KNOWLEDGE DEVELOPMENT

FACULTY RESEARCH ABSTRACTS

PRESENTED 2009

This publication is made possible through a gift from Marriott International, Inc.

W. P. Carey School of Business
Arizona State University
PO Box 874106
Tempe, AZ 85287-4106
Phone 480-965-6201
Fax 480-965-2180
csl@asu.edu
wpcarey.asu.edu/csl

ASU W. P. CAREY SCHOOL *of* BUSINESS
ARIZONA STATE UNIVERSITY

the Center for Services Leadership
FOCUS ON THE CUSTOMER

the Center for Services Leadership

FOCUS ON THE CUSTOMER

KNOWLEDGE DEVELOPMENT

Faculty Research Abstracts

Presented 2009

This collection of abstracts is representative of the research being conducted by the Center for Services Leadership and W. P. Carey School of Business faculty at Arizona State University. This is not an exhaustive collection of all research being done. Rather, it represents projects that are sponsored by the Center for Services Leadership member firms and projects that are focused specifically on the existing research competencies of the Center: *Service Excellence; Service and Technology; Services Strategy.*

This publication is made possible through a gift from Marriott International, Inc.

W. P. Carey School of Business ♦ Arizona State University
PO Box 874106 ♦ Tempe, AZ 85287-4106
Phone: 480-965-6201 ♦ Fax: 480-965-2180
E-mail: csl@asu.edu
Web: wpcarey.asu.edu/csl

Knowledge Development
Center for Services Leadership
2009 Faculty Research Abstracts

Table of Contents

Page

Customer and Employee Interactions

Service and Technology

Consumers and Technology-Delivered Self-Service (SSTs)

E-Service Logistics, Operations, and Marketing

Service-Oriented Enterprise

Services Strategy

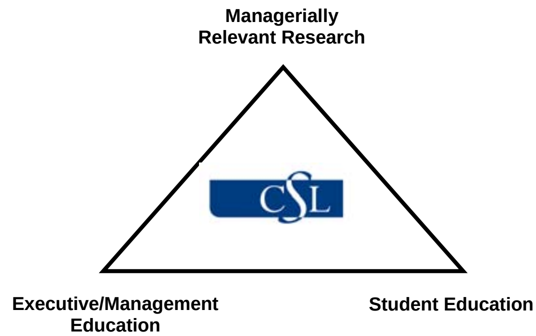
Service Innovation

Organizational Strategy for Services

Service Relationships and Account Management

Managerially Relevant Research

Center for Services Leadership Research



Through its research, the Center for Services Leadership has expanded and enhanced services knowledge in business and academe since 1985. The Center uses this research base to enrich its executive education programs and the W. P. Carey MBA and undergraduate business programs. Through its research, the Center and ASU faculty are known as leaders in knowledge development in the services discipline.

Sample Research Topics

The Center for Services Leadership's research is focused in **three existing research competencies, listed here along with subcategories in each area:**

- ***Service Excellence***
    - ***Service Excellence Overviews***
    - ***Customer Satisfaction and Loyalty***
    - ***Customer and Employee Interactions***
- ***Service and Technology***
    - ***Consumers and Technology-Delivered Self- Service (SSTs)***
    - ***E-Service Logistics, Operations, and Marketing***
    - ***Service-Oriented Enterprise***
- ***Services Strategy***
    - ***Service Innovation***
    - ***Organizational Strategy for Services***
    - ***Service Relationships and Account Management***
    - ***Strategic Marketing for Services***
    - ***Service Strategy for Non-Profits***

Managerially Relevant Research

The following list of topics is representative of the research being conducted by the Center in conjunction with W. P. Carey School of Business faculty at Arizona State University:

- Building Service Loyalty
- Delivering Customized Service
- Recovering From Service Failures
- Strategic Alliance Relationship Management
- Front-Line Employees And Superior Service
- Customer Satisfaction, Adoption and Usage of Technology-Delivered Services
- Cross-Functional Skills Of High-Performance Managers
- Implementation Issues for Service and Market-Driven Firms
- Impact of Service/Sales Relationships on Account Profitability
- Strategic Pricing and Segmentation in B2B Services
- Understanding Upgrades of B2B Service Contracts
- Service, Product, and Price Tradeoffs in Retail Supply Chains
- Techniques & Models for Service Innovation

Types of Research

The Center for Services Leadership supports ASU faculty and doctoral student research in service science and leadership that makes a scholarly contribution to the field. Support is provided for both general services research and for company-specific, customized research in which the Center engages.

Partnering with Business

Certain research studies are sponsored by the Center's member and select affiliate firms (for example—IBM, LensCrafters, Mayo Clinic, The Co-Operators, Yellow Transportation, AT&T, CVS/Caremark, Ford Motor Company, The Insight Group, Cardinal Health, Hewlett-Packard, Honeywell). Such sponsorship provides extensive access to relevant firm data and research, executives and senior managers, and organizational information. These research partnerships result in managerially relevant research that is academically sound and publishable in leading journals.

Managerially Relevant Research

Sharing Results

The majority of the Center's research studies have been published in top-tier journals such as the *Journal of Marketing*, the *Journal of Marketing Research*, the *Journal of Retailing*, the *Journal of Applied Psychology*, the *Journal of Service Research*, the *International Journal of Service Industry Management*, the *Sloan Management Review*, the *Journal of the Academy of Marketing Science*, the *Academy of Management Review*, and the *Academy of Management Executive*, *CACM Journal, and California Management Review*.

Findings are also shared with sponsoring companies and member firms, at Center-sponsored events, and in ASU classes. In addition, research findings are shared via the Center's web page (wpcarey.asu.edu/csl).

THE SERVICE IMPERATIVE*

Mary Jo Bitner, Stephen W. Brown

This essay captures much of our current thinking regarding the compelling global need to focus energy around service research, service science, service innovation, and service education.

Services dominate the world's established economies such as the U.S., Germany and Finland and are becoming increasingly important in developing economies including China and India. Yet most companies, national governments, and universities do not put much energy into service research, innovation or education. This ironic juxtaposition of facts has led us, along with others, to promote a focus on service research and service innovation across companies and institutions. We call this the "service imperative." In this essay we present our view of the service imperative as a burning platform that is giving birth to many hopeful directions for the future of the global economy. We believe that companies, nations, and individuals who embrace the service imperative will prosper and benefit. We also believe that widespread embracing of the service imperative can lead to improved quality of life for individuals worldwide.

The "service imperative" that we develop and explain in the paper is immediate and applies to individuals, companies, and countries. It has both a "crisis orientation" as well as a "future optimism" component to it. The crisis is for companies and countries that must see their way to be competitive and survive in this new world of services. It is also a crisis for academic institutions that must develop the right kind of educational foundations and skills for students who will live their lives and develop their multiple careers in this new world. The "future optimism" is that if companies, countries, and institutions rally around services growth and competition, we will all benefit and, importantly, we feel individual quality of life globally will be enhanced through service(s).

Some of the lessons already learned by highly successful service businesses are captured in the paper. We conclude with striking implications for companies, universities, and governments.

* This paper appeared in the 50th Anniversary Issue of *Business Horizons,* January-February 2008.

A META-ANALYSIS OF SERVICES QUALITY RELATIONSHIPS*

Amy Ostrom, Stephen W. Brown, Steven Brown, Sou Lam

Over the last fifteen years, research on service quality has grown extensively and substantively. The topic has attracted interest among managers and researchers because of the substantial effects customer perceptions of service quality have on the satisfaction and loyalty of customers, as well as on brand equity. Service quality research has also achieved a truly global scope and significance and attracted contributions from scholars from many disciplines. Even though a number of methodological issues have been debated, the preponderance of research has been strongly influenced by the conceptual model of service quality proposed by Parasuraman et al. (1985) and subsequently operationalized and refined by the same authors (e.g., Parasuraman, Zeithaml, and Berry 1988, 1991). This articulation of the service quality construct and its associated SERVQUAL measure has spawned hundreds of studies around the world, over 70% coming from outside the United States. It has contributed to a rich empirical record that has yet to be synthesized using meta-analytic techniques.

The research derives from an extensive project that began by gathering over 500 service quality articles. The strength and variability of pairwise relationships involving service quality, focusing on eight relationships (i.e., relationships with customer satisfaction, repurchase intentions, loyalty, word of mouth, willingness to pay more, intention to switch, value, and trust) were analyzed. The analyses indicate several systematic moderating effects of service industry and methodological study characteristics. Findings suggest that service quality relationships tend to be weaker in contexts in which customer switching costs are higher. The review indicates that relatively few antecedents of service quality have been identified in a large body of research and that, in some cases, consumers draw little distinction between service quality and customer satisfaction.

Although based upon sophisticated meta-analysis, our intent is to present the fascinating and far-reaching results of this work with both a research and a managerial emphasis. After briefly laying out the objectives, global scope and methods of our study, we devote the bulk of our attention to sharing the results and what they mean for management and for future research.

*An article based on this research is under review.

TECHNOLOGY'S CRITICAL IMPACT ON THE GAPS MODEL OF SERVICE QUALITY*

Mary Jo Bitner, Valarie A. Zeithaml and Dwayne D. Gremler

Within the context of unabated growth of service economies, academics and business practitioners have pointed to the need for tools, techniques, frameworks, and metrics to support excellence and innovation in services across industries. While some already exist, many more are still to be developed. These tools and frameworks will be integral foundations for the field of service science.

This paper presents, expands and updates one such service science framework – the Gaps Model of Service Quality - that has withstood the test of time in terms of providing a strong strategic foundation for organizations that wish to deliver service excellence to their customers. The Gaps Model was first introduced in 1985 (Parasuraman, Zeithaml, and Berry 1985; Zeithaml, Parasuraman, and Berry 1990). For over twenty-three years it has been used across industries and all over the world to help companies formulate strategies to deliver quality service, to integrate customer focus across firm functions, and to provide a strong foundation for service excellence as a competitive strategy.

In the years since it was introduced, the Gaps Model has proved to be adaptable in meeting the changing global business environment. For example, when the model was first introduced, very few technology or manufacturing companies considered themselves to be service businesses; therefore, the message of the model was directed primarily at traditional service businesses. Today, most progressive companies in these sectors also see themselves as service businesses and the model is used in these contexts as well. Another major change in the intervening years has been the rapid growth of information technologies profoundly affecting how services are communicated, designed, and delivered, as well as the types of innovative services that are now available to customers. These changes were not anticipated in or reflected in the initial development of the Gaps Model.

<u>Thus, this paper has a dual purpose</u>: to provide a general overview of the Gaps Model of Service Quality and to demonstrate how key aspects of the model have changed over the last twenty-three years due to advances in technology. We begin the paper with essential background on the Gaps Model and a discussion of the impact of technology on services in general. We then discuss strategies for closing each gap in the model and illustrate the dramatic influence of technology on these fundamental strategies. We believe that the Gaps Model of Service Quality can provide one of the strong foundations for service science going forward.

*This paper is invited as a chapter in *The Handbook of Service Science,* edited by Paul Maglio, Jim Spohrer, and Cheryl Kieliszewski, Springer, forthcoming 2009.

DELIVERING EXCELLENT SERVICE: LESSONS FROM THE BEST FIRMS

Stephen W. Brown, Robert Ford, Cherrill Heaton

Delivering excellent service is a challenge for most organizations. While many aspire to it, the evidence from customer satisfaction surveys indicates that too few firms are able to deliver service excellence. On the other hand, some organizations consistently deliver excellent service. This article* reviews ten lessons these benchmark service organizations have learned and shows how these organizations use them to meet and exceed the ever-rising expectations of their customers. These lessons can be emulated by any organization seeking such excellence.

*An article based in this research was published in *California Management Review,* Fall 2001

MANDATING A SERVICES REVOLUTION FOR MARKETING*

Stephen W. Brown, Mary Jo Bitner

Enlightened firms and services researchers have been performing and studying marketing for years in ways quite different from the traditional perspective of many marketing scholars. In advocating a revolutionary change in the discipline, we offer six insights supported by research that can provide a foundation for a service-dominant contemporary marketing. The insights come in part from observations and work we have done with member companies of the Center for Services Leadership at Arizona State University. The essay concludes with pragmatic recommendations for furthering in a services revolution in marketing, including a) get far closer to our laboratory, b) accept that customer are not the sole province of marketers, c) become knowledgeable of other business disciplines and d) work aggressively to reorient marketing curricula.

*This essay is published in *Toward a New Dominant Logic for Marketing: A Service-Centered Perspective,* edited by Robert F. Lusch and Stephen Vargo, M. E. Sharpe, publisher, 2006.

SERVICES SCIENCE IN BUSINESS SCHOOLS:
EVOLUTION AND DISCOVERY*

Mary Jo Bitner, Stephen W. Brown

This paper traces the evolution and current state of services science within business schools and highlights trends that will shape trans-disciplinary research and services curricula in the future. Research and education related to services management have a long history in business schools, dating back to the early 1980s. Driven by demand from the business community at that time, a core group of scholars worldwide have, based on foundational research, developed managerial frameworks, tools, and strategies specifically for service organizations. Textbooks, curricula at all levels, research journals, and international conferences focused on services management have evolved to support this discipline which is grounded in multiple business fields, specifically in marketing, human resource management, and operations. Today we see an explosion of interest in services research and education coming from many directions including the business disciplines, but also expanding into engineering and computer science. As leaders of Arizona State University's Center for Services Leadership, we are in a unique position to paint a picture of the evolution of the services discipline and its role in business education. The CSL has existed at ASU since 1985 and currently has over forty member firms who are devoted to being on the cutting edge of thought leadership related to competing through service. Through our unique lens we are able to project a picture of emerging topics and issues developing in the discipline as a result of current global business challenges.

*This article was published in a special issue of *CACM (Communications of the Association for Computing Machinery)* focused on services science, July 2006.

BRAND IMAGE FORMATION AND UPDATING ACROSS MULTIPLE-EPISODE EXPERIENCES WITHIN SERVICE NETWORKS

Felicia Morgan, Mary Jo Bitner, Amy Ostrom

In complex service situations (e.g., filing an auto insurance claim), a customer's service experience results from interactions with a set of service providers (e.g., rental car agency, automobile repair facility) who are enlisted by a focal provider (e.g., insurance company) to deliver key components of the service solution. While research in marketing has focused on how customers evaluate their experiences with a single service provider, we know virtually nothing about how customers interact with and evaluate a network of multiple service providers that co-produce a service. This type of network is conceptualized by the researchers as a "service network."

The service network context represents unique challenges for brand and customer relationship managers. A service organization must not only be aware of the potential effects of network partner activities on the organization's own brand image, the organization must manage and attempt to leverage these effects to ensure brand differentiation among competitors and consistent and favorable service brand image in customers' minds.

This study focuses on how customers perceive relationships between the partner firms and the focal firm and how their experiences with the partners impact their evaluations of the focal firm's brand image. Utilizing scenario-based laboratory experiments, a series of studies isolates three key factors that influence customer evaluations of a focal firm's brand image during a service network experience: 1) focal brand strength, 2) the strength of the linkages between the partner firms and the focal firm, and 3) the pattern of episode valence.

The results strongly suggest that firms in a service network are subject to customer associations similar to those found in brand alliances. However, there are differential effects of partnering for strong and weak brands. For instance, the results suggest that a weak brand has much more to gain than a strong brand if its partners perform well. Further, strong brands that link strongly with partners are penalized more when things go badly than they are rewarded when things go well. Therefore, a strong brand with any doubt at all about its network partners may be better served by not forming strong links with them.

Overall, it is important for firms to become more aware of customer perceptions and how customers associate brands within a total service network experience or process. Customers do not evaluate brands in isolation.

THE THEORETICAL UNDERPINNINGS OF CUSTOMER ASSET MANAGEMENT: A FRAMEWORK AND PROPOSITIONS FOR FUTURE RESEARCH*

Ruth N. Bolton, Katherine N. Lemon, Peter Verhoef

Marketing scientists and practitioners are increasingly interested in managing customer relationships, customer equity or the "customer asset." Service organizations now recognize the value of current customers, and seek to increase revenues and profits through targeted marketing expenditures. To do so, they need an in-depth understanding of the underlying sources of value derived from current customers and how to increase the revenue streams to enhance firm performance. Inattention to underlying sources of customer value, such as ignoring revenues from cross-selling, can have substantial ramifications for the business performance of service organizations.

In the past decade, marketers have primarily focused on customer retention as a critical source of customer value. For example, some researchers have argued that acquiring new customers is typically more costly than keeping current customers, and that long-tenure customers are more profitable. This argument has stimulated marketers' long-standing interest in the antecedents of customer loyalty and purchase intentions. It has also stimulated the development of strategic models that balance an organization's investments in customer acquisition and retention.

Recently, marketers have broadened the scope of their research by focusing on customer lifetime value (CLV), which is defined as the net present value of <u>all</u> earnings (i.e., revenues less costs) from an individual customer. However, a close examination of these studies shows that CLV is often measured by considering retention as the only relevant source of CLV. <u>Many studies have ignored the contribution of other customer behaviors, such as service usage and cross buying, to business performance.</u> Many such studies focus on predicting the future CLV of customers, rather than predicting the underlying sources of value (i.e., customer purchase behaviors). Although some studies report success, recent empirical analyses (using rigorous out-of-sample assessments of predictive accuracy) suggest that CLV predictions are often insufficiently accurate to provide effective guidance regarding marketing expenditures.

If we consider the multiple sources of revenues from customers, we are faced with two challenges. First, the direction and size of the effects of a marketing instrument are likely to differ for each customer behavior, complicating any assessment of its influence on customer lifetime value. Second, the outcome of a particular investment intended to increase customer value is likely to differ across customers and across industries, so that it is difficult to derive generalizable principles regarding customer asset management. These challenges have typically been ignored in the relationship marketing and customer loyalty literature, but they are very important when service organizations attempt to manage their customer assets.

The goal of this article is to describe a comprehensive framework that provides insight into the behavioral sources of CLV for service organizations, and the marketing instruments that influence them. The paper begins by briefly reviewing prior research concerning CLV and customer asset management. Then, we develop propositions about how customer perceptions and marketing instruments influence different aspects of customer behavior, and thereby CLV. We will also discuss how these effects differ across service industries with different characteristics. Last, we discuss the implications of our work for practitioners and provide an agenda for research on customer asset management.

* An article from the research appears in *the Academy of Marketing Science, Vol. 32, 2004.*

THE EFFECT OF SERVICE EXPERIENCES OVER TIME ON A SUPPLIER'S RETENTION OF BUSINESS CUSTOMERS*

Ruth N. Bolton, Katherine N. Lemon, Matthew D. Bramlett

This paper examines the link between a supplier's marketing and service operations and customers' subsequent repeat purchases. It has implications for suppliers seeking to maximize the likelihood that customers are retained, and suggests specific strategies for allocating marketing and operations resources over the duration of the firm-supplier relationship. Current practice typically focuses on managing variability across contracts and customers (e.g., meet targets across all firms served), rather than variability within contracts (e.g., targeting specific contracts and firms). However, certain business customers may be systematically under-served because conventional quality control mechanisms (across customers, over time) fail to capture, recognize or create solutions for this within customer issue. Hence, the results suggest that suppliers managing relationships with firms that hold multiple service contracts should carefully manage the amount and timing of resources allocated to each contract to deliver value within the firm-supplier relationship.

Failure to ensure adequate utilization of support services – within and across the portfolio of contracts held by a firm -- is likely to lead to decreases in share of customer – and ultimately to the termination of the firm-supplier relationship. In this study, the results suggest that when fixed-price contracts for support services are under-utilized, firms are averse to repurchasing them. In our sensitivity analysis, the probability that a firm renewed a contract when it did not utilize the supplier's services for the focal contract was 72%, substantially lower (12%) than if it had typical utilization levels for the focal contract. The revenue implications are substantial, as well. The probability of renewal would be even lower if the firm did not hold other contracts. Currently, the supplier reactively allocates resources in response to customer requests. Suppliers should consider proactively allocating resources within and across all contracts relevant to the firm-supplier relationship (rather than simply reacting to requests for service or support), to increase customer retention.

Favorable "extreme outcomes" increased contract renewal, supporting the idea that organizational memory – like human memory -- recalls service over time in terms of snapshots of extreme service experiences. This observation suggests that suppliers should look for opportunities to deliver exceptional service to each firm – occasionally (not frequently) exceeding upper bounds for the expected level of service. The current rule of thumb in service delivery is typically under-promise, over-deliver. However, this heuristic fails to identify the firm to whom the supplier should deliver exceptional service and when the service should be delivered and how often. It also fails to recognize that firms adapt to over-delivery (i.e., multiple extreme outcomes on the same contract), so that they have a small impact on firm behavior.

Finally, suppliers may be able implement successful customer retention programs if they keep accurate records of individual firm experiences (at the contract level), and update relationship strategies for individual business customers as their circumstances change. The study context is support services for high-technology systems in business markets in Germany and the United Kingdom

*An article from this research was published in *Management Science*, 52 (12), 2006.

THE EFFECT OF GROUP INTERACTIONS ON SATISFACTION JUDGMENTS: SATISFACTION ESCALATION*

Jonathan B. Bohlmann, José Antonio Rosa, Ruth N. Bolton, William J. Qualls

Given the large number of purchase decisions made by groups, firms could generally benefit from a better understanding of how satisfaction develops in group decision settings. This study investigates how people's satisfaction judgments are modified after they interact with other group members. Our fundamental premise is that group discussion and opinions shape the satisfaction judgments of individual group members. In this paper, we examine the process whereby, prior to a product evaluation meeting, group members hold individual satisfaction judgments based on prior experience, and that their perceptions of attribute performance and overall satisfaction judgments are exchanged in group discussion. After such discussions, we predict that individual satisfaction levels will change due to the influence of two social influence processes.

We conduct two empirical studies to investigate social influence effects in groups. Study One analyzes group satisfaction data collected under controlled conditions. Study 2 analyzes survey data from managers drawn from a cross-sectional sample of diverse organizations. It models the decision-maker's satisfaction with a service supplier as a function of end-user satisfaction. It shows that social influence effects exist in purchasing groups within organizations. Both studies demonstrate that individual's post-discussion satisfaction judgments tend to become more extreme, a phenomenon we call "satisfaction escalation."

Satisfaction escalation occurs in the following way. First, people's perceptions may be biased or distorted by prior expectations, particularly in highly cohesive groups. Second, if the perceived discrepancy between an individual expectations and group satisfaction (DEGS) is extreme, the more positive (or negative) DEGS will translate into more positive (or negative) post-discussion satisfaction. Third, if an individual is highly susceptible to social influence, the effect of an extreme DEGS perception on satisfaction judgments will be enhanced, while the effect of the pre-discussion satisfaction reality within the group will be discounted. Thus, the net result is that an individual's post-discussion satisfaction judgments become more extreme due to the self-confirming perception of the satisfaction expressed by other group members.

Satisfaction escalation may be detrimental to the group's decisions – a matter of considerable importance to companies when they make important purchase decisions. While being associated with greater cohesiveness, group members could be conforming to an inferior position as judgments escalate or polarize due to DEGS. "Managing expectations" might be an appropriate managerial approach in group decision-making, much as it is in managing consumer satisfaction. A potential satisfaction escalation bias dictates a detailed process perspective of managed expectations to positively affect purchase behavior. We suggest some ways to counter this bias.

*An article derived from this research was published in *Marketing Science*, 25 (4), 2006, pp. 301-321.

A MODEL OF CUSTOMER SATISFACTION WITH SERVICE ENCOUNTERS INVOLVING FAILURE AND RECOVERY*

Amy K. Smith, Ruth N. Bolton, Janet Wagner

When a service failure occurs, the organization's response has the potential to either restore customer satisfaction and reinforce loyalty, or exacerbate the situation and drive the customer to a competing firm. Service recovery refers to the actions an organization takes in response to a service failure. Recovery management is considered to have a significant impact on customer evaluations because customers are usually more emotionally involved in and observant of recovery service than routine or first-time service and are often more dissatisfied by an organization's *failure to recover* than by the service failure itself . In fact, research has shown that service failures and failed recoveries to be a leading cause of customer switching behavior in service organizations. Therefore, well-executed service recoveries are important for enhancing customer satisfaction, building customer relationships, and preventing customer defections.

Customers often react strongly to service failures, so it is critical that an organization's recovery efforts be equally strong and effective. This paper develops a model of customer satisfaction with service failure and recovery encounters based on an exchange framework that integrates concepts from the consumer satisfaction and social justice literatures using principles of resource exchange, mental accounting, and prospect theory. The model yields specific predictions about how customers' satisfaction is influenced by the type and magnitude of failure and the nature of the organization's recovery efforts (e.g., apology, compensation, response speed). The study was based on surveys conducted in two different service settings, restaurants and hotels. The surveys asked about service failures that led to customer complaints, as well as "hidden" failures.

The results indicate that, in managing relationships with customers, organizations should consider perceptions of justice, especially after service failures occur. Most industry surveys do not include questions about fairness or justice. Rather, the focus remains on "disconfirmation" (i.e., whether or not expectations have been met), a concept which has virtually defined customer satisfaction and service quality research in organizations. Our results suggest that to better understand customer satisfaction, managers need to survey customers about whether their expectations were met <u>and</u> perceptions of justice.

The results show that customers prefer to receive recovery resources that "match" the <u>type</u> of failure they experience in "amounts" that are commensurate with the <u>magnitude</u> of the failure that occurs. Furthermore, the extent to which a specific recovery attribute positively affects customer evaluations depends on the failure context. The findings contribute to the understanding of theoretical principles explaining customer evaluations of service failure and recovery encounters. They also provide managers with useful guidelines for establishing the proper "fit" between a service failure and the recovery effort.

*An article from this research appears in the *Journal of Marketing Research*, Vol. 36, 1999.

FORWARD-LOOKING FOCUS:
CAN FIRMS HAVE ADAPTIVE FORESIGHT?*

Valarie Zeithaml, Ruth N. Bolton, John Deighton, Timothy Keiningham,
Katherine N. Lemon, Andrew Peterson

Customer metrics are pivotal to assessing and monitoring how firms perform with customers and other publics. In this article, we contend that customer metrics used by firms today are predominantly rear-view mirrors reporting the past or dashboards reporting the present. We argue that companies need to and can develop "adaptive foresight" to be positioned to predict the future by exploiting changes in the business environment and anticipating customer behavior. We address the need for adaptive foresight by synthesizing and integrating literature on customer metrics, customer relationship management, customer asset management and customer portfolio management. We begin by reviewing the metrics that have been and are currently being used to capture customer focus. Next, we discuss possible "headlight" or forward-looking customer metrics that would allow firms to anticipate changes and provide opportunities to increase the value of the customer base. We then identify the conditions under which the new metrics would be appropriate and offer a process for developing adaptive foresight. We close by discussing the implications of adaptive foresight for successful customer asset management that increases long run business performance.

*An article from this work was published in the *Journal of Service Research*, 9 (2), 2006, pp. 168-183.

PROFITING FROM SERVICE RECOVERY: AN IDENTITY THEORY PERSPECTIVE*

Michael J. Howley, Jr., Cheryl Burke Jarvis, Stephen W. Brown, James Ward

Researchers and firms have devoted considerable effort to investigating the relationship between service failure and customer loyalty. A focus of this stream of research has been to understand why service failures hurt loyalty, and through this understanding develop more effective, efficient means of recovery. Nevertheless, substantial gaps remain in our understanding of the psychological and financial impacts of both service failures and service recoveries. Most past research has focused on the negative impacts of failure on customer satisfaction, loyalty, or justice perceptions. What has been neglected is the effect of failures on customer self-identity. Studies have investigated the effect of customer-firm identification on customer loyalty, but little work investigates how service failures can disrupt this bond, how such disruptions can be amended and the resulting financial consequences for the firm.

In our view, customers seek to enhance their identity through not only the products and services they purchase, but their interactions with service providers. However, service failures may frustrate customers' desires for self-enhancement and thus their motive to identify with the firm. As a result, customers may turn away from the firm, resulting in negative financial consequences to the firm. This study addresses the following questions at theoretical and empirical levels. First, do service failures adversely impact customer self-identities? Second, what types of failures impact what aspects of identity? Third, what recovery strategies can amend these negative identity impacts? Fourth, what (if any) are the financial consequences of identity failures and corresponding recoveries? Drawing from identity theory, we develop a theoretical framework that addresses the above questions, propose a corresponding set of hypotheses, and proceed to test our propositions. Our data is unusual in that we survey a large sample of respondents who reported actual service failures and experienced later recoveries. Moreover, we relate their perceptions of failure and recovery to financial outcome data supplied by access to longitudinal transactional data for the same customers.

This research contributes to theory and practice in several ways. We develop a theory of how service failures negatively impact customer identity enhancement goals, and how different types of services recoveries can amend this impact. This framework introduces novel conceptualizations of both service failures and recoveries embedded in identity theory. Moreover, we provide managers with an empirical demonstration of the impact of specific identity-focused service recoveries on actual customer profitability – a rare demonstration of the bottom line significance of the identity construct and service recovery for senior management.

*This research was sponsored by LensCrafters.

GENERATING POSITIVE WORD-OF-MOUTH COMMUNCATION THROUGH CUSTOMER-EMPLOYEE RELATIONSHIPS*

Stephen W. Brown, Dwayne Gremler, Kevin Gwinner

In this study, we hypothesize and empirically test the proposition that interpersonal bonds, or relationships between employees and customers, can significantly influence positive word-of-mouth (WOM) communication. Such influence may be especially true for many services, particularly in situations where a relationship has developed between the customer and individual service providers. In this study we look at four dimensions of interpersonal bonds: trust, care, rapport, and familiarity. We contend that as a customer's trust increases in a specific employee (or employees), positive WOM communication about the organization is more likely to increase and such trust is a consequence of three other interpersonal relationship dimensions: a personal connection between employees and customers, care displayed by employees, and employee familiarity with customers. These propositions are investigated using data collected from bank customers and dental patients, and we find empirical support for all but one of our hypotheses. A key finding is that the presence of interpersonal relationships between employees and customers is significantly correlated with customer WOM behavior. We conclude with a discussion of how interpersonal relationships between customers and employees might be fostered in order to increase the likelihood of customer WOM behavior.

*An article generated from this research appears in Vol. 12, No. 1, 2001 issue of the *International Journal of Service Industry Management.*

CUSTOMER ORIENTED BOUNDARY-SPANNING EMPLOYEE BEHAVIORS*

Stephen W. Brown, Lance Bettencourt

Customer-oriented prosocial boundary-spanning behaviors (PBSBs) refer to three types of behaviors the frontline service employee may perform that are associated with linking the firm to its potential or actual customers: external representation, internal influence, and service delivery. In this paper, we propose and test a model to explain the negative effects of role conflict and role ambiguity on PBSBs across two distinct service organizations.

The results demonstrate that (1) indirect relationships between role conflict and role ambiguity and PBSBs via job satisfaction and organizational commitment entirely account for the negative effects of the role stressors on PBSBs, (2) both job satisfaction and organizational commitment are uniquely related to PBSBs, and (3) role conflict also has a significant positive relationship with internal influence behaviors in addition to a negative, indirect relationship. Overall, our results also suggest that managers should seek to reduce both role conflict and role ambiguity to minimum levels among frontline service employees.

*This research was sponsored by Wells Fargo Bank and Heller Financial Services. An article based on this research appears in Vol. 31, No. 4, Fall 2003 issue of the *Journal of the Academy of Marketing Science.*

CLIENT CO-PRODUCTION IN KNOWLEDGE-INTENSIVE BUSINESS SERVICES*

Stephen W. Brown, Amy Ostrom, Lance Bettencourt, Robert Roundtree

A common characteristic of knowledge-intensive business service (KIBS) firms is that clients routinely play a critical role in co-producing the service solution along with the service provider. This can have a profound effect on both the quality of the service delivered as well as the client's ultimate satisfaction with the knowledge-based service solution. Here, based on research conducted with an IT consulting firm and work done with other knowledge-intensive business service providers (e.g., IBM Global Services, KPMG International), we describe clients' key role responsibilities that are essential for effective client co-production in KIBS partnerships and then present strategies that service providers can use to manage clients so they perform their roles effectively. By strategically managing clients so they successfully co-produce the service, service providers can improve operational efficiency, develop more optimal solutions, and potentially generate a unique source of firm competence that can serve as a sustainable competitive advantage.

*This study was supported by Integrated Information Systems (IIS). An article was published in the *California Management Review*, Summer 2002.

DELIVERING CUSTOMIZED SERVICE*

Mary Jo Bitner, Stephen W. Brown, Kevin Gwinner, Ajith Kumar

Customers are becoming more sophisticated and their expectations are rising. They are demanding service customization and flexibility to fit their individual needs. Frequently it is the contact employees in an organization who are required to adapt the service in real time to fit customer needs. Thus, hiring the right employees and creating an environment that supports adaptive and flexible service delivery are critical issues for firms.

This research explores personal characteristics and organizational climate factors that facilitate the delivery of customized service. Approximately 240 contact employees and their direct supervisors were surveyed. Results of the study suggest that there are two primary ways contact employees and customize services: (1) by adapting their interpersonal behaviors; and (2) by adapting the service offering itself. Further, not all employees are equally adept at these customization behaviors. The research shows that particular personality predispositions underlie adaptive behavior including service orientation, ability to modify one's self-presentation, and a tolerance for ambiguous situations. Results also suggest that strong organizational support and feeling valued as an employee are factors that motivate adaptive behavior and customized service delivery.

*This research was sponsored by AT&T Customer Sales and Service. An article based on this research appears in the *Journal of Service Research, November 2005*. This paper received the award for Best Paper Published in 2005 in the *Journal of Service Research*

ROLE STRESSORS AND CUSTOMER-ORIENTED BOUNDARY-SPANNING BEHAVIORS IN SERVICE ORGANIZATIONS*

Stephen W. Brown, Lance Bettencourt, Scott MacKenzie

Research and some businesses' experiences suggest that firms should emphasize fairness with their customer service employees since traditional motivational tactics (e.g., incentives, performance evaluation) may be less effective at producing attitudes and service-oriented behaviors that satisfy customers. This research examines the impact of outcome, procedural, and interactional fairness on a) job satisfaction and employee commitment and b) service-oriented citizenship behaviors of customer service employees. Results indicate that all three dimensions of fairness explain unique aspects of job satisfaction and employee commitment. Interactional fairness was positively related to employees' service-oriented citizenship behaviors, and outcome fairness had an unexpected negative impact on these behaviors.

* This research was sponsored by Wells Fargo Bank. A related article is published in the Vol. 81, No. 2, 2005 issue of the *Journal of Retailing.*

LEVERAGING RELATIONSHIP MARKETING IN LIGHT OF CUSTOMER ATTACHMENT STYLES TOWARD SERVICE FIRMS*

Martin Mende and Ruth N. Bolton

This research presents a theoretical framework that explains how attachment theory can account for the distinct emotional, cognitive, and behavioral patterns displayed in consumer-firm relationships. Our framework recognizes that the brand and the firms' representatives (e.g., service employees) operate as distinct attachment targets. In two large field studies, we introduce and validate a scale that measures "customer attachment styles" in different contexts. Our results show that customer attachment styles are best conceptualized and measured along two underlying continuous dimensions called customer attachment anxiety and customer attachment avoidance. They also show that attachment styles influence consumers' satisfaction, trust, and affective commitment in relationships with a financial services organization. Furthermore, we test competing hypotheses about how customer attachment styles influence whether a consumer tends to bond with the service brand and the employee in a similar fashion or if s/he prefers to bond with the service brand rather than a service employee.

TECHNOLOGY INFUSION IN SERVICE ENCOUNTERS*

Mary Jo Bitner, Stephen W. Brown, Matthew Meuter

At the time of the millennium, the increasing deployment of technology is having a dramatic impact on service encounters. Traditionally, service encounters were viewed as person-to-person interactions. Now, in many contexts, technology is replacing human providers and either giving customers an option of, or requiring, the use of self-service technologies. Technology is also being deployed to enhance the performance of the front line employee in interacting with the customer. In still other cases, technology is allowing introduction of entirely new service innovations. Across all these situations, the infusion of technology is dramatically altering the very essence of service encounters formerly anchored in a "low tech, high touch" paradigm.

The objective of this research is to explore the changing nature of service encounters emanating from the infusion of technology, with an emphasis on how service encounters can be improved through technology. We examine the influence of technology on the ability of firms to effectively: (1) customize service offerings; (2) recover from service failure; and, (3) delight customers. The role of technology infusion is examined as an enabler of both employees and customers in creating satisfying service encounters across all three of these categories. Examples are featured and managerial and research implications highlighted.

*An article based on this research is published in the Winter 2000 issue of the *Journal of the Academy of Marketing Science*, special issue on Serving Customers & Consumers Effectively in the 21st Century.

IMPLEMENTING SUCCESSFUL SELF-SERVICE TECHNOLOGIES*

Mary Jo Bitner, Amy Ostrom, Matthew Meuter

As companies race to introduce technology that enables customers to get service on their own, managers often find that it is more difficult than it looks to implement and manage effective self-service technologies (SSTs). In this research, we present findings from qualitative interviews and survey research investigating SSTs from the customer's point of view. Based on this research and our work with companies, we present and develop insights around important lessons listed below to guide managers in developing successful SSTs.

Lesson 1: Be very clear on the strategic purpose of the SST.

Lesson 2: Maintain a Customer Focus.

Lesson 3: Actively promote the use of SSTs.

Lesson 4: Prevent and Manage Failures.

Lesson 5: Offer Choices.

Lesson 6: Be prepared for constant updating and continuous improvement.

A diagnostic exercise is included in the paper to help companies assess where they are in terms of successful SST implementation.

*An article based on this research is published in the *Academy of Management Executive*, November 2002.

CHOOSING AMONG ALTERNATIVE SERVICE DELIVERY MODES: AN INVESTIGATION OF CUSTOMER TRIAL OF SELF-SERVICE TECHNOLOGIES*

Mary Jo Bitner, Amy Ostrom, Matthew Meuter, Stephen W. Brown

Innovation is an important means for creating competitive advantage in most industries. One increasingly prevalent type of innovation is the growing use of self-service technology (SST) alternatives such as Charles Schwab's electronic trading, FedEx's package tracking, Cisco's internet-based customer service, or Marriott's automated hotel check-out. Although SSTs are becoming feasible technologically, significant work still needs to be done to better understand how and why customers decide whether or not to use technologically based service delivery alternatives.

This study first explores the stages a customer may progress through when confronted with a choice to use a SST. The study also entails a detailed exploration of the key factors impacting the decision of whether or not to use a SST for the first time. By understanding the SST adoption process and the factors that impact the initial trial decision, firms will be in a better position to harness the power of technology to create competitive advantage.

Two studies were conducted with the customers of a healthcare company exploring their decisions to adopt two different self-service technologies. Results confirm that customers go through a predictable sequence of steps in deciding whether to try a new SST. Results also confirm that "consumer readiness" variables such as role clarity, customer motivation and perceived ability are critical in the decision whether to try the SST. Characteristics of the SST as well as individual consumer personality traits are also likely to impact whether or not customers try a SST.

*This research was sponsored by CVS/Caremark. An article based on this research appears in the *Journal of Marketing*, April 2005.

SELF-SERVICE TECHNOLOGIES: UNDERSTANDING CUSTOMER SATISFACTION WITH TECHNOLOGY-BASED SERVICE ENCOUNTERS*

Mary Jo Bitner, Matthew Meuter, Amy Ostrom, Robert Roundtree

The proliferation of technology is dramatically altering the way firms interact with their customers. One growing use of technology is to allow customers to produce services independently through the use of self-service technologies. Examples of self-service technologies (SSTs) include Charles Schwab's electronic trading, FedEx's package tracking, Cisco's internet-based customer service, or Marriott's automated hotel check-out.

This research is an important component of a stream of research investigating customer use of SSTs. We explored the important factors that lead to either satisfaction or dissatisfaction in SST experiences. In addition, we investigate important outcomes of the experiences such as repeat purchases, word of mouth and complaining behavior.

Descriptions of technologically based service encounters were collected from over 800 customers. Results indicate that the determinants of satisfaction or dissatisfaction with SSTs are quite different from factors that determine satisfaction or dissatisfaction in interpersonal encounters. Satisfactory encounters result primarily from the customer's delight at being able to solve an immediate need, fascination with being able to conduct transactions electronically, or being able to do something more easily and conveniently. On the other hand, all dissatisfactory encounters resulted from some type of service failure, either with the technology itself, the design of the technology, the resulting service process, or occasionally from the customers' own mistake.

As expected, satisfactory encounters lead to significantly greater occurrence of positive word of mouth and repeat purchases, and less complaining than dissatisfactory encounters. It was also determined that customers found certain types of failures (design of the technology or service process) to be more unforgivable than other more temporary failures such as an out of order SST.

*An article based on this research appears in the *Journal of Marketing*, July 2000. This paper is currently the second most cited paper published in JM between 2000 – 2007 as noted in the journal's web page.

FRONTLINE EMPLOYEE MOTIVATION TO PARTICIPATE IN SERVICE INNOVATION IMPLEMENTATION*

Susan Cadwallader, Cheryl Burke Jarvis, Mary Jo Bitner, Amy Ostrom

As self-service technologies (SSTs) proliferate, it is apparent that all are not welcomed with open arms by customers and employees. In many cases both customers and employees are required to significantly change their behaviors, and to adopt new ways of interacting. They must move from what they are comfortable with (i.e., the traditional interpersonal service delivery mechanisms) to new ways of interacting and receiving service. As a result, despite the obvious and apparent benefits in many cases, there is resistance and reluctance to adopt SSTs initially.

Front line employees often are in a prime position to accelerate acceptance of a new SST by explaining its benefits and recommending and demonstrating its use to customers.

This research examines employee behaviors and motivation regarding recommending a new SST to end customers. More than 300 sales and service employees in dealerships of a major manufacturer were surveyed to assess their motivation for recommending a new consumer SST that allows online scheduling of service appointments and tracking of service status by customers. Conclusions from the study suggest that:

- Employees who have more positive beliefs and feelings about the new SST will be more motivated to recommend it, and thus will be more likely to do so.
- Employees have more positive beliefs and feelings about the SST when they feel they have the freedom to choose to recommend it.
- Employees also are more likely to recommend the SST when they feel competent about their abilities to use and demonstrate the technology to customers.
- Managers can increase employee feelings of competence and freedom of choice, in turn increasing their motivation to recommend the SST, by:
  - Creating a sense of the importance of the strategic SST initiative and buy-in throughout the organization, in order to build positive employee beliefs and feelings regarding the value of the SST to the organization, to employees, and to customers.
  - Training and re-training employees both how to use the SST themselves *and* how to recommend it and demonstrate it to customers effectively.
  - Establishing organizational processes that allow employees choice and independence regarding the implementation of their job task, even while emphasizing the value and importance of their participation.
  - Providing continuing promotion and advertising of the SST internally to employees as well as externally to customers.

An overall conclusion from the study is that organizations need to implement an internal marketing and employee rollout plan for new SSTs in addition to the more common customer advertising and customer roll out plans.

*This research benefited from the support of the Ford Motor Company.

SERVICE AND TECHNOLOGY: OPPORTUNITIES AND PARADOXES*

Mary Jo Bitner

Technology is profoundly changing the nature of services and the ways in which firms interact with their customers. The result, while positive, also has its downside. This paper elaborates on the opportunities that technology presents for firms to develop new services, and provide better, more efficient services to customers as well as the paradoxes and dark side of technology and services. The paper concludes with a section on what customers expect from technology-delivered services suggesting "the more things change, the more some things remain the same." Customers still demand quality service no matter how the firm chooses to structure the relationship. It is incumbent upon firms to develop technology-based services that can provide the same high level of service that customers expect from interpersonal service providers.

*This paper appears in *Managing Service Quality,* Volume II, No. 6, 2001, pp. 375-379.

SELF-SERVICE TECHNOLOGIES*

Amy Ostrom, Mary Jo Bitner, Matthew Meuter

This chapter provides a summary of research that has been done to explore issues surrounding customer satisfaction with and adoption of self-service technologies. Research by the authors as well as others is reviewed. It is clear from this review that while service technologies are profoundly changing the nature of services and service delivery, there are many consumer behavior challenges yet to be addressed. The paper concludes with managerial implications for implementing SSTs.

*This paper appears in *E-Service*, edited by Roland Rust and P.K. Kannan, M.E. Sharpe 2002

CUSTOMER ADOPTION OF INTERNET SELF-SERVICE TECHNOLOGIES: THE EFFECT OF INCENTIVE TIMING AND MOTIVATION ON SERVICE TRIAL AND FUTURE USAGE*

Mary Jo Bitner, Susan Cadwallader, Robert Roundtree, Carol Kulik

Firms across industries are striving to get more of their customers to interact with them via the Internet and other self-service technologies. Typically, this involves a significant behavior change for customers, moving them from personal telephone calls and in-person interactions onto the Internet.

A challenging question is: how can firms motivate customers to change their usual, habitual behaviors and adopt and continue to use a new self-service technology such as the Internet? What happens if the person perceives this new behavior as difficult, unappealing or boring? Alternatively, what if they find the new behavior already attractive? What incentives (if any) might be appropriate under these different scenarios?

In this study, we propose and experimentally test a series of hypotheses exploring how the timing of promotional incentives affects initial trial and future behavioral intent to use an Internet SST. Level of initial intrinsic motivation to try the SST is also considered. An actual new Internet service and its potential customers provide the context for this field experiment. Results suggest that while highly motivated customers responded positively to pre-trial incentives to try the service, future intention to use the service was negatively affected for these customers. And, although post-trial incentives were slightly less effective than pre-trial incentives in securing initial trial by highly motivated customers, future intention to use the service was positively affected by the post-trial incentive.

From the research we conclude that offering incentives too early in the services' life cycle may negatively impact the likelihood that the services' early adopters will continue to use the service once these promotional incentives are discontinued. Managers of new Internet web sites should consider not only initial trial, but also commitment to their service as a measure of promotion success to insure achievement of long-term goals.

THE INFLUENCE OF TECHNOLOGY ANXIETY ON CONSUMER USE AND EXPERIENCES WITH SELF-SERVICE TECHNOLOGIES*

Amy Ostrom, Mary Jo Bitner, Matthew Meuter, Robert Roundtree

Although new self-service technologies (SSTs) have been rapidly introduced into the retail environment, not all consumers choose to use them. Even with increasing academic research examining SST adoption and evaluation, there is still much to learn about the factors that influence consumer usage.

In this research, we examine consumer usage patterns and perceived benefits of SSTs. We also assess the impact of individual characteristics, with a particular focus on technology anxiety, on SST usage and satisfaction levels.

A web-based survey of 823 consumers indicated that there were wide differences in usage rates across various types of SSTs. Five core benefits or reasons for using an SST were identified. These included the fact that the SST allowed the transaction to be completed through a more effective process, using the SST provided intrinsic benefits (e.g., enjoyment), the SST was perceived as delivering greater quality, it provided cost savings, and, at times, the reason for usage was that there was no other option available.

When the effects of technology anxiety were examined, the findings indicated that respondents with higher levels of technology anxiety used fewer SSTs. Technology anxiety was found to be a better predictor of SST usage than demographic characteristics such as age and gender. In addition, for those respondents who indicated they had a satisfying SST usage experience, technology anxiety influenced overall satisfaction, intentions to use the SST again, and the likelihood of participating in positive word-of-mouth.

Overall, the study shows that technology anxiety not only affects usage of SST options but it also influences consumers' experience using an SST. By reducing technology anxiety, firms should be able to not only increase consumer usage of the retail technologies they have in place but also achieve more favorable reactions to the experience of using them.

*An article based on this research appears in the *Journal of Business Research*, November 2003.

COMPLAINING TO THE MASSES: THE ROLE OF PROTEST FRAMING IN CUSTOMER -CREATED COMPLAINT WEB SITES*

James Ward, Amy Ostrom

Much has been written about the Internet as a vehicle for e-commerce. Less attention has been devoted to examining customers' use of the Internet to complain or to spread negative word-of-mouth about firms in the face of a perceived wrong committed against them by the company. However, the Internet is changing the power of negative word-of-mouth. Instead of complaining to "7-10" others, some angry customers are now creating complaint Web sites that reach out to millions, tell stories of injustice at length, and sometimes attempt to create "communities of discontent" focused on particular companies.

To investigate the nature of these complaint sites, more than 200 customer-created, complaint Web sites were examined and a content analysis was performed on 40 of the largest sites. The research focused on the types of incidents site creators describe as prompting their creation of the site, the images conveyed of the target firms, attributions of blame, and the objectives of creators as conveyed by their comments.

The results indicate that customers who create these Web sites 'frame' their grievances to the broader public much like civic protesters. They framed ignored complaints as injustices, attributed the cause of their problem to the actions of evil policy makers, and called for collective action. We found that site creators most often said that they constructed their site as a response to a company that repeatedly ignored or inadequately addressed their complaints. Consumer site creators framed these ignored complaints as outrageous injustices against their rights as consumers. They said they constructed their complaint sites as a way to seek justice against firms too large to care about the complaints of a single customer. They tended to vilify their target firms, often characterizing them as systematic in their exploitation of other consumers. Moreover, they encouraged other consumers angry at the firm to contribute their complaints, to think of themselves as a group, and to join in collective action against the firm.

Consumer dissatisfaction has long been regarded as primarily a lonely experience. In contrast, our results suggest that when dissatisfied consumers find one another, their interaction may reinforce their antipathy for a firm. Sparked by their dissatisfaction, protest site creators present themselves as crusaders against a firm, reach out to other consumers, and find affirmation and social support for their oppositional role. Site visitors find themselves united by their shared dissatisfaction. Overall, consumer protest sites reveal that "customer communities" can have a dark side for brands and suggest the social mechanisms that may escalate antipathy in these "communities of discontent."

***This research was published in 2006 in the *Journal of Consumer Research*, Vol. 33 (September), pp. 220-230.

ASSESSING MARKUPS, SERVICE QUALITY, AND PRODUCT ATTRIBUTES IN MUSIC CDS' INTERNET RETAILING*

Elliot Rabinovich, Rajiv Sinha, Arnold Maltz

This paper empirically investigates tradeoffs among premiums, service quality, and product attributes in an Internet supply chain context spanning Internet retailer, customer, and wholesaler echelons. While recent literature has documented the pervasiveness of retail price dispersion, little is known about how price dispersion and retailer margins, in particular, relate to different dimensions of electronic service quality and product attributes. For example, do Internet retailers that charge high margins for their products actually offer superior service quality? Does this relationship between premiums and margins change when more popular products are sold? Would these tradeoffs between margins and service quality change when recently released products are sold? Data from actual electronic commerce transactions across a wide assortment of retailers isolate well defined margin-service quality tradeoffs. High margins are associated with superior performance by Internet retailers across several service quality dimensions (a service premium effect). Thus, when consumers shop for homogenous goods on the Internet, they face a tradeoff between retail premiums and service quality. Furthermore, this tradeoff becomes more acutely defined when products with varying levels of popularity are transacted.

* An article from this work appears in *Production and Operations Management, 2008*

LINKING E-SERVICE QUALITY AND MARKUPS: THE ROLE OF IMPERFECT INFORMATION IN THE SUPPLY CHAIN*

Elliot Rabinovich

Consumers' access to the Internet has greatly expanded their ability to compare offers across a wide array of retailers. In some particular industries (i.e., music), the Internet has also provided consumers with unprecedented opportunities to consider retail offers involving physical goods (i.e., CDs) alongside specialized services. As shown in this paper, these circumstances have important implications for the design and management of customer relationships. These circumstances also permeate relationships across retail and wholesale echelons in music supply chains. In particular, an empirical analysis shows that online-consumer access to information on CD retail markups compels retailers to market a level of service quality that is consistent with that markup information. However, limitations in consumer access to markup data, available only to wholesalers and to Internet retailers, allow retailers to inversely link their markups to the fulfillment service quality offered to consumers with wholesaler support.

* An article from this work appears in the *Journal of Operations Management, 2007*

LOGISTICS SERVICE PROVIDERS IN INTERNET SUPPLY CHAINS*

Elliot Rabinovich, A. Michael Knemeyer

Logistics services and their providers are helping intermediaries add value to Internet supply chains in ways that are not always immediately obvious. Thus, it is not surprising that there is confusion among academics and practitioners about how best to extract value from such services and providers. A new study provides a framework that reveals details about the role and value of logistics services and their providers and explains why it is important to capture that value. Moreover, the study shows that Internet sellers establish relationships with logistics service providers in order to extract value from the providers' network of logistical resources and better fulfill their customers' orders. The study suggests that Internet sellers form these relationships to lower the costs they would incur if they were organized to carry out the logistics services internally. Additionally, Internet sellers seek these providers in order to access strong networks that bundle many complementary logistics services and make these services available across new and existing relationships between the Internet sellers, their customers, and their vendors.

* An Article from this work appears at *California Management Review, 2007*.

WHY DO INTERNET COMMERCE FIRMS INCORPORATE LOGISTICS SERVICE PROVIDERS IN THEIR DISTRIBUTION CHANNELS? THE ROLE OF TRANSACTION COSTS AND NETWORK STRENGTH*

Elliot Rabinovich, A. Michael Knemeyer, Chad M. Mayer

The Internet has redefined information-sharing boundaries in distribution channels and opened new avenues for managing logistics services. In the process, firms have started to incorporate new service providers in their commercial interactions with customers over the Internet. This project studies conceptually and empirically why Internet commerce firms have established relationships with these providers. Focusing on logistics services in outbound distribution channels, we rely on transaction cost theory to reveal that low levels of asset specificity and uncertainty drive Internet commerce firms to establish these relationships. Moreover, we apply strategic network theory to show that Internet commerce firms seek these providers because they offer access to relationship networks that bundle many complementary logistics services. In addition, logistics service providers make these services available across new and existing relationships between the Internet commerce firms, their customers, and their vendors.

* An article from this project appears at the *Journal of Operations Management, 2007*.

MANAGING INTERNET PRODUCT RETURNS: A FOCUS ON EFFECTIVE SERVICE OPERATIONS*

Diane A. Mollenkopf, Elliot Rabinovich, Timothy M. Laseter, Kenneth K. Boyer

Product returns present one of the biggest operational challenges in the world of Internet retailing due to the sheer volume and cost of processing returns. But returns also represent an often-missed opportunity to manage customer relationships and build customer loyalty to the retailer. Based upon data from a survey of 464 customers of five different Internet retailers, this paper explores how firms' returns management systems affect loyalty intentions. We draw upon extant literature in the fields of Internet retailing, service quality, supply chain management, and customer satisfaction/loyalty to develop a model and a set of hypotheses relating ten latent variables in the service returns offering area. Our resulting structural equation model provides evidence of the impact of the returns management system upon customer loyalty intentions. The model also identifies effects on loyalty intentions arising from customers' satisfaction with and perceptions of the value of the returns service offered. These findings will help inform managers' choices regarding investment in the returns management system as an element of service quality improvement and a potential means of improved profitability. In addition, this study's empirical exploration and testing of a returns management model in the Internet retailing environment is a contribution to the currently underrepresented body of academic literature linking marketing and supply chain management in the context of end consumers.

* Article from this work appears at *Decision Sciences, 2007*

BEHIND THE CURTAIN: MANAGING INTERNET RETAILING OPERATIONS*

Timothy M. Laseter, Elliot Rabinovich, Kenneth K. Boyer, Manus Rungtusanatham

With the increasing maturation of online commerce, many Internet retailers now face important inflection points in their operations strategy. Our work with Internet retailers and our research on the channel highlight the three most critical operations issues facing these retailers:

1. How should returns be managed to achieve immediate customer profitability and long-term loyalty?
2. Is the structure of the physical distribution network optimal?
3. Where should product inventories be deployed across the network for the best cost and service combination?

As with all strategic decisions, the correct solutions vary for each player depending on the particular circumstances. But despite the differences between companies and categories, our work develops some common considerations—and likely solutions—that warrant attention by every Internet retailer.

* An article from this project appears at *MIT Sloan Management Review, 2007*

THE HIDDEN COSTS OF CLICKS*

Timothy M. Laseter, Elliot Rabinovich, Angela Huang

Understanding cost-to-serve dynamics is more important than ever as online retailing continues its growth spurt. More than a third of U.S. households now shop online, according to a September 2005 report from Forrester Research, and annual sales of physical goods are expected to hit $100 billion for the year.

Over the second decade of online retailing, the companies that truly grasp the drivers of cost-to-serve at the level of individual items and individual customers will unlock the full value-creating potential of online retailing as an alternative to — and complement of — traditional retailing.

Our work shows that future success for retailers of furniture, electronics, luggage — any sort of retailers — won't be a matter of expanding standard offerings to the burgeoning Internet channel or simply replicating existing online models. Despite the obvious marketing synergies, toys present different challenges from books and shoes different challenges from luggage. Smart retailers will take a closer look at the costs of bringing each item to each consumer, the cost-to-serve, to decide how to merchandise their offerings and ultimately grow their business by applying the right retail model at the right time.

* An article from this work appeared at Booz Allen Hamilton's Strategy + Business, 2006

MARKETING CHALLENGES OF E-SERVICES*

Ruth N. Bolton

A fundamental tenet of contemporary marketing thought is that marketing activities should be directed toward creating, maintaining and enhancing successful customer relationships. What is the role of e-services in creating and delivering value with customer-firm relationships? As illustrated by the table (below), marketing activity occurs through channels that enable distribution (i.e., the physical exchange of goods and services), communication, and/or transactions (i.e., purchases). Different channels provide opportunities to reach different market segments. For example, Dell recently decided to sell computers through in-store kiosks to reach an estimated 25% of customers who make purchases solely through retail outlets. Although some customers can be reached through a single channel, many customers are touched by multiple channels. For example, General Motors reaches its customers through traditional channels, such as dealerships, as well as through online auto information management services.

	Current Offerings	**New Offerings**
New Channels	Current products that can be digitized (e.g., music) or enhanced with digital material (e.g., support services via websites)	Digital Products or E-Services (eweb-services and e-services such as car telematics)
Current Channels	↑ Current Products →	New products, such as email and stock alert services, delivered over wireless networks

Although the fundamental principles of marketing apply to all products and services, implementation issues make e-services especially challenging. This essay identifies and discusses some of the critical questions facing organizations that offer e-services.

*This essay appears in *Communications of the Association for Computing Machinery*, New York: Association for Computing Machinery, June 2003.

INTERACTIVE SERVICES: A FRAMEWORK, SYNTHESIS AND RESEARCH DIRECTIONS*

Ruth N. Bolton, Shruti Saxena

This article briefly reviews marketers' current knowledge about interactive services. It defines interactive services as services that have some form of customer-firm interaction in an environment characterized by any level of technology (i.e., a high or low technology environment). Customers may interact with the firm's physical elements (including technology), processes and people in both service creation and delivery. Consequently, customer participation directly influences service quality and behavioral outcomes (e.g., service usage, repeat purchase behavior and word-of-mouth) – as well as firm outcomes (efficiency, revenues and profits). Hence, a recurring theme throughout our article is that the nature of customer participation is critically important for the effective creation and delivery of interactive services. The article identifies key research areas and their relevance to managerial practice. This analysis yields a set of research questions that provide an agenda for future research.

*This article is forthcoming in *Journal of Interactive Marketing.*

INTERNET RETAILER MARGINS AND PHYSICAL DISTRIBUTION SERVICE: EMPIRICAL RELATIONSHIPS AND IMPLICATIONS

Elliot Rabinovich, Manus Rungtusanatham, Timothy Laseter

In this paper, we investigate the relationship between Internet retailer margins and retailer promises regarding product distribution service. We focus particularly on Internet retailing in a ”drop-ship” context, since this model provides a purer separation of these activities and the related costs and the most critical context for the empirical examination of the relationship between retailer margins and promises. Drawing upon retailer and consumer perspectives, we articulate and justify a set of hypotheses regarding the relationships among Internet retailer margins and promised product distribution service performance. We examine a sample comprising over 2,000 transactions from a retailer, and find partial empirical support for the set of hypotheses. Specifically, the results show that product margins and the margins on shipping and handling are inversely proportional. We also find a direct relationship between promised product distribution service performance and shipping and handling margins even after key product characteristics known to influence the cost side of the margin equation are controlled for. These results confirm an intuitively logical view of the relationships among pricing and promised product distribution service performance. The study also offers insights for practitioners regarding the opportunity to enhance performance in this domain. Finally, the paper demonstrates the benefit and power of employing completely objective measures drawn from the vast array of information captured via online transactions.

TOWARDS THE SERVICE ORIENTED ENTERPRISE VISION: BRIDGING INDUSTRY AND ACADEMICS*

Haluk Demirkan and Michael Goul

The complexities and costs of current information architectures, infrastructures, and distributed data and software have provided impetus to emerging conceptualizations of the Service Oriented Enterprise (SOE). The foundations for SOE can be found in current applications of service oriented architecture (SOA), service oriented infrastructure (SOI), business process and workflow, computing resource virtualization, business semantics, service level agreements, increasing standardization, and other areas of applied research. This article reports on a panel held at the 2006 Americas Conference on Information Systems (AMCIS) in Acapulco, Mexico, regarding the impacts of SOE tenets on the IS field. Two organizations that are at the leading edge of the SOE continuum [American Express and Intel] in terms of vision and experiences were represented by Margaret Mitchell and George Brown. In addition, MIS academics were represented on the panel by the authors, researchers from Arizona State University. Both industry and academics brought unique perspectives. American Express' SOE approach addresses organizational structure and business intelligence project workflow issues. The company hosts one of the largest IT infrastructures capable of handling untold numbers of transactions each second. Intel's SOE approach addresses the orchestration of services and workflows in the cross-architecture environments characterizing the modern extended global enterprise. Intel is playing a lead role in establishing the OASIS (the Organization for the Advancement of Structured Information Standards) SOA Reference Model (called 'ebSOA').

* This paper appears in *Communications of AIS,* 2006.

SERVICE BLUEPRINTING: A PRACTICAL TECHNIQUE FOR SERVICE INNOVATION*

Mary Jo Bitner, Amy L. Ostrom, Felicia N. Morgan

With the global focus on service-led growth has come an awakening to the need for practical techniques for service innovation. Services are fluid, dynamic, experiential and frequently co-produced in real time by customers, employees, and technology, often with few static physical properties. However, most product innovation approaches focus on the design of relatively static products with physical properties. Thus, many of the invention and prototype design techniques used for physical goods and technologies do not work well for human and interactive services.

This article describes one technique—service blueprinting—that has proven useful for service innovation. Service blueprinting is securely grounded in the customer's experience and it allows the clear visualization dynamic service processes. The technique is described in detail in the paper including real case examples that illustrate the value and breadth of its applications. Case studies include:

- Yellow Transportation
- ARAMARK's Parks and Resorts
- IBM
- Marie Stopes International
- San Francisco Giants

These cases illustrate how service blueprinting can be successfully applied for the following purposes:

- Providing a platform for innovation
- Recognizing interdependencies among people and functions in delivering service
- Facilitating both strategic and tactical innovations
- Designing moments of truth
- Visualizing and understanding the customer's experience
- Transferring and storing innovation knowledge
- Creating ideal experiences
- Clarifying competitive positioning

Guidelines for a service blueprinting workshop based on Arizona State University's Center for Services Leadership programs are provided along with detailed insights for managers and academics.

* This article is based on workshops and case studies with CSL member firms and others. The paper appeared in *California Management Review,* Spring 2008.

SERVICE LOGIC INNOVATIONS: HOW TO INNOVATE CUSTOMERS, NOT PRODUCTS*

Stephen W. Brown, Stefan Michel, Andrew S. Gallan

Service innovations are often perceived as innovating intangible products. This article argues from a more radical service-logic perspective that challenges the traditional attribute-based view of innovation. Rather than innovating products and services (value-created and exchanged by firms), the focus shifts to innovating customers' value co-creation roles. It presents a case-based managerial framework indicating that service-logic innovations change the customer's role as buyer, payer, or user, and that firms innovate through smart offerings, different value integration, and reconfigured value constellations.

*An article associated with this work is published in the Spring 2008 issue of the *California Management Review*.

A NEW APPROACH FOR THINKING ABOUT CUSTOMERS, OFFERINGS, AND COMPETITION*

Stephen W. Brown, Stefan Michel, Stephen Vargo

The purpose of this paper is to provide a comprehensive and useful framework for better understanding the complex, dynamic, competitive landscape, broadly defined, than currently exists in the marketing literature. The framework represents integration of (1) the service-dominant logic (Vargo and Lusch 2004) of customer value co-creation with (2) the relieving and enabling of functions of market offerings (e.g., Wikström and Normann 1994, Michel 1995), and (3) and multiple-category competition. We believe that our framework will help managers, researchers and scholars to reframe marketing thinking and strategies in view of today's multi-layered and complex competitive environment.

*An earlier version of this work was presented at the 2005 Winter Educators' conference of the American Marketing Association. It received the Best Paper award for the Strategic Marketing Track.

DIMENSIONS OF DISCONTINUOUS INNOVATIONS: A SERVICE-DOMINANT LOGIC PERSPECTIVE*

Stephen W. Brown, Stefan Michel, Andrew Gallan

The service-dominant logic (SDL) provides a novel and valuable theoretical perspective that necessitates a rethinking and reevaluation of the conventional literature on innovation. This literature is built upon a goods-dominant logic and has resulted in a restricted and out-moded perspective that overlooks many major discontinuous innovations. In this article, we show how many innovations cab be better understood by assuming a SDL perspective. We present four SDL categories of discontinuous innovation positing that they can help scholars and managers analyze, design and implement breakthrough advances in resource use. We argue that discontinuous innovation can arise by changing any of the customers' roles of users, buyers and payers, by embedding operant resources into objects, by changing the integrators of resources, and by reconfiguring value constellations. Finally, we offer some managerial and research implications related to what has been proposed.

*An article based on this research is under review.

A FRAMEWORK FOR AN ANALYSES OF PARADIGMS IN SERVICE RESERACH*

Stephen W. Brown, Bård Tronvoll, Bo Edvardsson

Service research has successfully evolved over several decades and is becoming a research discipline of its own. Throughout its development, this research has mainly focused on practical issues related to managerial relevance. There has been little, if any, ontological and epistemological discussions, nor much commentary about the paradigmatic assumptions of the research field. Major dialog about a service dominate logic (SDL) and the creation of a multidisciplinary service science also suggest some of the inadequacies of service research. Recognizing these shortcomings, this article examines different epistemological foundations and proposes a framework to describe and better understand the development and future of service research. The framework offers a guide to paradigmatic and methodological analysis of service research and contributes to discussion about the future of this emerging discipline.

OFFSHORE OUTSOURCING OF SERVICES: A STAKEHOLDER PRESPECTIVE*

Stephen W. Brown, Wendy Tate, Lisa M. Ellram

Offshore outsourcing of business processes is a rapidly increasing global business phenomenon. Because of the increase in outsourcing and offshoring of services, there is an increased reliance on the development of strategic alliances and inter-firm relationships. Most research to date focuses on the buyer and the supplier as the key participants in the purchase of outsourced services. However, service purchases tend to involve a number of other stakeholders that influence the success or failure of the buyer-supplier relationship. Therefore, the purpose of this paper is to use stakeholder theory to examine who are the key stakeholders in the offshore outsourcing of services, what expectations they hold, and how the buyer and supplier work together to meet those expectations. The paper uses the case research method to address this phenomenon by studying in depth six United States based, FORTUNE 500 firms involved in offshore outsourcing of services.

*An article based on this research has been conditionally accepted for publication by the *Journal of Service Research*

MANAGING RISK AND RETURN IN A CUSTOMER PORTFOLIO *

Ruth N. Bolton, Michael Hutt, Beth Walker, Crina Tarasi

What is the ideal mix of customers across industries that will optimize long-term profitability? We believe that a firm's choice of customers is an investment decision that can be enriched by modern portfolio theory—a theory by Markowitz that revolutionized investment practice and was recognized with a Nobel Prize. By isolating the risk-return characteristics of different classes of customers and designing an optimal portfolio that is diversified across customer categories, customer analysis and traditional segmentation approaches can be taken to a new level. Here, an optimal customer portfolio would be represented by a unique assortment of customers that deliver maximum profitability for a given level of risk. Our research provides an approach for assessing the attractiveness of a particular customer segment and measuring the resulting impact in profitability. This research will support a company's growth strategies by: (1) providing guidelines for customer portfolio adjustments under different economic conditions; (2) isolating underserved market segments that represent the best opportunities for maximizing profitability and reducing customer portfolio risk; and (3) offering a specific method for evaluating the profitability and risk associated with different customer segmentation strategies.

* This research project was funded by the Marketing Science Institute.

WHEN EXECUTIVES SPEAK, WE SHOULD LISTEN AND ACT DIFFERENTLY*

Stephen W. Brown

This essay is about how the research of marketing academics can contribute more broadly to business practice. Its underpinnings stem from a roundtable discussion facilitated by Ruth Bolton and Stephen Brown and involving five executives.

By design only one of the roundtable participants was from marketing, yet all have a deep interest in customers and topics of interest to marketing scholars. The essay features the opportunities and imperatives confronting business, all of which are of contextual and direct interest to marketing scholarship. Although marketing's role and stature in many businesses has waned, the interest in creating and delivering value to customers is clearly at the forefront of business priorities. The essay argues that marketing scholars will build better bridges to practice when they begin to see their target market as the many parts of businesses interested in customers, not just the marketers.

*This essay is published in the "Marketing Renaissance" section of the *Journal of Marketing*, Vol. 69, No. 4, October 2005. Roundtable panelists included Frank Baynham, Gary Bridge, Greg Reid, Nick Semaca and Michael Wiley of Luxottica Retail, Cisco Systems, YRC Worldwide, McKinsey & Company and IBM, respectively.

BUILDING A MARKET-DRIVEN ORGANIZATION: AN INTRA-ORGANIZATIONAL PERSPECTIVE *

Beth Walker, Michael Hutt, Ajith Kumar, Robert Roundtree, Andrew Czaplewski

Considerable progress has been made in identifying market-driven businesses, understanding what they do, and measuring the bottom-line consequences. The next challenge is to understand *how* a customer-centered orientation can be achieved and sustained within an organization.

Market orientation emphasizes the ability of a firm to learn about customers, competitors, and channel members and to use this market intelligence to create superior customer value in the marketplace. The implementation of market orientation, however, may meet with varying degrees of success across functions and levels within the organizational hierarchy.

The objective of this study is to explore the factors and processes that determine successful implementation of market orientation within a global organization. Particular attention will be given to identifying the factors that shape (1) the beliefs of managers concerning market orientation, and (2) the commitment of managers to the implementation of market-driven strategies. Moreover, the study will also isolate the factors that shape variations in market intelligence gathering, dissemination, and responsiveness.

Personal interviews were conducted with key managers in the organization and mail questionnaires were completed by 700 customer contact employees and 150 managers/executives. The results indicate that market-driven behavior is directly tied to performance results.

- Sales associates who are more responsive to market intelligence generate a greater level of sales performance.
- Sales associates who demonstrate a stronger competitive orientation generate a greater level of sales performance.
- Sales associates who perceive greater empowerment generate a greater level of sales performance.

By isolating the individual and group level characteristics that are associated with successful implementation of market orientation within the firm, the study provides well-grounded strategies for enhancing organizational performance.

* This research was sponsored by Avaya.

EXTERNALIZATION OF EMPLOYMENT IN A SERVICE ENVIRONMENT: THE MEDIATING ROLE OF ORGANIZATIONAL AND CUSTOMER IDENTIFICATION*

Scott A. Johnson, Blake E. Ashforth

This study investigates the impact of employment externalization (in the form of limited-term vs. permanent employment status) on customer-oriented service behavior, and how identification processes may help to resolve the 'paradox of externalization' (i.e., organizations relying more on potentially disenfranchised employees to maintain strong connections with their customers). Survey data were obtained from 369 sales, service, and technical support personnel from the Canadian subsidiary of a large international service organization in the high technology sector. Organizational and customer identification fully mediate the relationship between employment status and customer-oriented service behavior. Additionally, the perceived external image of the organization and the visibility of one's affiliation with the organization moderate the relationships between employment status and organizational and customer identification.

*****This research was sponsored by IBM Canada. An article was published *Journal of Organizational Behavior*, Vol. 29, 287–309 (2008)

FORMING SUCCESSFUL BUSINESS-TO-BUSINESS SERVICES IN GOODS-DOMINANT FIRMS*

Stephen Brown, Wayne Neu

Extant literature is almost unanimous in suggesting that managers in goods-dominant firms should integrate services into their core market offerings. Further, in actual practice numerous firms are striving with mixed results to become "solutions providers" by adding services to their portfolio of tangible goods. The literature does not, however, describe what factors to consider when adding services and how the factors should be designed to enhance organizational performance. The purpose of this study was to isolate and characterize factors that enable the formation of successful business-to-business (B2B) services in goods-dominant firms. Using a multi-case research design, this study highlights four substantive cases of *Fortune 500* firms in which B2B service development was a process of aligning strategy with a highly complex market. The study illustrates how firms that demonstrate a record of successful B2B service development adapt several factors of organization to align with the newly formed strategy.

* This research has been sponsored by Avnet, Hewlett-Packard, Honeywell and The Insight Group. A publication based on this research is the lead article in the *Journal of Service Research*, Vol. 8, No. 1, August 2005. A case study derived from this work and titled "Manufacturers Forming Successful Complex Business Services" is published in the *International Journal of Service Industry Management, Vol. 1, No. 2 (2008).*

SERV*OR: A MANAGERIAL MEASURE OF ORGANIZATIONAL SERVICE ORIENTATION*

Michael P. Mokwa, Richard Lytle, Peter Hom

SERV*OR is a valid measurement scale that is designed as a research and managerial tool. It is used to assess the degree of “service orientation” that exists in and across an organization. Specifically, SERV*OR measures employee perceptions of critical service work practices that reflect a climate for service excellence. Key attributes of the measure include (1) a customer contact focus, (2) servant leadership by management, (3) marketing and human resource management practices, and (4) service systems designed to ensure quality customer service.

The SERV*OR scale is written in language that allows the measurement of employee perceptions at all levels of the organization (management, front-line service representatives, back-office support staff, sales and delivery personnel, etc.). It provides managers with a valid empirical device to identify (1) whether service practices are being implemented in their organizations, (2) where “best service practices” are being implemented, and by whom -- managers, departments, divisions, stores, branches, individuals, etc., (3) to what extent these practices exist across the organization -- benchmarking, and (4) whether these practices drive superior performance.

In our studies, we found ten dimensions of service that contribute to a culture of service excellence and typically promote superior performance. Each dimension relates directly to enduring core service quality principles. The dimensions are: (1) servant leadership, (2) service vision, (3) customer treatment, (4) employee empowerment, (5) service training, (6) service rewards, (7) service failure prevention, (8) service failure recovery, (9) service technology, and (10) service standards communication.

Our research demonstrates that SERV*OR is (1) user-friendly, (2) suited for testing employee perceptions of service practices at all levels of the organization, and (3) very robust in its ability to measure distinct dimensions of service orientation across multiple organizations and industries. SERV*OR can be used to diagnose and evaluate service practices by department, unit, or division.

*The research was supported by Bank of America and McCoys. An article developed from the study appears in the *Journal of Retailing*, Fall 1998.

RELATIONSHIP MARKETING: CONCURRENT PROCESSES AND CUSTOMER PROFITABILITY *

Beth Walker, Ajith Kumar, Michael Hutt, Julie Huntley

Business-to-business marketing firms create what might be called a collaborative advantage by demonstrating special skills in managing relationships with key customers. To effectively initiate and sustain a profitable relationship with a customer, the business marketer must carefully manage the sales and service connections that provide the central points of customer contact and define the relationship.

The objective of the study was to explore the factors that shape profitable customer relationships and account success. Specifically, the study isolated the role that two important relationship dimensions exert on customer profitability: (1) the *internal* working relationship between sales and service and (2) the *external* relationships that sales and service personnel have forged with buying influentials on the customer side. To this end, the study examined the relationships that have formed around 200 customers of a *Fortune*-500 company. Personal interviews were conducted with a key decision-maker in each of the customer organizations and a mail questionnaire was completed by both the salesperson and the service representative assigned to each account. By isolating the characteristics of buyer-seller relationships that are associated with successful performance outcomes, the study provides specific guidelines for managing the sales-service interface and account management strategies that enhance profitability. The results suggest that the internal working relationships between the salesperson and the service manager drive service profitability. Moreover, account penetration is greater when service managers have a close personal relationship with the customer.

* This research was sponsored by IBM.

STRIKING THE RIGHT BALANCE: DESIGNING SERVICE TO ENHANCE BUSINESS-TO-BUSINESS RELATIONSHIPS

Ruth N. Bolton, Amy K. Smith, Janet Wagner

It's common knowledge that service is crucial to creating long-term relationships with your customers, but are there any special rules for business-to-business service providers? Do you treat all customers the same, or do they respond differently to services offerings based on individual perceptions and experience? Until now, research has paid little attention to service design in B2B relationships. This study surveyed 387 business customers of a large telecommunications company, investigating how social and economic categories of service influence customer evaluations of business relationships. The study's key finding was that not all customers respond to service in the same way, and that organizations must learn to "strike the right balance" between things like employee-delivered services (EDS) and other operational service aspects depending on the customer. The study also underscores the importance of EDS in creating long-term and quality relationships.

Social bonds created through employee delivered services (EDS) were stronger than bonds created through more financial or economic aspects of service (like contract terms or commission rates). Also, social bonds had more of an effect on the customer's perceived value of that service, which in turn predicts a customer's behavioral intentions. In other words, good EDS create strong bonds and high value perceptions, which in turn make customers more likely to renew contracts, make recommendations about the service provider, and increase patronage.

Some customers derive more value from EDS than from service operations with more explicit monetary benefits. In fact, these customers are willing to make trade-offs and accept enhancements in EDS as compensation for reductions in operational levels of service (like slower repair times). This finding means business-to-business organizations can compensate for reductions in operational or financial aspects of service by providing higher levels of social resources via EDS.

The study found that business relationships are complex, customer reaction to change in service operations depends on how these operations are communicated, and optimal communication varies for each customer. The best way to maximize satisfaction and perceived value is to customize service mixes based on customer value perceptions, and the length, nature and quality of the relationship.

Don't expect to apply the same service mix to all your customers and get the same results. Tailor your services to your customers based on the length, quality and nature of the relationship. If you want your customers happy and in it for the long haul, you need to make sure they value your service and are actively engaged with your service representative. On-site visits can do more harm than good if you don't know the details, so keep tabs on your customers. Create profiles that include current service offerings, perceptions of prior experience, whether or not these customers are receptive to visits, and how well they respond to economic incentives. Making the best out of your B2B service relationship means personalizing your approach.

*This paper appeared in the *Journal of Service Research*, 2003. It was a Finalist for the *Journal of Service Research* Excellence in Service Research Award (for best article) of 2003.

THE CROSS-FUNCTIONAL SKILLS OF HIGH-PERFORMANCE MARKETING MANAGERS *

Michael Hutt, Beth Walker, Edward Bond

Effective cross-functional relationships provide the foundation for successful innovation in service organizations. This study explores the defining features of effective cross-functional working relationships and isolates the relational skills of high-performance (reputationally-effective) managers. In Phase I of the study, 124 managers who represented three different functional areas (Marketing, Manufacturing, and R&D) were interviewed and recounted their most effective and ineffective working relationships across functions. This provided a rich portfolio of nearly 500 critical incidents that reveals some important determinants of effective and ineffective working relationships. The results suggest that effective working relationships are characterized by flexibility (give and take; compromise), perspective taking (understanding and accepting another's viewpoint), responsiveness, shared goals, and open communications.

Phase II of the study examined the relational skills of high-performing managers and drew on a sample of nearly 200 managers across functions. Mail questionnaires were used to define each manager's network of cross-unit relationships, secure peer evaluations, and isolate particular skills. Results indicate that high-performance managers are:

- centrally positioned in the communication network;
- adapt the management style to the situation (behavioral flexibility);
- understand the perspective of other functions (perspective taking);
- openly convey relevant information (openness).

Implications for forging better cross-unit working relationships are drawn from the research.

* This research was sponsored by Lucent Technologies. An article based on the research appears in the *Journal of Product Innovation Management,* January, 2004.

INTRA-ORGANIZATIONAL CONFLICT IN A CUSTOMER COMMUNITY

Blake Ashforth, Peter Reingen, James Ward

Business strategists and the business press have recently devoted a great deal of positive attention to how customers can collaborate with each other and the firm to add value to a product or service. The popularity of creating customer communities, on-line discussion groups, and the general interest in the "wikipedia" principle (the idea that consumers could cooperatively produce information or services for each other) illustrate the interest in the idea of helping customers cooperate to add value to a business. However, current thought about customer communities has generally neglected their dark sides. In voluntary organizations, fighting over both the ends and means of cooperation is common, and can alienate members and slow the accomplishment of organizational goals. In this research, we set out to better understand the sources of conflict among a group of consumers who came together to cooperate in the running of a retail store designed to provide members with a high level of service.

Focusing on a set of controversial store policy alternatives, open-ended and structured measures were employed to assess opposing factions, cognitive maps of the consequences of alternative policies, and their maps of the other side's viewpoint. In addition, measures of social ties, interpersonal perceptions, and emotions experienced while interacting with others were collected. The data suggest the following:

- Opposing factions agreed more on the goals for the service than the means by which these ends were to be obtained
- Opposing factions tended to stereotype the others' views of the customer service and strategic consequences of design alternatives. In particular, they believed the opposing faction had simpler and more extreme views than they actually shared.
- Disagreement on service design was related to negative perceptions and negative emotions experienced when interacting with members of the opposing faction.
- The process of interpersonal stereotyping was related to, and served to maintain, a lack of ties between the opposing groups, a condition helping to maintain their stereotyped perceptions of each others' service design preferences.
- The intra-organizational conflict resulting from the combination of negative interpersonal perceptions, negative emotions, and mis-perceiving others' views of the consequences of service design alternatives slowed the process of strategic change to a point threatening the ability of the organization to retain its customers and compete in its market.

Given that the community under study was dedicated to "cooperation" as a guiding principle, the study reveals the possibility of intra-organizational conflict in service design, the interpersonal dimensions of such conflict, and the importance of controlling processes of stereotyping opponents' views through the maintenance of communication networks.

ISOLATING THE SKILLS OF HIGH-PERFORMING ACCOUNT MANAGERS*

Michael Hutt, Beth Walker, Ajith Kumar, Gabriel Gonzalez

The success of marketing strategy hinges on sound and effective front-line execution by account managers. Our study tackles this research question: What are the characteristics that distinguish high-performing account managers from their counterparts? Specifically, the study explores the way in which exceptional performers acquire and use information to manage customer relationships. Drawing on the social network literature, as well as on studies of expertise in organizations, this research conceptualizes knowledge creation as a social process that is guided and shaped by the set of social relationships that managers have forged both within and across organizations. The study is based on the premise that, because of the size, diversity and strength of their social relationships, exceptional performers will possess more elaborate knowledge structures, in terms of their breadth and depth, than low performers. In turn, these knowledge structures allow them to adapt their account management strategies to create a diverse set of customer solutions.

The data for the study is drawn from face-to-face interviews with sixty account managers in a Fortune 500 firm: 20 high-performing account managers, 20 average-performing account managers, and 20 low-performing account managers. Depth interviews have been transcribed, coded, and analyzed to reveal information use and knowledge characteristics that distinguish high- versus low-performing account managers. The analysis provides a special opportunity to link the information acquisition strategies and knowledge structure characteristics that separate high- versus low-performing counterparts.

The research also provides new managerial insights by:

1. *Isolating the information-use strategies of exceptional performing account managers.*
2. *Identifying the strategies that exceptional performing account managers use in integrating organizational resources to build total customer solutions.*
3. *Offering specific guidelines for incorporating the best practices of account managers into the sales organization.*

*This research was sponsored by YRC Worldwide

DEFINING THE SOCIAL NETWORK OF A STRATEGIC ALLIANCE *

Michael Hutt, Beth Walker, Edwin Stafford

Firms that are adept at managing relationships with strategic partners can secure an important competitive advantage. Successful collaboration requires effective integration at multiple levels of the partnering organization. This study examined a strategic alliance between two *Fortune*-500 companies and explored the web of working relationships within and across the two organizations. Personal interviews, mail questionnaires, and follow-up telephone interviews were used to isolate the beliefs and communication patterns of the 42 alliance participants.

The results suggest that a well-integrated communication and work flow network among managers within and across partnering firms is critical for fostering shared perceptions and effective alliance relations. Manager perceptions of alliance goals and activities differed by firm, management level, and functional unit. However, managers with strong social ties shared common perceptions of alliance goals. On balance, informal networks provide the circuits through which communication can be expedited and conflicts can be resolved. Periodic communication audits can be profitably used to gauge the health of an alliance relationship.

The study also highlights the importance of empowering alliance managers at the boundary of the firm with appropriate decision-making authority. Moreover, a special effort should be made to capitalize on the collective learning that takes place in the early phases of an alliance in order to exploit new strategic possibilities.

* This research was sponsored by AT&T. An article developed from the study appears in *Sloan Management Review* (Winter 2000). The article won the Richard Beckhard Prize – an interdisciplinary award given annually to the best *Sloan* article in the area of planned change and organizational development.

UNDERSTANDING MANUFACTURERS' REPRESENTATIVES: AN ANALYSIS OF SATISFACTION AND DEPENDENCE BALANCING*

John Schlacter, Mike Pass

This study looks at the leadership styles and support activities provided by principals, which lead to satisfying and productive principal-manufacturers' representative relationships. It is part of a two-phase research program, which will also examine productive and satisfying manufacturers' representative customer relationships.

*This study was supported by the Manufacturers' Representatives Educational Research Foundation (MRERF)

SALES FORCE INVOLVEMENT IN CRM INFORMATION SYSTEMS: PARTICIPATION, SUPPORT & FOCUS*

John Schlacter, Mike Pass, Ken Evans

This study examines the nature of marketing intelligence systems in manufacturing and service organizations. It replicates an earlier study, which identified elements of intelligence systems, the extent to which these elements were organized into formal systems and the perceived value of these systems. This study also extends the previous study by looking at the nature of intelligence systems in manufacturers' representative organizations and the extent to which the collection of critical intelligence is used to add value to customer relationships.

*This study was supported by the Manufacturers' Representatives Educational Research Foundation, and appears in the *Journal of Personal Selling and Sales Management*, Summer 2005.

IDENTIFYING THE SKILLS, CHARACTERISTICS AND STRATEGIES OF HIGH-PERFORMING ACCOUNT PRINCIPALS *

Michael Hutt, Beth Walker, Ajith Kumar, Michelle Steward

The purpose of the study is to examine the factors that drive exceptional performance among Principals within Integrated Technology Services (ITS) at IBM. Depth interviews with participants representing three levels of performance (over plan, close to plan, off plan) revealed dramatic differences in behaviors across performance levels.

Specifically, high performing Account Principals emphasize strong relationships internally and with customers, are involved early in engagements, actively shape proposals and effectively assemble ad hoc teams who are most capable of developing and delivering winning solutions. In addition, the communication networks of high-performers tend to be more elaborate and more diverse than low-performers.

Based on the results, a framework for driving success was developed to capture the key insights and spawn meaningful recommendations.

*This research was sponsored by IBM's Integrated Technology Services (ITS).

MANAGING CUSTOMER RELATIONSHIPS

Ruth Bolton, Crina Tarasi

Companies are increasingly focused on managing customer relationships, the customer asset, or customer equity. Customer relationship management explicitly recognizes the long run value of potential and current customers, and seeks to increase revenues, profits and shareholder value through targeted marketing activities directed toward developing, maintaining and enhancing successful company-customer relationships. These activities require an in-depth understanding of the underlying sources of value the firm derives from customers, as well as delivers to customers.

The purpose of this article is to describe how companies can effectively cultivate customer relationships and develop customer portfolios that increase shareholder value in the long run. We review the extensive literature on customer relationship management, customer asset management and customer portfolio management, and summarize key findings. The article has three major components. First, the preamble defines CRM, describes how marketing thought about CRM has evolved over time, and assesses whether CRM principles and systems have improved business performance (to date). Second, the core of the article examines (in detail) five organizational processes that we believe are necessary for effective CRM: making strategic choices that foster organizational learning, creating value for customers and the firm, managing sources of value (acquisition, retention etc.), investing resources across functions, organizational units and channels, and globally optimizing product and customer portfolios. We describe each process, summarize key findings, identify emerging trends and issues, and predict likely future developments (both theoretical and methodological). Last, our concluding remarks make recommendations about areas where further research is needed.

*An article from this research was published in the *Review of Marketing Research*, (3), 2006, New York: M.E. Sharpe, Inc., pp. 3-38 *(Lead Article).*

PRICE-BASED GLOBAL MARKET SEGMENTATION FOR SERVICES

Ruth N. Bolton, Matthew B. Myers

Managers are often tasked with development of effective global pricing strategies for customers characterized by different utilities for product attributes and different cultures. The challenges of formulating international pricing schedules are especially evident in global markets for service offerings, where intensive customer contact, extensive customization requirements, and a reliance on extrinsic cues for service quality make pricing particularly problematic. Surprisingly, prior research has not investigated whether services can be priced to reach horizontal segments – i.e., segments which transcend national borders – and the implications for the pricing in global markets. Market segmentation is particularly challenging in global markets where cultural and economic differences influence customer preferences and characteristics. This observation is especially true for managers who are attempting to develop profitable strategies and pricing schedules for services offered in global markets.

This study investigates two research questions: First, under what circumstances will business customers pay a premium for customized services? For example, will they pay a premium price for higher levels of service and for reliable service delivery? How do business customers' price sensitivities differ across market segments within national borders? What are the relative magnitudes of the effects of these different factors? Second, what factors account for differences in business customers' price sensitivity of demand for service offerings across national borders? How do these differences reflect distinct segments in the global services market? In other words, are cross border differences in price sensitivities of demand for service due to differences in customer or market segment characteristics, differences in the competitive environment, differences in company's services offerings or differences in national culture/preferences?

The paper begins by synthesizing the services, pricing and global marketing literatures, and then identifies factors that account for differences in business customers' price elasticities for service offerings across customers in Asia Pacific, Europe and North America. The database describes purchases of system support for 184 business customers in Asia Pacific, 216 in Europe and 341 in North America. The database contains a description of each customer's inter-organizational relationship over a three-year time period, including its purchase history. It combines information from three primary sources: characteristics of each customer account, annual billing data for all contracts held by the customer and internal company records of monthly service operations data for all contracts and customers.

Our study indicates that market segmentation for international service offerings can be based on the business customers' revealed preferences for different service configurations, as well as characteristics of the customer organization. The findings indicate that price sensitivity depends on service quality, service type, and level of service support; and that horizontal segments do exist, providing support for pricing strategies transcending national borders. This approach to market segmentation leads to the identification of horizontal market segments across nations and regions, whereby service offerings are customized to customer preferences for service attributes. The paper concludes by discussing the managerial implications of these results for effective segmentation of global markets for services.

*An article from this work appears in the *Journal of Marketing*, Vol. 67, 2003.

MODELING UPGRADE DECISIONS: WHEN BAD DECISIONS CAN BE GOOD

Ruth N. Bolton, Katherine N. Lemon, Peter Verhoef

Companies have increasingly focused on understanding and managing the value of the firm's customer. Relationship expansion not only deepens buyer-supplier relationships, it influences "share of customer" -- an important revenue stream for many companies. A recent study suggests that more customers change their spending behavior than defect, suggesting that gains due to increases in the breadth of the relationship may account for up to 25% of increases in revenue, whereas losses due to defections may account for only 3% of losses in revenue. Our paper studies how a business customer, "the firm," decides whether or not to upgrade a fixed price service contract offered by a supplier. Fixed price contracts are offered in many service industries, including telecommunications, computing and other information technology industries; repair and maintenance service industries for engineering, medical and/or other equipment; service industries that support financial, health or energy management systems, etc. An upgrade can potentially occur on a given service contract whenever a customer chooses to move (contractually) from a low level of service to a higher level of service. Our study is based on data from a supplier of system support services with 120 very large business customers, in Germany and the United Kingdom, who hold over 2000 contracts.

The study shows that suppliers must simultaneously consider (and manage) business customer experiences at the <u>account</u> level — i.e., perceptions that encompass the entire relationship — and the <u>contract</u> level over time. At the account level, suppliers should strive for high customer satisfaction, and should also seek to understand the role their products and services play in the customer's business (how critical they are to the customer's success). The interaction between customer satisfaction and criticality of the service to the firm suggests that account management teams – both sales and service professionals — within the supplier's organization must gain a deep understanding of each business customer's needs, so they can justify to the decision maker the need to upgrade a service contract when satisfaction is low and criticality is high. In other words, customer dissatisfaction can be an opportunity for account management teams to "migrate" contracts to higher service levels – if the account management team can persuade the decision maker that the service is critical to the firm's business needs.

Suppliers should measure and manage service operations metrics at the contract level, so account managers are aware of the <u>actual</u> (not promised) service quality levels for each and every contract purchased by the customer. This knowledge will enable the supplier to <u>proactively</u> (a) identify opportunities to upgrade the customer to a higher level of service when appropriate, and (b) assure that appropriate levels of service are being delivered across all contracts the customer holds. <u>The results suggest that situations in which a single contract is performing poorly relative to the other contracts held by the customer may represent an opportunity for upgrading to a higher-level service contract</u>. Account management teams should view this situation as not only a critical moment, but a "teachable moment," when they can discuss an upgrade to a higher level service contract and demonstrate its value (i.e., encourage subtractive framing).

Overall, suppliers need to understand the nature and history of customers' experiences with the firm over time, at the account and contract levels. Both superior <u>account management</u> and <u>service delivery</u> (via people and technology) are necessary if a supplier firm intends to expand its relationships via service contract upgrades. Achieving these synergies may be particularly difficult in firms that isolate marketing, sales and operations in separate functional silos.

* This paper appeared in the *Journal of Marketing* 72 (1), 2008, p. 46-64.

IMPLEMENTING MARKETING STRATEGIES:
VIEWS FROM MID-LEVEL MANAGERS*

Michael P. Mokwa, Charles Noble

Implementation is a critical link between the formulation of sound strategies and the achievement of effective organizational performance. Research has seldom addressed the roles, attitudes and behaviors of mid-level managers in the implementation process. This research included in-depth interviews and a survey of mid-level managers across four companies with different management and implementation styles. The study focused on factors that influence commitment and motivation to effectively implement strategic initiatives.

Mid-level managers viewed much of their work as implementing the strategies developed by senior management. When managers felt that they could play an important role in the implementation process, they were more motivated and performed more effectively. Often they did not care whether they were involved in the design of the strategy. Surprisingly many did not want much discretion in their implementation roles. Most mid-level managers were very concerned with the scope of “organizational buy-in,” but had less concern with who was the champion for an initiative or the amount of senior management support for it. Mid-level managers who were highly committed to their organizations and to their jobs often were willing to work hard to implement initiatives for which they personally had low buy-in. Finally, many mid-level managers felt that better communication about organization-wide dynamics and outcomes would improve their performance.

*This research was supported by Rural/Metro, America West, Polaroid and Philip Morris. An article appears in the *Journal of Marketing*, October, 1999.

A MODEL OF MARKET ENTRY IN EMERGING TECHNOLOGY MARKETS*

Rajiv Sinha, Charles Noble

Performance differences among firms operating in dynamic, competitive markets are often a result of factors associated with both generic differences (such as competitive strategy, managerial ability and other firm specific unobservable factors) as well as more transient factors associated with technology and innovation (such as the introduction of innovative new projects or services). This paper examines the impact of pioneering new services on profitability and market share, while controlling for the unobserved variables such as managerial ability, luck and the ability to integrate new services with the existing operations. More significantly, it tests the extent to which generic, firm-specific factors versus the introduction of new services contribute to the observed performance differences among innovating and non-innovating firms. Using longitudinal data pertaining to the introduction of radical new services by over 3,000 firms over a ten-year period, the long run impact of pioneering new services on a variety of performance measures is estimated. The findings provide strong and unequivocal support in favor of market share and profitability advantages for pioneering firms. However, while new services are an important determinant of performance the results also suggest that generic differences among "innovators" and "non-innovators" play a significant role. It appears that success is more strongly associated with generic "endowment factors" such as managerial ability and related firm specific and time-invariant variables, suggesting thereby that new services may be necessary but not sufficient for gaining a competitive edge.

* Sinha, Rajiv K. and Charles Noble (2005), "A Model of Market Entry in an Emerging Technology Market," *IEEE Transactions on Engineering Management*, 52 (2), 1-13.

CROSS-UNIT CONNECTIONS IN THE FORMATION OF A STRATEGIC MARKET INITIATIVE *

Michael Hutt, Beth Walker, Mark Houston

Translating the capabilities of individual business units into exciting new combinations is a formidable task for any organization. This study traced the formation of strategy for a new consumer offering at a *Fortune*-500 company that involved the collective expertise of several business units. In Phase I of the study, depth interviews were conducted with managers from multiple business units to assess their beliefs concerning the course that the strategy should take. Phase II used a structured questionnaire to isolate these beliefs in more detail, to explore the communication patterns among these executives, and to measure their strength of identification with various organizational units.

The study provided a rare opportunity to capture the initial framing of the strategy and to explore the give and take among executives as that initial strategy was modified. The research highlights the important role that executive leadership assumes in crafting, communicating, and delicately reshaping the vision of a strategic market initiative to the organization at large. At the outset, managers who identify strongly with a particular business unit tend to share similar beliefs concerning the strategic course. As the process unfolds, forging strong communication ties across business units is crucial in maximizing learning, getting key managers on the same page, and resolving the conflicts that are inevitable in strategic change.

* This research was sponsored by AT&T. An article developed from the study appears in *Advances in Services Marketing and Management*, Vol. 7, 1998. A second article based on the research appears in the *Journal of Marketing*, April 2001.

SELLING INBOUND LOGISTICS SERVICES: UNDERSTANDING THE BUYER'S PERSPECTIVE*

Arnold B. Maltz, Lisa M. Ellram

Inbound logistics services are a huge opportunity for third-party providers but have received little attention in the literature. This study found consistent buyer behaviors in this area:

- Initially, the customer will probably outsource services related to non-strategic items. The decision may be price driven, since the service is in connection with commodity type items.

- Early in the relationship, the customer may not offer the whole inbound supply function, but is likely to ask that directly related activities be managed together.

- Make-or-buy decisions for parts can easily mean opportunities for new logistics business, but working with procurement personnel may not be the most efficient way to identify these opportunities. Case study data show that many parts of the organization can initiate outsourcing studies. Survey data are clear that procurement has a major role in any outsourcing of non-strategic items but is less instrumental in outsourcing of strategic items.

- Both case study and survey data show that procurement is likely to be the contract administrator and first point of contact for relationship issues. Logistics providers seeking to handle inbound functions should become accustomed to working with procurement personnel

*An article from this work was published in the *Journal of Business Logistics*, Fall 2000.

THOSE WINNING WAYS:
THE ROLE OF COMPETITIVE CRAFTING IN COMPLEX SALES*

Dimitrios Kapelianis, Beth Walker, Michael Hutt

Since large and complex sales opportunities in the business market are fiercely contested by rival firms, the salesperson must anticipate the customer's competitive alternatives in order to create a unique and responsive business proposition. Competitive crafting reflects how salespeople use the information and knowledge that they have about the competition in creating a business proposition for the customer.

This study examines the antecedents, processes, and consequences of competitive crafting behaviors used by salespeople when pursuing complex sales opportunities. First, the study isolated the impact of competitive crafting upon two managerially-important outcomes—engagement success (win versus loss) and salesperson performance. Next, the effects of salesperson knowledge (competitive cognition) and information (competitive intelligence) on competitive crafting were examined. This study reveals the competitive crafting behaviors of fifty-six salespeople at a *Fortune*-100 information-technology firm. These salespeople commence, craft, and close multi-million dollar transactions in highly contested arenas of engagement. Data were collected by depth interviews using a structured protocol.

The results provide strong support for the conceptual framework. Keeping all salesperson characteristics constant, the likelihood of successfully winning the customer's business increases fivefold for each additional act of competitive crafting. In turn, the number of crafting behaviors performed during a customer engagement is determined by the amount and blend of competitive intelligence available, the attractiveness of the opportunity, and the number of competitor categories and counter-strategies held in memory by the salesperson. Overall, the results clearly illustrate the important role that competitive crafting assumes in high-performance account management.

*An article, "Competitive Cognition," resulting from this research appears in the *MIT Sloan Management Review*, Vol. 46, Summer 2005.

DEVELOPING EFFECTIVE PREVENTION SERVICES FOR THE REAL WORLD: A PREVENTION SERVICE DEVELOPMENT MODEL*

Irwin Sandler, Amy Ostrom, Mary Jo Bitner, Tim S. Ayers,
Sharlene Wolchik, Vicki Smith Daniels

Developing new services that succeed in the marketplace is a challenge faced by many firms. A service context in which success is particularly important yet adoption has been limited is in the area of prevention services. These are prevention programs that have been developed by prevention researchers who work to create scientifically-tested interventions to reduce or eliminate behavioral health problems (e.g., those experienced by children due to the effects of divorce or parental loss). While the goal has always been to achieve widespread implementation of these validated interventions, there is little evidence to suggest that this has taken place.

In this paper, a Prevention Service Development Model is presented as an approach to develop prevention programs that are both effective and that are readily adopted for implementation in community settings. The model is an integration of concepts and methods from two fields, prevention research and services marketing as applied to new service development. Studies from the development of two preventive interventions are presented to illustrate research at several of the stages of the model.

*An article from this work appears in the *American Journal of Community Psychology*, March 2005.

USE OF QUALITY MANAGEMENT METHODS IN THE TRANSITION FROM EFFICACIOUS PREVENTION PROGRAMS TO EFFECTIVE PREVENTION SERVICES

Vicki-Smith Daniels, Irwin Sandler, Sharlene Wolchik

Since large and complex sales opportunities in the business market are fiercely contested by rival firms, the salesperson must anticipate the customer's competitive alternatives in order to create a unique and responsive business proposition. Competitive crafting reflects how salespeople use the information and knowledge that they have about the competition in creating a business proposition for the customer.

This study examines the antecedents, processes, and consequences of competitive crafting behaviors used by salespeople when pursuing complex sales opportunities. First, the study isolated the impact of competitive crafting upon two managerially-important outcomes—engagement success (win versus loss) and salesperson performance. Next, the effects of salesperson knowledge (competitive cognition) and information (competitive intelligence) on competitive crafting were examined. This study reveals the competitive crafting behaviors of fifty-six salespeople at a *Fortune*-100 information-technology firm. These salespeople commence, craft, and close multi-million dollar transactions in highly contested arenas of engagement. Data were collected by depth interviews using a structured protocol.

The results provide strong support for the conceptual framework. Keeping all salesperson characteristics constant, the likelihood of successfully winning the customer's business increases fivefold for each additional act of competitive crafting. In turn, the number of crafting behaviors performed during a customer engagement is determined by the amount and blend of competitive intelligence available, the attractiveness of the opportunity, and the number of competitor categories and counter-strategies held in memory by the salesperson. Overall, the results clearly illustrate the important role that competitive crafting assumes in high-performance account management.

CURRENT SERVICES MARKETING AND MANAGEMENT BOOKS

Edited and Co-Authored by ASU Faculty

Advances in Services Marketing and Management, Volume 7, 1998, edited by Teresa A. Swartz, David E. Bowen and Stephen W. Brown, Stamford, CT: JAI Press, Inc.

This annual volume published from 1992-1998, addresses cutting edge issues in services marketing and management and includes papers written by authors from around the world. The series focuses on new, fresh ideas in services marketing and management and encourages innovative and interdisciplinary services work cutting across the boundaries between academic research and business practice. The series is published by JAI Press, working together with the Center for Leadership at ASU.

Business Marketing Management, 9th edition, 2007, by Michael D. Hutt and Thomas W. Speh, Mason: Ohio: South-Western.

The most widely adopted business marketing text by U.S. and European universities, the book provides a comprehensive and timely treatment of business-to-business marketing. The eighth edition captures and integrates the latest developments in relationship marketing, electronic commerce, supply chain management, the technology adoption life cycle, and marketing strategy development for rapidly changing business markets.

Service Excellence in Management: Interdisciplinary Contributions, 2004 edited by Bo Edvardsson, Anders Gustafsson, Stephen W. Brown, and Robert Johnston, Karlstad, Sweden: University of Karlstad.

This volume includes papers presented at the biannual Quality in Services (QUIS) conference held in Karlstad, Sweden, June 2004 at the University of Karlstad. The conference drew both business people and academics from Europe, Scandinavia, the U.S. and 20 other countries throughout the world. Presentations focused on the latest research and applied issues in service quality.

Services Marketing: Integrating Customer Focus Across the Firm, 5th Edition, 2009, by Valarie A. Zeithaml, Mary Jo Bitner, and Dwayne Gremler, New York: McGraw-Hill.

This book is a fully integrated cross-functional text on services marketing and management. It is used by universities worldwide in MBA, executive and senior-level undergraduate courses and has been translated into Chinese, Spanish, Italian, Korean, and Portuguese. The book covers key decision areas and strategies for marketing and managing services including: understanding customer's expectations and perceptions; designing and developing services; delivering services through people and technology; communicating and managing service promises; understanding the financial impact and implications of investments in service.

AUTHOR TITLES AND AFFILIATIONS

Ashenbaum, Bryan Assistant Professor Richard T. Farmer College of Business Miami University of Ohio	**Ashforth, Blake** Professor Department of Management Arizona State University
Ayers, Tim S. Faculty Research Associate Psychology Department Arizona State University	**Bailey, Joseph P.** Associate Professor Robert H. Smith School of Business University of Maryland
Bettencourt, Lance Innovation Consultant Strategyn	**Bitner, Mary Jo** Professor of Marketing and Academic Director Center for Services Leadership Arizona State University
Bohlmann, Jonathan B. Assistant Professor Michigan State University	**Bolton, Ruth N.** Professor of Marketing Emeritus Department of Marketing Arizona State University
Bond, Edward Associate Professor Department of Marketing Bradley University	**Boyer, Kenneth K.** Professor Eli Broad College of Business Michigan State University
Bramlett, Matthew D. Statistician, Division of Vital Statistics National Center for Health Statistics	**Brown, Stephen W.** Professor of Marketing and Executive Director Center for Services Leadership Arizona State University
Brown, Steven Professor C. T. Bauer College of Business University of Houston	**Cadwallader, Susan** Assistant Professor Department of Marketing Cal State University, Fullerton
Czaplewski, Andrew Assistant Professor Department of Marketing Colorado State University	**Deighton, John** Professor of Business Administration Harvard Business School
Demirkan, Haluk Assistant Professor Information Systems Department Arizona State University	**Edvardsson, Bo** Professor of Marketing Service Research Center Karlstad University
Ellram, Lisa M. Professor of Distribution Department of Marketing Miami (Ohio) University	**Evans, Ken** Dean Price College of Business University of Oklahoma

Ford, Robert Professor Department of Management University of Central Florida	**Gallan, Andrew** Assistant Professor Case Western Reserve University
Gonzalez, Gabriel Assistant Professor Department of Marketing Arizona State University West	**Goul, Michael** Professor Information Systems Department Arizona State University
Gremler, Dwayne Professor Department of Marketing Bowling Green State University	**Gwinner, Kevin** Professor and Department Head Department of Marketing Kansas State University
Heaton, Cherrill Professor Department of Marketing University of North Florida	**Hom, Peter** Professor Department of Management Arizona State University
Howley, Michael Assistant Professor Department of Marketing Drexel University	**Houston, Mark** Associate Professor Department of Marketing Texas Christian University
Huang, Angela Booz Allen Hamilton	**Hutt, Michael** Professor Department of Marketing Arizona State University
Huntley, Julie Assistant Professor Department of Marketing Oral Roberts University	**Jarvis, Cheryl Burke** Assistant Professor Department of Marketing Arizona State University
Johnson, Scott A. Assistant Professor University of Greenwich (August 08) London, England	**Keiningham, Timothy** Senior Vice President Ipsos North America
Kapelianis, Dimitrios Assistant Professor Department of Marketing Emory University	**Kleine, Robert** Associate Professor Department of Marketing Ohio Northern University
Kleine, Susan Associate Professor of Marketing Bowling Green State University	**Knemeyer, Michael A.** Assistant Professor Fisher College of Business The Ohio State University

Kulik, Carol Professor Department of Management University of Melbourne, Australia	**Kumar, Ajith** Professor Department of Marketing Arizona State University
Lam, Sou Doctoral Student University of Houston	**Laseter, Timothy M.** Visiting Assistant Professor Darden Graduate School of Business University of Virginia
Lemon, Katherine N. Professor Boston College	**Lytle, Richard** Dean Abilene Christian University
MacKenzie, Scott Professor Department of Marketing Indiana University	**Maltz, Arnold** Associate Professor Supply Chain Management Arizona State University
Meuter, Matt Professor Department of Marketing California State University, Chico	**Michel, Stefan** Professor IMD, Lausanne, Switzerland
Miller, Janice Assistant Professor University of Wisconsin-Milwaukee	**Mokwa, Michael** Department Chair and Professor Department of Marketing Arizona State University
Mollenkopf, Diane A. Assistant Professor College of Business University of Tennessee	**Morgan, Felicia** Assistant Professor Marketing Department University of West Florida
Myers, Matthew Associate Professor University of Tennessee	**Neu, Wayne** Associate Professor of Marketing California State University – San Marcos
Noble, Charles Associate Professor Department of Marketing University of Mississippi at Oxford	**Ostrom, Amy** Associate Professor Department of Marketing Arizona State University
Parasuraman, A. Professor Department of Marketing University of Miami	**Pass, Michael** Assistant Professor California State University-San Marcos

Peterson, Andrew Doctoral Candidate Marketing Department University of Connecticut	**Qualls, William J.** Professor of Business Administration Director of Industrial Distribution Management Program University of Illinois at Urbana-Champaign
Rabinovich, Elliot Associate Professor Department of Supply Chain Management Arizona State University	**Reingen, Peter** Professor Department of Marketing Arizona State University
Rodie, Amy Associate Professor University of Nebraska at Omaha	**Rosa, José Antonio** Associate Professor Universitiy of Illinois, Chicago
Roundtree, Robert Assistant Professor Department of Marketing University of North Carolina, Charlotte	**Rungtusanatham, Manus** Associate Professor Carlson School of Management University of Minnesota
Sandler, Irwin Regents' Professor Psychology Department Arizona State University	**Saxena, Shruti** Doctoral Candidate Dept. of Marketing Arizona State University
Schlacter, John Professor Department of Marketing Arizona State University	**Sinha, Rajiv** Associate Professor Department of Marketing Arizona State University
Smith-Daniels, Vicki Professor Supply Chain Management Arizona State University	**Stafford, Edwin** Associate Professor Department of Marketing Utah State University
Steward, Michelle Assistant Professor Department of Marketing Wake Forest University	**Tarasi, Crina** Assistant Professor Department of Marketing Central Michigan University
Tronvoll, Bård Associate Professor Hedmark University College Campus Rena, Norway	**Vargo, Stephen** Associate Professor of Marketing College of Business Administration University of Hawaii at Manoa
Verhoef, Peter Professor University of Groningen, The Netherlands	**Wagner, Janet** Associate Professor University of Maryland

Wallin, Cynthia Assistant Professor Marriott School of Business Brigham Young University	**Walker, Beth** Professor Department of Marketing Arizona State University
Ward, James Professor Department of Marketing Arizona State University	**Wolchik, Sharlene** Professor Psychology Department Arizona State University
Zeithaml, Valarie Professor of Marketing University of North Carolina	