session

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## **Stimulating Service Innovation – The Neglected Outcome of Customer Complaints**

Due to the risk of imitation and the necessity to develop distinguishing features service providers increasingly depend on innovation. Customer integration at different stages of the service innovation process as well as outcomes of their co-creation have received considerable attention in provider-dominant marketing research. However, recent research has claimed the importance of customer experience and customer's value-in-use emerging from services. This stream of research suggests that innovation reshapes customer's value-in-use. Accordingly our study presents a new customer dominant perspective in service innovation research. We introduce customer complaints as a new form of integrating customer experiences and perceived value-in-use in service innovation processes. We suppose that customer complaints contain relevant information on how customers use services and in which cases services fail to be integrated in the customer's own context. Hence, customer complaints could provide an increased understanding of service's value-in-use for the customer. In our paper we simulate service failure scenarios in a B2C setting to examine customer complaint behavior. We explore customer complaints' content on how services failed to generate (increased) value-in-use, thus investigate the potential of such customer complaints to stimulate service innovation. Our paper contributes to a customer dominant perspective in service innovation research and suggests a new form of integrating customers to stimulate service innovation utilizing customer complaints' potential.

**01-302**

Session

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## The Role of Communication Styles in the Customer Selection Process: The Case of Train versus Traditional Sushi Bars

This research examines the role of service organizations' communication styles on their customer selection. The goal is to understand how the service organizations select their customers in order to achieve high customer satisfaction. To reach a better understanding of the communication styles that might shape the service organizations, we employ communication styles identified by Hall (1976).

Hall (1976) has distinguished two styles of communication: low-context (LC) versus high-context (HC) communication. In LC communication, information are exchanged in explicit, direct, and unambiguous code such as language; whereas in HC communication, information exchange is more relied on context such as nonverbal cues. We apply Hall's (1976) concept to the service organizations: some service organizations prefer LC communication with their customers (LC services); whereas other service organizations prefer HC communication (HC services). In this study, we use train sushi bar (*kaiten* style) as a proxy for the LC services and traditional sushi bar (*Edo-mae* style) as a proxy for the HC services<sup>1</sup>.

In the HC services, less information is available for customers, especially the first-time users. Hence, there is higher uncertainty towards service compared to the LC services for which more information is available. The past research in psychology shows the relationship between uncertainty avoidance and approach-avoidance orientations (e.g., Carver & White, 1994; Spunt, Rassin, & Epstein, 2009). Thus, we predict that the service organizations' communication styles 'select' customers according to their approach-avoidance orientations. In particular, we anticipate that those who use traditional sushi bars would be more approach-oriented than avoidance-oriented.

This hypothesis was examined and confirmed by a survey of 310 customers of train and/or traditional sushi bars. The results showed that for those using only traditional sushi bars, approach orientation ( $M=2.80$ ,  $SD=.39$ ) was higher than avoidance orientation ( $M=2.60$ ,  $SD=.53$ ) and their difference was marginally significant ( $t(30)=-2.00$ ,  $p=.055$ ). On the other hand, for those using only train sushi bars, the difference between approach orientation ( $M=2.76$ ,  $SD=.47$ ) and avoidance orientation ( $M=2.84$ ,  $SD=.52$ ) was not significant ( $t(30)=.55$ ,  $p=.584$ ). In addition, we checked the relationship between two orientations and customer satisfaction, as well as reuse intention. As for customer satisfaction, approach orientation showed positive relationship only for the traditional sushi bars ( $r=.18$ ,  $p=.004$ ). As for reuse intentions, approach orientation showed positive relationship for the traditional sushi bars ( $r=.20$ ,  $p=.001$ ), while avoidance orientation showed positive relationship for the train sushi bars ( $r=.13$ ,  $p=.047$ ).

<sup>1</sup> Descriptions of train and traditional sushi bars will be provided at the conference presentation.

**01-303**  
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## An Empirical Investigation of the Factors Affecting Intentions to Use Mobile Social Location Based Services by Consumers in Real-time Service Encounters

In recent years, technological advances have given rise to mobile marketing and new mobile service applications that offer ubiquitous access to information anytime, anywhere, leading to profound changes in consumer behavior (Chong, Chan and Ooi 2012; Kleijen, Lievens, de Ruyter and Wetzels 2009). These advances have enabled consumers to adopt new service innovations such as Mobile Social Location-based Services (MSLBS) delivered via social networking sites such as Facebook, Google+ and Foursquare to be accessed in offline service encounters in 'real-time'. Facebook, with its 1 billion monthly active users, and 600 million monthly active mobile users world-wide (Facebook, 2013), have deployed one form of MSLBS called 'check-in'. When users select the Facebook check-in feature via their mobile device, a check-in point established by a service provider on Facebook is detected where users can declare to their social network the service provider they are currently visiting and post comments about the service experience. In doing so, this information is then displayed on user's personal Facebook page visible to all members of the user's social network.

Brands such as American Express and Starwood Hotels in the US now incorporate mobile Facebook check-ins into their reward programs (e.g., "Check-in at the hotel and earn points") instead of providing rewards at the point of sale. However, its use has now spread to a variety of service categories including cafés, restaurants, gymnasiums, movie theatres, entertainment stadiums, universities and airports among many others. Despite the practical significance offered to service providers of deploying this technology to engage customers, no scholarly marketing attention has been given to investigating mobile social media interaction by customers which takes place within real-time service encounters. This is of strategic importance, since new media in its many forms including mobile has been argued to be a vital tool in facilitating customer engagement interactions which influences consumer purchasing decisions (Brodie et al. 2011; Cheung and Lee 2012; Hennig-Thurau, et al., 2010). This is particularly intensified with the emergence of mobile social media in daily life (Kaplan 2011), which has prompted firms to rapidly leverage mobile technologies to foster business-to-consumer connections (Ho 2012).

This paper theoretically develops, and empirically tests, a research model of factors that 'trigger' mobile check-in behaviour by consumers in service encounters that draws upon theory found in the information systems and marketing literatures. This session should be of interest to anyone involved in studying the adoption of cutting-edge mobile technologies in services to engage customers. It should also be of interest to researchers who are investigating customer engagement via new media.



# 01-304M

Session

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## Agent-based Modeling of Value Co-creation Processes in Future Tourism Service Markets through Kauffman's NKCS Architecture

Understanding complex value co-creation interactions in service systems as well as their emerging properties is difficult for human beings without the support of computer simulations. Therefore, developing tools and techniques for modeling and simulation is identified as a critical need in the field of service science. Aiming at this goal, we introduce Kauffman's NKCS architecture, which was initially developed in the field of biology to study the co-evolution of multiple biological species, to formalize value co-creation in an agent-based model of a complex service system. According to the NKCS architecture, agents in the proposed system are instances of different types of service system entities (species). We define the value propositions of each entity as sets of interdependent value creating attributes, which collectively form N-dimensional utility landscapes for each entity. The behavioral rules of individual agents are set based on different probable strategies to allocate resources on each attribute, aiming at creating better utility (value-in-use) as well as survival. The interdependency between value creating attributes of agents enables to represent the value co-creation process since the utility of a given agent at a given time depends on the resource levels of connected attributes of all agents involved. Furthermore, since the interdependence between attributes enforces changes in the current utilities of many agents due to a given action of a particular agent and generates reactions from those who are unsatisfied, the utilities of the agents co-evolves with time. Here we present the modeling details and discuss the value co-creation process in relation with a tourism service market, in which the sustainability depends on effective value co-creation between different types of tourists, tourism service providers and more importantly the residents.

## Case Meets Agent-Simulation: Toward Model-Based Case Development in a Service Domain

Case method is a powerful tool to understand several service problems, however, it tends to be too specific. On the other hand, agent-simulation is used to analyze service processes from the bottom. It is useful to understand phenomena from agent behaviors, but hard to be explained. This paper proposes a new method to develop 'virtual' cases from agent-based simulation results. The method contains the following procedure: 1) From the model specifications of the simulation, develop the simulation template; 2) Based on the template, describe the framework of 'virtual' cases; 3) Using the 'virtual' cases, analyze agent-simulation processes; and 4) Using the results of simulation and the framework, describe concrete 'virtual' cases in natural language. The method is beneficial in the senses that 1) multiple scenarios are easily implemented based on the simulation results, and 2) sensitiveness of the cases are numerically analyzed.

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**01-305**  
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saji\_nair@iiml.ac.in**Mediating Role of Perceived Risk in New High-technology Service Development: An Empirical Investigation in the Business-to-Business Context**

Innovative high-technology services represent a large fraction of the present world economy, and have been a major source of economic prosperity to many developing nations around the globe. In general, the development of new high-tech services poses an intriguing choice of either acquiring a promising new technology (either through conscious R&D or technology transfer) or continuing with an existing technology option. The novel technology-based new service development is considered to be a high risk decision owing to the unique characteristics of high-tech markets. The extant marketing literature suggests that the various high-tech market characteristics such as shorter technology life-cycle, dynamic customer needs, and competitive intensity would positively influence the perceived risk of acquiring a novel technology for new high-tech service development in service firms. However, there is lack of empirical research to validate the antecedents of a firm's perceived risk (PR) while acquiring a new technology, and the impact of PR on its intent to acquire the new technology in the context of new high-tech service development process. Our study earnestly attempts to fill this critical research gap by empirically investigating a firm's antecedents to PR and its relationship with the firm-level technology acquisition intent (TAI). For a given level of PR, we have also examined the variation in propensity among firms to pursue technology acquisition in the context of new high-tech service development process.

Based on a focused literature review, centered on the Service Dominant Logic (SDL), we developed a theoretical framework that hypothesizes the relationship between three antecedent variables (*viz.* technological uncertainty, market uncertainty, and dominant design) and PR. By deriving cues from the extant literature, we also suggest the negative moderating influence of firm's resources (FR) and absorptive capacity (ACAP) on the relationship between PR and TAI. In order to test the research hypotheses, a carefully designed survey was conducted among 66 product managers spread across the globe, who have anchored the new high-tech service development projects in their respective firms. The study results indicate that while market uncertainty acts as an antecedent to PR that subsequently inhibits the firm's TAI, technological uncertainty and dominant design have no influence on PR. Further, the dominant design was found to directly increase the propensity of TAI. Our results also indicate that ACAP negatively influences the PR-TAI relationship. However, we did not find any evidence of FR acting as moderator to the PR-TAI relationship. The study significantly contributes to the extant services marketing theory, and provides useful insights to high-tech services marketing practice.



## 02-102

Session

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## **Fear of Loss or Aspiration for Gain? Regulatory Focus and Affect in Service Encounters**

The current study links regulatory focus, positive and negative affective states, and service behaviors to suggest that service providers' core as well as extra-role behaviors depend on whether their motivation is more promotion- or prevention-focused, and whether they exhibit positive or negative emotional responses during the service encounter.

This project is based on qualitative as well as quantitative data collection. In the qualitative stage of the study, we conducted in-depth interviews with apparel store service providers. Based on the findings from these interviews, we constructed a questionnaire, which applied the concepts of 'skeleton' and 'tissue' elements of the service interaction. The skeleton refers to the fundamental content of exchange relations between partners to an interaction; i.e., those behaviors without which the interaction would not exist. The tissue comprises pro-social behaviors accompanying the skeleton behaviors. Behaviors comprising the tissue are informal and can be either positive (e.g., a smile) or negative (e.g., a frown), and thus enhance or detract from the experience of the interaction partners. What differentiates the notions of skeleton and tissue from previous interaction concepts is that they are separate elements of the same interaction. The tissue elements can add an emotional overtone to even very routine interactions; thus, learning to recognize the emotional overtones linked to service interactions can be a critical step toward understanding and enhancing service quality.

The questionnaire served as the foundation for the quantitative stage of the research, in which in-shop surveys were conducted with 90 service employees in apparel stores. The survey measured promotion and prevention foci, positive and negative affectivity, and the degree to which the participants perceived themselves as being involved in skeletal service delivery activities as well as tissue elements. The results fully supported our hypotheses regarding the impact of promotion focus and partially supported the hypotheses regarding the impact of prevention focus on service behaviors. It was found that service providers interact with customers based on their regulatory focus and their dispositional affective style (i.e., affectivity), and affectivity mediates the impact of promotion focus on service behaviors.

These findings provide new insights into the mechanisms by which regulatory foci and positive and negative affect relate to service provision. It is suggested that in the recruiting process, managers should look at candidates' regulatory orientation, since promotion-focused service providers are more likely to demonstrate positive affect and high-quality service performance by adopting positive tissue (extra-role or pro-social) behaviors.



## 02-103

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## **Linking Organizational Behaviors and Employee Job Performance: The Moderating Role of CSR and Cultural Values**

Service firms rely on their employees to perform well in their job well in order to deliver a high level of service quality. The service-profit chain suggests customer satisfaction depends on employee productivity and job performance. Despite much research focuses the role of organizational support and other organizational properties on employees, the relationship between organizational behaviors and employee job performance among service firms is sparsely documented. In addition, the role of CSR and cultural value on this relationship remains unclear. These limitations present a clear gap in the service research.

This study aims to fill the gap in the literature by presenting an empirical framework delineating how organizational attributes such as corporate culture, leadership behavior, and organizational support influence service employees' job performance. This study also explores the plausible moderating role of CSR on the relationships among the three organizational variables, as well as the moderating role of cultural value on the relationship between organizational support and employee job performance.

Data were obtained from employees and their corresponding direct supervisors in the service industry in a major city in southeast China (Macau). A total of 379 complete responses were returned from both the employees and their supervisors. The scales of interest were primarily adopted from the literature, except for employee job performance which is developed based on a systematic scale development process. Structural equation modeling is used to test the direct, mediating, and moderating effects in five models.

The results indicate a path leading from corporate culture to organizational support through the partial mediating effect of leadership behavior. This mediation is moderated by perceived CSR in that the corporate cultural effect on leadership behavior is more pronounced for high-CSR firms. The relationship between organizational support and job performance is also significant. However, this relationship is moderated by employees' cultural values in that the relationship is only significant for employees with high Chinese cultural values. The findings suggest that employees' job performance is not only dependent on traditional organizational practices such as good leadership and support from an organization; it also depends on an organization's CSR initiatives as well as employees' cultural values. Service firms may want to select employees with cultural values that align with their organizational values. This study also highlights the importance of institutional and cultural properties on employees' performance.



## 02-104

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## Forecasting Profit from Service Delivery Plans

In the world of multiple year duration services, there is a long standing challenge to close the loop between sales and delivery so that the plans produced during the sales process support the forecast of profitability of ongoing service delivery projects and feedback from these same ongoing projects is used to improve sales process planning and pricing. To understand why it is important to forecast profitability for ongoing projects, imagine a situation in which the average contract duration were five years and a sales team were rewarded based on the total expected profit from contracts signed. Also imagine that the only way to calculate profit was to wait for the project termination and subtract total cost from total revenue. Finally imagine that profitability of specific contract features could change dynamically and significantly in a short time. The sales team would have little ability and less incentive to offer and agree on profitable contracts.

In this talk we discuss our experience building and deploying a system to forecast the profitability of ongoing projects. Our input includes the cost and revenue behavior of the project in the ledger and the original plan of delivery in force at the time of contract signing. We will discuss the advantage of using the plan in addition to modeling the behavior of service delivery projects and applying the model to actual costs and revenues to provide the forecast.

Our presentation will cover sufficient experience to provide a report on the general feasibility of our goals to (a) use plans to enhance profitability forecasts, (b) allocate unallocated costs systematically, and (c) associate profitability with features below the contract level. We will report on the extent to which we have overcome the following challenges: (a) that service delivery almost never proceeds exactly as planned as contracts are terminated or renegotiated, plans are more concerned with total cost than with the timing of costs, and many factors in a plan are based on educated guesses about the future; (b) there is no simple translation between the sales language of the plan and the accounting language describing actual costs and revenues; and (c) there is a significant amount of overhead cost that is not allocated to any project.

Our approach is to create low level sub-project models based on the plan features and to train these models against aggregate actual costs and revenues that include unallocated costs, using a declining gradient optimization technique.



## 02-201

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## **Modeling Habit Formation in a Self-Service Technology (SST) Usage Context**

Self-service technologies (SST) have received considerable attention in the services literature over the past decade. However, the primary focus has been limited to understanding what drives the initial adoption. While this is an important first step, it is argued that the long term viability of an SST and its eventual success depend on its regular use rather than first-time use. For service firms, the initial introduction of an SST is often resource-intensive in terms of both time and money, and in order for this investment to pay off, it is important for managers to understand how to encourage customers using the technology on a regular basis. Hence, to understand post-adoption repeat behavior in an SST context, this study draws on habit research in the social psychology literature to investigate how a habit of SST usage is formed and what factors drive its formation.

Using a consumer panel data set that comprises 626 Australian customers and tracking their usage of a recently introduced supermarket self-checkout system over a 12-week period, we estimate panel regression models to establish a general relationship between habit and its antecedents across individuals and times. The results reveal a strong carryover effect of habit. Satisfaction and self-efficacy are also found to positively contribute to habit development. Past behavior exerts its impact via frequency and recency effects. Individual heterogeneity is investigated by including individual difference variables and examining gender differences. It is found that the habit formation process is different and more complicated for males than for females.

An important implication for managers is that once a habit starts to develop, it will strengthen itself through a carryover effect and is difficult to break. While this is good news, it also implies that a habit will collapse once radical changes occur because prior habit is no longer relevant. Thus, for those service providers planning to upgrade their technologies, it seems that a gradual improvement is a better and safer strategy, than introducing a new 'disruptive' technology. Managers should see to it that the improved technology is not radically different to the old one from customers' point of view.



## 02-202

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## **Retaining Talents for Knowledge-intensive Services: The Critical Role of Training and Development**

In an era of intense competitive pressure and increasing shortage of skilled labor, service providers realize that creating and maintaining a loyal workforce is vital to their survival and success. For knowledge-intensive services such as consulting, IT or legal services, highly qualified employees are especially critical. Importantly, many services firms today face a competitive recruitment environment with high staff turnover rates, as well as challenging and costly employee replacement. Voluntary employee turnover is a notable problem for most knowledge-intensive service firms and is both disruptive and expensive. Turnover results in the loss of knowledge, relationships, and social capital, and typically weakens the company's competitive position.

While retaining highly qualified employees is an imperative, very little service research has analyzed the role of training in retaining highly qualified employees. The literature on retaining service workers is dominated by studies on retaining less qualified frontline employees. However, knowledge-intensive service firms require context-specific experienced know-how. In fast-paced services such as IT, training and development are crucial owing to the vicissitude of knowledge in this domain. In addition, highly qualified service employees, and especially members of Generation Y, expect their employers to care for their employability. We therefore analyze to what extent training helps or hinders retaining highly qualified service workers.

We develop a structural equation model relating training and development as a multidimensional construct to turnover intentions. Thus, we operationalize the training construct in the sub dimensions of perceived availability, perceived effectiveness, perceived career benefits and perceived organizational support for taking part in training activities.

To further unlock the "black box" and to analyze as to how training helps or hinders retention, we included mediated effects via employee commitment and support by the employer. We validate the model on a sample of 423 highly qualified employees in IT-related services. Results suggest that employees indeed value firms' investments into training and development and thus exhibit stronger commitment, feel more supported by their organization and have lower turnover intentions.

Our research implicates that training offers may effectively lower turnover intentions of highly qualified service employees. Thus, training offers have to be openly communicated to make employees aware of the firm's offers at all. Furthermore, our study shows that employees have to perceive trainings effective in order to lower their turnover intentions challenging HR departments to attentively select trainings in order to fulfill employees' requirements in terms of effectiveness.



## 02-301

Session

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## Increasing Productivity of End-User Support Services Using Crowdsourcing

Dedicated teams have traditionally provided end-user support, including in-bound and out-bound communication. Today, there are almost 1M contact centers worldwide, employing over 10 million contact center agents, thus representing a significant fraction of an enterprise's budget in delivering services to customer. In the past years we have witnessed a transition to self-service model, which provide best practices to the common set of problems. IBM Self Enablement Portal is one such solution that provides a shared knowledge repository, advance question-answer capabilities, and Web-chat as channel to connect end-users with contact agents.

Enterprises are under continuous pressure to improve the quality of end-support, reduce and eliminate number of iterations in problem resolution, and at the same time handle increasing agent turnover [1]. This requires solutions being available to end-users even before they open problem tickets. With the globalization and ubiquitous availability of Internet, enterprises are not just outsourcing their end-user support, but are also engaging teams of "home agents", who are providing support remotely, as opposed to being in a traditional contact center setting.

The availability of the knowledge to resolve these problems is key to improved process efficiency, ability to on-board new contact agents and retain highly skilled ones. Crowdsourcing provides a mechanism to harnesses the knowledge and skills from a large group of network-connected agents in order to achieve tasks that were previously performed by a dedicated agent. Enterprises are already exploring the power of the crowd, and are building on-line communities and social media applications to engage end-users in support services (e.g. FixYa, GiffGaff, CrowdEngineering).

In this presentation, we discuss two applications of crowdsourcing for enhanced end-user support services. Firstly, we demonstrate how crowdsourcing can be employed to engage end-users to resolve issues in the intra-enterprise domain. We discuss incentives that are suitable to enterprise environment in order to encourage and award high-quality contributions. Secondly, we present how crowdsourcing introduced a novel marketplace for contact agents, enabling them to bid for incoming problem tickets and their resolution, increasing agent productivity. Both deployments of crowdsourcing in the end-user services domain result in enriched knowledge repository and accelerated problem resolution.

[1] M. Vukovic and G. Pingali. "Increasing Efficiency of Call Handling Service using Cross-Border Knowledge Search". Frontiers in Services. 2007.



## 02-302

Session

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## New Service Development: A Meta-Analysis of Success Factors

There have been numerous meta-analyses on the success factors for new tangible products. But to date there has been no such research specifically analysing the factors that affect the performance of new service development (NSD). This is a critical gap in the innovation literature given the importance of services to developed economies and the fact that NSD has been shown to be different from new product development (NPD). Product advantage is recognised to be the number one success factor for NPD. However this is not the case for NSD. This research enhances our understanding of this discrepancy by examining the specific characteristics of service offerings.

This meta-analysis examines the effects of antecedent variables on three aspects of performance: NSD efficiency (budget, time), NSD effectiveness (market and financial performance) and strategic renewal (NSD capability development). Results from 42 studies are aggregated to estimate the meta-analytic effect size for a number of variables. Using the meta-analytic results, a path analysis model of NSD success was estimated to isolate the unique effects of the key antecedents to NSD (firm strategy, market orientation, capabilities, synergy), key mediating elements of the NSD process (proficiencies, learning, communication, involvement), and the characteristics of the service offering (service advantage, delivery, innovativeness, quality, fit). The impact of the environment (market potential, uncertainty, risk) is included. The analysis also compares and contrasts success the relative importance of the success factors at the project and the programme level, recognising the importance to service companies of being able to develop a continuous stream of success new services.



**02-303**

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## Servicescape Remodeling and Customer Reactions: The Influence of the Transition Period and the Congruence between Customer and Remodeling Characteristics

Store remodeling is a major investment for retailers worldwide. In most cases, daily service encounters continue while the remodeling is taking place (which we refer to as “the transition period”). Despite real-life evidence, and its importance, research has largely neglected this transition phase. In order to go from one stage (the pre-remodeling period) to a more favorable stage (the post-remodeling period), however, one has to experience a transition period of temporal inconvenience (the transition period) which may have a substantial impact on the eventual outcomes of the remodeling (i.e., customer loyalty).

Although much research has focused on a static physical store environment (also referred to as the “servicescape” in literature; Bitner, 1992), surprisingly little research has focused on the dynamics of the remodeling/change of this servicescape. Brügggen et al. (2011) claim to be the first to study the effects of a store remodeling (p. 72, 83). Our paper expands their research in three important ways: (1) because we were able to track a panel of customers over time we explicitly account for the impact of the transition period on customers’ reactions, (2) we test the impact of different types of remodeling: that is, utilitarian versus hedonic remodeling issues, and (3) examine the influence of both customers’ utilitarian versus hedonic orientations and their congruence with the remodeling characteristics on customer reactions following a remodeling.

This study was carried out in ten Belgian supermarkets that have gone through a major remodeling of their servicescape in 2012. Panel survey data with measures adapted from the Stimulus-Organism-Response (S-O-R) Model (Mehrabian and Russell, 1974) during three waves (pre, transition, and post period) were gathered, and further supplemented with database information on remodeling characteristics and customer loyalty behavior. When predicting loyalty in the post-remodeling period, our preliminary findings clearly indicate the importance of considering customer evaluations and loyalty in the transition period since its carry-over effects capture an additional 18 per cent of unexplained variance. Second, our findings indicate that, overall, hedonic stimuli of the servicescape have the strongest effect on customers’ evaluations. However, during the remodeling stage, the influence of the perceived utilitarian stimuli dominates the hedonic aspects of the servicescape. Finally, our study distinguishes four types of customers on the basis of their hedonic and utilitarian orientations and finds different effects of changes in servicescape stimuli on changes in customer loyalty depending on the type of customer.



## 02-304M

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## **Environmental Determinants of Contract Manufacturing Services Marketing Effectiveness: Empirical evidences from Taiwanese Semiconductor Industry**

The competitive market structure and the ensuing limited window of opportunity have positively influenced the high-tech services marketing practitioners to operate on phenomenal levels of efficiency for getting the time-to-market reduced. This trend has recently got accumulated by the integrated circuits (IC) manufacturing services industry of Taiwan, which is undoubtedly one of the most significant contract manufacturing services (CMS) industries of global high-tech market; and it comprises of four segments, viz. IC design, IC fabrication, IC packaging, and IC testing. Though all these segments presently operate with admirable levels of efficiency, effectiveness, and economy, there are several bottlenecks that necessitate careful attention of CMS marketing practitioners. The preliminary study conducted on the Kaohsiung region of Taiwan, which is one of the most visible CMS hubs for semiconductor industry, has confirmed the scope for a serious empirical investigation in this direction. The specific objectives of the present study therefore include: (i) to understand the potential antecedents and consequence to the CMS marketing intent, and (ii) to explain how will they lead to positional advantage and firm performance. The theoretical framework evolved through the exploratory phase was taken to empirical testing with the support of a carefully designed survey conducted on 32 senior management representatives (Presidents/CEOs/VPs) of Taiwanese CMS marketing firms. The factor analysis results indicated a set of three unique factors that control the performance of CMS marketing, viz. top-management-driven internal preparedness, supportive role of external infrastructure, and dominant design. The study significantly contributes to the CMS marketing theory and practice.

## **Outsourcing of Professional Services in the United States**

Outsourcing and offshoring activities by both corporations and government agencies in the United States have received much coverage in the popular press as well as attention from researchers in marketing, management and economics (Aeppel, 2004; Bhagwati, 1984; Bhagwati et al., 2004; Dorgan, 2006; Koku 2009). Much of the research efforts, perhaps for the right reasons, have been directed at blue-collar jobs in manufacturing sector and lower level clerical jobs at call centers and the like. Because of the erroneous assumption that professionals such as doctors, engineers and accountants are immune to outsourcing, very limited research efforts have been directed at studying the professional services with respect to outsourcing. The recent recession experienced in the United States and many Western economies has, however, poked a hole in the assumption that professionals in the United States are immune to outsourcing. This study therefore examines outsourcing practices in three of the major professional services in the U.S. - accounting, medicine, and law. It concludes that far from being isolated cases, offshoring and outsourcing of professional services in the U.S. are more than thought. The study also develops a normative framework and a contingency model that should not only guide decision makers on whether to outsource/offshore, but also help those who are engaged in the three professions to evaluate the likelihood that their jobs could be outsourced. It also offers a detailed discussion of the legal implications of outsourcing/offshoring of professional services that could be of benefit the practitioner.



## 03-102

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## The Long-term Impact of Ambient Scents in the Servicescape on Customers

The systematic use of pleasurable ambient scents is a new and intensifying trend in service companies. Meanwhile, multiple service companies use scents in their specific service environments for years already, ranging from fashion retail, e.g. Abercrombie & Fitch, to luxury hotels as the Starwood group, to airline carriers like Singapore Airlines.

Interestingly however, the trend of using ambient scents among practitioners is accompanied by rather little attention in service research – especially regarding the long-term impact of such practices. So far, to our knowledge, there are no empirical studies that examine the long-term effects of ambient scents in a Servicescape. Even related sciences like biology, medicine or psychology provide only limited insights into our central research question: What are the long-term effects of pleasurable ambient scents in the service environment on customers?

Therefore we conducted a controlled long-term field experiment over three months with a customer panel of a German railway transportation service company. Our aim was to empirically analyze how a systematic diffusion of ambient scents affects, e.g. the service experience of customers exposed permanently and repeatedly in the long-run (commuter). The scent was purpose-developed by a professional perfumer for the specific Servicescape of the railway company and successfully pretested. The field-experiment we conducted, manipulated the scent condition via a systematic variation of the ambient scent in the air-conditioning system of all trains in operation on a specific track section in Southern Germany. We compared the development of the targeted constructs within a panel of 50 participants over time, using a within-subject design.

A preliminary pilot study on the influence of the chosen ambient scent in the short-term showed a significant increase in the evaluation of the constructs of interest, especially of the customers' service experience. Going forward, we expect three potential directions of development in the long-run. Firstly, the perception might stay on the higher level and continue the short-run trend. The scent might therefore have a positive impact even in the long-term perspective. Secondly, the curve might fall back to the original baseline level, implying that scent in the Servicescape would have no impact in the long run. And finally, the evaluation of the target constructs might even fall below the original base level. Our results support scenarios one and two, i.e. the customers' service experience stays on a level above the baseline – the pleasurable ambient scent does have an enduring positive effect over time. However, we can only show a temporary increase, e.g. in the perception of the equipment of the train compartment.

According to our study, the usage of scents over a long time period can have a positive or neutral impact on customers. Therefore, a systematic use of ambient scents can be an effective instrument for companies trying to improve e.g. their customers' experience in the long run.



## 03-103

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## **Service Productivity – Measuring and Improving the Value Created Through Services**

Services account for a dominant share of economic value created in most mature economies. Furthermore, a significant share of traditionally goods- and technology-based companies is on a trajectory of servitization, becoming service and solution providers. This means that a growing number of companies face the challenge of designing service business models, and in the process, measuring and improving the value they create through their service offerings.

In the manufacturing domain, measuring and improving productivity of goods has been a key topic for many decades. Regarding product-related services, however, this is different. There is no consensus on how service productivity can be measured and fostered. This is mainly due to the intense co-creation of value in services and the lack of tangible outcomes, which makes it harder to assess exactly what constitutes the productivity exploited through a service.

Our research focuses on the necessary conditions for companies to measure and improve the productivity of their service offerings. To do so, both the use of internal resources and capabilities and the interaction with customers as the external perspective have to be considered. We conducted an empirical study focusing on the management of service productivity and the role of key performance indicators (KPIs) for the delivery of services. Ultimately, this approach allows increasing service value through elevated service productivity. Our study followed an intersectoral design with a focus on manufacturing companies undergoing the aforementioned service transformation. We obtained responses from 90 selected experts in key business functions, such as controlling, IT, service management, and general management, according to company size. The results show that while companies are aware of the importance of service productivity management, there are still little structured approaches to support this. Our study shows that a combination of internal and external perspectives is important for adequately measuring service productivity. The participants perceive the dimensions quality, customers and costs / finance to be most important in this context. We support the external perspective by showing how companies can benefit from an intensified co-creation with customers and what obstacles they need to overcome. The individual roles in which customers can be integrated are studied, highlighting the value that companies perceive in the integration of customers in such active roles as co-marketers and value specifiers. Furthermore, from the internal perspective we study the development of significant KPIs for service productivity, which among other things allows the identification of cost reduction and quality improvement potentials. We analyze the main sources of data for these KPIs and how they can help improve service productivity.

This combination of a proactive approach towards co-creation with customers and the ability to measure and actively improve service productivity through KPIs holds significant managerial implications for service companies and those on a path of servitization. Ultimately, it will help increase the value created through services and help ensure the competitive position of the companies.



## 03-104

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## **B2C Service Innovation Creating the Second Business Growth: A Case Study of the 7-Eleven in Taiwan**

7-Eleven is heavily relied on in Taiwan, with 4822 chain stores in the populations of 23 million and with average 9 million visits per day. At the launching of the electronic commerce, 7-Eleven provided the service as a bridge between B2C e-commerce companies and their customers, in the way that the goods shipped to the nearby convenient stores at which the customers can pay the fee and take the goods they ordered at any time. This service successfully solved both logistic and cash flow problems in e-commerce, and hence attracted more customers to the stores.

Meanwhile, 7-Eleven help consumers overcome the inconvenience of running errands during office hours by turning 7-Eleven into a payment center, in which most fee payments can be made, such as parking and utility, or purchasing tickets for public transportation. This solution helps ease the trouble the consumers face and increases the store-visiting numbers, resulting in more business opportunities and more cash flow. Since then 7-Eleven's positions itself as "community service center,"—changing from product oriented business model to service oriented model, keeping closer contact with its customers.

This service model is mainly achieved by having ibon and B2C e-commerce system. After four years' designing and developing, integrated with logistics, finance, and information, ibon was introduced in 2006. ibon connects exterior public organizations (e.g. motor vehicle office) and private corporations (e.g. hotels). By 2010, ibon has been used over 100 million times, and the trading amount has exceeded NT\$20 billion per year. And the growth is still going, either at using frequencies or total amount—an indication that consumers are using more ibon service. The service items are increasing according to costumers' demand, incurring cyber shopping services. These services include Shopping 7, 7-net, and Rakuten online shopping mall.

Through these innovative services, 7-Eleven not only increased its customers-visit numbers and higher customers' loyalty, created more product-selling opportunities, but also created a competitive advantage. All these services generate business synergy and creating another business growth. Moreover, 7-Eleven win trust and big prizes from the industry and consumers, including corporate social responsibilities and service gold metal.

And yet, there are still various kinds of challenges to be addressed, from the stability of e-business system, to the link of 7-Eleven with virtual channel development, such as 7-net and Rakuten online shopping mall.

**03-201**

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## Impact of Service Outsourcing on Information Intensive Services: Moderating Effect of Customer Traffic in Service Triads

Many service firms today deliver their services through a mix of internally delivered (i.e., insourced) service process components and externally delivered (i.e., outsourced) service process components. This strategy of outsourcing various service processes is especially common in electronic services (e-service) and e-retail, since portions of the customer's ordering process as well as the subsequent service delivery process can be turned over to third parties for operational execution. In employing this approach, the service relationship transforms from a service dyad to a service triad. Although prior research examines consumer perceptions of the overall outcomes of consumer-to-e Business (i.e., service dyad) transactions, little research examines the role of outsourcing partners (i.e., within service triads) in executing e-retail. Prior research also does not examine the impact of service outsourcing and customer traffic on e-retailer operating outcomes. In this paper, we examine several years of data on top e-retailers from the USA and Canada. We expect outsourcing levels may moderate the impact of customer traffic levels upon e-retailer operating outcomes. We first examine drivers of the e-retailers' propensity to increase their levels of outsourcing, and thus their use of service triads, both for outsourced customer-facing service system components and outsourced back-office service system components. We expect customer traffic to affect the e-retailers' propensity to outsource. We then examine whether customer traffic and outsourcing levels relate to the firms' operating outcomes, in terms of operational performance and satisfaction. We find customer traffic is positively associated with outsourcing levels, and thus with the extent of service triads. We also observe that outsourcing levels interact with customer traffic, jointly determining e-retailer operating outcomes, yet sometimes exhibit coefficients suggesting that at higher outsourcing levels the impact of traffic may not necessarily be beneficial to e-retailer operating outcomes.



## 03-202

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## Fostering Service Innovation: A Case Study in the Luxury and Cosmetic Domain

Service design is an original way to identify services opportunities and to develop industrial and servicial companies' business and competitiveness. But this approach requires mastering new concepts, methods, tools and strategies. This abstract proposes a real case study within the competitive market of luxury and cosmetic. As many other industrials, these companies have to seek new sources of growth beyond the mere production of tangible goods.

We conducted a project with an important cosmetic company. It has pointed out a new type of users who could be called "knowledge-intensive users". These users know how to create, transform, share and use all the information and knowledge they have about cosmetic products, offers and stores. From a marketing perspective, they have common characteristics with "Market Mavens" and similar behaviors with "Community Members". Thus, they are interesting but volatile customers and they require a specific attention and a new kind of relationship. Cosmetic companies should exploit their knowledge and passion. In this context, we lead an analysis of usages on the web, some observations in the field and interviews with knowledge-intensive users. This qualitative study highlights a key point: cosmetic companies and brands have to move from a product-dominant logic to a service-dominant logic perspective. However, they are completely disarmed against this. Their organizations and skills are focused on product development with a global interest in the design of some brand experience rather than real service experiences. We now start the second part of this project: the co-definition of a new source of revenue through services. Our research is then focused on two main questions: how to spread service logic within the organization, and how to transfer service design tools and methods (to identify, model, prototype and test services) to the innovation process stakeholders.

During this project, we used our SaaS platform for innovation through services: "Umagus". It aims to scale up and shift from a handmade approach to an industrialized approach with a structured and semi-automatized process. In a more and more connected world, it enables to capture a large amount of data about the company, its value chain and activities, its users' profiles and usages. Umagus also facilitates co-creation. It improves the flow of data between distant stakeholders and helps them to appropriate new methods and models.

To conclude, this project is a good example of challenges that companies are facing. It has put forward the role of highly skilled users who can express their perception of the service and evaluate their own experience. We thus think about the use of "value" to drive the innovation process. Finally, Umagus enables a systemic view of every service experience scenes (especially the "moments of truth"), indicators, levels and dimensions. We can now evaluate the "service design in progress" from both a macro level (system) and a micro level (scenes), and create dedicated dashboards for service managers and instructions for the design team.



## 03-205

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## Can Service Overcome Scale at Retail?

Small retail merchants are often advised to avoid competing with big-box retailers on the basis of price; rather, they are encouraged to offer superior service. While this advice is intuitively appealing, to date it has not been rigorously examined. To address this gap, we construct and analyze a game-theoretic model of one manufacturer and two retailers. Our retailers can differ in their base levels of service-*insensitive* customers, in their effectiveness at converting service to sales (i.e., service-*sensitive* customers), in their per-unit cost of doing business, and in the wage rate that they pay for service.

A manufacturer will sell through either one or both retailers depending on which channel breadth maximizes its profit. We answer the following questions when the manufacturer (realistically) employs a one-part tariff wholesale pricing policy:

- How effective does the smaller retailer's service provision have to be in comparison to the service given by the large retailer for the manufacturer to be willing to distribute through both retailers?
- How do the retailers' service-*insensitive* demands affect the manufacturer's channel breadth decision?
- How do the preceding issues impact consumers' surplus?

To answer these questions, we derive a linear-demand system from a representative consumer's utility function. We evaluate two vertical-channel relationships: (1) manufacturer-Stackelberg leadership toward both retailers; and (2) manufacturer-Stackelberg leadership toward the smaller retailer, but a vertical-Nash relationship toward the larger retailer.





## 03-206

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## Selling Solutions More Effectively – A Configurational Approach

The concept of “solution selling” - customized, integrated, bundled offerings consisting of products and services - has had a major impact both on corporate strategies (e.g. IBM) and academic research during the last decade. However, many companies have failed their way to successful solution providers since they were not able to justify a price premium for their efforts.

In a large-scale-quantitative study based on a European B2B-sample across several industries, three research questions were examined: a) What configurations of solution-sellers exist? b) By looking into the near past and the near future - which *change patterns* can be identified? c) What are configurations of activities related to effective solution selling?

Results shed a new light on the often proclaimed general *move to solutions*: a majority of B2B companies already pursue activities related to solution selling (e.g. customizing, integrating, bundling, etc.) and we find less dynamics in the change patterns than expected. Even though services are shown to be a pivotal element of full solutions, service infusion is not the key driver of the transformation process toward solutions.

Our contribution is threefold: First, we extend existing theory of complex B2B offerings. Second, we show the paths companies could follow on their way to successful solution providers. Third, we propose a methodology how to study configurational issues in B2B service research.



## 03-301

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## Measurement of Service Request Effort and Its Application in AMS

In Application Management Service (AMS) area, a service request usually goes through multiple stages during its whole life cycle from “open” to “close”. While there might be timestamps for each such stage, no tools are available to accurately capture the actual amount of effort spent on each service request. Acquiring such effort information however, is very critical for analyzing resource utilization as well as planning resource allocation.

There are two big challenges in measuring accurate effort for each service request (aka ticket): 1) the temporal duration between its open time and resolve time would potentially include non-business hours such as nights, weekends and holidays; and 2) when there are multiple tickets in the resource's queue at a given time instant, we need determine to which ticket's effort that this time instant contributes. Our solution to the first challenge is to introduce a metadata model which allows users to define any business hours w.r.t. service requests, and enter resource work schedules. Our solution to the second challenge is to introduce various ticket handling priority rules, which determines the processing order of tickets assigned to the same resource. Examples of such rules include: 1) first in first out (FIFO); 2) severity-based, i.e. higher severity tickets get processed first than lower severity ones; 3) equal time share, i.e. every active ticket in the resource's queue gets an equal share of his time; and 4) any customer-specific rules, e.g., tickets of a particular type or application might need to be handled with a higher priority.

Once we obtain the ticket effort data, we can subsequently measure resource utilization, which is calculated as the ratio of the total ticket effort of a resource to his total available capacity. Such utilization data can assist account managers to balance workload and arrange cross-skill training. Another application is to assist resource planning for particular groups or applications.

The proposed methodology has been implemented and successfully applied to dozens of real customer accounts. Very positive feedback has been obtained. It is our hope that by providing accurate effort data, we can help accounts have clearer pictures about the overall workload and resource utilization, as well as planning a better resource allocation.



## 03-302

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## **What Sparks Quality-driven Change Programmes in Not-for-profit Service Sector? Some Evidence from the Voluntary Sector**

Despite the massive amount of attention paid to quality management in privately-owned manufacturing and services firms and publicly-owned organisations, few scholars have attempted to examine the application and outcomes of various quality-driven change initiatives in the context of voluntary sector organisations. This paper reports on the application of quality management programmes in terms of adoption, implementation and the resultant outcomes in a sample of voluntary sector organisations. Using a multiple case study design of two firms, the findings largely support the view that initiating quality-oriented change programmes poses a challenge to, first, management competence and understanding, and much more specifically and second, to the ability of management to promote organisational learning and employee training and development in order to sustain the commitment and support necessary to prevent contradictory issues arising. In addition, a key tendency appeared to be the increased emphasis upon a compliance- and conformity-oriented managerial mind-set towards quality programmes which in turn adversely influenced the bottom line impact of the quality initiatives. Drawing on insights from institutional theory literature, we shed light on the complexities inherent in the sector that are not applicable to for-profit service organisations but create a dilemma and indeed build resistance for the management to embody an unconditional commitment to the strategic importance of quality. The paper concludes with several working propositions and discusses the practical implications of the findings.



## 03-303

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## Designing Service Platforms for Open Service Innovation

Today's service offerings are enabled by complex service systems, which are configurations of people, processes, technologies and other resources that enable value co-creation (Maglio et al. 2009). With the service logic and the increasing complexity of service environments a many-to-many context has emerged, in which service value is co-created through supplier networks interacting with customer networks (Gummesson 2006). On one hand, customers increasingly develop new forms of value co-creation, whether creating informal and collaborative economies (Meroni 2007) or co-creating value through company social networks (Martins & Patrício 2012). On the other hand, organizations increasingly form or become part of value constellations and networks that together offer more complete solutions to their customers (Patrício et al. 2011).

This complex network context is an opportunity to develop open service innovation models (Chesbrough 2011), through which service providers invite customers and partners to co-create innovation. More than creating a pre-defined service, organizations try to create service platforms. These service platforms attract customers and a variety of contributors, such as partners, resellers, and commentators, which add new services and enhance the value of the overall offering. Such service platforms become the basis for the emergence of a service ecosystem with interconnected services co-created with suppliers and customer networks. Some service platform success stories have been pointed out, with Apple one of the most well-known examples. However, the design of services as platforms that support open service innovation models is still unexplored. Organizations need new methods and tools for service design that assess the potential of creating service platforms and enable a systematic approach to the design of these new services.

By integrating multilevel service design (Patrício et al. 2011) and open service innovation (Chesbrough 2011), this paper elaborates on the concept of service platforms and their implications for service design methods. These implications will be illustrated with a case application to the Portuguese Health Data Platform. Building upon a first stage where multilevel service design was applied and extended to the context of healthcare multiple stakeholder environments (Pinho et al. 2012), this new stage explores the design of new service evolutions so that this service can become a platform for citizens, health care professionals and suppliers to create new services.



## 03-304M

Session

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## Personality Traits of Chief Executive Officers in Service Firms

Recently, rising attention has been paid to company leadership due to the notion that managers play a crucial role in companies' success. CEOs not only as spearheads of companies but as role models, are held responsible for corporate success. Research into the individual personality traits of CEOs as a means of predicting job performance has been the focus of many previous studies, while literature on human resource management within service firms and leadership of service firms has not yet identified promising personality traits for successful leadership.

We therefore analyzed the personalities of the top 30 German CEOs of DAX-listed companies as examples of highly successful managers, testing whether CEOs of service firms differ from those of manufacturing firms. Personalities were analyzed through judgments at zero acquaintances by 140 students. Test subjects were asked to evaluate profiles of each manager, which were presented in an anonymous form, via a 30-items survey of the NEO-FFI with its dimensions neuroticism, extraversion, openness, agreeableness and conscientiousness. Within the sample of the top 30 DAX-listed companies, 12 could be assigned to the service sector. Data concludes that top executives of service firms are slightly more extraverted, score slightly higher in openness and conscientiousness and appear more agreeable than those of manufacturing firms. The findings also exhibit clear distinctions between CEO personalities and the average population personality.

Future research might address how the personalities of successful managers differ from those less successful and might yield sets of personality traits serving as assessment criteria for top managers.

## Implementing Service Software for Smart Communications between the Board and the Employees

It is crucial for corporate management that the managers know whether their intention, reflected on the management policies, is adequately communicated to the front line employees or not. In general, the management policies are communicated by text to the front line. The linguistic characteristics of Japanese text especially multiply the ineffective communication of intentions. The characteristics are, for example, that it is necessary to read the text until the end to judge if it is positive or negative, or that ideographs are often used. With these characteristics, Japanese text contains ambiguity by nature.

This paper provides the board meeting proceedings analysis with text mining. Corporate management is executed based upon the decision made by the board meeting in general. However, the research which considered the contents of proceedings left behind the minutes of the company, and the relation of corporate profit with text mining is not enough so far. Therefore, we make an intensive research at a Japanese food retailing chain store for the board meeting proceedings analysis with text mining to capture the change of the board meeting contents. As a result, the shift in the proceedings contents from short-term, store-based measures to long-term, corporate based planning coincides with the improvement of corporate performance. Based on the findings, we propose support systems of board-employee communication for chain stores, and give some implications.



**03-305**

Session

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## **It's Just Not Fair: Exploring Customers' Unfairness Perceptions of Customized Offers and Their Influence on Loyalty**

Customizing offers to match their customers' individual needs increases the attractiveness of the firm's offering. Focusing on the most important customers can result in more efficient use of marketing resources. However, this approach has potential negative effects for the firm because it neglects other customers that do not fit the criteria. Firms treating their customers differently i.e. delivering different offers on the same service to their customers, provoke customer perceptions of unfairness and dissatisfaction. While the literature discusses customers' unfairness perceptions of pricing and promotion, less is known about customers' unfairness perceptions in customization practices and its influence on customer behavior. Our study addresses this gap by (a) developing a conceptual framework exploring the relationships between perceived negative firm customization, customers' unfairness perceptions, and customer loyalty, and (b) exploring the moderating effects of trust in these relationships. The results show that customers' negative suppositions of the customization lead to an increase of unfairness perceptions, which in turn lead to drastically reduced customer loyalty. Trust acts as an important moderator between unfairness perceptions and customer loyalty intentions. The results provide a foundation for understanding how a firm may improve their perceived fairness by simultaneously eliciting elements of trust to influence customers' positive inferences and reduce negative points of references whilst shopping.



## 04-102

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## **Status, National Culture and Customer Propensities for Complaining**

This study examines the relationship between social status, cultural characteristics and customers' voice behavior in multiple cultures. We hypothesized that social status would be positively related to customers' voice expression. The cultural dimensions of power distance and uncertainty avoidance were expected to affect that behavior and to moderate the status-voice relationship. Analysis of data concerning 8,479 customers from 12 countries showed that, as expected, customers with high status tended to register more service failures and to complain more frequently, both informally and formally, than customers of lower social status. In addition, the two cultural dimensions had the expected negative effect on intentions to complain, and moderated the relationship between social status and intentions for informal complaining. Theoretical contributions and applied implications are discussed.



## 04-103

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## **Location Environment: Its Dimensions and Effect**

In order to meet increasing customer needs to enjoy leisure activities while shopping, shopping complexes are incorporating not only retail outlets but also service outlets such as restaurants, movie theaters, and hotels, creating a new consumption trend called 'mallings'. Accordingly, issues concerning the location and surrounding environments of the outlets in these complexes have emerged as important. The location and environmental factors of a service outlet can serve as clues for the quality of the services, affecting customer responses towards the outlet.

This study is intended to serve as the first attempt to explore the location environment of a service outlet in a shopping complex, first by proposing the concept of 'location environment,' by identifying the determinants of the location environment of such a service outlet, and finally by empirically examining the effect of 'location environment' on customers.

Based on reviews of literature on the topics of servicescape, location strategy and clustering, we identified five location environment dimensions: time benefit, shopping convenience, easiness to find substitutable outlets, signs, and the attractiveness of the exterior. We collected data to test the concept, dimensionality and customer effect through a survey of customers waiting to be served at restaurants in a leading shopping complex in Seoul. Through an exploratory factor analysis of the data we confirmed the uni-dimensionality of each of the five determinants and the reliability of the measurement items for each dimension. Second, through a CFA, we confirmed that the four determinants well explain the latent variable, 'location environment'. The nomological validity of 'location environment' was assessed through a SEM using AMOS 18.0. Results showed that 'location environment' positively influences customer internal responses, and that customer internal responses positively influence customer behavioral responses.

This study makes a few significant academic contributions. First, this study is the first to propose the concept of 'location environment'. Second this study identified the determinants of 'location environment' and developed measurement items for each determinant. Third, this study empirically verified the effect of location environment on customers. This study contributes practically as well by demonstrating the importance of managing 'location environment' of service outlets in a shopping complex and further by proposing the specific dimensions of 'location environment and specific measurement items for each dimension.





## 04-201

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## **Boosting or Attenuating? The linguistic features of sentiment strength in online reviews**

As markets have been labeled as conversations and consumer-to-consumer communications have been recognized as a dominant force in driving consumer patronage, companies are facing the challenge of having to resort to a new generation of performance metrics that provides guidance in a social commerce environment. With respect to this, sentiment analysis of online text-based product and services reviews has become an increasingly popular form of sensing customer voice. The viability of sentiment analysis as a performance metric, however, has been seriously questioned due to its limited predictive ability in assessing diverging degrees of positive and negative sentiments embedded in large and diverse volumes of online reviews. Based on recent theorizing on speech acts, we explore how these problems can be addressed. We assess the predictive ability of verbatim content on the basis of affect laden and function words by zooming in on the sentiment strength. In addition, we examine how these word types combine in patterns is used to check for changes in the meaning of individual words. By automatically detecting these linguistic patters, opinion mining models are better prepared for predicting emotional content in customer reviews.. We test our theory-based predictions by examining more than 20.000 reviews across a range of 8 different product/service categories. The empirical results show that adding aforementioned linguistic elements improves the prediction of sentiment strength in online reviews by 20%. We expand the contributions of our developed model by using it in sampled Facebook and Twitter online reviews, where the value of opinion mining modeling takes greater value due to de absence of quantitative metrics (i.e. star rating) accompanying customer comments. Theoretical and managerial implications are discussed.



## 04-205

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## **Service Employees as Brand Champions: The Effects of Service Employee Behaviors on Brand Perceptions and Outcomes**

Service employee performance plays an important role in the development and success of a service brand because customers' perceptions of a service brand rely heavily on the behavior of service personnel. However, research attempts exploring the impact of employee behavior on service brand perceptions are empirically scarce. This study aims to fill this research gap, developing and testing an empirical model that focuses on the effects of employees' brand-building and service behaviors on brand affect, image, satisfaction and loyalty. Dyadic survey data collected from 360 customer-employee pairs in various service industries was examined through structural equation modeling (SEM). Results showed that employees' brand building behaviors (brand-fit behavior and brand communication behavior) and service behaviors (courteous behavior and customer orientation) positively drive customer brand satisfaction and loyalty through the mediation of brand affect and brand image. Our study suggests how service employees can deliver service experiences that enhance customers' brand perceptions and loyalty. Implications, limitations and future research directions are then discussed.

**04-206**

Session

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## How Customers React to Service Unfairness? Moderating Roles of Interpersonal Similarities on Experience of Envy and Benign Envy

The “Customer Pyramid” and other similar customer management concepts advise firms to prioritize customers and treat them differently. Yet, offering preferential treatment to selected customers is potentially controversial. It implies a relatively inferior treatment to other customers and elicits the perception of service unfairness. In this study, we employ the social comparison theory to explicate the underlying process of how service unfairness impacts non-recipients’ behaviors. Specifically, we examine (1) impacts of service unfairness on the customers’ emotional experiences of envy and benign envy, (2) the differential effects of envy and benign envy on the non-recipients’ behaviors toward the preferentially treated customers (spreading negative word of mouth) and the sources of unfairness (cooperation with the *salesperson* and repurchase intention toward the *store*), and (3) the boundary conditions of the non-recipients’ similarities with those preferentially treated customers and the salesperson on the impacts of service unfairness.

We tested our framework with laboratory experiments and a survey study in the context of clothing retail stores of 331 customers. Results support the roles of envy and benign envy in mediating the impact of service unfairness on those non-recipients’ behavioural outcomes. Specifically, if service unfairness elicits envy, it will increase the non-recipients’ negative WOM mouth toward those preferentially treated customers, reduces their repurchase intention, and lessens their cooperation with the salesperson. However, witnessing a preferential treatment received by others could be motivating for the non-recipients because they would also have the chance to enjoy such preferential treatment in the future (i.e., experience of benign envy). Our findings show that if service unfairness increases non-recipients’ experience of benign envy, it will motivates them to repurchase more, be more cooperative with the salesperson, but with no impact on the act of spreading negative WOM. Moreover, findings on the moderation influence of customers’ similarity with other customers and the salesperson further shed insights about the conditions for the differential impacts of service unfairness on ones’ experiences of envy and benign envy. Our study offers important implications on how firms can benefit from implementing customer management strategies involving differential treatments while minimizing their drawbacks.

**04-301**

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## How Online Seller's Service Evaluation Help Attain and Retain Customers through Its Favored Count – A Case Study of Taobao

In electronic marketplaces, online customers generally rely on buyer-feedback information regarding the seller's credibility, namely reputation mechanisms. Relative to other platforms such as Yahoo!Auction and eBay, the largest online shopping platform in China, Taobao, provides more service-related information about sellers. Many studies investigated consumers purchasing behavior on the Internet in terms of characteristics of buyers and/or buyer's experiences, but little is known about the influence of the seller's service evaluation on customers' purchasing and repurchasing behavior. To fill this knowledge gap, this study examined the reputation mechanism used by Taobao to help online stores attain and retain customers.

The real transaction data of women's clothing category from Taobao ([www.taobao.com](http://www.taobao.com)) between 2 April and 31 May 2012 were collected using web content mining technique. Structural equation modeling was used to test a series of relationships between three outcome variables (number of customers, number of repurchasing customers, returning rate) and thirteen seller's service-related ratings (e.g., product assortment size, percentage of major product lines, delivery speed, average refunding days, customer complaint rate), and the mediating effects of seller's favored count<sup>2</sup>. There were a total of 291,043 customers purchasing women's clothing from the selected 300 sellers in Taobao during the 2-month study period. The major findings were: (a) product assortment size had positive effects on the number of customers and repurchasing customers, and the returning rate, whereas refund rate and number of punishment had negative effects; (b) seller's favored count mediated on some relationships between service ratings and outcome variables; (c) reasonably good service evaluation was needed for the seller to attract new customers and retain existing customers. This study may provide a new, important understanding of customers' purchasing and repurchasing behavior on the Internet. A well-designed reputation mechanism can provide valuable information for both online buyers and sellers.

<sup>2</sup> Seller's favored count is the number of times that a seller has been added to a buyer's favorite seller list. In Taobao, seller's favored count is shown in online stores as a reference for potential customers.

**04-302**

Session

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## A Permanent Trip: The Impact of Travel Agent's Blog on Customer's Experience and Loyalty

Satisfaction is crucial to determine consumer loyalty. However the value of satisfied customer may be decreased if service providers and customers are not highly contacted after service delivered. Travel service is seen as an intensely price competitive industry, because lack of following contact among travel agent, tour guide and consumers. We developed a two-phase conceptual model on the basis of the satisfaction-loyalty model. Research objects are patronized customers who finished a trip with a travel agent. Two questionnaires were sent at time after the end of the trip and six months later the first mail sent. Eligible users are who have successfully filled contacting information so that researchers can combine their answers from early and later questionnaire. We created an electronic questionnaire in which respondents can connect to the survey website to answer the questions and responses were automatically saved to the database while the questionnaire was completed. Totally, 102 of the respondents completed the questionnaires successfully, with a 17.2% response rate. We employed PLS technique to estimate the hypothesized relationships. Most research hypotheses are supported by the data. To best of our knowledge, our paper is first one using longitudinal data to investigate the consumer's attitude and behavioral intention toward travel service providers. The article concludes with implications for travel agent to use blog as tool for managing consumer relationship. Future research suggestions relevant to the online social networking site and consumer loyalty are also provided.



## 04-304M

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## Understanding the Role of Marketing in today's Enterprises: A Cross-cultural, Multi-industry Comparison

The role and influence of marketing departments has received much attention in both the popular press and academic literature in recent years (Goetz et al. 2009; Merlo 2011, Gummesson et al. 2013). One common assertion is that the role of the marketing function has been diminishing (Verhoef and Leeflang 2009; Webster et al. 2005), that marketing has lost its strategic role (Murphy 2005), and that it is engaged in rather tactical rather than strategic decisions (Sheth and Sisodia 2005). Yet, several studies have empirically demonstrated that strong marketing departments lead to superior business performance (Goetz et al. 2009; Homburg et al. 1999; Moorman and Rust 1999). However, a common weakness in most studies has been the lack of cross-cultural comparisons, with the notable exception of Verhoef et al. (2011). Based on the gap of cross-cultural research, the purpose of this paper is to contrast the antecedents and consequences (i.e., firm performance) of a marketing department's influence in the West (i.e., North America and Western Europe) to that in the East (i.e., Asia). Based on contingency theory and the resource-based view, a large-scale cross-sectional survey was conducted across three continents: North America, Europe, and Asia. PLS was used to estimate structural models. Our findings show that across different geographic regions and firm sizes, strong marketing departments improve firm performance, thus countering the frequent claim in journalistic work that the role of the marketing department diminishes. In addition, our study highlights important differences between Western and Eastern firms. Implications, limitations and future research opportunities will be discussed.

## Market-Oriented Chance Discovery toward Service Value Creation

Market orientation refers to the business philosophy that focuses on identifying and meeting the stated or hidden needs of customers through various approaches of intelligence gathering activities. To this end, two important capabilities, market sensing and market relating, are to enable business to formulate, examine, modify, renovate and redefine their market views and investigate among all players in the market. This study focuses on how to exploit information system as a service to facilitate the acts of the market sensing and market relating capabilities in terms of information technologies of the text mining technique and the chance discovery theory. In addition, this service would help various businesses seek new, necessary and related resources or fellow companies for each other to cooperate to form a complex service product from different markets. In other words, cooperating in the open relationship, different companies attain more possibility to mutually expose their features, product or service, which achieves a marketing for those companies in different markets as well, and better market orientation is also avail business to make better complex product or service for niche market to get competitive advantages.



## 04-305

Session

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## Evolution, Development and Future Research on Services at the Base of the Pyramid (BoP)

Two thirds of the world's population lives below the line of poverty, constituting what has been called *the base of the pyramid* (BoP). Emerging economies in Asia, Africa, Latin America and Eastern Europe are actively participating in producing, consuming, demanding, offering and managing formal and informal services. Many of those services have started as innovative solutions responding to difficult daily living conditions, scarcity of resources and difficulty in getting formal jobs. Those service activities are increasingly contributing to gross domestic product and labor force in those regions. Furthermore, industrialized countries have increased their economic interest and investments on service activities in emerging economies. The importance to conduct research related to transformative services is attracting recent attention and becoming one of the main service research priorities. The purpose of this article is to provide insights into the evolution and development of research contributions on the base of the pyramid (BoP) in order to build an agenda for service research related with this segment of society. An overall research background is presented. Then, bibliographic methods such as descriptive, citation, and co-citation analyses are used. Key findings include the identification of four main topics related to management research at the BoP: (i) innovation with BoP, (ii) international strategies in emerging markets, (iii) corporate social responsibility and poverty alleviation, and (iv) miscellaneous contributions. However, the study also reveals that service researchers have mainly neglected this topic. Therefore, we aim to propose a research agenda for service management at the BoP. Those practical implications of studying service research in this business context are related to the provision of new ideas for practitioners interested in learning about BoP markets, strategies and entrepreneurial initiatives. From the social perspective, implications are focused on understanding the importance of exploring BoP activities not only using a top-down but also a bottom-up approach, which will provide a new way to look into this huge segment of society, not only as passive consumers but also as authentic entrepreneurs capable to create inclusive business innovations. Overall, we consider that building a research agenda for future service management offers a relevant source of ideas and guidance for interested researchers to rethinking research priorities from a different perspective.

**05-102**

Session

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## The Impact of Overcompensation on Service Failure Attribution: An Examination of Self-perception Theory

How compensation influences consumer responses after a service failure has long been the focus in service recovery literature. It is widely accepted that high compensation alleviates negative consumers' post-failure responses, such as customer dissatisfaction, switching behavior, and retaliation intention. However, some researchers suggested that compensation can be perceived as a form of confession (Weiner, 2000) or an admission of guilt on the service provider (Bitner, 1990). Thus, overcompensation for a service failure seems to increase severity evaluation and blaming to the service provider which has been identified as important determinants of post-failure satisfaction. However, little empirical studies have been conducted to explore the impact of overcompensation on casual attribution and severity evaluation on a service failure. The current study aims to close this research gap by examining the relationship between overcompensation and casual attribution and severity evaluation of a service failure based on self-perception theory.

Self-perception theory postulates that people infer their attitudes by observing their own behaviors and assuming attitudes that are consistent with those behaviors, especially when lacking of sufficient internal cues or interest in the behavior to accommodate undermining (Bem, 1967; 1972). In service recovery context, this study propose that overcompensation could be served as an cue for customers to make attitudinal judgment of the service failure when lacking of motivation or knowledge to make casual attribution of the service failure. Consequently, customers are likely to attribute more blame to service provider and enhance their severity evaluation of the failure after receiving overcompensation, compared with simple compensation.

To examine proposed hypotheses, this study employed two scenario-based experimental designs. In the first study, A scenario-based describing a service failure in a dermatology clinic which most customers lack of enough knowledge to form a causal judgment. The results showed that customers who received overcompensation attribute more responsibility for the service failure to service provider than those received simple compensation. In the second study, casual attribution and severity evaluation between actors and observers of a service failure was compared. The results revealed that overcompensation has an impact of severity evaluation and casual attribution of a failure only for observers but not for actors. The results suggested that the influence of overcompensation on severity evaluation of a failure could be eliminated by motivate customers to make an explicit attribution.





## 05-103

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## **To Post or Not to Post: The Role of Power on Consumer's Propensity to Post Online Reviews**

Online reviews have become one of the most important information sources for consumer decision-making. While consumers are happy to blog about their product and service experiences, service providers are searching for ways to manage such online postings in order to maintain a positive company image. Based on the approach/inhibition theory of power (Keltner et al., 2003), we propose that an individual's perception of power drives his/her intention to post reviews in online travel forums. Previous research found that powerful individuals are agentic and pay little attention to the responses or thoughts of others (Galinsky et al., 2008) and they are more expressive of their own opinions (Anderson and Berdahl, 2002; Buss and Craik, 1981; Rucker et al., 2012). Thus, we propose that powerful individuals, as compared with their powerless counterparts, will be more likely to post a service experience that is inconsistent with the forum consensus. Further, we propose that an individual's power perception, the valence of service experience and the consistency of their service experience as compared with the forum consensus jointly influence consumers' posting intention. As argued above, when the consumer's service experience is inconsistent with the forum consensus, powerful (vs. powerless) individuals are more likely to post a review. When the service experience is consistent with the forum consensus, power and valence of service experience together influence an individual's intention to post a review. Prior research demonstrates that negative opinions reflect feelings of superior intelligence and expertise (Amabile, 1983; Anderson and Berdahl, 2002), and therefore, we predict that powerful (vs. powerless) individuals will be more motivated to write negative reviews (Amabile, 1983; Anderson and Berdahl, 2002). To test the proposed hypotheses, we conducted a 2 (power manipulation: powerful vs. powerless) by 2 (service experience as compared to forum consensus: consistent vs. inconsistent) by 2 (valence of service experience: positive vs. negative) between-subject experimental study. The results of the study support our theoretical predictions. Powerful (vs. powerless) individuals are more likely to post reviews about a service experience that is inconsistent with the forum consensus. When the service experience is consistent with the forum consensus, powerful individuals are more likely to post reviews describing a poor (vs. good) experience. Conversely, the valence of the experience failed to influence powerless individuals' posting intentions when the experience was consistent with the forum consensus. Based on the above findings, we propose several behavioral intervention strategies tapping into consumers' perceptions of power to encourage positive posts while discouraging negative comments. Managerial implications and limitations are discussed.



## 05-104

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## **Shared Aesthetics of Service Design: A Global Perspective on Co-Creating Service Experiences**

Service design and service innovation are essential to the success of service organizations, but service design research is still in its early development (Patricio et al. 2011). The aesthetic aspects of services are essential design elements, but not enough attention is given to carefully designing the aesthetic features of services. When carefully designed, service aesthetics evoke desired emotions from service system customers. This presentation describes a global perspective on co-creating service experiences based on the shared aesthetics of service design.

Aesthetics is a branch of philosophy that concerns the nature of art, beauty and taste. According to Postrel (2004, p. 6), "aesthetics is the way we communicate through the senses." Such sensory communications include sight, sound, smell, taste, and touch. Aesthetics are deeply embedded in human cultural experiences and evolved with human cultures (Dutton 2010). Each human culture communicates with its members through different sights, sounds, smells, tastes, and touches.

Human cultures are also shared service experiences. Shared services occur when multiple customers receive the service experience concurrently. Understanding the shared aesthetics of service design begins by understanding the cultural role of aesthetic experience. It is well known that different customers may respond to the same service experience with different emotional content. For example, a crowded service experience can delight some customers and frighten other customers (Grove and Fisk 1997). Like art, aesthetics are in the eye of the beholder.

Chesbrough (2011) proposed the need for open services innovation. An open source approach to shared aesthetics will yield mutually desirable service experiences. In Chesbrough's terms, cultures could be described as platforms for services. When they are at their most robust, cultures have always been open source human innovations.

At a global and public policy level, the design of service innovations that occur in countries, cities and neighborhoods should be co-created with the citizens of those countries, citizens and neighborhoods. The aesthetics of service innovations should respond to the culture where they are embedded. Service innovations in Tokyo should be aesthetically different from service innovations in London. Organizational managers should consider the aesthetic impact of the four components of service encounters — physical setting, service employees, service customers and service process — as they design service innovations in different cultures. At all service levels, the goal should be to create and deliver service experiences that are aesthetically enriching.



## 05-201

Session

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## **Social Web for Next Generation Public Sector Services in Emerging Economies**

Advances in social media together with the adoption of mobile devices are transforming how we experience and share news. Local governments are increasingly relying on social media to engage with citizens, and respond to events (such as natural disasters).

With over 25% of population in Kenya using Internet[1], this opens up an opportunity for novel e-Government solutions. In this paper we present a novel system that employs analytics and crowdsourcing technologies to derive actionable insights from Social Web data, enabling city and local governments, to efficiently drive disaster planning and crowd coordination in growth markets.

We discuss design challenges in providing an intuitive interface for citizens to consume e-government content as part of open data initiative, and governments to drive decision-making processes based on user-generated data in Kenya.

We present a blueprint of a generic platform for dissemination of knowledge, and identify three core components of our system:

1. Automated event and story categorization module to augment existing human annotations
2. Component for trust management, used for automatic and systematic discovery of false events and stories
3. System for extraction and construction of actionable insights from detected events

[1] Source: internetworldstats.com, Miniwatts Marketing Group, 2012



## 05-202

Session

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## **Service Globalization: Measuring Cultural Context, Contextualization Capabilities, and Knowledge Transfer in Value Co-creation Process**

By bringing the construct of “context” studied in the fields of cultural anthropology and cross-cultural communications (e.g., Hall 1966, 1976) into service research, we attempt to understand service globalization process by which value co-creation process developed in one culture gets transplanted into another. We posit that it is more challenging to bring service originated in high-context (HC) culture into low-context (LC) culture than to transplant service developed in LC culture into HC culture. HC cultures are based more on nonverbal communication, implicit rules and tacit knowledge, while LC cultures depend largely on verbal communication, codified rules and explicit knowledge.

How, then, services originated in HC culture get transferred into other cultures? With this research question, we took two-step approach. The first step was field-based qualitative research in which we interviewed top/middle managers of over 10 Japanese service companies in diverse industries. The second phase included a survey research, with which we collaborated with Kumon Institute of Education, a JPY 70 billion (USD 900 million) education service firm and conducted six-country comparative studies (Brazil, Hong Kong, Japan, Philippines, the U.S. and the U.K.).

Our findings indicate that service business expanding from HC to LC culture are managing dynamic iterative processes that require two sets of capability: (1) de-contextualization, defined as individual and organizational capabilities for identifying and transferring universally-applicable or culturally-free aspects of value co-creation process, and (2) re-contextualization, defined as individual and organizational capabilities for detecting and modifying idiosyncratic or culturally-specific aspects of value co-creation across cultures.

We developed and measured key constructs such as cultural context and contextualization capabilities and tested our hypotheses on their roles in knowledge transfer. Our main set of hypotheses is as follows: The higher the cultural context one lives, the less knowledge transfer behaviors one engages in, but one’s contextualization capabilities moderates the context-knowledge transfer relationship in such a way that the higher the contextualization capabilities, the more knowledge transfer behaviors one takes part in. The paper reports detailed findings.

For theoretical contribution, we intend to integrate extant knowledge in service research with related discussion in international business, knowledge management, and organizational studies including absorptive capacity (Cohen and Levinthal 1990), adaptation (Jensen and Szulanski 2004), embeddedness (Andersson et al. 2001), codifiability and teachability (Zander and Kogut 1996), and stickiness (Szulanski 2000). For managerial implications, we aim at providing insights that help firms better manage their international knowledge transfer process across cultural contexts.



## 05-205

Session

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## Creating New Markets in the Digital Economy: A Theory of Latent Demand

Much of academic literature discusses adoption of new technology through the technology acceptance model (TAM), an information systems theory that models how users come to accept and use a particular technology (cf. Venkatesh et.al., 2003). Work in this domain suggest that when users are presented with a new technology, factors influencing their decision about why, how and when they will use it, are constructs such as Perceived usefulness and Perceived ease-of-use.

The implicit assumption here is that the technology is known, which means that studies can be conducted to investigate when, why and how it was adopted. However, it does not explain how the latent need for these technologies came about in the first place. In other words, technology adoption seems to take a technology centric approach towards acceptance of technology rather than an individual centric approach of understanding latent needs and its fulfillment through different types of technologies.

We present a theoretical model extending research into value creation in context (Ng and Smith, 2012) and how latent needs emerge from (1) systemic stress and individual's effectual action to obtain more resources (2) from the need for past, present and future information in daily living and (3) the contextual variety of value creation resulting from combining usage experiences and social interactions. We propose the pathway from needs to wants (the form in which needs are fulfilled) through a discussion on institutional logic and how wants could result in the market demand for particular types of information-rich technology-enabled services (Ng, 2013). We then propose context-based design principles for the future of products with pervasive digital technologies i.e. the "incorporation of digital capabilities into objects that previously had purely physical materiality" (p. 1398 Yoo et. al., 2012)) such as embedding sensors into existing products e.g. doors, windows, appliances or through software-based digital interface capabilities such as augmented reality to animate physical objects.

Our work contributes the understanding of digital materiality, internet-of-things and the manufacturing of future 'incomplete products', extending the work on servitization, and service infusion where such future products will act as more dynamic forms of indirect service as proposed by service-dominant logic (Vargo and Lusch, 2008), personalizable by the customer, with value co-created across multiple contexts of use.



# 05-206

Session

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## The Concept of Service Configuration for a Service Delivery System

Designing the service delivery system for a complex service is a challenging task. We encounter the complexity problem both when we design the operating procedures and when we design the IT system that enables the service.

Two principal causes of this complexity are:

- Complexity in processing: wherein a number of tasks (many of them complex) have to be performed to deliver the service.
- Complexity due to variation: wherein we allow a lot of variations in the offerings that we deliver to the end-customer, or wherein the operating procedures vary for regulatory, administrative, or technological reasons.

Our experience has shown that mere explication of the process definitions leads to what we call the 'forests of process maps' problem. Such maps become cumbersome to deploy and maintain, and are not agile enough to adapt to changing customer or technology requirements.

We present an approach for creating Service Configuration for a service delivery system that helps to manage this complexity more effectively. The Service Configuration evolves along three dimensions: Service Visibility, Service Composition, and Service Operation Type.

*Service Visibility* defines: (i) the Customer facing service components, i.e., the service components that involve customer touch-points, and (ii) the Enabling service components, i.e., the service components that principally provide back-end support.

*Service Composition* defines: (i) Aggregation: wherein the higher level service components are composed from lower level service components, and (ii) Variation: wherein the points of variations (due to service customization or procedural differences) in the service delivery system are explicated.

*Service Operation Type* defines: (i) the Case-handling services, i.e., the services components which provide the core transactional services, and (ii) the Management services, i.e., the overarching service components that oversee case-handling services across different instances.

We illustrate these concepts and their impact on design and complexity management of a service delivery system through a real world case study of letter-of-credit financial service system of a financial institution.



**05-302**

Session

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## The Impact of Problem Types on Knowledge Intensive Services

Service production aims at solving a given customer problem using resources both of the producer and the customer. Interactions between producer and customer, being established to allow for exchange and combination of resources, have been comprehensively analyzed in business administration. Though, one important aspect of services interactions has been neglected so far: the type of barrier constituting the customers problem.

Barriers may occur as synthesis, interpolation and dialectical barriers. This distinction derives from (early) psychology of thought and can be of great explanatory power in services science, too: Synthesis barriers (unrenownedness of means) require bigger parts of creative interaction, because new technological knowledge must be conveyed to the customer (e. g. sports services). Interpolation barriers (unrenownedness of the right sequence of means) call for appropriate orders of activities, hence problems are predominantly solved via scheduling (e. g. logistics services). Dialectical barriers (unrenownedness of tolerable target states) require extensive exploratory interaction, because customers are initially unaware of what they exactly want (e. g. beauty services).

The paper presents an innovative approach to designing producer-customer-interactions in (dyadic) knowledge intensive services (in the B2C) based on problem types. For this purpose a production economic model is developed which distinguishes between the stages of services (problem articulation, perception, solving) and the agents contributing to them (producer and/or customer). Since knowledge intensive services – which fundamentally rely on human learning – require empathy and mutual trust, i. e. socio-economic attributes of services, pure production economic modeling would not sufficiently capture the very nature of knowledge intensive services. Hence, new insights from relationship marketing concerning the quality of producer-customer-interactions resp. communication are additionally included.

The contribution of this new approach is I) the systematic assignment of knowledge intensive services to specific types of problems, which facilitates the identification of generally effective production activities (i. e. synthesis, interpolation or dialectical activities). The assignments prepare for II) the design of the single stages of knowledge intensive services, using insights from relationship marketing, in order to create customer value even more effectively.



## 05-303

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## **Effect of Calorie Menu Labelling on Consumer Choice: A Preliminary Study in Santiago (Chile)**

Diseases linked to obesity have become an important public health issue in emerging economies. Recent statistics from the World Health Organization (WHO) indicate that 62% of Chile's population is overweight and 26% is considered obese. Recent literature suggests that consumers' decision-making process can be significantly influenced by the disclosure of calorie information. Indeed, calorie labelling in restaurant menus proved to be a factor in dish preferences towards a healthier option. The aim of this work was to examine the effect of calorie labelling on consumers' food choices at different food premises in Santiago, Chile. The sampled data was probabilistic. The surveyed data was statistically processed using a descriptive and causality analysis. The survey was constructed following real menus from different food premises in Santiago commonly utilised by middle to high income professionals. The calorie count varied from 0 to 72 kcal for drinks, 231 to 724 kcal for main courses and 89 to 670 kcal for desserts. The survey respondents (227 valid responses) had the option to construct a three course menu, as presented on a standard board without calorie information. They then had the option to repeat their selection, this time with calorie information included. An initial statistical analysis indicated that 49% of the people decided to reduce the overall calories of the menu when the caloric information was given. The average caloric reduction was 292 kcal, accounting for 46.5% of average overall calories of the menu. Further analysis showed that 34% of consumers selected a low calorie menu (<448 kcal) prior to caloric disclosure, which was explained by the recognized zero calorie perception of some of the menu offerings in this study (eg. light drinks or water, chicken, salads and fresh fruits). The proportion of consumers that initially chose menu offerings based on non-caloric preferences, and later changed their selection after the caloric information was presented, was surprisingly high (55%). Of the surveyed consumers, 82.5% of them are shown to appreciate nutritional information presented on the menu board, but only 54.5% are willing to change their preference for a lower calorie option. This is the first attempt in Chile to systematically assess the significance of the effect of caloric information in restaurant menus. The results presented in this work suggest that for nearly half of the consumers surveyed, the caloric information was relevant for the decision making process associated with food preference in this context.





## 05-304M

Session

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## Workspace: Its Determinants and Effects on Employees

Does the physical environment of work still remain as a 'hygiene' factor as was proposed by Herzberg(1966)? Driven by the growing importance of physical environment of work, this study intends to challenge the tradition notion by first identifying the determinants of physical work environment and second empirically examining the impact of perceived physical environment on employee attitudes towards the organization. Drawing on research findings on physical environment in healthcare services, services in general (servicescape), and physical work environment, this study proposes a comprehensive concept of "workspace," which is defined as 'the physical and social environment inside and outside the workplace which affects employees.' Based on extensive review of literature and practitioner interviews, eight determinants of workspace were first derived. According to EFA results of the pilot test data, determinants are narrowed down to seven: pleasantness, openness, privacy, refreshing, crowding, others' appearances, and location and surroundings. It was hypothesized that perceived workspace will positively influence employee's organizational trust and commitment through their perceived organizational support and organizational pride. Data collected through a self-administered survey among 520 employees of 13 companies was analyzed through a structured equation modeling in order to test these hypotheses. Results showed that workspace positively influences employees' perceived organizational support and organizational pride. In turn, organizational pride showed positive effect on both organizational trust and commitment, while perceived organizational support affected only organizational trust, not organizational commitment. Findings highlight the importance of managing

## The Impact of Motivational Types on Consumer Word of Mouth Formation

The importance of Word of Mouth communication in influencing consumer decision making is well known, particularly for reducing consumer risk concerns in services that are highly intangible, complex and delivered over extended periods. The aim of this study is to broaden knowledge of the Word of Mouth (WoM) formation process by observing how different motivational types from Self Determination Theory influence the antecedents of WoM intentions. In this study four types of motivational styles ranging from extrinsic to intrinsic were confirmed. The four types conformed to a simplex continuum that was based on the amount of perceived control an individual has over undertaking an activity. A parsimonious model depicting satisfaction mediating positive and negative emotions and performance perceptions explained 65% of the variance in WoM intentions. The four motivation types influenced the predictors of word of mouth intentions in theoretical consistent ways; that is, higher levels of perceived control were associated with higher levels of positive emotions, perceptions of performance, satisfaction.

**05-305**

Session

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Melbourne, Vic, 3000, Australia  
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Much of the extant literature on brand meaning co-creation suggests the importance of managing the knowledge of various actors and brand-constituting factors that influence the co-creation of brand meaning. Service-dominant logic emphasizes that co-creation occurs in an increasingly dynamic and interconnected service eco-system that involves highly relational and complex interactions between multiple actors in the exchange of service and integration of resources. These interactions take place across multiple levels of a service system where integrations at micro- and meso-levels contribute to idiosyncratic meaning determination at a macro-level. However, there is a paucity of research on how multiple actors engage to exchange and develop new knowledge and in doing so co-create variant brand meanings and brand narratives. The purpose of this research is to explore the co-creation process at multiple service system levels and to propose a conceptual, unified framework for brand meaning co-creation between multiple actors and at multiple levels.

The context for this research is the Vietnamese retail banking sector. In the last 25 years this sector has developed from a closed market mono-state bank to a more open market. Vietnamese banks now find themselves competing with more established international banking brands, whilst the latter must rethink conventional branding practices to cope with new societal and cultural forces at different system levels. To address the identified limitations and expand the extant understanding of how brand meaning is co-created, a study was undertaken to explore the factors that influence the co-creation of brand meaning and how multiple actors interact across the various levels of the service system to co-create brand meaning. As the research aim is the development of grounded theory, a qualitative approach was adopted using depth interviews with customers, front-line employees and brand managers and analyzed simultaneously.

Preliminary analyses of interviews with customers and brand managers reveal that at the meso-level, customers have concerns regarding personal resources, such as time, when it comes to engaging in brand dialogue and knowledge exchange with the firm. Additionally, there is an emerging picture from the data of variant brand narratives between the groups of actors in this study, for example, between customers and front-line staff at the micro-level, brand managers and front-line staff at the meso-level and other actors such as peers and family members at the macro-level. Meanwhile, government controlled information about the banking market, disseminated via government controlled media, influences the context in which the banking system is viewed and as a result, frames the exchange of knowledge and brand narratives between the broader societal network of actors.



## 06-102

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## **The Impact of Survey Mode on Customer Satisfaction Surveys**

It is generally perceived that the choice of survey mode affects the profile of potential respondents you can access. For example, conducting an online survey would almost surely restrict your resultant dataset to mainly respondents who are comfortable with the Internet.

Beyond this, the choice of survey mode also influences the manner in which respondents receive and react to the questions asked. Asking the same question over the phone, in person, or over the Internet form three distinctly different experiences, each of which would introduce their own potential set of response biases.

Together both survey mode and the profile of respondents would then affect the distribution of responses for each question in the questionnaire. At the questionnaire level, the pattern of responses across respondents would then affect the substantive findings and implications for firms.

In an attempt to shed some light on this, we conducted a large scale study that involved running three data collection activities in parallel by three different market research firms yielding 11,630 completed questionnaires. Our analysis of the data shows significant differences in both scale usage as well as substantive implications for firms across the three data collection modes we employed. Our paper concludes with recommendations for how firms should approach the design and implementation of customer satisfaction surveys.



## 06-103

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## The Short-Run and Long-Run Value of Service Quality

Managers increasingly demand marketers to defend customer service budgets with scientific approaches that uncover evidence for the value of service quality. Yet, researchers are faced with multi-dimensional challenges, i.e., (1) differentiating short-run from long-run value, (2) isolating the unique contribution of service without halo effects with other marketing mix variables, and (3) modeling heterogeneity in service types and executions, as delineated by Zeithaml and Parasuraman (2006). This research demonstrates firm valuation methodologies that can surmount these challenges. The findings from two studies suggest that service quality can affect firm value in the short term (quality announcements) and in the long term (quality ratings). Also, the payback of quality ratings accumulates over time, whereby we find that the effect wears-in, peaks, and wears out again. Service quality dimensions, advertising, R&D, size, product market competition, and financial market turbulence all contribute to the degree of heterogeneity in service quality value. Managers can use the dynamic models to detect early warnings and allocate resources.



## 06-104

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## Effects of Perceived Justice and Switching Barriers on Loyalty Behavior: An Empirical Comparison between B2B and B2C Customers

Most of the research and managerial recommendations on service recovery stem from studies performed in a business-to-consumer (B2C) environment, and little is known about the service recovery occurring in a business-to-business (B2B) context. Yet, service failures are as prevalent for B2B customers, and the importance of effective recoveries in this context may be even more important given the size of the account. Thus, managers need a sound understanding of the key factors that influence business customers' loyalty following a recovery process.

This research compares customers' loyalty following a service failure and a recovery in B2B vs. B2C markets. We contrast the effects of perceived justice (i.e., distributive, interactional and procedural justice) and switching barriers (i.e., positive and negative switching costs, perceived alternatives) on customers' loyalty in B2B vs. B2C contexts.

In a survey with real business and individual customers who experienced a recent "service failure and recovery" episode, we find that all three justice dimensions have positive effects on satisfaction with complaint handling with similar magnitude for both types of customers. Apart from these similar results, we find differences that are worth being highlighted. First, satisfaction with complaint handling only mediates the relationship between justice dimensions and loyalty in the B2C context. This mediation effect — which is an important foundation of the current service recovery literature — was not present for B2B customers. In this context, we find a direct positive effect of interactional and distributive justice on loyalty, and no main effect of satisfaction on loyalty. Second, in B2C context, both positive and negative switching costs have direct significant effect on loyalty. However, in B2B context, none of the switching costs affects loyalty. Instead, B2B loyalty is mainly conditioned by the presence of an alternative, which is not the case for B2C customers.

These findings have important implications for the development of appropriate recovery strategies depending on the type of customers. On the one hand, B2B customers base their loyalty on *rational heuristics* (i.e., distributive and interactional justice and perceived alternatives). On the other hand, B2C customers' loyalty appears to be more *emotional* as their loyalty is firmly linked to their satisfaction with the complaint handling.

**06-202**

Session

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## Value Co-Creation Characteristics and Creativity-Oriented Customer Citizenship Behavior

For the competitive advantage of service organization, it is important to improve the creative performance of human resources in the organization. For example, when employees perform creatively, it will contribute to organizational competitiveness. Therefore, there has been an increased focus in identifying its antecedents and consequences. Unfortunately, little is known about the creative performance of customers. According to service-centered dominant logic, customer is the value co-creator. In the customer value co-creation context, creative-oriented CCBs (customer citizenship behaviors) refer to extra-role efforts by customers with regards the development of ideas about products, practices, services, and procedures that are novel and potentially useful to a firm. According to the intrinsic motivation perspective, the context in which customers create values, influences their intrinsic motivation, which in turn affects creativity-oriented CCBs. In contrast, complex and challenging task and social characteristics can have the opposite effect to customers. For example, in a high level of variety task, increased autonomy can lead to increased workload because they must take on related extra responsibilities and accountability. Increased workload, in turn, is expected to lead to decreased likelihood of creativity-oriented CCBs. Therefore, this study attempts to explore the impact of task characteristics and social characteristics on creativity-oriented CCBs. Furthermore, a substantial body of research has examined the possibility that creativity is affected by personal characteristics. As such, in addition to the relevant task and social characteristics, the moderating influence of several trait variables is also considered.

This article makes several contributions. First, this study investigates the trade-off effect of the customer value co-creation related task and social characteristics by examining the underlying opposing mechanism of motivation and work overload. Second, this research provides a deeper understanding of contingency factors that systematically strengthen the relationships under consideration. Third, this study may indicate that companies seek to promote the creativity of their industrial customers and should design the tasks and social characteristics of their industrial customers in a way that maximizes their creativity. But, companies should be aware of the negative impact of specific tasks and social characteristics that may minimize the creativity of industrial customers.



## 06-206

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## **IT Framework to Enhance Patient-Provider Interactions through Patient Readiness Evaluations**

Conventionally, hospitals deliver care services to patients based majorly on the clinical status of patient. This model works fine for acute diseases, however, is not equally effective when it applies to chronic disease management. Lifestyle changes are critical part of managing chronic disease, and the provider's influence in creating, adopting and sustaining healthy behavior is not fully understood. It is also important to understand what lifestyle information is important for providers to get so that they can better conduct their interactions with their patients to help them in sustainable behavior change as part of a treatment plan. In this paper, a cloud based analytic service is presented. This analytic service not only takes patients' clinical status but also evaluates their mental readiness to change which then provide a list of recommended actions for doctor to guide patient to adopt healthy behavior gradually. There are three major component of this analytic service which are clinical guideline evaluation module, patient mental readiness evaluation module and physician dashboard. The clinical guideline evaluation module uses patients' clinical information to determine patients' current health status which provides a baseline to setup patients' health improvement goal. The patient mental readiness evaluation module incorporates models of human behavior change to assess patients' metal readiness to change. The physician dashboard displays patient's current status and proper action list for them to reference during patient engagement. Finally, since the actual patient improvement information will be feedback to the analytic service this service is able to improve its effectiveness as it evolves.



## 06-301

Session

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## Are Institutions Perceived to Be Safer After a Hack Attack?

Marketers have taken great pains to assemble detailed consumer information in order to improve their service offerings. However, hackers have been equally active in their attempts to steal this data. These hack attempts potentially impact a customer's experience in terms of degradation of service capabilities and increased consumer wariness when dealing with the firm. In this paper, we apply the principles of gambler's fallacy and hot hand fallacy to examine the impact of information breaches on customer intention to stay with--or switch from--firms that have been hacked. Gambler's fallacy is the belief that for random events, runs of a particular outcome will be balanced out by a tendency for the opposite outcomes while hot hand fallacy is the belief that a person who has experienced success has a greater chance of further success in additional attempts due to his ability. Thus, *gambler's fallacy* better predicts people's estimates of future attacks when the process is considered to be *random* whereas *hot hand fallacy* better predicts people's estimates of future attacks when the process is perceived as *non-random* (i.e. systematic). In our experiment, we take the example of banks as service providers and manipulate two factors, namely, the perception of the attack nature (random vs. systematic) and a firm's security systems (average vs. excellent). Across two studies that were conducted to examine the effect of perceived nature of the attack (random vs. systematic) it was shown that when a bank is breached, consumers prefer to stay with the bank if they believe the attack is random but prefer to switch from the bank if they perceive the attack systematic (non-random). This effect is fully mediated by consumers' perception that their information with the bank is safe in the future. Specifically, when consumers perceive the attack as a random event, they feel safer because they perceived a lower likelihood of future attack, and thus have a higher likelihood to stay with the bank whose information has been breached. This is consistent with Gambler's Fallacy where consumers believe that the bank is less likely to be attacked in the future because of the perceived randomness of the attack. Conversely, when consumers perceive the attack as a non-random event, they feel less safe because they perceived a higher likelihood of future attack, and thus have a higher likelihood to switch from the bank whose information has been breached. This is consistent with Hot Hand Fallacy where consumers believe the bank is more likely to be attacked in the future because of the low skill or capability of the bank to secure the information. Further, there is an interaction effect in that the level of a firm's security moderates the impact of the perceived nature of the attack on consumers' intention to stay with the firm. Specifically, consumer's likelihood to stay is stronger for banks perceived to have average security when they consider the attack to be random. The implications of these findings impact the service recovery strategies of firms that have been attacked.





# 06-304M

Session

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## Towards an Explanatory Model of Approaching Critical Mass on eMarketplaces: An Empirical Worldwide Study

Business owners have provided many motivations in order to encourage customers and companies to involve, register and collaborate on its eMarketplaces. Approaching critical mass where the eMarketplace reach its desirable number of registered customers has become a crucial aspect of organizations. Nowadays, a number of successful eMarketplaces have been seen around the world. Whilst the success of eMarketplaces can vary from one company to another, there are many companies, business starters and customers facing many obstacles to approach the desired level of success. The aim of this paper was to investigate the critical success factors of eMarketplaces around the globe. A comparison was made between six major regions of the world including, Europe, Asia, America, Africa, Arab states and CIS. Statistical data collected shows that CFs can vary based on the specific region. These success factors include: psychology, incentive, trust, cultural match and degree of regulation. An explanatory model of eMarketplaces critical mass is proposed in this paper with suggestions for further work in this area.

## An Empirical Evidence of the Network Externality between Mobile Apps and Digital Television Services

With the rapid development in digital convergence, various new services of digital television (DTV), such as video on-demand, are introduced. However, after a decade's advocacy, customer response to new DTV services is cheerless in Taiwan. The acceptance and customer retention of DTV services do not keep with its promotion efforts. To help DTV service providers investigate the causes of the depressing customer acceptance and design attractive services, researchers must overcome two challenges in consumer research. First, because not many customers use DTV services, it is difficult to have sufficient size of representative sample. Second, even though the literature in indirect network externality can be used to explain the low acceptance rate, it is lack of empirical evidence and cannot be used to improve service design. To overcome these two challenges, this research used a survey data, collected from Taiwanese subscribers of DTV services or mobile apps users during the period between June and August 2012. By including the mobile apps users in the study, we could investigate whether the antecedent technology (mobile apps) can encourage consumer adoption of subsequent technology (e.g., value-added services in digital television). The result supports our research hypothesis and shows that mobile apps and DTV service are not perfect substitution. DTV is the center of family entertainment, but mobile device is more personal. In general, the mobile apps users are inclined to adopt DTV service. The integration of DTV service and mobile apps can encourage consumer's product adoption.



## 06-305

Session

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## Global Business Services: Integrating Multiple Service Delivery Models

The service delivery models, through which companies manage their business support services within various functions such as Finance, HR, IT and Supply Chain Management, have changed significantly over the past decades. There has been a renewed effort in optimizing service delivery and driving process improvement across the entire company using onshore and offshore captive shared services and/or external service providers. An integrated service delivery model, global in nature, to deliver business support services in a multiple functional environment has also been the focus of many large and mid-sized companies. In this hybrid model, known as Global Business Services (GBS), the provider of services are either internal or external but all service providers are managed by a central global business services organization. The service portfolio is end-to-end in nature and is fully integrated including the governance mechanisms.

Surveys of various service and functional leaders in several companies concluded that a disciplined approach is critical for optimizing the performance of service delivery organizations. These surveys also concluded that current methodologies used by companies have limitations, are cumbersome and do not provide step-by-step instructions and a clear roadmap to success.

In this paper we report on in-depth interviews and surveys, we conducted during 2011 with various service and functional leaders. The leaders mentioned that the principal shortcomings of the methodologies in-use were with change management of systems and processes, risk minimization and functional versus service orientation.



## 07-103

Session

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### **The Relationship between Partner Selection and the Feedback Effects of Service Failures in Co-branding**

Most of previous investigations focus on consumer evaluations of co-branded products, but research on intangible co-branded service is sparse. The objective of this study is to bridge this gap. We answered two important questions: (1) when a failure occurs, why could customers have different magnitudes of negative spillover effects across each of the partnering brands? (2) how do the different magnitudes of feedback effect connect to the decision of partner selection? We argued that, except different levels of brand familiarity, different thoughts of self- and other-referencing might be the answer. We adapted the expectancy-value model to validate two propositions. The first proposition argued that the customers may become more upset (i.e., the amplifying effect) when they focus on their own needs (i.e., self-referencing); on the contrary, the second proposition posited that the buffering effect may occur if customers think of the failure from the provider's perspective (i.e., other-referencing). We claimed that these amplifying and buffering effects may lead to a transfer of magnified negative associations from one brand to the other as well as a free-rider effect of forgiveness, respectively. This research makes two distinct contributions to the research field of co-branding. First, to our knowledge, we are the first to use the theory of self-referencing and other-referencing to clarify the current conflicting findings of the moderating impacts of brand familiarity on the spillover effects on the belief level. Secondly, in contrast to the belief updating models in co-branding, our mathematical model offers an innovative way of explaining the mechanism of customers' belief updating in a new scenario – service failures. Practical implications are also offered.



**07-201**

Session

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## **How Much is Too Much? Using Non-linear Modeling to Identify Saturation Effects and Optimal Zones of Intervention**

Traditional methods of customer satisfaction research like regression analysis build on linear modeling to identify key drivers of customer satisfaction. Strong drivers with a low level of satisfaction are taken as the primary targets of intervention in order to optimize overall satisfaction. These methods assume a linear relationship between performance and satisfaction. Such an assumption is often justified. There are, however, important exceptions. Linear models fall short when it comes to the identification of saturation effects or zones where changes of performance yield a maximum effect. Real-life market-research examples are the maximum tolerable waiting time on telephone hotlines or the relationship between satisfaction and the opening hours of shops.

We present a methodology that builds on non-linear modeling to identify saturation effects. Our approach is based on least-squares estimation and bootstrapping. If adequate, a non-linear modeling of customer satisfaction does not only improve model fit but yields additional qualitative insights when the shape of the curve of the fitted function is taken into consideration. We therefore put special emphasis on the choice of the non-linear function and the interpretability of its shape. While the choice of the function depends on the circumstances, we found that fitting an S-shaped logistic function is especially well-suited to customer satisfaction research. Its mathematical properties provide a heuristic to identify saturation zones and optimal zones of intervention.

Using real-life data, we demonstrate how a multivariate analysis of non-linear effects is conducted by integrating the approach into structural equation modeling. Saturation effects are visualized by an improved action portfolio chart that takes non-linear effects into account.



## 07-301

Session

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## Web Site Engagement: Behavioural or Attitudinal?

Digital technologies are increasingly shaping the destiny of consumers. In this ever-thriving context, researchers emphasize the need for conducting multidisciplinary research: combined consumer-technology approaches for accomplishing progress in the understanding of how consumers behave online. However online consumer behaviour literature is still too fragmented. In the context of commercial Web sites there is a contradiction between research and industry with regards to how Web engagement should be conceptualized and measured. Should Web site engagement be assessed with behavioural metrics such as Web clickstreams or eye tracking variables, with attitudinal metrics that require the use of surveys, or with a combination of both?

In our study we estimated both a Web engagement construct and a model by means of the development a new integrative methodology that combines both consumer and technological viewpoints: a data acquisition Web site capable of remotely tracking over the Internet elementary information processes for recording eye movement, clickstream data for the recording of online behaviour and online surveys for the recording of attitudinal variables. The sample was of 336 responses and estimation was made with partial least path square modelling. Data analysis enabled us to reveal that online engagement is an attitudinal construct that should be exclusively measured with online surveys. Our contribution questions the current metrics overly used in digital marketing. We suggest new streams for better understanding digital consumer behaviour, streams that are usable by both researchers and digital marketing practitioners.

**07-302**

Session

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Oestrich-Winkel, Germany  
matthias.gouthier@ebs.edu**A Cross-cultural Study on Customer Delight in After Sales Services: Findings from the Automotive Industry**

Nowadays, corporations world-wide have to find ways to secure their competitive position and to establish long-term relationships with their customers. For a long time, customer satisfaction was considered to be one of the most effective measures to create customer loyalty. However, during the last years, doubts about its real effectiveness have increased and, thus, companies have resumed their search for better approaches to generate stable customer relationships. Currently, the majority of leading companies is convinced to reach this objective by delighting their customers instead of just satisfying them. Compared to the well-researched field of customer satisfaction, customer delight is, despite its increased recognition in business practice, still rather unexplored. Thus, companies operating in an international setting do still have to cope with the question if customer delight differs across cultures and how personality traits of their worldwide customers affect their respective perception and experience of customer delight. The aim of this paper is to shed more light on these, so far disregarded, fields of customer delight.

Based on the findings of existing research in other areas, e.g. satisfaction research, we assume that customer delight varies across countries. It is hypothesized that cultural-specific values and norms have an influence on how customers perceive and evaluate after-sales service experiences and, thus, on delight. In countries with a high uncertainty index, customers do not appreciate actions or performances outside the expected range in the same manner as customers of low uncertainty cultures do, and, thus, the impact of unexpected actions on customer delight is less strong. It is also proposed that delight has a higher impact on loyalty in high-context countries due to the reason that customers want to preserve the harmony of the existing relationship. The study is based on empirical data collected for six car brands in the automotive after-sales segment across five different countries – Audi, BMW, Mercedes, Ford, Renault, and Toyota in the USA, China, Germany, France, and Italy (N= 1500). For data analysis we applied structural equation modeling. A country-oriented multi-group analysis is conducted to identify whether the research model developed is cultural-dependent or globally applicable. Based on the findings of this study, valuable as well as novel insights and implications for globally acting managers are developed. Additionally, the up to this point only marginally exploited field of context-specific delight research is significantly advanced.



## 07-303M

Session

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## **I Can't Give You Up! The Interrelation between Negative Online Product Reviews and Brand Loyalty on Consumer-Brand Relationships**

Brand-loyal consumers, such as Apple users, typically exhibit brand-centric attitudes and behaviors, and they demonstrate a strong ability to overcome possible obstacles when purchasing their preferred brand products. Therefore, their strong brand loyalty may eclipse the negativity effect—the obstacle that impedes purchasing behavior. However, the extent to which consumers can resist the negativity effect and show strong brand attachment or commitment to purchasing a particular product is unknown. Therefore, using the real world example of the Apple iPhone, this study empirically investigated how peer consumers' negative reviews affect prospective consumers' product impression and how brand loyalty impacts future consumer-brand relationships. Based on an online experiment taken by 204 participants, it was found that a negative online product review significantly influenced the peer consumers' brand evaluation. In addition, brand-loyal consumers showed high likability on their brand-loyal product; therefore, can generate positive beliefs about having the product and increase the likelihood of purchasing the product. Most importantly, the study results revealed that consumers who held a high level of brand loyalty exhibited a lesser degree of consumer-brand relationship impact than did the counterpart when facing a negative online product review. The results demonstrate that brand loyalty has great potential to increase superior brand performance outcomes. Moreover, the results also reinforce the underlying premise of cognitive commitment and attitude change in persuasion literature that high cognitive commitment individuals are more resistant to counter-attitudinal messages.

## **Understanding Online Recommendation Techniques in Social Media Marketing: A Genre Analysis**

Social media services like blogging and social network sites have tremendously extend buyer-seller relationship in the cyber space, becoming a new form of marketing. In the cyber marketplace, the recommendation agent (RA) acts as a "part-time marketer" or "virtual salesperson" to interact, collaborate and communicate with customers directly and actively. Prior research on social media marketing has found that it supplements conventional marketing in addressing specific target groups in a transparent and interactive manner. Some researchers have addressed the lens of "trust" in RAs, others have focused on communities of practice. However, investigation on what makes the interactivity happen, what strategies and techniques RAs actually adopt to facilitate a satisfying exchange relationship remains scarce. This study examines the social media marketing techniques that RAs appropriated for planning customer connections. We present a case study analyzing the social media marketing activities of the tour guide run tourist blogs. Based on our genre analysis, we found personal initiative RAs who reveal their distinct personalities or charisma; rather having clear product-focused purpose on the social media, act normally as more influential part-time marketers.



## 07-304M

Session

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## **Value Communication of Industrial Services – The Importance of Key Performance Indicators**

More and more mechanical engineering companies have identified the profit potential of industrial services and in consequence expand their service portfolio. By offering added value through industrial services, a mechanical engineering company can differentiate its offerings and gain a competitive advantage, which is likely to result in an increase in sales. For B2B customers, performance improvements, which contribute to customers' business successes, are created through industrial services, which enhance the perceived quality of the product.

However, current research has showed that many customers are not aware of the value-adding benefits of industrial services. As a consequence, customers, due to a lack of understanding to pay in addition for services, have difficulties in investing money in industrial services. Thus, mechanical engineering companies have to be made aware of the significance of making the value of industrial services transparent to their customers. Despite this importance, research on the impact of value communication for customers and providers regarding industrial services is still in its infancy. In this context, key performance indicators (KPIs) are of importance. A provider of industrial services should use KPIs to measure the improvements for customers that result from the use of industrial services to illustrate their value. But despite the practical relevance, the use of KPIs to communicate the value of industrial services is hardly researched. In consequence, based on an intensive desk research, we started to conduct in-depth interviews with customers and providers of industrial services of mechanical engineering companies regarding their point of view on relevant KPIs that could adequately express the value of industrial services.

## **Value-Added Service in Manufacturing Industries for Establishing and Enhancing Brands**

This investigation explores the processes of manufacturing services through an illustrative case that analyzes a mattress manufacturing company's focus on new value-added services: "sleep knowledge management," to establish an identifiable brand and then enhance the brand's recognition.

The case involves Power Sleep, founded in Taiwan by a German's company, called Elza. Power Sleep in this case study has existed in the Taiwanese market for more than twenty years. In recent years, Power Sleep transitioned to providing value-added services in manufacturing mattress and related products for customers, especially by analyzing and managing customers' "sleep knowledge." However, Power Sleep encountered difficulties enhancing the market's awareness of the value-added aspects of its services and establishing its brand's identity. Thus, this investigation explores the methods the company uses to develop customers' "sleep knowledge" to promote marketing its mattresses and related products. By adding a sensor in the mattresses, the case study explores the company's adoption of a technology, sleep information and management system, which collects, analyzes and manages customers' daily sleeping habits as a value-added service. Customers, accessing the analyses are able to conduct a quick health check from, weekly or monthly summary reports of their own sleeping experiences. Power Sleep expects to establish and enhance its brand to compete effectively in global markets.

Through the discussion of the case of the mattress manufacturing company, this investigation reveals the possibilities of developing value-added services in other manufacturing industries. Three elements for establishing a brand are also points of discussion: financial elements, markets, and consumers.





**07-305**  
Session

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## The Effects of a Service Avatar on Online Consumers' Service Quality and Shopping Efficiency

A growing trend for online retailers is to bring social aspects of the in-store experience to their online customers. The use of service avatars by marketing practitioners has become a popular approach (e.g., the ANNA avatar on IKEA). Avatars may heighten the perception of employee presence, perhaps inducing in customers the experience of being served when shopping online. Previous studies suggest that service avatars may induce online consumers' perceptions of Web site socialness and that avatars increase the persuasiveness of online sales channels. However, little is known about avatar-related effects on consumers' inferences on service quality and shopping efficiency, which are determinants of positive shopping experiences.

The objectives of this study are to examine the effects of service avatars on consumers' inferences about interpersonal service quality, efficiency of shopping and store image, which in turn may influence Web site patronage intention. A laboratory experiment was conducted using a sample of 337 undergraduate students from a large southwestern university in the U.S. An online travel service was selected as the context based on pretests from the same population. Two experimental Web sites (with or without avatar) were created. In a computer lab specifically set up for the study, students were randomly assigned to a computer station containing one of the experimental conditions. Following their visit to the appropriate Web site, subjects completed a questionnaire.

By applying social response theory and empirically testing the effects of a service avatar, our research demonstrates that Web sites using these avatars induce more positive inferences about an online retailer's interpersonal quality, efficiency of shopping and store image compared to Web sites without avatars. Further, these positive inferences then enhance consumers' intentions to patronize these Web sites.

Thus, study findings suggest that service avatars are influential Web technologies. Results also provide evidence to justify the investment in avatar technologies. This study should be of interest to anyone involved in using and/or researching the social aspects of Web services technologies.



## 08-102

Session

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## **Personal Life Repository for Consumer-Initiative Services**

PDS (personal data store) is an IT tool which allows individual users to easily and securely store, manage, selectively disclose and utilize their own personal data. PLR (personal life repository) is a distributed PDS which is extremely personal in the sense that each individual user stores her data in personal clouds (such as Dropbox and SkyDrive) in such a way that the cloud vendors (such as Dropbox and Microsoft) cannot make sense of those data.

As a sort of PDS, PLR not only benefits individuals by establishing consumers' initiative, but also eliminates the cost and risk for service providers to keep their clients' big personal data while preventing data leakage. Unlike other, centralized, PDSs, PLR requires no service operator (such as information bank), so that it is very inexpensive to launch and spread PDS and services based on it. When spread globally, PDS would enable small businesses to address huge global markets by occasionally collecting and analyzing big personal data which their clients have accumulated and managed by themselves.

The notion of PDS has been around for more than a decade, but it has not been very pervasive so far. Here is a chicken-and-egg problem. If many individuals use PDS-based services, then those services' value per cost is very high because they can coordinate with each other by sharing data, but how can we make many people use PDS in the first place? We need a stand-alone PDS-based service which is valuable enough for many people and can be a basis to introduce other services.

The FIT (feed-in-tariff) system introduced in July 2012 in Japan provides a basis for such an initiating PDS-based service --- maintenance support for photovoltaic (PV) systems. PLR drastically reduces the cost of service operation and guarantees the users' freedom to choose any service providers and disclose data to them. This service will further extend to HEMS (home energy management service), healthcare, and other PLR-based services. The underlying business model and the relevant functions of PLR are discussed in detail.



## 08-103

Session

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## Effects of Cultural Orientation on Customer Goals: A Dynamic Analysis

Over the last few decades a considerable number of studies have been made on the motivation and goal of consumer behavior. Some research shows the evidence that consumer behavior is goal oriented. (Baumgartner & Pieters, 2008). However, there may be cultural differences in each country and region. In this study, we examine consumers' style of thinking--analytic versus holistic thinking -- effects on their goal based on the cultural task analysis framework (Kitayama and Imada, 2010; Kitayama, Park, Sevincer, Karasawa, and Uskul, 2009), also we tried to find out the changes of customer's goal.

We conducted two longitudinal survey researches collaborating with Kumon Institute of Education. The main purpose of the 1st longitudinal research is to confirm our hypothesis which is the consumers' style of thinking effect on their goal even in the same culture/country. The 2nd longitudinal research aims finding the cultural differences between the East and the West. Each research measures the goal of consuming service twice for checking changes over the five months.

For the 1st longitudinal research, we did the initial survey from May 7 to May 18, 2012 and the second survey from Oct 8 to Oct. 19, 2012. Participants in these two surveys were parents/guardians of 131 students (high school students or younger) at three Kumon centers in Tokyo. The center instructors distributed a set of paper-and-pencil questionnaires to and collected them from the participants. The initial effort is that we examine the structure of hypothesis model, responses to 7-point, bipolar, agree-disagree scales. Then we analyzed the longitudinal data by a structural equation modeling (SEM). We found acceptable fit indexes;  $\chi^2 = 310.31$ ,  $df = 164$ ,  $p\text{-value} = 0.00$ , CFI (Bentler, 1990) = 0.864 and RMSEA = 0.070. The results are following; (1) Thinking style determines whether a consumer has a high-construal goal or low-construal goal. We can say that the holistic thinker's goal may be a vague and ideal long-term goal (high-construal goal) compared to the analytic thinker's goal; (2) The consumer's goal type did not significantly change over a period of five months; in other words, regardless of whether a consumer has a clear and short-term goal (low-construal goal) or a vague and idealistic long-term goal (high-construal goal), he or she retains that goal over five months.

In next phase, we will conduct more large-scale longitudinal survey with Kumon's cooperation. We are currently conducting four-country comparative studies targeting at parents/guardians of about 2000 students (high school students or younger) in Hong Kong, Japan, the U.S. and the U.K.. We will report our findings about cultural differences of consumer's goal and motivation and we will discuss the changes of consumer's goal.



## 08-104

Session

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## **Measuring the Liability Side of Service Businesses**

Despite extensive literature on the value of customer complaints and the impact of effective complaint handling, firms continue to perceive complaints negatively. Performance measures such as complaint rates are mostly deployed to evaluate how well a department, touchpoint, or function is doing. This indicator is often perceived negatively as a signal of poor performance. This negative aura surrounding complaints hurts the long-term health of the firm. For example, if frontline staff members hide the existence of complaint events from the firm by quietly handling each event on their own without documenting it, the firm would lose the opportunity to be able to discern any underlying systemic issues that need fixing.

We propose two performance indicators for managers that will serve as positive reinforcement for employees and encourage a focus on continuous improvements within firms.

Using data from a national survey of customer satisfaction, the Customer Satisfaction Index of Singapore (CSISG), we offer evidence to support the relevance of these performance indicators to firms.

**08-201**

Session

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**The Transformative Effect of Reiki, Yoga, and Massage Services on Cancer Patient Well-Being**

Cancer resource centers typically provide cancer patients with complementary therapies, such as yoga, massage, and Reiki, in conjunction with their patients receiving conventional cancer treatment from oncologists. Prior research reveals that cancer patients often experience benefits from receiving these services during and after treatment. However, these studies contain a shortcoming in that researchers tend to explore a specific complementary service on patient well-being. Consequently, cancer center directors and oncologists lack a complete understanding of how to best recommend complementary services to their members that best meet their members' primary health concerns.

This paper addresses this chasm by exploring simultaneously the effects of yoga, massage, and Reiki services on the well-being of 150 members of LivingWell, a cancer resource center located in Geneva, Ill. The experimental design measures the effect of 50 members receiving yoga, massage, and Reiki, respectively, on six well-being, self-perceived outcomes—that is, stress, pain, anxiety, mood, overall health, and overall quality of life—at two periods, before and after each class.

The results reveal that all three complementary services help assuage stress, improve mood, and enhance members' quality of life. In terms of pain relief, the data reveal that Reiki has the greatest impact on lessening a participant's pain compared with either massage or yoga. Participants receiving Reiki tended to report the highest levels of anxiety before treatment, compared with those engaging in yoga or a massage. Although the participants' anxiety may be attributed to cancer or to a lack of knowledge about Reiki, after receiving Reiki, participants' anxiety levels decrease to a level that matches yoga and massage. In terms of overall health, Reiki participants reported a significantly lower health score than yoga and massage participants before class. However, after receiving Reiki, participants reported a higher health score, which equaled that of massage and yoga participants.

These findings provide cancer center staff, and oncologists, with knowledge to direct their members to specific complementary therapies, that satisfy each member's specific need, such as pain relief, mood enhancement, an improved quality of life, and so forth. Most notably, cancer patients who are likely to experience pain from conventional cancer treatment should be encouraged to partake in Reiki therapy, which remain a somewhat unknown complementary, alternative cancer therapy service. Yet, it is worth noting here that yoga, massage, and Reiki services all emerge as being beneficial to cancer patient well-being in some manner.

These findings support the transformative service research paradigm. This research shows how the actions of not-for-profit, cancer resource center service entities, their service employees, and complementary cancer therapy service offerings, positively affects cancer patients, and therefore, improves cancer patient well-being in a global manner. Rather than continue to have cancer patients select cancer resource services on a haphazard basis, managers now have a complete understanding as how to customize complementary alternative therapy services that best satisfy each patient's unique needs and concerns.



# 08-202

Session

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## **Gamification as a Service for Improving Healthcare Adherence**

As one of the causes of increasing population with chronic diseases, low adherence with healthy lifestyle has been a major challenge in health care industry. Gamification, the use of game-based mechanics in non-game context, has been applied to a health promotion web application. We statistically test the significance of gamification in improving students' participation in health promotion programs, and found it positive. The gamification service system is further refactored to make it exportable as web services to other healthcare application. Therefore legacy IT systems in hospitals or health screening centers could adopt gamification with little efforts. While the idea of "gamification as a service" (GMaaS) to healthcare is new, a generic GMaaS aiming to motivate adherence in different scenarios, such as employee training, will be discussed in this presentation.



## 08-206

Session

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## More is Not Always Better; The Pivotal Role of Desire for Control in Affecting Service Attitudes and Behavior

Many marketers and academics assume that customers always want control of the service experience and benefit (perceive value) from having more control (Namasivayam and Mount, 2006). However, empirical support for this assumption is limited.

The study proposes that beneficial effects will occur if the opportunity and capacity for control are aligned with desire for control. Conflicting control beliefs –on the other hand– will have a detrimental effect. The research question is: (How) does desire for control affect customer attitudes and behavior? To answer the research question, we conducted an experiment in a service context. We developed and produced 8 different video clips in which opportunity, capacity and desire for control were manipulated in a scenario. 379 students participated in the experiment. The results were analyzed with Man(c)ova.

The study demonstrates that the effect of capacity and opportunity for control is not always positive because the effect depends on desire for control. Customers having the desired level of opportunity and capacity for control are most satisfied (with self, the service provider, service process and service outcome); customers having more opportunity and capacity for control than desired are less satisfied and customers having less opportunity and capacity for control than desired are least satisfied. Furthermore, consistency with desire also increases the strength of positive behavioral intentions (like loyalty and positive word of mouth) and conflict with desire increases the strength of negative behavioral intentions (like complaining and switching).

The main theoretical conclusion of this study is therefore that more control is not always better: it is better when it is desired, but worse when it is not desired. The managerial implication is that the customer should be given the opportunity to choose *not* to exercise control.

This study demonstrates that the effect of opportunity and capacity for control in services is conditional and more complex than previously assumed.



**08-301**  
Session

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## **Service Innovation as Consumer Experienced Phenomenon: A Service Experience Investigation of Smartphone Apps**

Innovations have been regarded by researchers and practitioners to be the drivers of global competitiveness and organizational growth. Historically, innovations have been studied in the context of innovations in manufacturing firms, with extensive focus on product innovations. Since the last two decades, however, an emerging literature in innovation research has exclusively focussed on service innovations. Service innovation studies, till date, have focused extensively on management techniques of innovation within firms, drivers of innovation, roles of organisational leaders and employees, impacts of innovation, and adoption and diffusion of innovations among customers. All these themes of service innovation research, however, exclusively focus on the firms' perspective and scarcely shed light on the consumers' perspective of understanding service innovations. This study attempts to address this research gap by investigating service innovations as a consumer experienced phenomenon. The empirical research data is based on a phenomenological study conducted in August 2012 using BBC news app for a week long exercise where the participants of the study were requested to record their usage experiences in an 'app diary'. The participant narratives, as self-recorded in app diaries, form the empirical base for this paper. The findings indicate that consumer experiences of service innovations are not restricted to the benefits or outcomes ('What') of innovations but also include the process ('How'), temporal ('When') and spatial ('Where') aspects of app experience. Also, the findings revealed several unintended consequences (unintended from the firms' perspective) of BBC app usage in consumers' lifeworld. Characterizing smartphone apps as service innovation, this is one of the few studies which investigate consumer perspective on service innovation, going beyond studying innovation 'for' consumers, to investigating innovation 'as' consumers' experienced phenomenon. Also, the study contributes to the synthesis approach of researching service innovation by examining it as a consumer experienced phenomenon, independent of the product versus service innovation dichotomy.





**08-302**

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## The Influences of Emotional Styles on Consumers' Responses to Services Advertising

Previous research has found a strong relationship between the type of service and the effectiveness of advertising appeal strategy in services advertising. In order to achieve a good level of advertising effectiveness, services heavily relied on functional benefits (e.g., physicians and hospitals) are suggested to adopt functional appeals while services heavily relied on experiential benefits (e.g., hotels and restaurants) are suggested to adopt emotional appeals in their advertising strategies. This study, however, finds that an individual's emotional style, such as his or her affect intensity, has a strong influence on the relationship between the type of service and the effectiveness of advertising appeals. High affect-intensity consumers report higher levels of positive emotion and brand favorability than do their low affect-intensity counterparts when exposed to advertisements using emotional appeals, irrespective the service type. This finding suggests, no matter what the service type is, advertisement using emotional appeals will gain better responses among the high affect-intensity consumers than advertisements using functional appeals. Consumers with low affect-intensity do not appear to have any significantly different responses towards the functional or emotion appeals, irrespective the service type. The findings of the study imply that the match between advertising appeal strategy and service type may not always be required for services advertising. Findings also suggest that

consumers' emotional styles should be taken into consideration in order to effectively market services.



**08-303M**

Session

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## **Value Constellation: a Perspective Based on Patent Strategy and Patent Litigation**

Service has been widely recognized as value co-creation yielding useful change that results from purposeful interactions among distinct service system entities. In addition, value does not occur in sequential chains but in complex constellations, in which system entities engage in both tangible and intangible exchanges to achieve economic or social good.

Intellectual Property (IP) is getting more and more attention with the increasingly recognized importance of intangible assets. Especially with the rapid growth of technology, patent is indispensable for companies to strategically manage their prized knowledge, do business and make patent strategy. Litigation, nowadays, also plays an important role among firms, such as enterprises taking litigation as a means to forge an alliance to prevent being involved in lawsuit war, to compete with their competitors so as to snatch the key technology or monopolize the market, etc.

The purpose of this study is to devise an IT-facilitated approach aiming at visualizing possible ways of value constellations using the identified strategic operant resources across different enterprises from the perspective of patent strategy and patent litigation. This approach, assisted by Google API and external IP knowledge bases, can facilitate enterprises to well perceive the whole allied and competitive situations between business strategy and patent strategy, reducing human resource and budget in exploring the network of actors and their relationships that can jointly create value from the IP intangible asset perspective.

**08-304M**  
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**Different Effect of Personalized Messages on Online Service Satisfaction?: The Moderating Role of Category Knowledge, Product Type, and Price Level**

Personalization is certainly a growing phenomenon in various domains of e-commerce, expanding retailers' opportunity to improve their service quality of web shopping environments. While most research on personalization focused on its positive influence on customer patronage, little empirical evidence has existed in the extant literature, regarding viable influence of various contextual/individual characteristics on this personalization dynamics. To fill the knowledge gap, this study tested some contextual/individual variables (i.e., category knowledge, product type, price level) as the moderators of the personalization's effect on online shoppers' service satisfaction. A set of experiments on fictitious web retail sites was performed with U.S. consumers ( $n = 320$ ); the results showed a stronger influence of personalized messages on service satisfaction, for the participants of low (versus high) category knowledge, and for hedonic (versus utilitarian) goods. However, the results failed to support the hypothesized moderating effect of price level (low versus high) on the personalization-satisfaction relationship.

**Cultural Awareness: the Route to Creating Superior Service Performance and Customer Satisfaction**

Due to current role and contribution of service sector in general and hospitality industry in particular to the economy and rapid pace of internationalisation of service firms, it is difficult for hospitality businesses to establish a universal service marketing strategy which can be effectively used across a complex of diverse national cultures. This also poses a challenge for academics to employ a 'vanilla, one size fits all' approach or the existing Western-driven theoretical cultural lens to offer prescriptions for organisational success and survival. This research gains insight from Chinese cultural values of *guanxi* (關係), *mian-tzu* (面子), and *hé* (和) to both enhance the theoretical base of service quality research and to help practicing hospitality managers delight their customers. So given the role of China and its consumers in global economy and previous call for such research, this study brings new insights into the long-standing debate on service quality and culture. Hence, the primary aim of this study is to explore the influence of Chinese cultural values on customer expectations of service quality. In order to achieve the research aims, this study adopts a quantitative methodological approach and collect data from two Taiwanese types of restaurant/foods services: five star chain hotel restaurants and local chain restaurants. Overall, the findings pose a challenge to the marketing and service research scholars interested in hospitality sector in terms of applicability of Western-dominated cultural frameworks to study customers' expectations of more specific-cultural contexts.

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# 08-305

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## **Twenty Years of Service Recovery Paradox Research – A critical Review**

After more than 20 years of research on service recovery, marketing academics continue to provide differing conclusions regarding the existence of the service recovery paradox (SRP). This manuscript extends this rich body of research by addressing three limitations of previous studies. First, we identify an important boundary condition for the emergence of the SRP by demonstrating that the presence of the SRP is contingent on the level of compensation in the recovery. Second, we demonstrate the customer perceptions of distributive justice mediate the effects of recovery efforts and customer attitudes and loyalty intentions, thus confirming the process underlying the SRP. Finally, we execute a field study that compares post-transaction attitudes and spending behavior between a control group and a group experiencing a satisfying recovery that the SRP fails to exist when we consider actual behavior as the focal outcome. By addressing these limitations of current research, researchers may increase the reliability of future studies on the existence of the SRP.



## 09-102

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## **Satisfying Customers through Satisfied Service Employees: A Perspective of Emotional Labor and Emotional Contagion Theories**

The importance of service employee satisfaction in enhancing customer satisfaction has been emphasized, yet there is limited research exploring the mechanism linking them. Research indicated that employee satisfaction will influence service employee's emotional labor. In turn, emotional labor affects the emotional contagion between service employee and customers, which eventually influences customer satisfaction. In other words, the relationship between employee and customer satisfaction can be mediated by emotional labor and contagion. This research attempts to fill this research gap by developing and testing an empirical model that examines the new mechanism through which satisfied employees satisfy customers. Dyadic survey data collected from 193 customer-employee pairs in various service industries was examined through structural equation modeling (SEM). Results demonstrated that employee's satisfaction affects the employees' emotional labor strategies (deep acting and surface acting). Emotional labor, in turn, influences the emotional contagion between the employees and customers (employee affective delivery and customer emotion), which affects customer satisfaction. Our study provides service firms an important mechanism through which satisfied employees satisfy customers with an emphasis on emotional labor and contagion. Implications, limitations and future research directions are then discussed.



**09-201**

Session

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## **Personalized Compliance Feedback via Intelligent Sensing and Social Interactive Exercises**

With the fast growing number of people considered to be obese and chronically ill, national healthcare systems worldwide are confronting grand challenges, largely due to the draining of resources on managing these health risks. Therefore, individual efforts toward a healthier lifestyle are essential in disease prevention, and the medical care cost will be much lower if high risk individuals can take actions before they develop into more serious health problems. However, the creation of a personalized compliance feedback loop is definitely not trivial and is crucial for initiating and sustaining health behavior change. Unfortunately, current approaches and systems mainly focus on providing tools for maintaining compliance self reports (e.g., simply recording traveling distances or specific workout routines such as walking), which are in turn limited and unable to interact with users. In this work, we present a model-driven sensor data assessment mechanism capable of identifying high level compliance-related activity patterns from low level signals. The proposed intelligent sensing platform can thus achieve the following unique features to improve patients' activity compliance: (1) Upon the recognition of each activity, the system can provide real-time personalized feedbacks such as exercise coaching and fitness planning; (2) Integrating with LSB (location-based service) and social network, a so-called Social Interactive Exercises can be built to motivate users maintaining their exercise plan via the interaction with others. The resulted system demonstrates the feasibility of a portable real-time personalized compliance feedback system that could be used for advanced healthcare services.



## 09-202

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## Co-creation Orientation: The Construct, Antecedents, and Consequences

Whereas the S-D Logic worldview of looking at every economic activity as a value co-creation between a firm and customers has become prevalent in service research community (Vargo and Lusch 2004), it has also been widely documented that different organizations, managers, and consumers tend to participate in different types of co-creation activities in different degree (e.g., Storbacka 2010, Ramaswamy and Gouillart 2010). In other words, there seem to exist individual differences among organizations, managers, and customers in what we call “co-creation orientation”.

Our research intends to develop the construct of “co-creation orientation” of firms, managers, and customers from a behavioral viewpoint, establish its measurement of a new construct, and examine its antecedents and consequences through empirical research. We aim at achieving this research goal by taking the following three steps: (1) to revisit and extend extant knowledge in the field of marketing, specifically the stream of research on such a firm-side construct as “market orientation” (Kohli and Jaworski 1990; Deshpande and Farley 1999), from the S-D Logic perspective, (2) review and integrate customer-focused constructs such as “domain-specific innovativeness,” “consumer creativity,” “lead user,” and “market maven” (e.g., Goldsmith and Hofacker 1991; Hauser, Tellis, and Griffin 2006; von Hippel 1986; Feich and Price 1987) as well as company-customer relationship-based constructs such as “customer engagement” (e.g., Brodie et al 2011) and “customer-company identification” (Bhattacharya and Sen 2003) – with the company-side construct; and (3) to combine knowledge accumulated in extant research and insights gained from our field-based empirical research.

As part of our program of research, we are working with MUJI, a Japan-based JPY 180 billion (USD 2 billion) company manufacturing a wide range of lifestyle products from apparel, food, and furniture/household items and operating over 500 stores in more than 20 countries. We are taking two-step approach to this joint project with MUJI: The first step was field-based qualitative research in which we interviewed more than 30 top managers who are in charge of major business departments at the headquarters and also over 10 store managers and storefront staff members working at different types of MUJI stores in terms of floor sizes, locations, and product lineups; The second step includes online survey asking MUJI’s managers, storefront staff members, and customers on their co-creation orientation and related constructs.

Our preliminary findings from the qualitative research suggest that degree of co-creation activities differ widely among departments, among managers, and among customers. The paper reports detailed findings from the field research and discusses next steps including further conceptualization and operationalization of co-creation orientation and planned large-scale quantitative research.



## 09-205

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## Inductee Participation in Referral Reward Programs

Referral reward programs (RRPs) incentivize current customers (inductors) to recommend a firm's products to their friends and family (inductees). Because RRP's utilize existing customers (who are familiar with the firm's products) as inductors to reach out to the same affinity group, their testimonies tend to be more credible and effective than other marketing channels in communicating and tailoring the value proposition and in reducing pre-purchase risk perceptions.

RRPs play an important role in enhancing firm value through the cost-effective acquisition of suitable new customers. To design RRP's effectively, it is important for firms to understand why inductees participate in RRP's. Although it is generally believed that inductees enjoy lower perceived risk and potentially a more tailored explanation of the product's value proposition, empirical research on the inductee perspective is sparse. In fact, all extant empirical research on RRP's focuses on inductor behavior and inductee value, and no study has explored the factors that distinguish customers acquired through RRP's from those acquired through other marketing programs. This study explores key factors that distinguish customers acquired through RRP's from customers acquired through other non RRP channels.

We compared attitudes and behaviours of inductees' (i.e., customers acquired through the bank's RRP) with those of other new customers (i.e., customers acquired through other, non-RRP channels) of a large retail bank. Specifically, we telephone surveyed 300 inductees and 300 other new customers to obtain attitudinal data and matched that with actual purchase data from the bank's CRM system. Our analysis examines the relationship between the dichotomous dependent variable, RRP participation, and the five predictor variables: recommendation behavior, customer satisfaction, customer loyalty, attitudes towards RRP's and product involvement using the logistic regression method. The findings suggest that inductees have more favorable attitudes towards the RRP and are more likely to recommend the company to others than customers acquired through other, non-RRP channels. However, customers acquired through other, non-RRP channels are found to exhibit stronger product involvement than inductees. Additionally, we find that revenues (i.e., average account balances) are far higher for inductees than for customers acquired through non-RRP channels.



**09-301**

Session

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## Investigating Service Productivity in a Cross-Industry Setting: Linking Customer and Operational Metrics to Firm Performance

Service firms pursue high operational efficiency, especially in environments with highly competitive prices, small profit margins, and high labor costs (Rust and Huang 2012). However, service firms also strive for high levels of customer satisfaction, which in turn frequently clashes with operations-led efficiency goals (e.g., Kwortnik and Thompson 2009; Heracleous and Wirtz 2010). Past research examined service firms' operational efficiency and quality or satisfaction related effectiveness separately, concluding that these concepts are frequently at odds with each other (e.g., Anderson, Fornell and Rust 1997; He, Chan and Wu 2007).

We empirically examine a framework based on work by Grönroos and Ojasalo (2004) and the service profit chain (Heskett et al. 1994). The proposed model incorporates service productivity operationalized as firm's internal operational measures (i.e., operational efficiency such as sales per employee and sales per fixed assets) and effectiveness (i.e., customer perceptions operationalized as perceived service quality). Further, we analyze service productivity's ramifications along the service profit chain with customer's perceived (psychological) outcomes such as service value, satisfaction, and ultimately its impact on financial performance. In particular, we test the robustness of the service profit chain as well as analyze firm's reactions along the chain from productivity to customer outcomes and financial results within the volatile business cycle in the micro-cosmos of Singapore between the years 2007 and 2011.

To test our model, we combine longitudinal operational and financial data of 30 Singapore-based service firms across several industries (incl. health care, tourism, retailing, transportation and logistics) with the Customer Satisfaction Index Singapore (CSISG) data for the years 2007 to 2011. By applying an econometric panel approach, first results show that perceived service quality interacts with operational efficiency on firm performance (measured as return on assets). We conclude that the customer perspective (i.e., effectiveness) should be an integral part of productivity measurement in service organizations and managers should also consider customer related metrics when measuring service productivity.

**09-302**

Session

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## Organizing for Solution Business: Redefining Firm Boundaries

Commoditization pressures and heightened competition have increasingly prompted product manufacturers to transition to service based business. In particular, the so called solution business model has been identified as an attractive alternative that ensures synergistic spillovers between service and core product operations, thereby facilitating the manufacturer's transition.

Existing literature identifies two ideal forms of organizing for solution provision: the systems seller approach; where the firm uses resources based in the organization; and the systems integrator approach where the firm coordinates resources residing outside its boundaries. While solution literature has traditionally advocated the benefits of a systems seller approach, recent contributions indicate that this form of solution provision is losing its appeal as customers require more complex solutions integrated from multi-vendor technologies, products, and services. At the same time, it has been argued that excessive externalization can, for instance, lead to erosion in firm capabilities and weakened innovative capacity. Thus, more research is needed to explicate the rationale for choosing an optimal position between these ideal types.

To contribute to such understanding, this study draws on two in-depth case studies of global manufacturers, Wärtsilä and Kone, operating in the metal engineering sector. The empirical data comprises 36 interviews with positions of informants ranging from manager to division head. The firms studied have increasingly transitioned to solution based business, but have followed very different paths with Wärtsilä resembling more closely a systems seller and Kone a systems integrator.

Our findings indicate that the systems seller and systems integrator approach can be equally effective strategies for creating value through solutions. However, this effectiveness is contingent on a careful understanding of the drivers that favor selection of a particular strategy. These drivers relate to market dynamics; organizational learning and capability development; and the underlying value proposition of the solution offering.

We contribute to solution research by increasing understanding of manufacturing firms' approaches to organize for solution business, the drivers prompting these choices, and the related organizational challenges and opportunities. We also discuss some key factors that affect the willingness of manufacturers to move towards pure network based value creation in the form of systems integration.



## 09-303M

Session

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## Using DEMATEL Method to Identify Key Success Factors of Hospital Service Quality from Patients' Points of View

With high competition and low-reimbursement, managing a hospital is not an easy task since the important goals are to attract and then retain as many patients as possible. Therefore, patients' opinions should be incorporated in order to improve service quality and then provide better services. This study uses Show Chwan Memorial Hospital in Changhua City, Taiwan as an example to show how patients' points of view on medical service can be the input for continuously improving medical service quality. The questionnaire with seven factors based on our previous work is issued to the patients or their families of Show Chwan Memorial Hospital. Decision-making trial and evaluation laboratory (DEMATEL) method is applied to not only identify critical factors of medical service quality but also construct the causal relations among the factors. The survey was taken from March 23, 2009 to May 8, 2009, and 312 patients or their families at Show Chwan Memorial Hospital were invited to fill out the survey but the number of valid questionnaire is 228. The results show that there are three important key factors, namely service personnel with good communication skills, service personnel with immediate problem-solving abilities, and well-equipped medical equipment, where service personnel with good communication skills is the most essential factor, while well-equipped medical equipment is the least important factor. These three factors not only are all net causes but also have positive impacts on other factors. Therefore, these three factors are critical factors to improve hospital service quality from patients' viewpoints.

## Personalized Health Service Design to Improve Patient Engagement

Various projects such as Diabetes Shared-Care have attempted to identify methods to provide cost effective medical care, by improving interpretation and execution of care guidelines, clinical process improvements and defining key process indicators such as frequency of tests according to appropriate guidelines. Results from such programs indicate that process control alone cannot reach treatment goals especially in chronic disease. Capitation-based projects are seen as a promising framework to set quality control metrics like diabetes care metrics, cancer screen, flu shot, and patient satisfaction. Capitation encourages healthcare providers to increase their efforts in improving patient visibility and engagement. In this context, this presentation discusses a framework that can facilitate a personalized physician-patient interaction with the explicit purpose of improving patient engagement leading to adherence. The personalization service derives information from various sources such as patient records, adherence profiles, and other novel tools based on health literacy assessments.



## 09-304M

Session

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## What does Competition Matter in the Moments of Truth? A Dyadic View

Customer value has been recognized as a source of competitive advantage. Past studies have empirically supported the significance of customer value for customer loyalty in the service encounter. However, the success of keeping a relationship between service employees and consumers can depend on the subjective experience of consumers' perceived value. The changes in competitive situations and actions taken by competitors emphasize the need to consider the factor of competition in addition to customer value in the moments of truth. This study aims to provide an alternative view on the formation of customer loyalty from a value-based competitive perspective. We collected data using a questionnaire on dyads of service staff and customers in a setting of high consumer contact and experiential service. Major results show the power of competition in the interactions between service employees and consumers: Competition is a predictor of customer loyalty, and a critical moderator of the relationship between customer service evaluation and customer loyalty. Results also show the absence of symmetry on the view on competition between service staff and customers. Go beyond previous studies, this study contributes toward research on service management and implications for service practitioners by extending the understanding of the role of competition in a business relationship. In the consideration of competition, this study suggests how service employees could be managed in services where personal relationships with customers may be more important than other organizational investments, and also provides managers with direct insights as to where to invest to achieve desired customer loyalty.

## Will Easy Access Increase Public Transport Use? A Study of Singapore Commuters' Travel Choices

It has been widely accepted that easily accessible public transport services will reduce the amount of car usage, which consequently helps to reduce carbon emission and road congestion.

Since Singapore's housing estates are well connected by public transport, our study tested public transport service accessibility in terms of time and effort costs and its impact on commuters' travel choices. As revealed by our nationwide survey, time saving appeared to be the major consideration for commuters when going to the nearest bus stops or train stations. However, the impact on commuters' travel choices varies. For example, a bus stop in front of commuters' doorstep has a relatively weak impact on their travel mode choices. On the contrary, a shorter walking distance to train stations (i.e. less than 10 minutes) will increase train ridership and decrease car usage to a substantial extent.

Thus, we further tested the perceived differences between bus and train services and the moderation effort of those differentiators. As predicted, one of the differentiators such as excessive waiting time moderates the relationship between service accessibility and choices of mode.

Our study is an extension of service (access) convenience research with a few practical implications. Policymakers and planners need to be mindful of the fact that short walking distances to transport services will not necessarily increase the use of public transport. In order to reduce waiting time, service providers can either increase the frequency of services, or provide accurate information of arrival time. However, the former will incur substantial financial costs and could potentially lead to additional road congestion. The latter is more cost effective and can be achieved by innovatively leveraging on information technology.

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**09-305**

Session

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## **Value Initiation and Its Ownership: Where All Co-creation Starts and Why**

Research on firm initiated marketing phenomena tends to largely emphasize resource integration, where customers are seen as resources for firms' value creation processes. However, the growing customer initiated marketing phenomena (C2B, C2C) and sharing based business practices exemplify two contemporary marketing issues. The first issue is what motivates customers to engage in firms' value creation processes. The second issue is that if motivations vary, how firms foster on-going relationships with these active, engaged customers.

This paper proffers the conceptualization of 'ownership of value initiation' (OVI) to address these issues by answering the question of why actors enter the co-creation system. The dialogue regarding initiation of value and value creation has been evident, pertaining to Service Dominant Logic which accounts for value creation phenomena that are complex and co-creative in service-ecosystems. In the case of value initiation, customers are often those who take the lead in the co-creation processes. In turn, OVI is offered to encompass motivations beyond satisfaction and loyalty to further explore why actors enter the co-creation system.

This conceptual paper makes a contribution to marketing theory by developing a unified concept in the lens of S-D logic reflecting the dynamic relationships within service-systems. Such ongoing conceptual work will be of particular value in light of the increased complexity of the market place, where OVI can be used to underpin ongoing relational value creation processes. In terms of the managerial implication, it helps marketing managers to develop revenue models to strengthen interactions that foster the sustainability and innovativeness of co-created business models.



## 10-102

Session

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## Measuring Customer Experiences and Value-in-context through Service-Dominant-Logic

Marketing practitioners in firms are increasingly focusing on how to create compelling customer experiences. Unfortunately, marketing research is not at even par when it comes to understanding the antecedents and consequences that build up and emanate from these experiences. To meet this need, the present study serves the purpose of investigating to what extent customer experience is related to customer behavior and value-in-context as framed by the lens of the Service-Dominant logic (Vargo et al., 2010).

More specifically, the primary aim of the study is to investigate the role that expected utility have on value-in-context, hypothesizing that it serves as a hygiene factor. A secondary aim is to compare an existing model of customer experience (EXQ) and how it is related to value-in-context. A third and final aim is to examine if a set of items generated from the lens of the foundational premises that build up Service-Dominant logic (Vargo et al., 2010), with the purpose of capturing experiential value-in-context, can explore the relationships between customer experience, value perceptions and customer behavior.

Three studies explore customers' experiences and value perceptions using samples of 200 British customers per contexts. The contexts cover the entire range of service settings based upon the Silvestro et al. (1992) service typology. The surveys consist of either parts of full scales from previously validated instruments such as hedonic value (Babin et al., 1994), utilitarian value (Sweeney and Soutar, 2001), social value (Sanchez et al., 2006), behavioral loyalty intentions (Zeithaml et al., 1996), customer satisfaction (Dagger et al., 2007), word-of-mouth behavior (Brown et al., 2005), customer experience quality (Klaus & Maklan, 2012), as well as items generated with the intention of measuring the experiential value-in-context based on fundamental premises of SD-Logic (Vargo and Lusch, 2004).

The contribution of the study is an extended understanding of how experiences shape the perception of value among customers and how it is related to a variety of other scholarly concepts and theoretical frameworks. Research on measuring specific aspects of customer experiences is growing, but may be given a new fruitful direction by investigating its relationship to other previously suggested concepts as well as within Service-Dominant logic to (a) determine what really drives customer behavior, and (b) explore the customers' role in the co-creation process.



## 10-103

Session

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## Good Firm Gone Bad: Moderating Role of Customer Responses to Service Failure and Service Recovery via Customer Lifetime Value

We provide the first empirical support for how different customer responses mediate structural relationships between service recovery and customer lifetime value (CLV) across different service industries in the wake of service failure. Our research estimates how service failures influence customers' emotional and behavioural responses encompassing dissatisfaction, word-of-mouth, repurchase intention and switching intention. The impact of service failure and recovery is shown by measuring these constructs post-failure and post-recovery. Importantly, comparing CLV figures post service failure and post service recovery enables proxy estimates to be derived for quantifying the efficacy of differing levels of service recovery offered in response to a service failure.

We examine differing service failure and service recovery levels via a quasi-experimental 2 (industry type: airlines, mobile telecommunications)  $\times$  3 (service failure: low, medium, high)  $\times$  3 (service recovery: low, medium, high) repeated measures design for the mobile telecommunications and airlines service industries. To estimate these structural relationships, a large-scale dyadic cross-comparison employing structural equation modeling was conducted, simulating primary consumer data from a national online consumer panel with secondary financial report data to derive CLV figures across both service industries.

Our research indicates support for the existence of cross-industry comparative differences regarding the differential impacts of service failure and recovery levels on CLV and customer responses. In the wake of service failure, our research demonstrates that dissatisfaction fully mediates the relationship between service recovery and CLV for the mobile telecommunications service industry. However, repurchase intention fully mediates this same relationship for the airline industry. Our research offers a significant contribution to the services literature as it is the first empirical examination of the mediating impact of customers' emotional and behavioural responses across differing levels of service failure and recovery, on CLV. Our findings have relevance for service-based practitioners tasked with reparation in the wake of service failure and for scholars developing improved customer-based metrics.



# 10-104

Session

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## **Do Media Engagement Strategies Matter in Forming Service Brand Preferences?**

As the media world continues to digitalize, firms and consumers are continuously finding new ways to interact with each other. New media platforms such as social networks (e.g. Facebook) and micro-blogs (e.g. Twitter), have provided unprecedented touch points for firms to design customer-based strategies that increase consumer engagement, encourage positive word-of-mouth, and increase brand awareness. In particular, social media usage in China has blossomed. By October 2011, SinaWeibo, our study context, has become the largest micro-blog platform in China with over 250 million users and 90 million daily posts.

Our study examines the role of online consumer engagement in the formation of consumer brand preferences in the context of China's surging social media usage. We examine the effects of top consumer brands' micro-blog strategies on the creation of brand fans, brand interest and brand preference. To align with the theme of the conference which calls for cross-product category studies, we compare micro-blog effects of 196 leading consumer brands across 23 product and service categories in China. In building our model of online consumer engagement strategies, we collated data from three independent sources. We obtained consumers' brand preferences and brand loyalty measures from Millward Brown, a global brand consultancy which specializes in consumer surveys on brands. From GroupM, a global advertising and media company, we obtained online marketing expenses for each brand. Thirdly, our team designed a quasi-experiment that solicited the consumer brands' social media pages for a response. We set up several fictitious Weibo accounts to send a standardized inconspicuous message to each of the 196 brand's Weibo pages, asking for contacts to the firm's public relations department to arrange a company visit from university students. From the firm responses, we coded and measured how responsive and interactive the brands were to our requests. Lastly, we collected of the number of brand followers/fans from each brand's Weibo page. All these measures were collected in 2011.

Using this multi-brand, multi-source database, we examine the effects of online marketing expenses and brand's social media efforts on the creation of brand fans, and theorize how such social media processes contribute to and extend the existing AIDA (awareness, interest, desire, action) model of advertising. We confirmed that a brand's social media efforts are salient in creating online brand fans, but such efforts do not directly enhance recommendation to other consumers. Moreover, online brand fans does not directly link to brand loyalty, unless via brand preferences/interests. In sum, our findings point to the need of a revised model of consumer-media engagement yet the premises of the conventional model should not be discarded.





## 10-205

Session

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## **How Do Health Care Customers Value 'Cure' and 'Care' Online? A Marketing and Text Mining Approach towards Scale Development**

Today, health care customers take an active role in their disease management, thereby using ICT to access medical information and to connect with peers via online support communities. Previous research in a health care context, identified two broad categories that are critical to address the patient's support need holistically: cure (i.e. cognitive) and care (i.e. affective) oriented support. Further insights in, and measurement of these independent, partially contrary dimensions is vital to advance research. Therefore, the aim of this research is to develop a social support scale for online communication, thereby confronting a marketing and a text mining approach.

Research in this new, interactive online context introduces several challenges for marketing researchers. First of all, the confrontation with very extensive datasets introduces issues for capturing and storing (i.e., 'big data'). Secondly, initial attempts for measurement in an online context are based on classification and coding of data which involves trade-offs between symbolic richness and construct clarity. Therefore, we will confront the marketing approach for scale development with a text mining approach (i.e., automatically extract information from unstructured texts). Marketing research predominantly uses an explanatory routine, while in text mining predictive analytics are commonly used for theoretical advances. Therefore, the aim of the current research is three-fold. First of all, in terms of theory-building we get a more profound insight in the underlying sub-dimensions of cure and care related support. Secondly, we develop a scale to assess the cure and care related outcomes in online forums. Thirdly, we draw conclusions regarding the gap between explanatory and predictive analysis.



# 10-206

Session

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## Cultural Differences in Customer Participation: Impacts on Customer Purchase and Consumption Behavior

While customers with higher participation levels in value co-creation activities are, in general, more committed and satisfied (Ramaswamy and Gouillart, 2010), the impacts of different participation styles and different types of customer activities have yet to be systematically explored. Previous research has demonstrated that cultural variables indeed influence individual customer's participation style (e.g., Chan, Yim, and Lam, 2010). Most studies of cultural influence on customer participation so far, however, do not seem to have a systematic framework.

Based on the cultural task analysis framework (Kitayama, Park, Sevincer, Karasawa, and Uskul, 2009), we developed a model that systematically examines the influence of a set of cultural variables on customer participation as they relate to the two most-studied cultural mandates: independence and interdependence. These cultural variables include action orientation (influence vs. adjustment), cognitive style (analytic vs. holistic), and relational centrality (self-centrality vs. group-centrality), among others. Our model also incorporates different types of customer participation, from face-to-face interactions with service providers to peer-to-peer interactions via social media such as Facebook and Twitter. The model further examines the impact of customer participation styles across different types of participation, characterized by cultural variables, on more traditionally studied customer behavior such as purchase and consumption behavior.

Collaborating with the Kumon Institute of Education, a US\$900 million international classroom-based educational services firm operating in more than 25,000 classrooms in 47 countries and regions, we conducted a cross-cultural survey to empirically examine our model. Specifically, we are conducting a survey across four countries and regions. Participants were parents/guardians of 2,325 students at 56 Kumon centers in the US, the UK, Hong Kong, and Japan.

Preliminary findings based on the pilot survey in Japan, in which 199 participants from three Kumon centers in Tokyo took part, show that adjustment (as action orientation) mediates a positive effect of group-centrality (as relational centrality) on face-to-face interactions with classroom instructors (as one type of customer participation), and also show that holistic cognitive style positively affects peer-to-peer interactions via social media. We will report and discuss the findings from the cross-cultural study. Theoretical and managerial implications, and summarizes the limitations and future direction of the study will also be discussed.

**10-301**

Session

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**Influences of Transitive Trust on Facebook on Decision Making**

Social network allows mutual friend discovery and facilitate transitive trust. Transitive trust is the concept that describes the transferred trust across friends (immediate friends) and derived friends (friends in two steps away). We consider an example of transitive trust. If B knows and trusts C, and A knows and trusts B, then A is more likely to trust C. Trust is transitive, to a degree. Transitive trust is not a new concept. Prior to the SNSs, the challenge was to discover social ties and mutual friends. SNSs allow facilitate transitive trust because SNSs bring transparency and efficiency to discovering social ties and mutual ties. This potential online transitive trust can provide a new marketing opportunity. However, this potential is predicated with the assumption that online transitive trust influence user behavior. We propose a model to investigate the effects of online transitive trust, perceived product quality, and product familiarity on consumers' purchase intentions. We conducted a field experiments on Facebook to test these hypotheses. The results indicate that the product information and recommendations provided by immediate friends are perceived as having a high level of product quality. The latter increases the probability that the consumers will purchase the product in question. Additionally, Product familiarity moderates the effect of transitive trust on perceived product quality. For low product familiarity, the information and recommendations provided by immediate friends have a greater effect on purchase intentions than the information and recommendations provided by derived friends. However, we did not find this effect for high product familiarity. Our findings will increase the companies understanding of the role that transitive trust on SNSs play in consumers' decision-making processes.

**10-302**

Session

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## Factors Influencing Multichannel Consumers' Intention to Use Online Order/In-store Pickup Service

Consumers now demand greater control and flexibility in their shopping activities. They are interacting with retailers across multiple channels over pre-purchase, purchase, and post-purchase stages. Consequently, multichannel retailers are leveraging the synergy of combining their online and offline channels to create an omni-channel retailing experience. Providing cross-channel retail service is widely regarded as an effective strategy for brick-and-mortar retailers to overcome the 'showrooming effect' because it can bring the online consumers back into the store.

"Online Order/In-store Pickup" (OOIP) service is increasingly becoming a popular order fulfillment service offered by many multichannel retailers. OOIP service provides consumers with the option to pick up their online orders in the physical stores. Retailers that offer OOIP service allow consumers to choose the most convenient channel to complete their transactions by performing a certain level of self-service. Recent research has found that higher level of integration on order fulfillment and customer service engenders more favorable attitudes from consumers. Multichannel retailers who provide cross-channel services such as OOIP can also better attract and retain customers. Additionally, OOIP can also benefit retailers because it can reduce the logistics costs and improve the overall sales.

Although the past decade has seen considerable progress in multichannel retailing research, there is a dearth of work that advances a better understanding of cross-channel services involving consumer value co-creation. Since OOIP service is gaining prominence as a mainstream multichannel retail service, it is thus vital for service researchers and retailers alike to comprehend the factors that can influence consumers' intention to use this service. This study examines the determinants of OOIP usage intention in terms of consumers' individual characteristics, social influence, and the design factors of OOIP service. Data used to test the model was collected from 351 college students in northwestern China.

Results suggest that consumers' need for control and change-seeking behavior significantly affect their attitudes toward OOIP service. Next, consumers' attitude toward the service, level of social influence, and their multichannel self-efficacy positively affect their intention to use OOIP service. Through a behavioral experiment, we further find that OOIP service's accessibility and waiting time impact consumers' intention toward using the service. The findings offer managerial implications for retailers to better understand the individual, social, and service design factors that can influence consumers' attitude and intention to use OOIP service. The results also provide insights to guide further research on the management and design of this cross-channel retail service.



# 10-303M

Session

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## Service Productivity Enhancement – A Behavioral Approach

Cutting costs or serving the customer well? Service firms striving to maximize the economic output do face the dilemma how to balance revenue and cost-related measures. If cost- or revenue-related measures improve, the economic output of a service firm increases. Revenue-related measures are in general negatively associated with cost-related measures. For instance, an increase in service quality is associated with higher costs for service employees. This paper aims to offer a solution to overcome the trade-off between revenue-related and cost-related measures by a change in the customer-provider interaction. In a natural field experiment the default for the cleaning process in a hotel was altered. Results confirm that an altered default setting in the customer-provider interaction can improve service productivity. The cost-related measure improved while the revenue-related measure did not change.



**10-304M**  
Session

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## Revealing the Desired Qualities and Behaviors of Students during Classroom Service Encounters: A Chilean Perspective

This research aims to gain a deeper understanding of the desired qualities and behaviors that undergraduate business students should possess during classroom service encounters. An understanding of these characteristics and the underlying constructs behind these expectations hold practical implications for higher education institutions interested in improving the quality of interactions between professors and students in a sensitive stage of their university experience. To our best understanding, our study is the first that, using a means-end approach, addressed the desired qualities and behaviors of students during classroom service encounters. It is also the first comparative study of classroom service encounters using student-professor dyads. We conducted 40 in-depth laddering interviews with professors and undergraduate business students from a Chilean university. Our study provides a valuable first insight into the desired qualities and behaviors that professors expect students to demonstrate and what students think professors want them to demonstrate during classroom service encounters. Both parties acknowledge the importance of students' participation and engagement for achieving satisfactory classroom encounters. However, whereas professors emphasize the importance of students' analytical skills in order to achieve an effective learning experience and personal growth, students believe that professors expect them to demonstrate more overt behaviors and stress the importance of academic performance as a mediating consequence that will lead to the achievement of their career goals and the satisfaction of the values "well-being" and "self-esteem".



# 11-103

Session

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## **Business Insights via Machine Learning for IT Service Delivery**

Management of large-scale IT service delivery business relies on intelligent data-driven insights to make strategic decisions. The managed IT environment is highly complex with many components that focus on different aspects of delivery operations. For example, the asset system manages all hardware and software assets of the data centers. The IPC, (Incident, Problem and Change) ticket system tracks and manage the IT service tickets. The configuration management system manages configuration items for each server in the data centers. Business intelligence emerged from integration across all these viewpoints is invaluable in achieving excellent service quality and solid profit margin. However, in IT service delivery infrastructures with legacy service management components, the integration across all of the system components is limited by the lack explicit integration of data models. For instance, for legacy IPC systems, a record might include informal reference to related configuration items (e.g., servers) in free-form fields, but the data model does not provide for links to the related configuration management records (e.g., server records), most often because the configuration management system was developed after the IPC system. Another type of limitation is related to classification of incident tickets by failure types. The classification taxonomies used across IPC components can be different and very hard to map to one another.

The lack of record linkage and unified taxonomies makes it is difficult to extract deep business intelligence. The obvious options of restructuring data models and of integrating taxonomies across data sources are prohibitively expensive. In this paper, we present an effective alternative to integrate across poorly connected IPC, configuration, and asset data models based on statistical models and machine learning. We utilize methods to record features extracted from unstructured fields, such as abstract and description, in order to discover record links and classification against a common taxonomy. The fuzzy matching rules are trained from the data. The Maximum Entropy model is used to classify the failure types. Text normalization is developed to handle ill-written ticket text such as typos, abbreviations, ranges of names (e.g., host001-009). The Conditional Random Field probability models and fuzzy matching algorithm are employed to extract server names. As a result of applying these techniques, new features are extracted that allow joins across IPC ticket systems, asset and configuration management system. Valuable business insights are derived; including top trouble servers with failure type drill down, ticket distribution by features of configuration items, such as operation system, hardware age, vendors, etc. The knowledge bases are developed and can be applied to new IPC data sources without labeled data. The newly derived business insights have been used to discover the pain point and improve the service quality of the IT delivery.



# 11-201

Session

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## **Two Decades of Service Marketing Research: Mapping the New Frontiers of the Discipline**

Ten years ago, Furrer and Sollberger (2003) published a review of the developments of the service marketing discipline. In their paper, they described the evolution and dynamics of the discipline based on the articles published between 1993 and 2003. Ten years later, the service marketing discipline has developed further and a study of its recent developments is needed to understand the future of the discipline and develop a service marketing research agenda. Updating Furrer and Sollberger's database, this study analyzes the content of the service marketing research articles published in key journals from 1993 to 2012. Through multiple correspondence analyses (MCA), we will explore the relationships between the subdomains of service marketing research. These analyses will allow us to map keywords, authors, impact papers, and journals and to track their evolution over the past two decades to map the new frontiers of the discipline.

To examine the content of the service marketing literature, trace the continuities and discontinuities in its evolution, and identify emergent streams of research, we will perform a content analysis of over 2000 articles written and published in the top journals for service marketing research over the period 1993-2012 (JSR, JSM, IJMS, JM, JMR, JCR, MS, JR, JAMS, and IJRM). Based on their content, these articles will be matched with one or more of the research themes identified by Furrer and Sollberger, as well as with newly identified emergent themes. Following Furrer and Sollberger's methodology, we will first compute a cluster analysis to identify the keywords that "hang together," then run a MCA to obtain a richer representation of the relationships between keywords. Third, we will study the evolution of the relationships between keywords over time. The results of the MCA will be mapped to better understand the dimensions and frontiers of the discipline. In addition, the map can also be used to graphically position the most prolific authors in the discipline, to highlight the position of the most cited papers in each subdomain, and to identify the evolution of the position of the journals under study. The results of the study are expected to demonstrate how some of the main subdomains of the service marketing literature have changed their research orientation over time and identify new themes that have emerged. This study will provide several key contributions for service marketing scholars and practitioners. Both scholars and practitioners will gain an overview of the content and structure of the discipline and its developments over time. For practitioners, the study will provide an overview of the existing concepts and their relative importance, providing insights regarding the domains of their daily business. For scholars, the study findings will offer an agenda for future research by providing direction for the future development of the service marketing discipline.





## 11-202

Session

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## **How do Multinational Corporations Transmit Service Brands to the Local Employees of the Host Country? An Internal Marketing Mechanism Approach**

This research tends to answer the following question: How do multinational corporations transmit their service brand to the local employees of the host country? Service brand has been discussed from the point of internal marketing, which ensures that employees can demonstrate the authentic value of the service brand in their attitudes and behaviors. However, when a corporation attempts to transmit the service brand across borders, there needs to be a balance between globalization and localization. This research intends to build a systematic internal marketing mechanism from the viewpoint of internal marketing, international service branding and subsidiary brand-specific transformational leadership. This study uses both qualitative and quantitative methods to conduct an in-depth case study and questionnaire survey. This research provides the following theoretical and managerial contributions. Firstly, it proposes a systematic internal marketing mechanism to transmit the service brand across international borders. This includes a brand-specific leadership with cultural sensitivity, a brand norm positively led by the leader and an organizational learning system, which influences the practice of the brand norms. Secondly, in order to transmit the international service brand successfully, this paper argues that subsidiaries' leaders should have cultural sensitivity and demonstrate a brand-specific transformational leadership style. Thirdly, the paper finds and verifies that brand-specific transformational leadership has a positive effect on the brand norms and organizational learning, which in turn affect employee brand behavior and attitude toward the company's core brand value. Managerially, the systematic internal marketing mechanism developed by this research can enlighten those service companies who intend to expand their international scope and ascertain their service brand value is transmitted accurately and executed locally.



# 11-205

Session

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## Facebook and Evolutionary Psychology: Implications for Service Firms

This multidisciplinary study uses evolutionary psychology to illuminate impression management in Facebook—a network with more than a billion monthly active users. Today, potential customers in social media are a top agenda for business firms. Decision makers attempt to profit in new ways from Facebook, Twitter, Wikipedia, YouTube, and other social media applications (e.g., blogs, content communities, and virtual game worlds). On Facebook, 167,000 people declared that they “like” IBM NY, 330,650 “like” Hilton hotels, and 2,125,700 “like” KLM airlines. Who are these “virtual” customers? What can company management learn from inspecting their Facebook accounts? Marketing managers eagerly collect the explicit data provided by potential customers on Facebook: their age, sex, education, marital status, and country. The implicit data, however, are mostly overlooked.

Impression management is one of the major motives driving Facebook activity. Facebook users tend to present their identity in an implicit fashion, such as photos, and not through explicit declarations. Despite the salience of Facebook profile photos, there has been very limited research on the topic. The ability to excavate this implicit data and know who Facebook’s customers are, what they want, and why they like or dislike a specific service firm can contribute to the planning and management of consumer relationships with service firms. Almost all studies on social network users apply self-report surveys. This method has some critical methodological downfalls—such as response desirability and memory limitations. Thus, we did not use self-report; instead, we analyzed public data in a random representative international sample of 500 Facebook accounts. The results supported our hypotheses regarding the impact of gender on the impression management of Facebook users. The international sample makes the results especially compelling, and hint to an underlying evolutionary mechanism. According to evolutionary theory, men and women tend to behave differently because they had to deal with different challenges in prehistoric times. For instance, women had a greater share of childcare, and therefore adapted traits—like empathy—that were beneficial for this purpose. Accordingly, we found that women using Facebook were more likely to display emotions, in comparison to men, who were more likely to display power and status. Specifically, in comparison to women, men’s photos displayed fewer families and more objects (portraying status and skills). Men presented themselves as more distant than women by wearing more formal attire, hiding facial cues with sunglasses, and refraining from eye contact and smiling. These findings provide new insights into the ways by which social network users can be characterized, identified and segmented. It is suggested that service firms—more so than product firms—rely on interpersonal interactions, and can thus utilize such data to segment clients in a more precise fashion, in order to build and strengthen their rapport with clients.



# 11-206

Session

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## **Linking Customer Engagement Value and Service Dominant Logic: A Mobile Service Study**

Customers can interact with and create value for firms. This article links four CEV values and six SDL capabilities to propose marketing strategies that can leverage firm and customer relationships. Given customer engagement values (CEV) integrated and to build strategic business functions for Service-dominant logic (SDL). CEV offers more comprehensive dimensions to evaluate in multiple marketing strategic ways, customer lifetime value is from selling view, customer referral value is from promoting view, customer influencer value is from WOM view, and customer knowledge value is from product view. SDL provides best six capabilities about making choices to enhance co-creation values with customers for mutual and long-term relationships. The individuated interaction capability is for firm-customer relationship, relational interaction capability is for customer-customer relationship, ethical interaction capability is for customer loyalty, empowered interaction capability is for customer and marketing competition, developmental interaction capability is for product supporting, and concerted interaction capability is for customer services. This article delivers empirical studies which employ mobile panel data of mobile customers. The data is collected from mobile firm's call-detailed-records, bill payments, purchase behaviors, promotion-events and customer service responses. We cleanse these data to be CEVs for each customer and aggregate them to link to be SDL functions. Based on the feedback of customer usage behaviors and contributions, the SDL functions provide evaluations of firm-customer long-term relationships, and the CEVs estimate the firm's selling strategy performance and new product provision. Further marketing strategic suggestions and product quality improvement are discussed.



## 11-301

Session

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### Relationship Termination in Services Marketing

When business strategies undergo refinement, core or supplementary offerings often must change accordingly, such that new or modified offerings may no longer satisfy existing target customers. Thus, exit is inevitable in customer relationships, especially because the common assumption that customers act in functional, well-mannered ways is not always true; some customers routinely behave destructively, such that their retention leads to more harm than good. Managing relationship termination is crucial as a means to reduce the costs of serving poor fit customers and increasing the profit margins of existing customers to ensure optimal resource allocation. Although relationship termination is a necessary business decision, it can easily backfire and produce direct and indirect costs. For example, a direct financial loss arises, because terminated customers no longer purchase the offering. Indirect costs include negative consequences for the firm's reputation, such as negative word of mouth. Because relationship termination decisions cannot be made lightly, their implementation must be carefully planned. Unfortunately, little research describes effective relationship termination; the studies that examine relationship dissolution usually focus on business-to-business relationships solely.

This study offers an initial attempt to advance theory by identifying three relationship termination stages (pre-termination, termination, post-termination) and research opportunities for each stage in business-to-consumer relationships. Pre-termination begins when firms raise doubts about continuing the relationship, demanding proactive evaluations of the cost of retaining current customers and finding potential replacements. Termination suggests that the firm confronts customers with direct or indirect communication about its relationship termination intentions. The firm attempts to minimise customer harm to achieve an effective dissolution, based on the nature of the relationship, customer characteristics, reasons communicated for termination, and legal obligations. Finally, the post-termination stage requires firms to evaluate the actual impact of their relationship termination and initiate relationship restoration processes if needed.

**11-302**  
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Denmark  
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An Organizational Perspective and Nomological  
Network**

The strategy and marketing literatures have in recent years highlighted the importance of organizational capabilities in driving firm performance. The underlying assumption is that these capabilities enable resource integration processes among market actors. Organizations with better sets of capabilities are argued to be more effective and efficient resource providers and value co-creation partners. Particularly the service-dominant (S-D) logic (Vargo and Lusch, 2004, 2008) provides a theoretical marketing perspective that is complementary to resource based and resource dependency theories in management. Combining these views, organizations with superior service and value co-creation capabilities are in a strong position to achieve competitive advantage.

Resource integration processes increasingly unfold among multiple market actors. Such interdependent value creation requires organizations to prioritize capabilities that facilitate the co-creation of value, particularly with customers. Karpen, Bove and Lukas (2012) recently built the conceptual foundation for a portfolio of organizational co-creation capabilities, which they label S-D orientation. However, empirical measurement approaches of such an S-D orientation are limited from an organizational perspective. Little is thus known about the dimensional structure of such a construct as perceived by organizational members, as well as about its antecedents and consequences. Against this background, this study aims to develop and validate an organizational S-D orientation measure and to investigate its nomological network in alternate organizational settings.

We first pursued a triadic data collection approach in the Danish retail banking sector, including employee, manager and customer perceptions of relevant constructs. Avoiding managerial bias, we first developed and validated a measure capturing bank branches' S-D orientation based on 366 perceptions of sales and service employees. In order to test the nomological network of the S-D orientation, we then collected customer performance data as well as objective financial performance data matching each banking branch to analyze the impact on performance outcomes. To examine potential drivers of the S-D orientation, we sourced information from both employees and managers considering a set of antecedents including strategy and human resource related variables. We finally cross-validated the S-D orientation measure in an international business-to-business context, studying business units' S-D orientation based on 363 sales and service representatives. Our studies reveal a six-dimensional structure of an organization's S-D orientation and show that the measure holds across contexts. Specific findings related to the nomological network will be presented at the conference.



# 11-303M

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## **Mining Service Brands: Evolution of Customer Apparel**

The emerging service-dominant industry has given the growing attention on the significance of service brand building. We argue that creating and succeeding in selling a service brand image to consumers can help a firm build competitive advantage in the marketplace. In this study, drawing on the literature of service branding and symbolic interactionism, we develop a conceptual model on the fitness between service brand and customer clothing apparel, and carry out an empirical test by collecting data from two selected steakhouses in Taiwan. Our findings indicate that customer clothing apparel is highly relevant in customers' service perception and experience of a particular brand. The results provide new perspective by applying theory of symbolic interactionism in customer apparel in service domain. We also make a practical contribution for marketers with respect to the of use dress code to deliver service brand image and design appropriate services to match customer-centric service brand image.

## **Forgiving Brand Failures: The Role of Brand Relationship Commitment**

This research examines the role of brand relationship commitment in determining consumer forgiveness following brand transgressions through the application of transgression-related interpersonal motivations (TRIMs). A 2 (brand commitment: low versus high) x 2 (transgression types: personal-related versus societal-related) between-subjects experimental study was conducted to investigate proposed hypotheses and to enhance the generalizability of the results. The findings together suggest that, while controlling for individual ethical orientation and perceived transgression severity, transgressed consumers with a higher level of brand commitment were less vengeful, less avoidant, and more benevolent toward the affected brand than were transgressed consumers' with a lower level of brand commitment, regardless of the types of brand transgressions. This research provides empirical support for the argument that brand relationship commitment is useful for service marketers in their ability to limit the negative impact of brand transgressions on customers. Also, this research deepens our understanding of the psychological mechanism of consumer forgiveness. Hence, carefully building and maintaining quality brand relationships over time is paramount for customer relationship management, given that brand transgressions are inevitable as durations of relationships and frequencies of interaction increase.



# 11-304M

Session

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## **The Development of Web Questionnaire with Business Process Modeling for Service Evaluation**

In the servicizing economy, to achieve a high performance for enterprises, it is required to observe the change of customers' criteria. Because customers' evaluations for services are highly depended on their individual literacy, expectation, situation and so on. We showed the difference of customer satisfaction between "novelty" and "familiarity" from questionnaire. However, we cannot interpret the differences by concrete process on services.

What method is required to understand causes of difference in customer satisfaction based on heterogeneity? We aim to construct the method for interpret the difference of several customer satisfactions based on the process. This will enable us to evaluate the relationship with enterprise and customer more deeply.

We propose the integrated method of web questionnaire and business process modeling. We use ADOxx as a tool of business process modeling. ADOxx approach used in the Open Models Initiative is a multi-modeling language platform. It is suitable for representing multiple modeling methods.

We developed the integrated method of web questionnaire and business process modeling. Customers are able to input their service processes in addition to their service evaluations. By this way, we can interpret the difference of customer satisfaction based on concrete service process.

This approach is contributed to evaluation for service process as well. What service process is good or not is discussed from the questionnaire. Service quality of enterprises is increased by this value co-evaluation process.

## **Antecedents and Consequence to Consumer Adoption of TFS: A Conceptual Framework and Research Propositions**

The ideation of the conceptual archetypes of technology mediated services by Froehle and Roth (2004) has initiated a serious debate on the right approach to model the consumer adoption of Technology Facilitated Services (TFS). The services marketing practitioners are also increasingly becoming aware of the barriers to the consumer adoption of TFS in order to generate the desired revenue streams in their firms. The notion of TFS has been defined for the present study as the service that is being facilitated with technological interface that could enable the customers to co-create the service. Although there is a growing body of academic research that examines the drivers and facilitators of self-service technology (SST) adoption in general, the extant literature is silent about the consumer adoption of TFS in the service-dominant setting. In order to address this critical research gap, the present study has been initiated with the focused theoretical perspective of Service-Dominant Logic (Vargo and Lusch, 2004) for identifying the antecedents and consequence to the consumer adoption of TFS in the service-dominant setting. The research methodology employed for executing the exploratory phase of the present study involved a focused literature survey, which is conducted specific to the domain of TFS adoption in the service dominant setting. The present paper reports the conceptual framework evolved through the study, which incorporated eight research variables (four antecedents, one mediator, one outcome, and two moderators) and seven research propositions, depicting the potential relationships that would exist among the research variables in the service dominant setting.



# 11-305

Session

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## **Clear Thinking about Cloud(y) Services**

The term “services” is used in many different ways depending on the context and circumstances. Examples include Service Oriented Architecture (SOA) services, Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS), Business Process as a Service (BPaaS) and the various combinations of elemental services, service bundles and composite services used to compose IT-enable business services. To make matters even more confusing, these “services” are often employed in support of one another to enable new technologies such as cloud and mobile computing. It is most important that we recognize the differences and eliminate both communication and design errors stemming from imprecise usage of common terms related to services.

The purpose of this presentation is to highlight some of those differences – especially in the context of Information Technology - and to present a framework for understanding the complex relationships that can exist between different types of services. The authors introduce the concept of a service stack and also discuss the implications of gaps in service integration disciplines.





## 12-102

Session

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### How to Increase Patronage Intention by Increasing E-Service Quality? The Use of a Virtual Agent

The purpose of this study is to measure the perception and the behavioural intention of web-users who interact with a virtual agent on a website. A virtual agent is an animated character that can be found on the website of some companies. The role of a virtual agent is to welcome, assist the users in their navigation, as well as answer questions. It is a kind of humanized FAQ, much faster and more interesting in terms of "experience" for users. The goal of a virtual agent is to simulate a real time conversation. It helps to strengthen the brand and influences the company's image. The fun part of the exercise also plays an important role. Previous research indicates that the humanization of websites increases the confidence level of the web-users, as well as their desire to consume services concretely. A virtual agent can be particularly relevant in order to increase e-productivity by reducing firm's costs and to lend support to customer service departments with a large number of requests per day. We want to measure the added value of this technology in terms of providing e-service and measure web-users' desire to have a concrete experience with a firm after experiencing its website.

We integrated a virtual agent on a restaurant's website. We used the expanded version of the technology acceptance model (TAM) for measuring the intention of potential customers to accept a new technology and for evaluating the characteristics of our virtual agent. In order to measure the e-service quality, we adapted items of WEBQUAL to restaurant industry.

Results show that the utilitarian and hedonic values of the virtual agent increase significantly the desire of potential clients to have a concrete experience in the restaurant. Hedonic value seems to play a major role. The humanization of the website increases the pleasure for web-users to interact with the virtual agent. This is a crucial factor for restaurant and hotel industries which can be considered as hedonic industries.



## 12-201

Session

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## **Engagement, Reciprocal Behavior and Value Co-Creation in Social Media**

Engagement and reciprocity have recently become central concepts in business dialogue about social media and social networking sites. Of particular interest is how customers interact and engage so reciprocal value is co-created between the service provider and customers and also between customers. While attention has been given to understanding the nature of how participants engage little attention has been given to the role reciprocal behaviour and how reciprocal value is co-created on social networking sites. In this paper we develop a conceptual model that examines this issue. The first part of the paper undertakes a comprehensive literature review to examine the nature of reciprocity and how this behaviour occurs in social media. In the second part of the paper a conceptual model is developed to examine the relationship between participant engagement, reciprocal behaviour and reciprocal value creation in social media. The conceptual development draws on the literature review and a qualitative study. We chose Sina Weibo as the setting for the qualitative study. Weibo has 90% market share of China's micro-blogging services with approximately 300 million registered and it has become a place of public debate where Chinese can express themselves freely, exchange information and form communities on both personal and business level. Our research provides a managerial framework to explore social media users' experience and behaviour. Managers of social media sites can anticipate changing marketing conditions and modify their users' behaviour to facilitate co-creation of reciprocal value to achieve a wider and more sustainable network.



## 12-202

Session

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## Deployment of Service Innovations

Developing innovations in services is a challenge that companies in all sectors are facing. However, the development and successful use of a new service, does not necessarily guarantee its broader deployment and success. This paper reports on the results of a study of the deployment of innovations and the factors that can potentially lead to or limit broader-based success or failure to exploit. The study followed ten innovations, all of which been winners of best innovation awards in a major telcom company, over the period following their initial launch. The extent to which each was deployed fully or not was identified. By controlling for success, we are able to examine a number of factors that potentially impact deployment including handover, power aspects such as whether the innovation was developed by a subsidiary or be a headquarters function, the nature of the service innovation such as product, process and/or business model innovation. A series of propositions are developed and tested and implications for the theory and management of service innovations are proposed.

**12-205**

Session

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## Optimal Pricing and Capacity Planning for Information Technology Service Provider under Service-Level Agreement

Service level agreements (SLA) are becoming more and more popular in the information technology (IT) industries in recent years due to the complexity of IT services business and the importance of ensured Quality of Service (QoS) for corporate clients. Pre-specification of price and quality levels in SLA poses significant management challenges for IT service provider in responding demand uncertainty from clients' service usage (Sen et al. 2009). This study proposes a novel geometric framework for analyzing the optimal pricing and capacity planning for IT service providers. We consider two components in the service provider's objective function: a standard profit function with congestion costs in economics and a penalty term if the terms of a Service Level Agreement are broken. Moreover, the IT service with congestion costs is modeled using an M/M/1 or M/M/c queueing model, which is widely applied in the literature to investigate various IT services such as network service, organizational database and websites performance. Queueing model allows us to model response time, which is an important aspect of QoS in service industries such as cloud computing services. To maximize the objective function, the IT service provider can decide several decision variables that include per-usage pricing, number of servers, and even parameters specified in the SLA contract. One novelty of this study is to depict each outcome of selected values of decision variables on a two-dimensional plane with X-axis being the SLA penalty and Y-axis being the standard profit function with congestion costs. This geometric framework vividly describes the tradeoff between the ordinary profit-maximization and the IT service capacity management problem. By using analytical model and numerical simulation, we can visualize and analyze the properties of decision variables that form the "efficient frontier": the upper-left most curves that dominates all other decision variables in the feasible set. Our analysis shows that the optimal pricing and capacity depend critically on the functional form of the SLA contract. Moreover, our comparative statics show how the optimal prices and capacity may be affected in response to the changes in parameters defined in SLA. Our study contributes to the theoretical understanding of IT service management by introducing an innovative approach to address the trade-offs in service level management. This study also provides insights for practitioners regarding how optimal pricing may be influenced by the service demand and SLA characteristics.



## 12-206

Session

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## **Antecedents to Creativity of Frontline Employees: A Cross-cultural comparison**

The critical role of frontline service employees in creating a “moment of truth” experience for customers cannot be overemphasized. Facing customers with quite diverse needs, frontlines employees have to be able to generate creative ideas and solutions to satisfy customers, which is a competitive advantage for service firms in the modern era (e.g. Wang & Netemeyer 2004). Furthermore, frontline employees’ new ideas of service delivery oftentimes contribute to successful innovation and long-term organizational performances in the service industry (e.g. Lages & Piercy, 2012). Given the great value of frontline employee creativity, understandings what drives employee creativity is of theoretical and practical significance.

Research has shown that both personal characteristics and contextual characteristics (i.e. dimensions of the work environment) can potentially influence an employee’s creativity (Shalley et al. 2004). Service researchers found that contextual characteristics such as organizational support, workplace relationships and job complexity can affect frontline employees’ role stress/exhaustion and motivation/job satisfaction, which consequently affects their creativity ((e.g. Coelho et al., 2011; Lages & Piercy, 2012). However, there is a lack of cross-cultural research about the determinants of frontline employee creativity. Cross-cultural differences in values may influence how frontline employees cultivate and enact their creativity.

This study proposes that personal and contextual characteristics carry different weights on frontline employees’ creativity in the Western versus in the Eastern cultures. In eastern cultures where collectivism is pronounced and power distance is high, employee creativity might be more subject to contextual variables related to interpersonal relationships in the workplace. Conversely, in Western cultures where individualism is expressed and power distance is low, workplace autonomy may contribute more to the employee creativity. The hypotheses will be tested from data collected in USA, Taiwan and China.



## 12-301

Session

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## Optimizing the Offline Marketing Expenditures for Different Segments of Online Consumers

Multichannel research has predominantly focused on the effects of channel additions on a multitude of customer/firm outcomes (e.g. Geyskens et al. 2002) and the drivers of channel choice (e.g. Verhoef et al. 2007). However, Neslin and Shankar (2009) emphasize that the current multichannel environment raises important questions concerning the elimination of ineffective and costly old channels in favor of new ones. To date, this complex issue of channel elimination has largely been overlooked in multichannel literature (Konus et al. 2012).

The issue of channel elimination has become a strategic topic for mail-order companies who find their e-commerce activities to outgrow traditional catalog sales (Diakova 2005). As these e-platforms play an increasingly important role across the various phases of the buying process (e.g. search, purchase, after-sales support), managers question the value of their costly offline channel, the catalog (Diakova 2005). Consequently numerous mail-order companies have dropped their paper-based catalog in order to focus solemnly on their online activities. Despite this trend, empirical evidence highlights the importance of catalogs in driving offline/online sales due to lock-in and cross-channel influences (Ansari et al 2008). Konus, Neslin and Verhoef (2012) demonstrate that catalog elimination is not a clear-cut decision. Neglecting it as a marketing/search instrument was found to result in a permanent decline of customer revenues (Konus et al. 2012) and negative customer attitudes such as reactance and dissatisfaction (Reinders et al. 2008).

Given these divergent effects of channel elimination (i.e. decreased costs due to channel elimination versus decreased revenues and negative customer attitudes), this study proposes a model that distinguishes between non-hybrid (search and buy online) and hybrid (search via the catalog and buy online) online buyers. Using multi-source data of a Belgian mail-order company, initial analyses reveal different segments of online buyers in terms of their searching habits. Hence, our findings reveal that the optimal level of offline marketing is not uniform, but varies across segments: some customers prefer a catalog as a search medium before buying online, for others the catalog serves as a starting point for both searching and buying online, whereas others do all searching and buying online. Based on this basic segmentation method, future offline marketing expenditures can be optimized employing a prediction model that classifies customers using their prior purchase information and online search habits.

This study offers several implications for academics and management. (1) We illuminate a model by which multichannel retailers can leverage easily obtainable customer-level data to understand and predict the value of offline marketing for each individual customer. (2) Furthermore our model indicates that managers may be misled by assuming that online buyers do not use offline marketing information channels. Firms applying the results of this study may benefit from an increased efficiency in marketing expenditures and enhanced customer value.



# 12-302

Session

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## Can we forget about Special Surveys to measure Service Innovation? A Trademark Approach for Knowledge Intensive Business Services

The importance of services for the economy has constantly risen over the last several decades. This is especially true for the so-called knowledge intensive business services (KIBS). But, innovation measurement in the knowledge intensive services industry is very complex due to the lack of adequate innovation indicators. Because innovation in services is different than innovation in manufacturing, there is a limited applicability of traditional innovation indicators such as expenditures for research and development (R&D) activities or patent counts.

A rather new empirical approach involves the analysis of trademarks for innovation measurement. There is a simple, but significant, advantage of trademarks for their use as an innovation indicator: All service innovations can be protected with trademarks. Further, it can be assumed that trademarks are registered just shortly before the launch of the service in the market and that there will not be any significant selection process which, for instance occurs during patent registration. Therefore, this paper aims to explore the use and relevance of trademarks for service firms in depth. To do this, three research hypotheses are developed based on literature.

A special survey in the field of knowledge intensive business services is conducted, in order to deepen the understanding of the connections between innovation and trademark protection. The sample includes Germany-based KIBS and is carried out as an online survey with a sample of 6,000 KIBS. The return rate after follow-up is 278 KIBS (corresponding to a response rate of 4.63%). A non-response analysis is conducted in order to assess whether there are differences between responding and non-responding firms. There are no statistically significant differences between the comparison values of the groups, so we conclude that the survey is not distorted.

The results of two independent empirical studies show that a trademark can be used as an innovation indicator, at least for knowledge intensive business services, and mainly for product innovations. The results also show which firm-inside and environmental features of knowledge intensive business services explain the use of trademarks as an intellectual property protection measure. Also, it is shown that the main reason of KIBS to register trademarks seems to be to protect their new introduced goods or service products against imitation.

After the connection between trademark registration and innovation is established, the final goal is the development of a multi-indicator approach, taking into account a combination of trademarks with already existing indicators. By doing so, researchers as well as policy makers and management can learn about the possibilities of trademarks as a new innovation indicator in order to better describe, understand, and benchmark innovation activities in the KIBS industry.



# 12-303M

Session

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## Effect of Customer Knowledge on Service Improvement, Frontline Employee Performance and Customer Relationship Performance

Customer service relationship management requires integration with customer knowledge management process for a more rapid response to changing markets. However, in the existing relationship marketing literature, the internal organization processes have not received adequate attention. To fill this gap, this paper proposes a customer knowledge process (CKP) framework and empirically examines the direct effect of CKP on the innovative capability and human resource function of firms which subsequently result in improving customer relationship. The proposed framework is tested with data collected from 175 firms in Mainland China. The results show that CKP plays a vital role in enhancing a firm's product/service improvement and frontline employee performance, which lead to customer relationship performance. The study has practical significance for Chinese firms to broaden their knowledge in organizing and managing customer knowledge and added new dimensions to the relationship marketing literature. For examples, the findings identify that the frontline employee has a crucial role during product and service delivery. Not only human resource managers but also marketing managers should pay attention to encourage employees' capability in the service delivery process.

## Linking Perceived Risk and Technology Adaptation with CRM Implementation in Services Marketing firms: An Exploratory Study

Over the past two decades, companies across the globe have increasingly adopted CRM for effectively managing their customer relationships, and to determine the contribution of such relationships on their overall performance. However, the firms need to think smarter about their CRM strategies as unprecedented sums are spent on CRM only to have found that it failed to deliver the desired results. The inability of CRM projects to live up to the expectations of the top management is often not the fault of technology, but owing to the influence of a series of organizational and environmental factors. It has been observed that, the extant literature on CRM is yet to bring out a comprehensive model for CRM implementation with a process perspective that could explain the notion of IT payoff (the return on the investment on a CRM project) in the services marketing context, which is of prime concern to service firms across the globe. The present study therefore attempts to address this critical research gap by identifying the potential antecedents and consequences to the firm level CRM implementation in services marketing firms. The exploratory research design of the present study involved a focused literature survey, specific to the domain of IT payoff in CRM implementation, which resulted in a conceptual framework incorporating a set of six research variables and six research propositions. The present paper reports the first order validation of the conceptual framework, which is performed by using three CRM implementation cases (one each on telecom, insurance, and banking).





## 12-304M

Session

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## Service Evaluation, Consumption Emotions and Marketing Outcomes

Tourists' behavior matters decidedly to tourism researchers and the same with tourists' behavioral intentions. The current study proposed and tested an integrative model to examine the relationships between service evaluation variables (e.g., service fairness, service quality, and perceived value), consumption emotions and marketing outcome (e.g., satisfaction, intention to revisit, word-of-mouth referrals, and searching for alternative destinations) in all types of tourists. Empirical findings show that (a) inter-influential mechanism exists between three elements of service evaluation variables; (b) consumption emotions mediate the relationships between service evaluation variables and behavioral intentions; (c) tourist satisfaction has a positively significant effect on intention to revisit and word-of-mouth in all types tourist samples, but has a different effect on search for alternatives in different types tourist samples; and (d) the recursive relationship exists between intention to revisit and word-of-mouth. Finally, discussions, research limitations and future research directions are provided.



# 12-305

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## Forgiveness Following Service Failure: The Role of Service Recovery

McCullough, Worthing, and Rachel (1997) conceptualized forgiveness as transgression-related motivational changes toward a transgressor. When people forgive, their revenge and avoidance-related motivations subside, and motivations toward benevolence or goodwill increase or re-emerge. The researchers contend that forgiveness occurs when victims can act not on motivations inspired by their initial experience of righteous perceived indignation and hurt-perceived attack, but on a desire to restore goodwill with the offender. Forgiveness has also been defined and assessed at three different levels of specificity: as a trait, as a tendency toward a specific relationship partner, and as an offense-specific response (McCullough, Hoyt, and Rachel, 2000). Offense-specific forgiveness is defined as a single act of forgiveness for a specific offense within a particular relationship context (Paleari, Regalia, and Fincham, 2000). It is within this context that we investigate the role of service recovery and its relationship with forgiveness, as service failures are often viewed as infrequent occurrences that disrupt an otherwise positive relationship with a service provider and customer complaints as measures taken to rectify the problem and to reaffirm and restore trust and loyalty to the relationship (deRuyter and Wetzels, 2000).

The purpose of this research is to evaluate how service recovery efforts influence forgiveness and how incident specific forgiveness in the context of service recovery influences other critically important relationship variables (trust and relationship commitment). To do so, we employed a scenario-based study, in which subjects were asked to read a service failure and recovery scenario that they were asked to imagine occurring at a restaurant that they frequent on a regular basis. Using a previously validated service failure scenario illustrating both process and outcome failures, a recovery providing conditions reflecting procedural, interactional, and outcome fairness was provided. Subjects were then asked to respond to measures designed to evaluate their level of forgiveness, the fairness of the recovery effort, their trust in the service provider, and their commitment to the relationship. The differential influence that each form of fairness has on forgiveness is investigated, as is how forgiveness mediates the relationship between service recovery efforts and trust and relationship commitment.