Many firms stimulate customers to use the E-channel for services, which provokes various consumer responses to such limits on their freedom of choice. In a study on bank customers, we examine the extent of customer reactance in response to various E-channel migration strategies, the potential of incentive programs in mitigating customer reactance, as well as the moderating role of attitudinal loyalty. Finally, we address the mediating role of customer forgiveness. Our study documents that rewarding the use of the firm-preferred E-channel is more effective than punishing the retention of the incumbent channel, and that a punishment-based E-channel migration strategy causes similar reactance levels as forced migration does. Importantly, the mere act of forcing also creates reactance among those customers who have already been using the firm-preferred E-channel. In addition, our results reveal that highly loyal customers exhibit lower reactance than less loyal customers. By including customer forgiveness as a process measure we show that this partially occurs because highly loyal customers tend to be more forgiving toward the firm than less loyal customers.

Research Categories: Service Branding and Selling


(DEBRA TRAMPE, UMUT KONUŞ, PETER C. VERHOEF)
Better understanding the mechanisms that influence customer intentions to spread positive word-of-mouth (WOM) is crucial to both marketing scholars and managers. This multi-method research contributes to marketing knowledge by revealing how a firm’s customer-perceived competitive advantage (CPCA) influences positive WOM intentions. Analyses of (i) cross-sectional survey data on bank customers in Germany and (ii) experimental data on customers of car insurance companies in the US reveal two crucial insights. First, CPCA influences WOM intentions in both industries, over and above numerous established antecedents of customer loyalty (e.g., satisfaction, trust, perceived value). Second, this research demonstrates a robust and pervasive CPCA-by-satisfaction interaction effect, such that the influence of CPCA on WOM intentions increases as customer satisfaction decreases. The results show that customer-perceived competitive advantage plays an important role in shaping WOM intentions, especially among less satisfied customers. Theoretical and managerial implications of these findings are discussed.
Although brands are acknowledged as significant assets in a firm's value creation and differentiation process, branding literature often describes opposing perspectives and contradictory demands. This article develops a framework of three strategic brand management archetypes that provide new insights into the complexity and often paradoxical ambiguity of branding. By combining an empirical qualitative study with extant brand management and relational exchange theory, the authors suggest that firms create, reinforce, switch, or allow certain brand management archetypes to coexist to optimize specific effects and manage paradoxes. From a managerial perspective, the article suggests that understanding strategic brand management and related paradoxes is fundamental for organizations to achieve desired effects with their value creation.

Research Categories: Service Branding and Selling

The redemption of loyalty program (LP) rewards has an important impact on LP members' behavior, particularly on purchase behavior before and after redeeming a reward. However, little is known about the interplay between members' purchase and redemption behavior when members are not pressured with point expiration and they choose for themselves when and how much to redeem. In this context, the effects of redemption are not straightforward, as little additional effort is required from an LP member to obtain the reward. Analyzing the behavior of 3094 members in such an LP, we find that the mere decision to redeem a reward significantly enhances purchase behavior before and after the redemption event, even when members redeem just a fraction of their accumulated points. Conceptually, we refer to this enhancement as the redemption momentum, which is an alternative and novel explanation of the existence of pre-reward effects that do not depend on points-pressure. In addition to the overall impact of redemption on purchases, prior purchase behavior also enhances redemption decisions. Finally, we find a number of moderating effects on purchase and redemption behavior that derive from the length of LP membership, age, income and direct mailings. Our study's most important managerial implication is that firms should avoid imposing point expiry and/or binding thresholds in order to enhance members' purchase behavior.

Research Categories: Service Branding and Selling


(MATILDA DOROTIC, PETER C. VERHOEF, DENNIS FOK, TAMMO HA BIJMOLT)
THE EFFECT OF CUSTOMER INFORMATION DURING NEW PRODUCT DEVELOPMENT ON PROFITS FROM GOODS AND SERVICES (NEW)

Lars Witell, Karlstad University
Anders Gustafsson, Karlstad University
Michael D. Johnson, Cornell University

Purpose – This study aims to investigate how customer information obtained at different phases of a new product development (NPD) process influences profits from new offerings.

Design/methodology/approach – A survey was conducted in the context of NPD in goods and services. A unique database was constructed that merged key informant survey responses with financial data for 244 firms. This database was used to replicate and extend previous research by posing a number of hypotheses regarding the role of obtaining customer information in NPD.

Findings – The results show that obtaining customer information during NPD influences the profits from new offerings, which vary depending on the phase of the NPD process. The financial rewards from obtaining customer information for goods are highest in the early phases of the NPD process and decline in later phases. The financial rewards for services, on the other hand, are high in the early and late phases of the NPD process.

Research limitations/implications – The research is based on a survey combined with objective financial data, that is, a combination of different data sources. The research would have benefitted from longer data series and a higher response rate.

Originality/value – This study replicates and extends previous research by testing the role of obtaining customer information in both manufacturing and service firms by combining survey data with objective financial data.

Research Category: Service Branding and Selling


(LARS WITELL, ANDERS GUSTAFSSON, MICHAEL D. JOHNSON)
This study investigates the impact of eliminating a search channel on purchase incidence, order size, channel choice and, ultimately, sales and profits. We analyze customer panel data from a large retailer over a five-year period. The retailer conducted a randomized field test in which the firm eliminated its catalog for half of the panel. We find that channel elimination decreases purchase incidence, especially for customers who, before the test, were heavy users of the telephone purchase channel that aligns with the catalog search channel. As expected, channel choice for purchases is shifted toward the internet and away from the telephone channel. Interestingly, order size per purchase increases. We investigate the impact of channel elimination on profits across different customer segments. We calculate a net positive impact because the savings from eliminating the catalog compensate for lower sales revenues.

Research Category: Service Branding and Selling


(Umut Konuş, Scott A. Neslin, Peter C. Verhoef)
How can firms retain customers during recessions? To answer this question, we investigate the moderating role of consumer confidence (CC) on the effects of three types of crucial customer loyalty strategies. These strategies are value equity (VE), brand equity (BE), and relationship equity (RE), collectively called customer equity drivers (CEDs). We build on economics and marketing theories to develop our hypotheses on the concerned moderating role. A meta-analysis is used to synthesize the multilevel results of 13 service industries and to test the hypotheses. In addition, we use several robustness checks to validate the findings of the meta-analysis. The results consistently show that CC partly influences the effects of CEDs on customer loyalty and this influence varies across industries. These findings suggest that managers in service industries should consider CC as an important criterion for effectively adjusting customer loyalty strategies to their specific situation. Specifically, during recessions, when CC is relatively low, VE is effective for retaining customers, but this is more apparent for noncontractual settings than for contractual settings. Also, BE is more effective but only for noncontractual firms.

Research Category: Service Branding and Selling

BRANDED CUSTOMER SERVICE: HOW ALIGNING FRONTLINE EMPLOYEE BEHAVIOR WITH THE BRAND PERSONALITY IMPACTS CUSTOMER-BASED BRAND EQUITY

Nancy J. Sirianni, Arizona State University
Mary Jo Bitner, Arizona State University
Stephen W. Brown, Arizona State University
Naomi Mandel, Arizona State University

We examine how service brand positioning and brand equity are impacted by personal interactions between employees and consumers through branded customer service, which refers to the strategic alignment of consumers’ service experiences with brand promises.

In a series of experiments, we demonstrate that aligning employee behavior with the brand personality positively influences brand equity and we identify consumers’ perceptions of brand authenticity as the underlying explanation. Results indicate that employees’ brand-aligned behavior is most influential in shaping unfamiliar brands’ equity when these brands perform successfully, and conversely, most influential in shaping familiar brands’ equity when these brands fail consumers. We also find that the believability of employees’ brand-aligned performances is important to consumers.

Our results have implications for the recruitment of frontline staff that credibly fit with the brand personality, as well as the design of internal marketing programs that can help brand managers strategically position service brands from the inside out.

Research Categories: Service Branding and Selling

Working Paper

(NANCY J. SIRIANNI, MARY JO BITNER, STEPHEN W. BROWN, NAOMI MANDEL)
BUILDING LONG TERM RELATIONSHIPS BETWEEN SERVICE ORGANIZATIONS
AND CUSTOMERS

Ruth N. Bolton, Arizona State University
Ranjit M. Christopher, Arizona State University

Long term relationships must be managed so that they are beneficial to both the organization and its customers. Sometimes, as customers stay longer with a service organization, they may expect price discounts or better service – leading to increased costs to serve them and lower margins. Hence, customer equity may be increased by better managing individual customers’ cash flows (through resource allocation decisions) or by altering the customer mix/portfolio to yield larger cash flows with the same degree of risk (Tarasi et al 2013). For example, the budget allocation between customer acquisition and retention can be optimized by analyzing the cash flow patterns of customers (Blattberg and Deighton 1996; Rust, Lemon, and Zeithaml 2004; Tarasi et al 2011).

Why do service managers and researchers study the length of the customer-organization relationship rather than studying (more broadly) relationship depth, breadth, strength or profitability? The key reason is that customer lifetime duration – and its inverse, customer churn or defection – is a significant and substantial problem for organizations in many service industries, including financial, health, utilities, telecommunications and publishing service sectors. Some service organizations face churn rates of 25-40%, implying that a firm's entire customer base can vanish within about five years unless these losses are offset by expensive customer acquisition efforts. Hence, there is intensive interest in how to predict and understand churn so that firms can better manage it (Neslin et al 2006b). We do not assume that a long relationship is always a more valuable relationship (to either party). However, when all else is equal, a long relationship is preferable to a short relationship. Moreover, as this chapter will discuss, managers sometimes find customer lifetime duration a useful surrogate when estimates of customer value are difficult to make and error-prone.

This chapter reviews and synthesizes prior work by considering four questions:

- What managerial and theoretical perspectives have enhanced our understanding of how to build long term relationships between service organizations and their customers?
- How should service researchers conceptualize and measure the duration of the relationship between a service organization and its customer?
- What are the antecedents of long term relationships between organizations and their customers?
- How is the duration of the relationship between an organization and a customer linked to financial outcomes?
- We highlight the contextual differences between business-to-business and business-to-consumer service relationship settings.

This paper will appear in Handbook on Research in Services Marketing, Roland T. Rust and Ming-Hui Huang (Editors), Edward Elgar Publishing Ltd., forthcoming (lead article).

Research Categories: **Service Branding and Selling**

(RUTH BOLTON, RANJIT M. CHRISTOPHER)
Over the past 20 years, a convergence has occurred regarding the importance of building relationships with valuable customers as the cornerstone of service strategy. More recently, firms have adopted penalties and fees as a central means of growing revenue. This has caused friction with the programs targeted at improving customer relations, and increased defections and spurred government regulation. In this article, we collect and analyze data to identify the aspects of penalties that generate customer dissatisfaction and negative emotional and behavioral responses. We offer guidelines for the implementation of penalties that balance the goals of revenue generation and customer loyalty. These include: preventing unintentional failures, managing the perceived magnitude of penalties, effectively educating customers on the offer, ensuring that penalties are clear and transparent, linking penalty decisions to responsibility for the transgression, taking into account narrowly missing avoiding a penalty, and consideration of the customer relationship and employee empowerment.
GROWING EXISTING CUSTOMERS’ REVENUE STREAMS THROUGH CUSTOMER REFERRAL PROGRAMS

Ina Garnefeld, University of Wuppertal
Andreas Eggert, University of Paderborn
Sabrina V. Helm, University of Arizona
Stephen S. Tax, University of Victoria

Customer referral programs are an effective means of customer acquisition. By assessing a large-scale customer data set from a global cellular telecommunications provider, the authors show that participation in a referral program also increases existing customers’ loyalty. In a field experiment, recommenders’ defection rates fell from 19% to 7% within a year, and their average monthly revenue grew by 11.4% compared with a matched control group. A negative interaction between referral program participation and customer tenure reveals that the loyalty effect of voicing a recommendation is particularly pronounced for newer customer-firm relationships. A laboratory experiment further demonstrates that referral programs with larger rewards strengthen attitudinal and behavioral loyalty, whereas smaller rewards affect only the behavioral dimension.

Research Categories: Service Branding and Selling

Journal of Marketing Volume 77 (July 2013), 17-32

(INA GARNEFELD, ANDREAS EGGERT, SABRINA HELM, STEPHEN S. TAX)
Many firms invest heavily in customer relationship management to create close customer bonds. However, not all consumers welcome close relationships. We develop a framework that predicts why consumers differentially prefer close relationships with a firm and how they respond to closeness-enhancing activities.

Our framework – tested with data from the insurance industry - links customers’ attachment styles with (a) customers’ desire for closeness and (b) loyalty.

Illustrative insights:
- Customer attachment anxiety is positively linked and attachment avoidance is negatively linked with the preference for a close relationship.
- Customers of low attachment anxiety and avoidance indicate the highest loyalty potential, whereas avoidant customers signal the lowest loyalty.
- Managers can focus cross-selling efforts on customers of low attachment anxiety and avoidance to leverage repurchase likelihood.
- An attachment-informed manager might use high levels of attachment avoidance as early indicators of loyalty-averse customers.

The results provide managers with novel customer segmentation criteria and actionable guidelines that can help the firm tailor relationship marketing activities.

Research Categories: **Service Branding and Selling**

* This article is based on research with The Co-operators. The paper appeared in the Marketing Science Institute (MSI) Working Paper Series, 09-112.

(MARTIN MENDE, RUTH N. BOLTON, MARY JO BITNER)
THE COORDINATION STRATEGIES OF HIGH-PERFORMING SALESPEOPLE: INTERNAL WORKING RELATIONSHIPS THAT DRIVE SUCCESS*

Michelle D. Steward, Wake Forest University
Beth A. Walker, Arizona State University
Michael D. Hutt, Arizona State University
Ajith Kumar, Arizona State University

This article explores the process that salespeople follow in coordinating the activities of ad hoc team members during high-opportunity customer engagements in the business market. Depth interviews were conducted with salespeople and a survey was administered to sales managers from a Fortune-100, high-technology firm identify the processes involved in the coordination of expertise.

The study reveals that higher-performing salespeople are more likely to (1) consider relational as well as technical skills when matching team members to customer requirements, (2) attract their preferred experts to the team, and (3) define the appropriate time in the sales cycle to initiate contact with the customer and deploy the team to the customer organization. Key implications for account management are detailed.

Research Category: Service Branding and Selling

* This article is based on research collaboration with a CSL member firm. The paper is forthcoming in the Journal of the Academy of Marketing Science.

(Michelle D. Steward, Beth A. Walker, Michael D. Hutt, Ajith Kumar)
UNDERSTANDING UNETHICAL RETAIL DISPOSITION PRACTICE AND RESTRAINTS FROM THE CONSUMER PERSPECTIVE*

Mark S. Rosenbaum, Northern Illinois University
Ronald Kuntze, University of Tampa,
Barbara Ross-Wooldridge, University of Texas-Tyler

This research expands marketing’s knowledge regarding unethical retail disposition (URD). URD is a type of consumer fraud, whereby consumers purchase an item of merchandise with the intent of using it and returning it to a retailer. The authors develop a framework illustrating why consumers engage in either URD participation or restraint; next, they demonstrate support for the framework. The authors support and augment previous URD research by reporting that URD offenders employ eight neutralization techniques to remedy personal guilt associated with committing the fraudulent behavior. This research also takes a novel approach by illustrating that consumers describe six motivations underlying URD restraint. Most concerning for retailers is that four of the six reasons for restraint are tenuous. Thus, consumers who refrain from URD may be easily swayed to participate in this illicit behavior. The authors posit that URD may represent a means by which consumers express disdain and mistrust for retailers.

Research Category: Service Branding and Selling

* This article appears in Psychology and Marketing,” 28(1), 29-52 (January, 2011).

(MARK S. ROSENBAUM, RONALD KUNTZE, BARBARA ROSS-WOOLDRIDGE)
The proposed framework sheds light on the fundamental role of value propositions in many-to-many service environments. The authors explore how and why market actors (consumers, firms and stakeholders) engage in service exchanges. Building on service-dominant logic and sociology, the authors theoretically link three service constructs: value propositions as invitations to engage, engagement as alignment of connections and dispositions, and service exchange as multi-actor engagement. The authors assert that actors engage in service exchanges to realize the benefits of aligning their past, present, and future connections and dispositions.

Research Category: **Service Branding and Selling**

This article is forthcoming in *MIS Quaterly.*

(*Jennifer Chandler, Robert Lusch*)
WEARING COMMUNITY: WHY CUSTOMERS PURCHASE A SERVICE FIRM’S LOGO PRODUCTS*

Mark S. Rosenbaum, Northern Illinois University
Drew Martin, University of Hawaii, Hilo

The purpose of this research is to investigate customer purchase of a service organization’s logo/branded merchandise. The article employs three separate studies; two are conducted with customers of Curves, the world’s largest fitness franchise, and the other is conducted at a gym. Two empirical studies test a proposed mediation model. The third study shows the social influences that encourage customers to purchase a firm’s logo products. The results show that a customer’s integration into a service-based community encourages him or her to purchase the firm’s logo merchandise. In addition, a customer’s ability to identify with the firm mediates this relationship. The immersion of customers’ self- and social identities in a firm emerges as a factor to enhancing their appreciation of the firm by purchasing financially lucrative logo consumables. Managers should understand that a key to selling organizational logo/branded merchandise is to encourage customers to form relationships with other customers and employees.

Research Category: Service Branding and Selling

* This article is forthcoming in the Journal of Services Marketing (2012).

(MARK S. ROSENBAUM, DREW MARTIN)
WHY ATTACHMENT SECURITY MATTERS: HOW CUSTOMERS’ ATTACHMENT STYLES INFLUENCE THEIR RELATIONSHIPS WITH SERVICE FIRMS AND SERVICE EMPLOYEES

Ruth N. Bolton, Marketing Science Institute
Martin Mende, University of Kentucky

Relational orientations vary across customers, so that marketing activities and service programs should be customized to individual customers or market segments. However, little is known about the underlying processes that influence how customers bond with a service firm and its employees. This article explains customer-firm and customer-employee relationships based on attachment theory. It provides theoretical and empirical evidence that customers with either high attachment assurance, attachment promotion, or both perceive both service firm and service employee more positively – in terms of satisfaction, trust and affective commitment – than customers with lower levels on these dimensions. However, the service firm and service employees are separate attachment targets, so this study also tests whether customers have a similar propensity to bond with both. It finds that insecurely attached customers who find the interpersonal bond with an employee deficient, compensate for this deficiency by being more likely to bond with the service firm. Companies that measure customer attachment styles can better segment markets, manage customer relationships and allocate resources. For example, customers with high levels of attachment assurance and high levels of attachment promotion toward the firm should be receptive to relationship building and are candidates for social service programs, whereas customers with low levels of attachment promotion are likely to be more responsive to financial programs.

Research Category: Service Branding and Selling

(Ruth Bolton, Martin Mende)