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Unifying Services Marketing and Operations with Service Experience Management

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Abstract

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Keywords

service innovation, services marketing, service operations, customer experience

Disciplines

Hospitality Administration and Management | Tourism and Travel

Comments

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With Service Experience Management

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ABSTRACT

One of the pioneer firms in the leisure cruise industry embarked on a bold idea in 2000 to offer an unregimented experience unlike most cruises. Despite the appeal of the concept from a marketing perspective, the service innovation posed operational challenges, many of which continue to undermine the firm's competitive position. Using a multi-method empirical approach and interdisciplinary views that draw on research from marketing and operations management, the authors analyze this business case to identify challenges that service firms face when services are developed and managed from siloed functional perspectives. Based on their research findings and guided by the literature, the authors derive a service-systems model to aid service planning and management. The authors further highlight a new organizational form and function for services under the domain of *service experience management* that is positioned as a means to unify service operations and marketing for delivering on service promises. The authors offer direction for further research on service operations systems and *service experience management*.

INTRODUCTION TO THE RESEARCH CONTEXT

The advertisement for Liberty Cruise Line read, "Dinner is served promptly … whenever. On an LCL cruise, you can do whatever. With no set dining times and 12 restaurants, you're free to dine where you want, when you want. It's called Choice Cruising."[1] LCL featured this ad as part of a $100-million marketing campaign conducted in 2006-07, the most expensive in the company's history, to reintroduce Choice Cruising to consumers and travel retailers. The success of the campaign and the fate of LCL in the competitive cruise industry depended on the firm's ability to flawlessly deliver on the service promise that cruisers can escape life's stresses through the freedom of a flexible, relaxed experience unlike traditional cruising. The linchpin of this promise was a redesigned dining process that removed the set meal times that anchored the daily cruise itinerary. However, providing such freedom and choice to 2,500 passengers in a capacity-constrained environment put enormous pressure on operations. In fact, LCL customers at times faced long waits during peak dining hours and frustration with the process of making restaurant reservations, which yielded a range of negative outcomes for customers and service personnel, problems that persist to this day (mid 2008)—eight years after the concept was introduced.

The present study was conducted to identify the determinants of customer dissatisfaction with the LCL cruise experience. By applying interdisciplinary views to the analysis of service processes associated with Choice Cruising, unexpected findings emerged related to disconnects between marketing and operations. These findings underscore the need for a cross-functional, systems-based approach to service design and management. We develop a model of this approach that we call Service Operations Systems (SOS). We ground this model by calling for a new organizational function, *service experience management*, which melds service management (process/operations) and customer management (experience/marketing).

As deeds, processes, and performances, services result from cross-functional production efforts of marketing and operations management, including human resources and information systems (Zeithaml, Bitner, and Gremler 2008). Empirical studies of this integration are scarce (for exceptions, see Evangelist et al. 2002; Verma et al. 2001), despite the repeated call for multidisciplinary research on service design and delivery systems (Metters and Marucheck 2007; Rust 2004; Parasuraman 2007). For example, the *Journal of Operations Management* devoted two special issues, published in 1991 and 2002, to the integration of marketing and operations, but only two of twelve papers in these issues examined a service context. The editors of the latter special issue stated that "…the study of the marketing-operations interface still has not evolved as much over the past decade as was expected or needed" (Malhotra and Sharma 2002). We have found little in the service literature since 2002 to suggest that the situation has improved.

Based on a reading of the respective literatures and interaction with academics and practitioners across the disciplines, we identify four main issues that continue to stymie efforts to better integrate service marketing and operations. First, the siloed nature of the fields, both in academe and in practice, limits communication and knowledge transfer. Second, scholars and practitioners foray rarely, if ever, beyond their areas of expertise, even when a particular problem (e.g., service design) could benefit from diverse perspectives. Third, different research methods commonly used within disciplines (e.g., qualitative or experimental techniques used in marketing versus modeling techniques used in operations) can lead to biases for or against certain approaches for testing theories. Fourth, the complexity of services encourages empirical investigation in a piecemeal fashion (e.g., of a specific production process) rather than as holistic

[1] Data for this study are based on an actual firm that operates in the global cruise industry. To protect the anonymity of key informants and the firm, identities have been masked. All original sources are available from the authors.

systems that include customer co-production as inputs/outcomes in addition to the endogenous service processes, rules, and procedures that comprise the service operation. We return to a discussion of these issues following the presentation of our empirical context and analysis.

Because of the nascent state of research on the service marketing-operations gap, we take an exploratory approach to develop an understanding of this divide, and follow the guidance of Malhotra and Sharma (2002), who noted: "Given the complexity and inter-functional nature of conducting research that jointly looks at marketing and operations issues, in-depth case analyses … [are] desirable in meaningfully tackling the interface-related issues." We first detail our path to discovery using the LCL Choice Cruising context and a multi-method research design that involved participant observation and analysis of more than 5,500 online customer reviews. We then integrate emergent thought from the literature to inform our analysis of the marketing-operations dilemma at LCL and to derive our SOS model and conclusions. Finally, we propose an approach to managing the service marketing-operations interface, which we explore with data collected from executives across 16 different cruise brands. Our main contributions are threefold: 1) a grounded, data-driven analysis of a service redesign that has gone adrift; 2) the derivation of a model to aid the study and management of service marketing and operations; and 3) the call for a new cross-functional organizational approach to *service experience management*.

THE LIBERTY CRUISE LINES CASE—RESEARCH METHODS

In 2006, Liberty Cruise Lines sought academic researchers with discipline- and industry-relevant expertise to examine service problems that were difficult to study internally due to potential inter-departmental tension. To accommodate the initial request, we observed the service delivery in person, as described below. To triangulate on the phenomena of interest and to obtain a perspective of LCL's competitive position in the cruise industry, we supplemented the observational record with publicly-available industry data and online consumer ratings of service delivery for LCL and the firm's two main competitors. In addition, we surveyed cruise industry executives to obtain a view of the marketing-operations interface within their firms.

Participant Observation Data

We negotiated the scope of the research with LCL's corporate hotel operations division and gained access to data that is often beyond the reach of academic studies of management practice. We chose participant observation of the LCL service environment as one means for developing an understanding of the relationship between marketing and operations. Participant observation is an empirical, inductive method of data collection appropriate for exploratory studies that address research problems for which theoretical frameworks and prescriptive models are lacking (Gummesson 2000). The level of researcher participation versus observation varies, though the researcher's role is usually known to the people being studied (Gummesson 2000).

LCL had the research team study two voyages in different cruising regions in the fall of 2006. This permitted data comparison across contexts for differences in service delivery and customer experience. The first site visit was conducted by four MBA students studying with one of the primary investigators. Two of the students performed covert participant observation; the other two were identified to onboard management as student researchers studying the firm's dining system. These latter investigators gained access to managers for interviews and demonstrations of service processes and technology. Data analysis suggested that a richer view of the service system was attained by non-covert interactions and observation. Hence, the second team entered the field identified to onboard management as academic researchers. This team had two investigators, one a novice cruiser and the other a veteran of 12 voyages who also had conducted prior studies in the cruise context, thus possessing *preunderstanding* (Gummesson

2000). The use of two field sites and multiple investigators with differing levels of contextual knowledge and direct participation was expected to reduce researcher bias during data collection. This phase of the study was completed in January 2007, lasting nine months, and involving 11 days of on-site field research.

Data collection involved observation and recording of dining reservation processes, waiting lines, occupancies, table utilization, and service encounters. Data were also collected through interaction with ship officers and crew, including unstructured interviews with such key crew members as the hotel director, food and beverage director, and head maitre d', as well as participation in officer meetings and back-of-the-house tours. Prior to the site visits, we also participated in a Web demo of the restaurant-management application used by LCL, "InfoDine" (a pseudonym). The participant-observation data record contains more than 200 pictures and 80 pages of field notes and memos. Although data collection was unstructured and fluid to permit the capture of naturally-occurring data, the analytic process was systematic, with interpretations of the data recorded as memos and distributed iteratively within the team for further analysis to arrive at a grounded, consensual understanding of the research issues (Gummesson 2000). To help reduce bias, drafts of this paper were provided to key informants for review and comment.

Customer Comment Data

To attain a customer-based perspective of the Choice Cruising experience, we gathered publicly available data from the cruise-community Web site: www.cruisesonly.com. The site, which is promoted as "America's Largest Cruise Agency," features customer feedback that is authenticated to ensure that cruisers sailed on the ships they reviewed. The CruisesOnly data contains cruisers' written reviews and quantitative ratings across five dimensions (ship quality, dining/food, stateroom quality, ship staff quality, entertainment & activities), an overall cruise rating, and demographics (age, number of cruises taken, type of traveling party).

From this site we downloaded data in two waves. First we collected 1,090 customer reviews of LCL cruises posted from November 2005 to May 2007 across the line's fleet of 12 ships. To provide a comparison dataset, we randomly collected 1,000 customer reviews of LCL's two main competitors: Festival Cruise Lines and Regal Cruise Lines (both pseudonyms). The focus of this dataset was the qualitative comments, which were content analyzed by two independent coders to identify customer references to Choice Cruising or Dining (or to general dining processes for the competitor brands), the valence of these references (positive, negative, or ambivalent), and perceptions of the positive or negative aspects of the experience. For the second wave, we collected 1,123 customer reviews of LCL cruises posted from November 2005 to February 2008 across 10 ships (reviews were no longer available for two ships that had left the fleet since the first wave of data collection). The focus of the second dataset was quantitative ratings, which were analyzed with multiple regression to examine the effects of the rated dimensions of the cruise product on the evaluation of the overall cruise experience. Ratings were also downloaded for Festival (2,432 ratings across 21 ships) and Regal (1,995 ratings across 19 ships) cruise lines. Although this dataset has limitations typical of secondary sources (e.g., it is a convenience sample of self-selected cruisers, which creates the potential for response bias; the single-item ratings could not be assessed for reliability or validity), there is no a priori reason to suspect that sample or measurement biases would align in such a way across more than 5,500 cases to produce the score distributions found in this dataset both within and across cruise lines.

Survey Data from Executives across Cruise Lines

To investigate the service marketing-operations integration across the cruise industry, we contacted executives from 20 cruise lines that serve the North American market. Sixteen cruise executives from sales, marketing, revenue management, public relations, and hotel operations responded to our inquiry, for a response rate of 80%. The executives were first contacted by email and asked several open-ended questions, such as whether a department (or person) was responsible for monitoring and managing the customer experience, where this function existed in the organizational chart, and how the function was performed. Responses were collected either by email or phone. The text data was content analyzed to assess frequencies and commonalities, as well as unique instances in organizational forms, functions, and relationships. These findings were also compared to the demographics of the cruise lines (e.g., firm size, number of ships, average passenger loads per ship, target market) to identify potential moderating factors. Findings from the cruise executive survey data are reported separate from the LCL analysis in a call for *service experience management* to better connect service marketing and operations.

THE SERVICE MARKETING-OPERATIONS GAP

The Case of LCL's Choice Cruising: Backstory

The leisure cruise industry changed dramatically during the past few decades. LCL's rivals in the mass-market segment grew quickly by focusing on new ships with increasingly more impressive designs and facilities (Kwortnik 2006). In the 1980s-90s, LCL lacked the finances to innovate through ship building and instead strived to keep pace through creative marketing, a course of action yielding no sustainable competitive advantage (Dickinson and Vladimir 1997). By the end of the 1990s, LCL was a distant third in market share and needed a more radical strategy. With limited resources for innovation, LCL looked to service redesign.

In 1999, LCL executives debated an open-seating dining model that was well outside the knowledge and operational norm of the mainstream cruise lines whose ships are floating service factories that carry thousands of guests and crew. The cruise industry was rooted in naval tradition, which was evident in a structured itinerary: meals had set dining times, typically a main seating (e.g., dinner at 6 pm) and a late seating (e.g., dinner at 8 pm), and guests dined at the same table for the duration of the cruise. Preset dining processes were deemed necessary for control of the service system. Restaurants were not designed to seat all guests at the same time; ships that sailed full might have capacity for 50 to 60% of guests at one seating. Scheduled dining was used to optimize restaurant occupancies and the flow of guests through the ship's bars, lounges, spa, casino, and theaters, as well boarding/debarking the ship when at port, and to optimize the concomitant staffing decisions required by these customer flows. Structured dining also enabled the kitchen and dining-room crew to develop an efficient production model for delivering high-quality meals and service several times per day, seven days per week.

On the surface, open-seating dining seemed to be an incremental change; however, it was actually a radical redesign that required alterations to the ship-wide service architecture and processes. Except perhaps for the sailing schedule (cruise ships typically keep to a firm sailing schedule to catch tides, ensure docking space at ports, and make efficient use of fuel), dining defines the service rhythm of a cruise itinerary. For example, theaters and lounges offered two show times to accommodate the staggered movement of guests through early and late-seating dining. Many other activities, from wine tastings to dance lessons, followed a similar pattern. The dining schedule even affected the ebb and flow of sunbathers and their pursuit of often-scarce pool-side lounge chairs.

The greater predictability of service production afforded by set dining times also enabled efficient use of kitchen and dining staff. In contrast, open-seating dining required more staff and longer dining hours to buffer uncertain demand. Permitting guests to dine where, when, and with whom they wanted also meant guests were less likely to receive service from the same staff (waiter and busboys), which altered the guest-server relationship. This change demanded a more flexible team-based service delivery structure, as well as a different compensation system, since the traditional end-of-cruise tipping of servers would no longer be viable. Finally, open-seating dining was likely to require tactics for demand management similar to those used by land-based restaurants, such as waitlists, reservations, or incentives for dining at off-peak hours.

Given the expected—and unknown—changes required of the service system, the idea of an unstructured-dining model was resisted by some LCL executives and operations management, and the concept was shelved. However, in light of the brand's competitive weaknesses, LCL became a takeover target, and in mid-2000, a new LCL owner and leadership unveiled Choice Cruising as a "revolution" in cruise dining. Advertisements touted the concept as "innovative" and "the future of cruising." As an indication of the impact of Choice Cruising, later the same year a rival cruise line modified its dining system by adding two seating times to the early- and main-seating schedule. Another competitor followed with a hybrid model whereby guests could choose at the beginning of their cruise either traditional scheduled dining or open-seating. A third rival, though, opted to leave the traditional approach to cruise dining unchanged. Perhaps most tellingly, no other major cruise lines adopted a completely unstructured dining process.

In 2001, LCL launched the first of eight new ships that were purpose-built for Choice Cruising, most notably with up to 12 restaurants (see Table 1). LCL's management promised to liberate guests from the traditional cruise experience—and leveraged the brand on the Choice Cruising service concept. However, reliably delivering on the service promise proved difficult.

[Insert Table 1 about Here]

The Choice Cruising Service Experience

Marketing for Choice Cruising set high customer expectations. Advertisements stated, "the point of a vacation is to get away from work, regimen, and schedules—right? With Choice Cruising—only from Liberty Cruise Line—you get endless activities and fun on your schedule." Similarly, a description of the Choice concept on the LCL website told visitors that from the moment they boarded the ship, they were "off the clock," with "no rules to follow or schedules to keep." Reality often revealed otherwise. Guests wishing to dine in the specialty restaurants could not expect to simply walk in and be seated. Reservations were highly recommended and often required. Guests typically had to make a reservation early in the day or even at the start of a cruise—though this was not clearly communicated in LCL marketing materials.

The research teams experienced an inconsistent restaurant-reservations process. In most cases, reservations were accommodated, but not necessarily for the time or day requested. If a reservation could not be accommodated, reservation agents surprisingly did not suggest other venues. The teams' experience with walk-up dining was also mixed. Some walk-up requests were accommodated—typically if restaurants were less than half full (LCL reserves a fixed 20% of its tables for walk-up guests). In other cases, hosts provided a wait estimate and offered a pager for table notification. In yet other cases (one in which a restaurant was only half full), hosts stated that the restaurants were booked, a reservation was required, and guests could return later. In none of these instances did the hosts use the available table management system to explore dining options at other restaurants or make recommendations to guests.

Guests generally liked Choice Cruising, especially dining at the specialty restaurants, though the execution of the concept could make the dining process chaotic and uncertain. Some guests were unaware that reservations were required at certain restaurants and found making reservations unpleasant, as it limited promised freedom. One incident witnessed by a member of the research team illustrates these issues. The encounter occurred at 5:30 pm on the fourth day of a seven-day cruise. A queue of more than 50 guests was waiting for a restaurant to open. The host informed a guest near the front of the queue that his party could not be seated immediately without a reservation. Peering into the empty restaurant, the guest barked his disbelief that not one table was available. The host asked if he wished to return in 15 minutes to see if she could seat him. Saying he would not wait to eat when on vacation, he stormed off, vowing (profanely) never to sail with LCL again. When the host was asked what would make her job easier in light such guest behavior, she replied, "no reservations." The implication of this statement: the reservations process limited her ability to accommodate walk-up customers who expect greater freedom of choice. The queue already in existence when the restaurant opened also suggested that operating hours were still too short to meet customers' expectations of dining freedom.

Operations managers reported that customer comment cards often showed frustration with dining processes. For some voyages, mean scores for a question measuring the ease of making a reservation failed to earn a passing grade, whereas scores on non-dining dimensions were very good to excellent. Clearly, the service structure and processes designed to support the Choice Cruising service experience were inadequate; less clear, though, was why.

Choice Cruising: Service—Technology Processes

More than six years after LCL introduced Choice Cruising, the dining system remained problematic: some restaurants had long waits, especially during peak dining hours, whereas other restaurants had low occupancies depending upon the time of day and day of the week. This led to poor utilization of perishable seat inventory and staffing, customer complaints, and employee frustration. To smooth demand, LCL created a reservation call center and desk, and invested in a computerized restaurant reservations and table management application by InfoDine that was originally designed for stand-alone restaurants, but that supposedly could be adapted to manage multiple restaurants. LCL also implemented a number of fixes for the evident issues, such as a pager system to notify guests when their tables were ready and discounted cover charges for the specialty restaurants to entice guests to visit during non-peak hours (before 6 pm or after 9 pm).

LCL's corporate (shore-side) operations team was unsure why the guest dining experience was evaluated poorly, especially the restaurant-reservation process. One hypothesis was that reservations agents were inconsistent in suggesting dining choices to guests whose first requests could not be accommodated. Operations managers also believed that onboard restaurant managers were not effectively controlling the dining experience. Anecdotal evidence suggested that the InfoDine reservation-management application was under-used and even misused by onboard restaurant personnel, for example, that managers were placing dummy reservations in the application for later dining periods so the restaurants could close earlier.

The InfoDine program was promoted as an integrated solution for controlling restaurant bookings and making these available to managers, maitre d's, and hosts. The table management module had graphical images of restaurant layouts, with tables color-coded by status (reserved, occupied, or available). A customer-profile function could link reservations with guest data (e.g., identification of VIPs in higher-priced cabins and suites, who received priority reservations). InfoDine was linked to onboard electronic restaurant seating guides located in public areas; these flat-screen monitors showed restaurant occupancies using color-coded status bars: green =

empty; yellow = filling up; red = full/wait. Based on presumed capabilities of InfoDine, shore-side management hoped to reduce problems with guest queuing. Cruisers were expected to use the electronic seating guides to make dining choices and to avoid busy restaurants. Hosts were expected to switch views to see waitlists and occupancies at other restaurants, which would permit hosts at busy restaurants to recommend other dining options to guests seeking a table. Thus, it was unclear to shore-side operations managers whether recurring problems represented a people/training issue, a technology issue, a management issue, or some combination of issues.

Choice Cruising: Technology—Employee Processes

The general conclusion derived from analysis of the field-studies data is that Choice Cruising worked well on the sampled itineraries. The research teams noted few queues at various dining locations and times. However, both cruises sailed with low occupancies; cruise lines commonly sail "full" because ship occupancy is calculated as basis-2 (two occupants per cabin), though some cabins have additional berths, which increases maximum ship capacity. One of the sampled LCL voyages sailed with 1,700 guests, or 86.5% basis-2 occupancy (68.7% maximum capacity); the second voyage sailed with 2,198 guests, or 89.1% basis-2 occupancy (78% maximum capacity). Fuller ships could be expected to put more pressure on service systems.

Observation of LCL's dining facilities revealed impressive operations, in particular food-preparation, cleanliness, order, and inventory control. Interviews with the food & beverage and hotel management teams highlighted experienced professionals who were determined to make Choice Cruising work. Yet, restaurants did not run efficiently. We observed that the specialty restaurants operated below capacity in the first few days of the cruise; guests wanted to eat at the specialty restaurants, but were often unaware that doing so was more difficult later in the voyage. We were surprised, too, to find that managers were not evaluated on customer throughput—a key metric for a capacity-constrained system. Aiming for high utilization would have mitigated, at least to some extent, the increased cost of service delivery that Choice Cruising requires.

Given the purported functionalities of InfoDine, problems with pre-dining processes are evidence that the technology was not providing the vendor's promised "solution." Observation of staff as they used InfoDine suggests that it failed to meet the needs of a multi-restaurant, open-seating service model. Dining reservations were taken by phone or at the reservations desk from 8 am to 5 pm. Managers then assigned reservations in the table-management system, either at the beginning of the meal period (locking the guest to a table) or when the guest arrived. After 5 pm, reservations could be made only by walking up to individual restaurants. If guests could not be accommodated, the host should have used InfoDine to view other restaurants and recommend options, but the interface for doing this required clicking through multiple screens. We observed no hosts go to the trouble. Hosts also could not make reservations at other restaurants for guests. Thus, what appeared to be a lack of service may actually have been the result of IT constraints; staff found it hard to manipulate the software to act on needed information. Because host stations could not easily toggle between restaurants in InfoDine, the technology fell short of being a decision-support tool that facilitated employees' efforts to enhance the guest experience.

The research team also found that some restaurant managers and hosts worked around InfoDine by blocking tables as reserved even when no reservation existed. This had the effect of showing the restaurant as filling up or full on the electronic seating guides, which some guests used for making dining decisions. Inspection of actual occupancies suggested that this practice was not unusual; the electronic seating guides often showed waits while visual inspections showed no lines and empty tables. This finding is in keeping with studies showing that technology is adapted in unintended ways to meet operational needs (Wagner and Newell 2006).

Choice Cruising: Customer Processes

The Choice Cruising service promise shifts perceived control to the customer, who must be ready, willing, and able to co-produce the experience, much more so than on a traditional cruise. Given capacity constraints, customers cannot expect to dine wherever and whenever they wish without some planning. Choice Cruising does have rules to be followed for reservations at some restaurants and dining attire, though these rules are informal and variously communicated.

LCL attracts a diverse market and appeals to first-time cruisers who are unlikely to possess the script knowledge needed to co-produce in a way that maximizes the efficiency of the service system (Bateson 2002). We found evidence to support this in the confusion some cruisers expressed about required reservations and cover charges at the specialty restaurants, as well as low occupancies of these restaurants early in the sampled cruises. Additional evidence can be found in online queries about how Choice Cruising works and in tips from past cruisers for how to take advantage of Choice Cruising (e.g., to make reservations for specialty restaurants on the first day of the cruise). It is clear that many LCL cruisers embarked ill-prepared to perform important customer processes—a finding echoed in LCL-management interviews.

LCL's marketing efforts to drive demand for Choice Cruising exacerbated the customer-knowledge gap. The new marketing campaign set expectations for choice, freedom, and access that were not consistently met. While the "free to whatever" brand message is a powerful statement about how Choice Cruising differed from other cruises, it also may have confused customers. Finding information on the LCL Web site about restaurant reservations and cover charges was a daunting task: it took a research assistant 23 minutes and 21 Web page views before locating a Welcome Aboard document and the pertinent information. Onboard messaging was not sufficient to close the knowledge gap. Although customers need training to co-produce and enjoy the service experience, marketing communications produced by LCL were inadequate and counter to the promise of freedom and flexibility that is the foundation of the Choice Cruising service concept. In summary, LCL's evident issues reveal service-operations problems that were more accurately attributable to a gap between service marketing and operations.

Choice Cruising: Ongoing Effects on the Customer Experience

LCL has continued to struggle with Choice Cruising since our participant-observation study. Content analysis of 1,090 reviews collected from CruisesOnly.com in 2007 show that the Choice concept is highly salient for the firm's cruisers relative to dining processes of competitive lines, but evaluations are mixed: of the 52.5% of cruisers who referred to the Choice concept, 46.7% evaluated the experience positively, 21% were ambivalent, and 32.3% were negative. By comparison, only 17.8% of 500 randomly-selected reviews of rival Festival Cruise Lines, which uses a semi-structured dining model, referred to dining processes (51.7 of these references were positive, 19.1% were ambivalent, and 29.2% were negative), and only 15% of 500 randomly-selected reviews of Regal Cruise Lines, which uses a structured dining model, referred to dining processes (38.7% of these references were positive, 17.3% were ambivalent, and 44% were negative). Although the proportion of negative evaluations of the dining experience aboard LCL cruises is not significantly different than for rival firms, the relative frequency of negative perceptions is greater for LCL given that dining processes are three times more likely to be mentioned by cruisers in their evaluations of the LCL experience. A closer look at the online comments reveals that LCL cruisers were particularly frustrated by service from restaurant staff, food quality, the restaurant-reservation process, and long lines/waits to dine (Table 2).

[Insert Table 2 about Here]

To further examine the import of customer perceptions of Choice Cruising on their evaluation of the LCL cruise experience, in 2008 we collected ratings posted on the CruisesOnly site from 1,123 LCL cruisers, as well as ratings from more than 4,400 Festival and Regal cruisers. As reported in Table 3, ratings for LCL cruises are the lowest of the three competitive firms on all measured dimensions, and the evaluation of food/dining has the weakest score.

[Insert Table 3 about Here]

Separate regression analyses for the three cruise lines using the cruise attribute measures and covariates available on the CruisesOnly site told a similar story. A regression of the overall cruise rating on evaluations of ship quality, dining/food, stateroom quality, ship staff quality, and entertainment/activities produced significant positive coefficients across cruise lines. Of the 24 variables included in the three regression models to control for traveler type, stateroom, and cruise experience, only two were significant, which suggests that these individual difference factors had minimal influence on cruise evaluations. Similarly, of the 52 indicator variables used to control for differences in cruiser evaluations attributable to the ship they sailed on, only four were significant (two for LCL and one each for other cruise lines), which suggests effective implementation of brand standards within cruise lines. Age was negatively associated with cruise rating for the Festival ($B = -.03$, $p < .01$) and Regal brands ($B = -.03$, $p < .01$); these cruise lines target younger vacationers, so this finding supports the external validity of the analysis. Sailing date was also negatively associated with cruise rating for LCL ($B = -.03$, $p < .05$) and Regal ($B = -.06$, $p < .001$), revealing that cruise evaluations have declined over time for these brands.

The most notable finding, however, is the relatively large coefficient for LCL's dining/food rating ($B = .36$, $p < .001$) when compared to the rival firms ($B = .26$, $p < .001$, for both Festival and Regal). For LCL, the dining/food evaluation has the largest effect on overall cruise rating after controlling for other factors in the model (partial $r = .49$). In contrast, ship quality (partial $r = .42$) and ship staff quality (partial $r = .39$) have a larger effect on overall cruise rating than dining/food (partial $r = .37$) for Festival Cruise Lines. For Regal Cruise Lines, ship quality and dining/food (partial $r = .37$ for both) had a more balanced effect. Moreover, the size of the standardized beta and partial r for the LCL's dining/food factor is the largest across the three models. These comparative findings highlight the ongoing importance of the Choice Cruising dining experience to customers, and the deleterious effects on the overall cruise experience of a dining system that falls short of customer expectations.

Choice Cruising Epilogue

During the period that LCL was the focus of our empirical investigation (fall 2006 to spring 2008), the firm announced a spate of bad operational and financial news. In early 2007, LCL reduced ship capacity by two-thirds in a key cruising market due to weak yields. For the year, LCL lost more than $200 million—while rival cruise lines were profitable. In early 2008, a private equity firm bought half of LCL with a $1 billion stake, which some industry observers saw as a move to gain strategic control of a struggling brand. Also in 2008, the travel media reported on a lawsuit filed by a customer seeking class-action status for millions of fellow LCL cruisers who were unable to make reservations at specialty restaurants because priority was given to customers who paid for more expensive cabins. The suit claimed that LCL marketed

cruises based on the Choice Cruising concept of having many restaurants to choose from, but that customers not in the highest cabin categories were "disenfranchised from effectively participating in the [Choice Cruising] program" (Jainchill 2008).

Despite the consistent and compelling evidence from multiple data sources—anecdotal, participant-observation, qualitative customer comments, and quantitative ratings—that calls for an overhaul of the service system, LCL deepened its commitment to Choice Cruising in 2008. The firm launched new television commercials that compared Choice Cruising to the structured itineraries of competitors. Management also began a fleet-wide rollout of product enhancements, from new menus and dishes in all restaurants to upgraded bedding and amenities in all cabins. Most significant was a new ship-building initiative designed for Choice Cruising. The ships would be the largest to date for the cruise line and would do away with main dining rooms and pool-deck buffet restaurants, which further upped the ante for the Choice Cruising service model.

THE LCL MARKETING-OPERATIONS GAP: INSIGHTS FROM THE LITERATURE

The Choice Cruising case presents puzzles that continue to play out in practice and that warrant examination with respect to the service marketing-operations interface: How did LCL arrive at the service quandary that is the core of the firm's service promise? What determined the service marketing-operations gap that undermines Choice Cruising? Why does LCL continue to support the concept despite this gap? How can LCL reduce the service marketing-operations gap without sacrificing the billion-dollar investment in the brand's identity? To address these questions, we mine the service literature for insights.

Insights from Research on New Service Development

LCL's Choice Cruising is a service innovation—an idea under-examined and only loosely defined discussed in the literature (Johnson et al. 2000). Unlike goods production, which is typically divorced from the customer, the customer is a supplier to service production (Sampson and Froehle 2006). This implies that service development should involve the customer in a real or simulated manner, otherwise a new or modified service may not capture the variance in customer inputs to and outcomes from co-production (Tsai, Verma, and Schmidt 2007).

Service outcomes—experiences, deeds, and performances—are produced by a complex *system* of people and physical elements connected by processes through which information and goods flow. Predicting the interactions between elements and processes in the service system is difficult, especially for high-contact, customizable, extended services such as leisure cruises. The use of service blueprints can aid service design by mapping anticipated customer touchpoints and service processes to visually depict the service structure (Shostack 1984). However, few firms use service blueprints in this manner or understand the interrelationships of core service-delivery processes (Metters and Marucheck 2007). Research suggests instead that service development is typically an unsystematic, trial-and-error process fraught with under-designed, untested, and unpredictable service concepts (Froehl et al. 2000; Griffin 1997; Sundbo and Gallouj 2000).

As revealed by the LCL context, when pressed into action by competitive exigencies, service firms are apt to skip deliberate planning and analysis, especially for aspects of the service system that are perceived to be outside of the realm of operational control and expertise, such as customer co-production and the interaction of customer inputs with new or untested service processes. As a result, new services are tested in real-time with paying customers. Such was the case with LCL, where the hasty rollout of Choice Cruising, backed by a new branding campaign, became a multi-year service experiment with customers as unwitting participants.

Insights from Marketing: Customer Experience Design

An emerging view of service highlights the psychological experience of consumption (Ariely and Carmon 2000; Pullman and Gross 2004). A service-dominant logic grounds this view and focuses on value co-creation from the customer's perspective (Vargo and Lusch 2004). Customer-centricity demands a deep understanding of the needs and self-relevant goals that influence consumer behavior, which should form the basis of the organization's *service promise*: the articulation of how the service delivers desired benefits. LCL's management had a vision for the Choice Cruising service promise as satisfying customers' needs for freedom and choice on a cruise. Whether this vision was induced by an understanding of the customer or the search for a competitive advantage is unclear; however, it is clear that LCL's customers are attracted to the promise of Choice Cruising, at least as the concept is promoted by the firm's brand messaging.

Our research reveals that LCL's customers often enter the service factory uncertain of their role. Edvardsson (1997) proposed that services should be designed to make it easy for customers to contribute to production via *customer processes*: activities that when transferred to the customer and managed well can enhance flexibility and service quality. Customers can improve service production if they are appropriately informed, trained, socialized, and motivated (Bateson 2002; Kelley, Donnelly, and Skinner 1990). Bateson (2002) argued that rather than trying to buffer a service's technical core from customer disturbance, firms should find ways to develop customer co-production performance. LCL's marketing and operations teams have not adequately trained the customer to participate in the service system. As a result LCL customers do not possess appropriate production knowledge, which impairs their efforts to co-create value.

Evidence across our data sets shows customer displeasure as they try to reconcile their expectations for Choice Cruising with their resulting experiences. Research finds that people do not evaluate an experience by summing the emotional responses to transient events that comprise the experience; rather, gestalt characteristics, such as intense states (delight or anger), salient hedonic trends (intensifying pain or pleasure) and the final state (e.g., ending on a high note) affect summary evaluations (Ariely and Carmon 2000). From a managerial view, this means that service design must account for both service outcomes and emotional responses to specific processes and the experience sequence (Chase and Dasu 2001). As illustrated by the strong effect of (poor) ratings of LCL dining on the overall cruise evaluation, as well as negative comments (and lawsuits) about dining processes, customer reactions to Choice Cruising failures are gestalt characteristics that exert a disproportionate negative influence on their impressions of LCL. In short, fixing the dining experience clearly matters to customers—and to LCL's future.

Insights from Service Operations Management

The Operations Management (OM) discipline, by definition, is concerned with the *management of operations*; however, Armistead (1990, p. 6) observed that "many service organizations have failed to realize the fundamental factors which determine the ability of operations management to produce and deliver a service package which matches the expectation of customers." He described four key issues for service operations: identifying the organization's operational focus, the task to be done, the choices for performing the task, and performance metrics. Similarly, Johnston (1999) suggested that OM researchers studying services should focus on performance quality, design, and operational improvement. We likewise believe the core OM concepts of designing and measuring processes offer insight into challenges with Choice Cruising, as well as what contribute to the service marketing-operations divide.

From an OM perspective, systematic process design is vital to successful implementation of new or redesigned services. However, the question of how to go about service process design is relatively unexplored in OM. Whereas marketing scholars point to service blueprinting as one approach (Shostack 1984), operations scholars advocate such methods as prototyping and skunk works, though little empirical research examines the use or effectiveness of these approaches (c.f. Single and Spurgeon 1996). A growing body of research also shows that simulation can enable evaluation of service designs. Researchers have used simulation models to assess service capacity planning decisions in appointment systems (Vanden Bosch and Dietz 2001), customer waiting lines (Evangelist et al. 2002), and service networks (Pullman and Thompson 2003). Two simulation-based studies are particularly relevant to the Choice Cruising case. Kimes and Thompson (2004) examined how matching a restaurant's table capacity with its customer mix can increase effective capacity, allowing it to serve more patrons in the same time. Thompson and Kwortnik (2008) showed how pooling reservations by table size is more efficient than matching each reservation to a specific table (as was being done by LCL). LCL would have benefited from using one or more of these design tools to work out service-delivery problems before commercializing the Choice Cruising system.

Another main issue for service delivery and a core OM concept is the need to assess how well the service operation is doing through performance metrics that focus on key processes and outcomes. Spitzer (2007) identified such metrics as customer engagement, customer loyalty, collaboration, productivity, and waste. He called these metrics "transformational" because they require that performance be measured holistically, rather than the more common task-specific (silo-based) measures of performance. Holistic measures highlight interdependencies between functional areas (Morgan and Rao 2002). To the best of our knowledge, however, LCL used standard operational metrics (e.g., total meals served per restaurant) and customer-satisfaction scores that, though insightful in suggesting problems with service delivery, are limited. Perhaps more effective would be a holistic, transformational metric such as a customer-productivity metric that measures both co-production knowledge customers bring to the consumption setting (capturing marketing's effectiveness in educating customers) as well as customer-process action (capturing the degree to which customers perform activities designed for their co-production).

Insights from Work Integrating Marketing and Operations

Research that examines service marketing-operations integration is sparse, though a few studies highlight the benefits of taking a holistic, systems view of service development and management. Using pizza delivery as a context, Verma, Thompson and Louviere (1999) showed how marketing tactics (e.g., discount on a second pizza) and operations decisions (e.g., delivery times) can affect customers' choices and subsequent market share, and how managers can use this information to guide integrated marketing and operations decisions. Evangelist et al. (2002) developed a process model for Blockbuster, Inc., that linked marketing and operations. Using a simulation approach, the researchers showed the system of effects that occur when marketing programs cause unexpected changes in operations. Similarly, Pullman and Thompson (2003) constructed an integrated model for a ski resort to evaluate operations efforts (e.g., capacity additions) and marketing efforts (e.g., moving demand from weekend to weekday). They found that an initiative advocated by marketing—changing the customer mix—significantly degraded service levels experienced by customers as measured as the waiting time for ski lifts.

Literature Summary

As our review of the relevant services, marketing, and operations-management literatures reveals, there is useful conceptual and empirical counsel available to managers who seek it out. Indeed, Malhotra and Sharma (2002) noted: "the importance of better managing the interface between marketing and operations…has been well understood by academics and practitioners for a long time." Scholars have identified challenges for service development (e.g., customer co-production) and methods for addressing these challenges (e.g., service blueprints). Research on customer experience design underscores the importance of translating customer needs into a core service promise and specific customer processes for enhancing the service experience. OM research and studies of the marketing-operations interface illustrate how firms can better manage service delivery by using holistic models and measures, as well as simulation methods to test interactive service systems. In sum, knowledge exists in the literature to prevent service failures; we next apply this knowledge to the LCL case to draw conclusions and ideas for improved management of the service marketing-operation integrated function.

DISCUSSION

LCL ventured into uncharted waters with Choice Cruising—a bold idea, especially given the industry's traditional operating model. In theory, the concept offered customers the ability to design a cruise experience to suit their personal preferences. LCL has invested billions of dollars into purpose-built ships, brand-building marketing, information technology, employee training, and other initiatives designed to support the concept. However, the findings presented in this paper suggest that Choice Cruising is a classic case of marketing/operations discontinuity. Simply put, marketing is selling customers a service promise that operations has been unable to deliver effectively. We envision two solutions to this problem, which we describe below.

Service Operations Systems (SOS): An Analytic Model

The Choice Cruising challenge shows that the reality of the context—changing market preferences, competitive pressures, the need for speed, and extant organizational structures and decision processes—can preclude the cross-functional coordination advocated by academics to better ensure service innovation success (Evangelist et al. 2002; Griffin 1997). Prescriptive approaches to service design such as quality function deployment (Dube, Johnson, and Renaghan 1999), customer choice modeling (Verma et al. 2001), and the service planning cycle (Tax and Stuart 1997) are complex and arguably cumbersome methods that require an understanding of scientific management approaches that are uncommon competencies in most service firms (Gummesson 2000; Metters and Marucheck 2007). As a result, service development becomes a trial-and-error process of major changes and incremental fixes—as illustrated by LCL's ongoing efforts to patch Choice Cruising. Scheuing and Johnson (1989, p. 28) aptly depict this problem: "Driven by a sense of urgency and a perceived need for the 'quick fix,' many service firms jump right into idea generation. Doing this is akin to lifting anchor without first determining the desired destination. The course of the ship then becomes the result of whim and happenstance."

The potential risks and rewards of service innovation require a methodical and holistic approach to service design that is fathomable for non-management-scientists charged with conceiving and implementing the process. We advocate the Service Operations Systems (SOS) model (Figure 2) as a starting point. This inductively-derived conceptual model depicts the process relationships revealed in our data-driven analysis of the LCL case and augmented by the literature. The SOS model accounts for interconnectedness of the service promise, operational processes, and management systems across functional areas, as well as the importance of co-

opting customer knowledge and skills as inputs to the system (Prahalad and Ramaswamy 2000; Vargo and Lusch 2004). The key components of the SOS model include:

[Insert Figure 2 about Here]

- **Service Promise and Concept**. An organization's service promise states how the service fundamentally delivers value to customers, such as LCL's promise to give cruisers time and activity freedom. Whereas the service promise may be abstract, the service concept is a more concrete articulation of how key elements of the promise map onto core customer needs (Edvardsson 1997), such as how LCL's unstructured dining model corresponds to cruisers' purported need for freedom of choice and lack of structure when vacationing. The service promise and concept should, therefore, guide development and management of the service system. Processes that do not align with the service promise and concept require redesign. In the Choice Cruising context, service system elements such as the restaurant reservation process and table management application are not well aligned with service concept elements of freedom, choice, and flexibility. This view reflects several findings, most notably that guest frustration with Choice Dining is a function of a marketing-operations disconnect and not just flawed operational processes.
- **Customer Inputs**. Because customers are inputs to the service system, uncontrolled variability in the customer input reduces the firm's ability to effectively and efficiently deliver the service product. In communicating the service promise, marketing not only sets expectations for the experience, but also begins the process of customer shaping through education and socialization. Much like new employees, new customers in particular may need additional education and training to learn how best to co-produce to yield experiences that match their expectations, especially for an innovative service. In LCL's case, customer expectations and co-production knowledge are highly variable, but marketing communications and customer-process information (pre-board and on-board) are insufficient for standardizing the customer input—and setting more realistic expectations for the Choice Cruise experience.
- **Customer Processes**. A unique aspect of the SOS model is the explicit role for customers as productive resources. Managing customers as inputs to the service system requires guidance from operations about marketing programs that affect customer knowledge and co-production processes (Evangelist et al. 2002). Such an adjustment to service management is consistent with a coordinated approach to service delivery, as opposed to independent management of marketing and operations (Verma et al. 2001). LCL's customers are expected to co-produce by performing such processes as making reservations and attending to the electronic restaurant seating guides to avoid waits. Customers are not equally prepared to do this; however, LCL has no mechanism for identifying and training customers who require service socialization. Customers are also not provided with consistently useful and accurate information (e.g., correct restaurant occupancy) to facilitate customer processes critical to co-producing the service.
- **Employee Processes**. Employees can help customers co-produce by educating customers about the experience, suggesting choices to aid customers' decisions, and performing service recovery when service fails. This requires employee training, as well as IT that facilitates employee processes without workarounds that undermine the system. LCL employees should be trained to offer suggestions to customers when dining choices cannot be accommodated. Training would also ensure that employees do not undermine

the system by, for example, blocking tables in the table management application that result in the electronic seating guides misrepresenting restaurant occupancies.

- **Technology Processes**. Given the trend of buying standard software products off-the-shelf, firms must be ready to adapt the IT product—or employ external expertise to customize a solution. For LCL, having applications that are purpose-built to facilitate Choice Cruising (e.g., that permit quick views of restaurants and the ability to reserve tables at any restaurant) would have been far preferable to ad-hoc attempts to modify the InfoDine application far outside its original design scope.
- **Service Processes**. Service processes must align with a firm's service promise. Dining is a main appeal of cruising (Dickinson and Vladimir 1997). Displeasure with the dining experience is a gestalt factor that strongly affects overall satisfaction, as our regression results for LCL demonstrated. Choice Dining is undermined by pre-dining processes (e.g., reservations and queues) that create uncertainty for guests. Not all guests are aware that reservations are required or even possible. Guests do not expect to wait or be turned away, and this leads to frustration when they see empty tables. These problems are not mitigated by reservations agents or hosts through assistance with the process, so many guests are disappointed, in search of a place to eat, but unsure of where to turn next. Such negative experiential outcomes violate the service promise.
- **Customer Outcomes**. Service systems require metrics that reflect whether a service is being delivered consistent with its design, and that intended experiences are resonating with customers. In addition to standard measures of overall and process-level customer satisfaction and operational performance, firms should measure emotions associated with salient experiences, such as delight produced by pleasant surprises. When customers play a co-production role, measures of customer knowledge development and sourcing are also important for identifying shortcomings in customer-process performance. Finally, tracking customer loyalty and linking this behavior with operational measures is also critical. A drop in rebooking numbers could signal that the service promise is not being met in terms of some specific service process.
- **Information Systems**: For many services, information systems are vital for capturing, transforming, and transmitting data to develop knowledge-based competencies (Vargo and Lusch 2004). Knowledge gaps and organizational silos hinder learning and system improvement. Information gleaned from customers and service-performance metrics should be cycled back into the system to close knowledge gaps, as well as to shape future customer education and socialization. For example, Choice Cruising requires real-time data about restaurant occupancies and reservations, as well as measures that track process performance, such as the percentage of reservations accepted, average waits for walk-up customers, and the percentage of guests who are redirected to alternative venues when first choices are unavailable. The concept also demands data to better illustrate customers' expectations, the knowledge they possess for co-production, and the effectiveness of their training (Bateson 2002). Analysis of this information might suggest changes to customer processes, for instance the need for an information session for new cruisers to learn how to co-produce. IT also should enable monitoring of guest behavior (e.g., reservation requests) to determine if successful co-production is occurring.

SOS Summary

While the Service Operations Systems model and associated ideas for service design and analysis have promise for service management, on its own, the model could fall into the category of academic literature that "sound good in theory," but receive little application in practice (to wit, see the literature already cited). The simple reason for this is, we believe, that the model advocates a holistic view of the service product, whereas most managers apply a myopic view of their own functional area. Perpetuating this problem are siloed organizational structures that do little to enable cross-functional knowledge creation and exchange. Only by having an integrated approach to service design, marketing, and delivery can organizations hope to avoid service-system challenges like Choice Cruising. For this to occur, we propose a new organizational form and function to reduce the marketing-operations divide.

Unifying Service Marketing-Operations with *Service Experience Management*

The Choice Cruising case shows that coordination is critical between marketing and operations not only during service development, but also during ongoing service management. Marketing *and* operations must be able to jointly determine the design of the service system, how to adapt a service that is not working as planned, or when to pull the plug on a service that is beyond recovery. Such coordinated action is difficult in contexts where marketing and operations are separate departments with distinctly different purposes and tasks. We observed this problem at LCL, where managers talked about the "hand off" of the guest from marketing to operations, instead of cross-functional management of the service experience throughout the consumption cycle. A look at LCL's organizational structure revealed that no one person or department was responsible for ensuring that operations was able to keep the promises that marketing made to customers. What was needed, then, was an integrating function, which we call *service experience management* (*SEM*), which unifies service management (process/operations) and customer management (experience/marketing).

We envision *SEM* as a new functional area sufficiently high in the organizational hierarchy such that marketing and operations are its reports. We argue for the elevation of *SEM* in the organization because this department, group, or person would advocate for the customer *and* the operations team to ensure that customers get what they want given realistic operational capabilities. In other words, *SEM* would use the Service Operations Systems model as a guiding framework for aligning the organization under the firm's service promise and concept.

To explore potential forms and functions of *SEM*, we examined qualitative data collected via survey from executives of 16 cruise lines. All of the firms claim to perform customer-satisfaction monitoring and quality assurance, though responsibility for these tasks is variously located in marketing, operations, and customer service. More often the firms use a standing committee that meets regularly (from weekly to monthly) to review new product and marketing initiatives, as well as feedback from customer comments and satisfaction measures. In fact, 9 of the 16 cruise lines used some form of high-level (i.e., VP or higher) inter-departmental team (an "executive committee" or "marketing committee," though labeled the "guest experience team" at one firm) for *SEM*. Four of the firms had no such integrating function and instead relied upon informal coordination across marketing and operations areas. Size of the firm did not matter: the committee approach to managing the operations-marketing interface was as likely to be used by small, two-ship companies that carried a few thousand cruisers per year, to large, multi-ship firms that carried millions of customers.

Perhaps the most important finding from the cruise-executive data is a trend toward formalizing *SEM* along the lines we advocate in this paper. Only one cruise line has an *SEM* function—a four-person team called the Operations Integration Group that reports to the SVP of

Operations, and that sits on planning, marketing, and operations meetings to "ensure that operations is aligned with marketing." However, three cruise lines announced in 2008 new positions that are consistent with the *SEM* concept. For example, one small cruise line established a Director of Product Marketing who is tasked with "the product vision for reservations, messaging, the onboard experience, etc." A large cruise line is in the process of hiring a VP of Guest Experience who "understands what the product needs to deliver," and who will report to the newly created position, EVP of Marketing and Guest Experience. Finally, and most notably, LCL, announced a new position, EVP and Chief Product Officer, and promoted a marketing executive into the role, described as overseeing a "multidisciplinary project team" and taking broad responsibility for the Choice Cruising product to ensure that it is aligned with the marketing and brand positioning of the company.

The cruise industry—and the hospitality industry more broadly—is a fertile context for *service experience management* to emerge as an interdisciplinary approach for better integrating service marketing and operations because of the focus on *experience* as core product. A service-dominant-logic view of co-production, process and knowledge management, and experiential outcomes of service products (Vargo and Lusch 2004), argues for *SEM* as a key function for many other services as well. For example, in 2006 a legacy U.S. airline sought candidates for VP-Customer Experience ("airline experience is not required, but hospitality experience is definitely required"). The ideal candidate had to understand customer service, but also airline and airport operations (e.g., onboard, gate, security, online experience, baggage, call center, reservations, etc.). To highlight the importance of the position, compensation was pegged at "mid 200s + 45% target bonus + equity."[2] In another example, a retail bank created a Chief Customer Officer position with the defined role of "articulating the service experience (value proposition), ensuring that human and operational resources were aligned to deliver it, and then measuring gaps and making process improvements."[3]

Other services for which value is largely determined by operations-enabled customer experiences include financial, healthcare, information systems, and retailing. Except for retailing, though, experience management (customer, guest, service, or otherwise) is relatively rare. An examination of position announcements in October 2008 on the popular employment website, Monster.com for *service experience management* revealed no listings, and of the 50 listings that included the search terms "service" and "experience," nearly all were for customer-service representative jobs or some variant thereof. A search using the terms "customer" and "experience" yielded 73 postings—only 5 of which were for management positions that linked marketing and operations through activities such as monitoring customer satisfaction and experience, customer advocacy within the firm, and customer-defined process improvement and quality initiatives. Three of these positions were for healthcare-related services; the other two positions were located in the information technology sector. Another five postings were for traditional marketing research or quality assurance positions—but not for cross-functional roles. The remaining 86% of the listings were for customer service representative, retail/sales, or customer relationship management. These findings echo the concern advanced by Palmer (2008) that customer experience management is merely an extension of customer relationship management, despite the shortcomings of the latter as an effort to better integrate the firm around the relationship with the customer.

SEM is fundamentally different than customer experience management because of *SEM*'s focus on management of the service operations system (as opposed to management of the firm-

[2] This example is from a private email correspondence between one of the authors and an executive recruiter.
[3] This example is from an academic colleague who served in this Chief Customer Officer role.

customer relationship). As such, we see an opportunity for *SEM* to break free from the customer experience management (and customer relationship management) to become a new a functional area in the service firm that targets the systematic management of service experiences through the integration of service management and customer management.

A Call for Research on *Service Experience Management*

Given the paucity of research on the intersection of service marketing and operations, *SEM* is ripe for examination. A first step in such a research program would be to verify that organizations with *SEM* perform better than those that without such a function. Again, one of the most puzzling aspects of Choice Cruising is that we observed service problems more than eight years after the concept's launch. While we generalize from a single case study in this paper, we propose that *SEM* will reduce the likelihood of problematic service concepts being implemented, and will offer a quicker resolution when SOS crises arise. Nevertheless, this is an empirical question. It would be difficult to test *SEM* efficacy in controlled experiments, though quasi-experimental field studies could permit comparison of firms within an industry to examine the effects of *SEM* (and/or the application of the SOS model to guide *SEM*) on such outcome factors as service innovation success, service quality, and customer and employee satisfaction.

Another area of investigation is identification of type of organizational structure that is appropriate for integrating the marketing and operations functions given the service context. *SEM* need not be one-size-fits all and may vary in form and scope. For example, although we envision *SEM* as a new department alongside more traditional functional areas, *SEM* could be coordinated under a single person in the organization, perhaps an EVP of *SEM*. Another way of delivering *SEM* is via a high-level committee comprised of VPs of marketing, operations, information systems, and other areas with broad, but related, responsibilities. *SEM* scope might range from a strong unifying function with the authority to bring marketing and operations into alignment, to a linking function that merely facilitates cross-functional knowledge sharing and decision making. Research that draws on organizational theory could examine which form of *SEM* would be most effective for new service development and/or SOS management depending upon such contextual factors as industry characteristics and dynamics, competition, service-system complexity, firm size, and level of customer co-production. A starting point for such research might be the development of a typology of *SEM* forms crossed by SEM scope. By exploring such a typology in light of contextual factors, scholars might develop a contingency framework to guide research on *SEM* and application of the *SEM* function in practice.

Finally, *SEM* offers opportunities for a new research paradigm and movement away from narrowly-focused, single-discipline-oriented investigations. Papers taking a holistic approach to the customer and service-provider experience could become more prevalent. In the short term, this argues for more cross-disciplinary research teams. We propose that, in addition to marketing and operations management, *SEM* is a discipline that should interest scholars studying human resources, organizational behavior, strategy, and information systems. Academic journals also need to foster multidisciplinary research; without that happening, paradigm-shifting integrative research will never take off. The *Journal of Service Research*, by its very name and mission, is positioned to be a key player in the integration, as reflected in the editor's recent call for research that is methodologically diverse and cross-disciplinary in focus (Parasuraman 2007).

Conclusion

The LCL Choice Cruising case provides a compelling example of the difficulties firms face when designing and managing service systems, especially when marketing and operations functions are not well-integrated. Improving service management demands a holistic picture of the system and cross-functional analysis of interactive effects and process linkages—a perspective presented in our Service Operations Systems model and conceptualization of the *service experience management* function. We hope these contributions will guide researchers in the further development of service-centered theoretical and/or product opportunities—and will help managers to avoid "save our service" distress calls.

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TABLE 1
Choice Cruising Dining Options

Restaurant	Description	Cover Charge	Seating Capacity
Grand Dining Room	Main restaurant	No Cover	552
Sea View Dining Room	Main restaurant	No Cover	310
Lido Café	Indoor Buffet	No Cover	430
Pool-side Grill	Outdoor Buffet	No Cover	225
American Grill	Specialty: American	No Cover	100
Italian Trattoria	Specialty: Italian	No Cover	120 (estimated)
Tapas Restaurant	Specialty: Latin	No Cover	94
Asian Garden	Specialty: Pan Asian	Cover	32
Sushi & Sashimi Bar	Specialty: Asian	Cover	10
The Steakhouse	Specialty: American	Cover	168
The Orient Room	Specialty: Asian	Cover	108
Le Bistro a Manger	Specialty: French	Cover	129
			1623/2278*

*Total dining capacity is 2,278 seats; however, the Pool-side Grill is not open for dinner and the Lido Café does not offer table service; a more realistic estimate of dining capacity at sit-down, table-service restaurants is 1,623 seats. The ship's passenger capacity is 2,466, two passengers per cabin, with a maximum capacity of 2,816 passengers including upper and sofa berths; therefore, the dining rooms can handle approximately 57.5% of guests when the ship sails full.

TABLE 2
Choice Cruising: Negative and Positive Attributes Derived from Customer Comments

Negative Attributes*	Count	Positive Attributes	Count
Poor service from restaurant staff	171	Good food quality	194
Poor food quality	165	Flexibility of experience	189
Need for or problems with reservations	140	Choice of restaurants	155
Long lines and waits to dine	121	Good service from restaurant staff	88
Cover charges for specialty restaurants	96	Relaxing experience	36
Poor food selection or variety	56		
Could not get into specialty restaurants	48		
Automatic service charges	23		
Inflexible: could not eat when one wants	14		
Meals took too long	11		
Atmosphere was too casual	11		
Could not meet other cruisers	10		

*Attribute categories were derived from content analysis of 1,090 customer reviews on www.cruisesonly.com. Customer comments were evaluated and assigned to attribute categories such that multiple comments by one customer about an attribute were counted only once for that attribute.

TABLE 3
Descriptive Statistics for Key CruisesOnly Cruise Reviews

	LCL: unstructured dining Mean (SD)	Festival: semi-structured dining Mean (SD)	Regal: structured \dining Mean (SD)
Overall Rating	3.98 (1.55)	4.57 (1.30)	4.74 (1.20)
Ship Quality	4.43 (1.36)	4.70 (1.21)	4.92 (1.13)
Dining/Food	3.91 (1.52)	4.64 (1.32)	4.68 (1.25)
Stateroom Quality	4.28 (1.39)	4.93 (1.09)	4.66 (1.24)
Ship Staff Quality	4.48 (1.57)	5.03 (1.22)	5.15 (1.13)
Entertainment & Activities	4.06 (1.39)	4.51 (1.29)	4.68 (1.19)

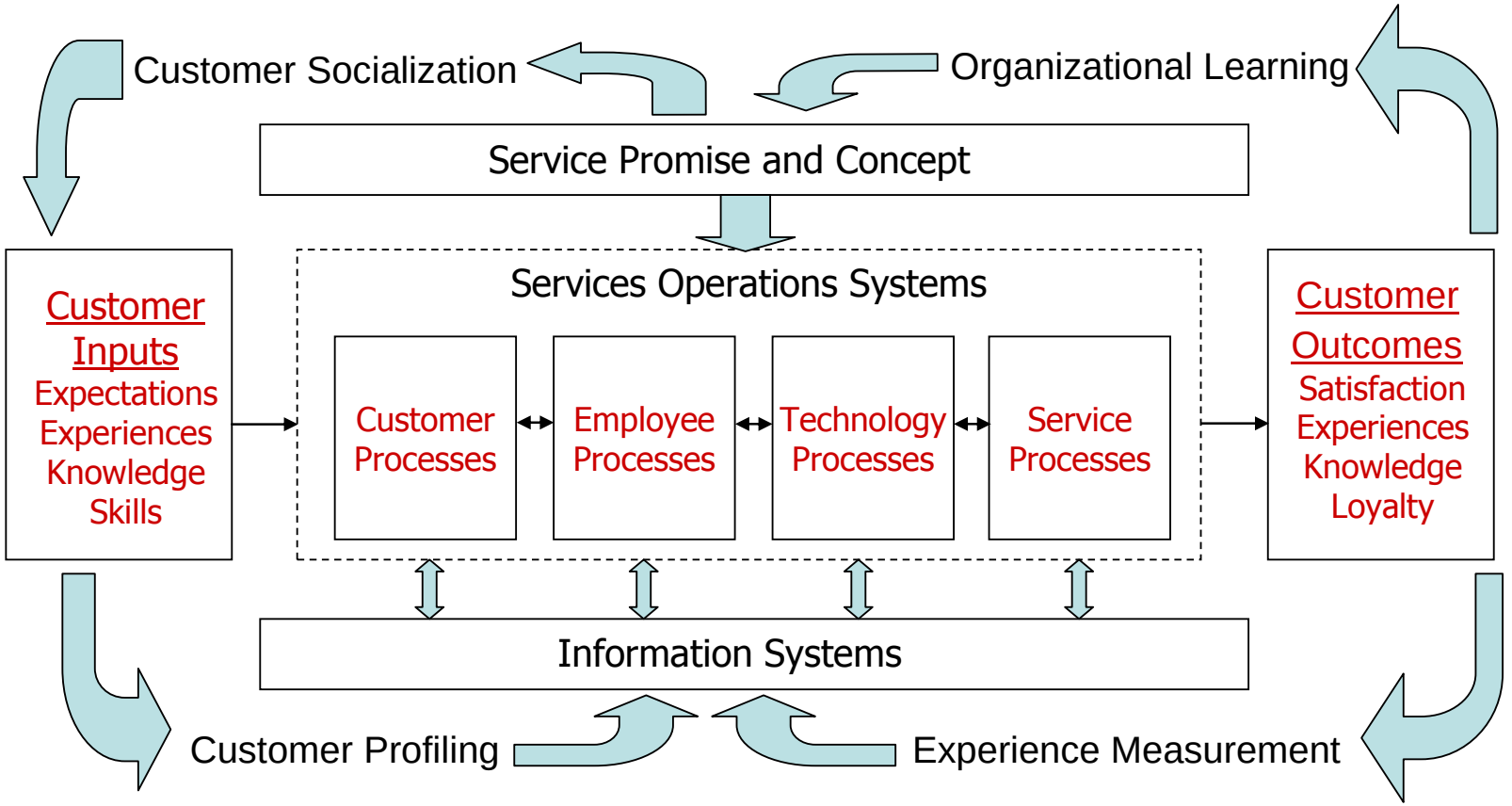
Notes: Ratings are on a 6-point "smiley-face scale," with higher numbers indicating better scores. LCL, N = 1,123; Festival, N = 2,432; Regal, N = 1,995.

TABLE 4
Regression of Customer Cruise Rating on Key Cruise Attributes and Covariates

	LCL		Festival		Regal	
	Beta	Partial r	Beta	Partial r	Beta	Partial r
Ship Quality	.21***	.27	.36***	.42	.32***	.37
Dining/Food	.36***	.49	.26***	.37	.26***	.37
Stateroom Quality	.13***	.19	.08***	.12	.14***	.19
Ship Staff Quality	.25***	.34	.21***	.39	.22***	.30
Entertainment/Activities	.12***	.20	.17***	.26	.12***	.19
Sailing Date	-.03*	-.07	-.01	-.02	-.06***	-.12
Age	-.00	-.01	-.03**	-.05	-.03**	-.06
Cruise Experience	-.00	-.01	.01	.02	-.00	-.00
F statistic	206.54		227.29		192.41	
R^2	0.83		0.77		0.77	

Notes: Additional categorical covariates included traveler type (family with older children, family with younger children, single/friends, group), stateroom type (inside cabin, ocean view cabin, suite), and ship; however, with only a few exceptions, these control variables were not significant and are not reported here.
*** $p < .001$; ** $p < .01$; * $p < .05$

FIGURE 1
Service Operations Systems Model



Adapted from Edvardsson (1997)