When we visit a retail outlet, we go there to complete some type of shopping goal. These goals may be very specific and precisely planned prior to entering the store, or more abstract, and something we think of on the spur of the moment. The stores may display tens of thousands of different products, making it difficult to achieve the shopping goal in a rational manner. As a result, we use different types of heuristics to meet our shopping goals.

In this study, we investigate how a customer’s visual attention is influenced by their shopping goal, based on the results of three field experiments in three different contexts—a gas station, a sports store, and a grocery store. Firstly we establish that differences do exist in viewing behavior based on whether shopping goals are planned or unplanned. A more complex and unplanned shopping goal leads to increased observations of in store stimulus. We then study whether or not the complexity of the first shopping goal also influences the viewing behavior of the next shopping goal, independently of the characteristics of the second goal. The findings confirm that complex decision heuristics deplete cognitive recourse. This finding results in diminished visual attention during subsequent choices. In turn, this has implications for a customer’s shopping behavior.

Research Category: **Service Experience and Co-creation**

While service quality is an important determinant of customer satisfaction, firms are sometimes confronted with extreme service failures that have a profound impact on customers. These problems occur across service industries, ranging from severe internet outages to strong delays for airlines or trains. A key question that has not been addressed in the literature is: how do service crises impact customer satisfaction over time? To address this question, we introduce a Double-Asymmetric Structural VAR model. It captures not only the short- and long-term effects of service performance on customer satisfaction, but also the differential effects of service crises versus service restoration. We analyze a unique dataset from a major European railway company, spanning seven years of monthly service performance and satisfaction observations. During this period, severe winter weather caused dramatic service crises. We find that losses not only loom larger than gains in the short run, but they also have stronger long run effects on satisfaction than gains. The impact of a crisis also strongly depends on the prior momentum in the service performance.

Research Category: Service Experience and Co-creation


(MAARTEN J. GIJSENBERG, HARALD J. VAN HEERDE, PETER C. VERHOEF)
We used two eye-tracking field experiments to investigate the extent to which in-store signage is used during navigation and decision making, and how the viewing of signage influences customers’ visual attention and choice behavior. One hundred and seventy-five customers at a grocery store were exposed to signage stimuli while carrying out predefined shopping tasks. Experiment 1 shows that attention toward signage is affected by customers’ levels of store familiarity and in-store search stage (navigation vs. decision making). Experiment 2 demonstrates that signage has a considerable impact on the direction and magnitude of customers’ visual attention during decision making.

Research Category: Service Experience and Co-creation


(TOBIAS OTTERBRING, ERIK WÄSTLUND, ANDERS GUSTAFSSON, POJA SHAMS)
The results of this study will help marketing managers understand how their customers make defection decisions, providing them with a framework for managing customer relationships more successfully. Among the findings relevant for managers, the study illustrates how important it is for the supplier company to successfully meet both individual-level and organizational-level goals, values, and practices. The process and threshold perspective used here also demonstrates the importance of taking a more long-term perspective on defection. The results show that defection decisions are made over many months or even years, in which defection energy builds as a result of many events – often ones the vendor would consider small or overlook entirely – and that the decision is rarely the result of a single focal failure at the end of the relationship. This research also demonstrates that defection decisions can be influenced by events outside the core good/service delivery interactions that may grab the lion’s share of the manager’s attention.

Research Category: Service Experience and Co-creation

Working Paper

(Thomas Hollmann, Mary Jo Bitner, Cheryl Burke Jarvis)
CAPITALIZING ON KUDOS AND CRITICISM: THE INFLUENCE OF SOLICITING FEEDBACK AND COMPANY ACKNOWLEDGMENT ON CUSTOMER ATTITUDES AND REPATRONAGE BEHAVIOR

Sterling A. Bone, Brigham Young University
Katherine N. Lemon, Boston College
Katie A. Liljenquist, Brigham Young University
R. Bruce Money, Brigham Young University
Kristen B. DeTienne, Brigham Young University

Most research investigating effects of customer voice on customer loyalty focuses on complaints rather than compliments. In three experiments, the effect of soliciting and acknowledging compliments and complaints on customer attitudes and behavior is investigated. Results reveal that customers asked for feedback view their service encounters more favorably than those not asked. Increased customer repatronage is shown in a 2-year field study of a large U.S. portrait studio chain for customers solicited for compliments. Soliciting feedback affects both immediate attitudes and elicits expectations for acknowledgment that bear heavily on whether companies maintain benefits of soliciting customer opinions; failure to acknowledge customer feedback (complaints and compliments) is detrimental. Customers must feel that their feedback, both positive and negative, is valued. Managers should implement processes to collect and acknowledge positive and negative feedback. We advocate a feedback management system that goes beyond recovering service failures to proactively cultivating positive customer attitudes.

Research Category: Service Experience and Co-creation


(Sterling A. Bone, Katherine N. Lemon, Katie A. Liljenquist, R. Bruce Money, Kristen B. DeTienne)
Although retailers invest millions of dollars in redesigning, refreshing, and remodeling their stores, it is unclear that such large investments are worthwhile. Prior research indicates that remodeling has only a short-term effect. However, a hitherto unexplored area is its effect on those who visit the store for the first time after it is remodeled (new customers) versus those who had visited before the remodeling (existing customers). This study contrasts the effect of store remodeling on new and existing customers in two field experiments with stores that underwent a major remodeling. Treatment and control stores are used in both experiments. We measure sales before and after the remodeling for new and existing customers; and in one store, we also measure customers’ psychological responses. In both cases, sales increase after the remodeling effort. However, sales for new customers are significantly higher than for existing customers after the remodel, and this difference persists for a year. Higher sales to new customers are mostly due to more new customers being drawn to the remodeled store, their higher spend per visit, and their subsequent increased visit frequency.

Research Category: Service Experience and Co-creation


(TRACEY DAGGER, PETER J. DANAHER)
COMPETING WITH QUALITY SERVICE IN GOOD TIMES AND BAD*

Leonard L. Berry, Texas A&M University

The economic storm experienced globally is the perfect time for companies to recommit to improving service quality. Quality service creates value for customers, and superior value – the best way to compete at any time – is the only way to compete during a recession. This article discusses and dissects the pillars of competing with service excellence: great employees, reliable service, respect and pleasant surprises, and convenience.

Research Category: Service Experience and Co-creation


(LEONARD L. BERRY)
An emerging perspective in marketing considers customers as actively involved in the production, delivery and consumption of services. While there are different terms for this – co-production, co-creation, prosumption – the underlying assumption is that customers are able and willing to be involved in the creation of value. In this paper we challenge this idea to some degree. Building on Prahalad’s (2004) five phases of co-production (customer engagement, self-services, customer involvement, problem solving and co-designing), we investigate the association of these five phases on value co-production. We find that customers want to co-produce in all but one of the elements; problem solving. In other words, dissatisfied customers do not want to be involved in helping a company to find a solution to their problem. This finding is robust among high and low experienced users who neither of this group want to be involved in problem solving. From this we conclude that co-production is a fear-weather syndrome, i.e. only when the service functions as expected are customers willing to co-produce.

Research Category: Service Experience and Co-creation

Research in progress

(Tor W. Andreassen, Anders Gustafsson, Heiko Gebauer)
CUSTOMER POSITIVITY AND PARTICIPATION IN SERVICES: AN EMPIRICAL TEST IN A HEALTH CARE CONTEXT

Andrew S. Gallan, Case Western Reserve University
Cheryl Burke Jarvis, Southern Illinois University
Stephen W. Brown, Arizona State University
Mary Jo Bitner, Arizona State University

Many service interactions require customers to actively participate, yet customers often do not participate at levels that optimize their outcomes, particularly in health care. To gain insight into how customers shape a service experience with highly uncertain outcomes, we construct a model on the broaden-and-build theory of positive emotions. The model is used to empirically assess how situation-specific emotions and customer participation during a health care service experience affect perceptions of the service provider. The model is tested using data from 190 medical clinic customers. Consistent with theory, results reveal that as customers’ relative affect levels become more positive, levels of participation increase as well. In turn, higher levels of positivity and participation improve customer perceptions of the quality of the service provider and satisfaction with the co-produced service experience. Implications of this research focus managers on designing services to help clients manage their emotions in ways that facilitate positivity and participation and thus improve service perceptions.

Research Category: Service Experience and Co-creation

This paper has been published in The Journal of the Academy of Marketing Science, and is based on work at the Center for Services Leadership, Arizona State University, under the sponsorship of Mayo Clinic – Arizona, a CSL member organization.


(ANDREW S. GALLAN, CHERYL BURKE JARVIS, STEPHEN W. BROWN, MARY JO BITNER)
This article identifies and describes the frequent drivers of favourable and unfavourable customer experiences as described by customers in their own words. The frequent drivers are social interactions, the core service and the physical context. Furthermore the dynamics of resource interactions in customer experiences are shown, with the customer participating as an actor involved when the service is co-created through interactions. The findings are illustrated by extracts from customer narratives and show how experiences come up and that experiences are processes occurring in a social and physical environment when people do things together. The study context is the restaurant setting.

For managers the results suggest that great effort needs to be put into understanding the process of customer experiences and the various interactions involved, especially social interactions and the crucial roles of management, contact employees and customers supporting these interactions.

Research Category: 
Service Experience and Co-creation

* This article is based on a Critical Incident Technique study building on favourable and unfavourable narratives about customer experiences and an inductive data analysis. The paper will appear in Managing Service Quality, Vol 20 (3, May 2010).

(Åsa Öström, Bo Edvardsson, Ute Walter)
DOING IT THE HARD WAY: LOW CONTROL DRIVES PREFERENCES FOR HIGH EFFORT PRODUCTS AND SERVICES

Keisha Cutright, University of Pennsylvania
Adriana Samper, Arizona State University

Consumers often partner with products or services as they strive to make themselves skinnier, smarter, cleaner and healthier. But, exactly what role should a product or service play in delivering these outcomes? Should it require little effort and promise to do the hard work for the consumer? Or, should it require that the consumer do the hard work in order to ultimately achieve the same outcomes? We suggest that, when individuals face low feelings of control, they surprisingly prefer products and services that require higher effort from them. We test this hypothesis across seven studies, manipulating feelings of control and assessing responses to various products and services across health, academics and athletics. We find that the desire to exert increased effort when control is low is driven by an anticipated and actual sense of empowerment gained by working hard.

Research Category: Service Experience and Co-creation

Keisha Cutright, University of Pennsylvania; Adriana Samper, Arizona State University (Working paper)
According to service-dominant logic (S-D logic), all providers are service providers, and service is the fundamental basis of exchange. Value is co-created with customers and assessed on the basis of value-in-context. However, the extensive literature on S-D logic could benefit from paying explicit attention to the fact that both service exchange and value co-creation are influenced by social forces. The aim of this study is to expand understanding of service exchange and value co-creation by complementing these central aspects of S-D logic with key concepts from social construction theories (social structures, social systems, roles, positions, interactions, and reproduction of social structures). The study develops and describes a new framework for understanding how the concepts of service exchange and value co-creation are affected by recognizing that they are embedded in social systems. The study contends that value should be understood as value-in-social-context and that value is a social construction. Value co-creation is shaped by social forces, is reproduced in social structures, and can be asymmetric for the actors involved. Service exchanges are dynamic, and actors learn and change their roles within dynamic service systems.
This article explores in-depth what health care customers actually do when they co-create value. Combining previously published research with data collected from depth interviews, field observation and focus groups, the authors identify distinct styles of health care customer value co-creation practice. Importantly, we show how customers can contribute to their own value creation through their own (self) activities in managing their health care. Building on past work in service-dominant (S-D) logic, Consumer Culture Theory and social practice theory, we identify “roles”, “activities” and “interactions” that underlie customer co-creation of value in health care. We uncover five groupings of customer value co-creation practices yielding a typology of practice styles and link these to quality of life. The practice styles are: “Team Management”, “Insular Controlling”, “Partnering”, “Pragmatic Adapting” and “Passive Compliance”. Two in particular, “Team Management” and “Partnering”, should be encouraged by managers as they tend to be associated with higher quality of life. The authors provide a health care Customer Value Co-creation Practice Styles (CVCPS) typology. The usefulness of the typology is demonstrated by showing links to quality of life and its potential application to other health care settings.
Relationship marketing advises firms to prioritize customers, assigning them differentiated treatment. Yet offering preferential treatment to selected customers is controversial, especially with regard to the potential reactions of nonrecipients. This study employs social comparison and perceived injustice theories to explicate the process by which nonrecipients react to perceived service unfairness when they do not get the same preferential treatment by spreading negative word of mouth, refusing to cooperate with service employees, and adjusting their level of loyalty. The results of two laboratory experiments and a survey study in the clothing retail sector confirm both mediating roles of malicious and benign envy and moderating effects of customer–customer and customer–employee similarities. Offering differential treatments to customers is more beneficial if firms can help nonrecipients feel benign envy rather than malicious envy. In addition, service firms with a homogenous customer base and high customer–employee similarity need to take particular care before instituting a customer prioritization strategy.

Research Category: **Service Experience and Co-Creation**

*This is a working paper.*

(KIMMY WA CHAN, CHI KIN (BENNETT) YIM)
IS CUSTOMER PARTICIPATION IN VALUE CREATION A DOUBLE-EDGED SWORD? EVIDENCE FROM PROFESSIONAL FINANCIAL SERVICES ACROSS CULTURES*

Kimmy Wa Chan, Hong Kong Polytechnic University
Chi Kin (Bennett) Yim, University of Hong Kong
Simon S.K. Lam, University of Hong Kong

Emergent perspectives in marketing highlight new opportunities for co-opting customers as a means to define and cocreate value through their participation. This study examines how customer participation (CP) drives value creation and satisfaction for both customers and employees with different cultural value orientations in the context of professional financial services. Results from analyzing data collected from 349 pairs of customers and service employees in two national groups (Hong Kong and the United States) suggest that promoting CP could be a double-edged sword for firms: CP enhances customers’ economic value attainment and strengthens the relational bond, but it also increases employees’ job stress and hampers their job satisfaction. Moreover, the effects of CP on value creation depend on the cultural values; this result implies that arranging customers and service employees with “matched” cultural value orientations could facilitate the creation of value through CP.

Research Category: Service Experience and Co-creation

* This article appeared in Journal of Marketing, May 2010, 48-64.

(KIMMY WA CHAN, CHI KIN (BENNETT) YIM, SIMON S.K. LAM)
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.

This study addresses the following questions. First, do service failures adversely impact customer self-identities? Second, what types of failures impact what aspects of identity? Third, what (if any) are the financial consequences of identity failures and corresponding recoveries? Our data comes from a survey of a large sample of respondents who reported actual service failures and experienced later recoveries. Moreover, we relate their perceptions to financial outcome data supplied by access to longitudinal transactional data for the same customers.

This research contributes in several ways. We develop a theory of how service failures negatively impact customer identity enhancement goals. We also provide managers with an empirical demonstration of the impact of specific identity-focused service recoveries on actual customer profitability.

Research Category: Service Experience and Co-creation

*This research was sponsored by LensCrafters.
SELECTIVE HALO EFFECTS ARISING FROM IMPROVING THE INTERPERSONAL SKILLS OF FRONTLINE EMPLOYEES

Tracey Dagger, Monash University
Peter Danaher, Melbourne Business School
Jillian C. Sweeney, University of Western Australia
Janet R. McColl-Kennedy, University of Queensland

Although frontline customer service employees play a vital role in many firms their part in service delivery is often underappreciated. The interaction between frontline employees and customers creates an impression of what is to come in the service experience. A key question is whether this interaction spills over to other unrelated aspects of the business. In this study we conduct a quasi-experiment across two medical clinics, one of which had its frontline employees trained to improve their interpersonal skills. We find that not only does the training create positive perceptions of the service provided by frontline employees, but perceptions of service quality attributes not related to these employees also increase. That is, customer perceptions of the interpersonal skills of frontline employees “spill over” to other service quality attributes. However, this spillover effect does not impact all service attributes uniformly; rather, it is restricted to only credence attributes which customers find difficult to evaluate. We term this a “selective halo effect.” This finding demonstrates that customer perceptions of the interpersonal skills of frontline employees extend well beyond the range in which they perform their expected duties. Our paper builds on attribute evaluability theory and information economic theory by demonstrating the existence of a selective halo effect. Further, we develop a classification system that managers can use to predict which attributes are most likely to be influenced by a selective halo effect. We encourage managers to think of frontline employees as “barometers of the business” and consequently to invest in continued training for these key personnel.

Research Category: Service Experience and Co-Creation


(TRACEY DAGGER, PETER DANAHER, JILLIAN SWEENEY, JANET MCCOLL-KENNEDY)
SMALL DETAILS THAT MAKE BIG DIFFERENCES: A RADICAL APPROACH TO CONSUMPTION EXPERIENCE AS A FIRM’S DIFFERENTIATING STRATEGY

Ruth N. Bolton, Arizona State University
Anders Gustafsson, Karlstad University and BI – Norwegian Business School
Janet R. McColl-Kennedy, The University of Queensland
Nancy J. Sirianni, Northeastern University
David K. Tse, Hong Kong University

Service organizations and marketers have focused too much of their energy on their core service’s performance and too little emphasis on designing a customer journey that enhances the entire customer experience. There is nothing wrong with firms seeking continuous improvement in service quality and customer satisfaction. These efforts are needed for firms to be competitive in the marketplace. The problem occurs when performance levels and service offerings become too similar within an industry, so that price is the only competitive weapon that remains. We argue that in order to break this deadlock, companies need to focus on the small details that make big differences to customers.

The paper builds on interviews with executives in successful service organizations. It analyzes differentiation strategies in diverse service organizations across consumption contexts, nations and cultures around the world. We argue for radical approaches to help service organizations truly understand customers and provide service experiences that engage and delight them. We argue that the new challenge for marketing is to help companies find and implement these small details to make a large impact on the overall customer experience.

In order to truly understand the customer experience, we need a holistic view of all interactions customers have with a company. We need to understand the customer-firm interactions at all touch points, that is, during search, purchase, consumption and post-consumption. Customer experience involves the customers’ cognitive, affective, emotional, social and sensory responses to the firm. The originality of this research lies in our focus on the small details that make a difference to customers during the service process rather than in the final outcome of the service performance.

Research Category: Service Experience and Co-creation

This paper will be published in Journal of Service Management, 2014.

(Ruth Bolton, Anders Gustafsson, Janet McColl-Kennedy, Nancy Sirianni, David Tse)
THE EFFECT OF UTILITARIAN, HEDONIC, AND ECONOMIC VALUE IN SELF-
PRODUCTION VERSUS CO-PRODUCTION DECISIONS

Thomas Hollmann, North Carolina State University

This study investigates the moderating role of relationship age on the relationship between customer satisfaction and customer defection behavior in business-to-business relationships. In the context of a business financial service provider, we show that the link between satisfaction and defection follows different functional forms for short-term, versus medium-term, versus long-term clients. For short-term clients, we find a linear relationship, i.e. higher levels of satisfaction protect against defection. For medium-term clients, we find no relationship between satisfaction and defection. For long-term clients, we find a quadratic, inverted U-shape relationship between satisfaction and defection. As a result, long-term clients at a mid-level of satisfaction are at the highest risk of defection. We discuss implications for research and practitioners and suggest several avenues for future research.

Research Category: Service Experience and Co-creation

Working Paper

(THOMAS HOLLMANN)
In this article, we introduce the concept of the service delivery network (SDN) defined as two or more organizations that, in the eyes of the customer, are responsible for the provision of a connected overall service experience. This responds to calls for frameworks recognizing that dyadic service encounters are embedded in the series of experiences customers have with complementary providers as part of the journey to achieve their desired goals. Adopting an SDN perspective presents a dramatically different set of challenges for managers and provides research opportunities challenging the current view of established service concepts. Managers must recognize that to better serve the customer they need to understand the role that they play in the customer-defined service journey and be prepared to coordinate their activities with complementary providers. Participating in helping build and manage the SDN for the customer, or understanding how they fit into customer’s self-designed SDN, becomes a central challenge often requiring firms to develop a new set of capabilities.

Research Category: Service Experience and Co-creation


(STEPHEN TAX, DAVID McCUTCHCEON, IAN WILKINSON)
THE SERVICE RECOVERY PARADOX: TRUE BUT OVERRATED?

Stefan Michel, IMD Switzerland
Matthew L. Meuter, California State University, Chico

This article explores the concept of a service recovery paradox—where customers are more satisfied after a service failure and recovery than they are after an adequately delivered service. The study was conducted in a banking context with over 11,000 customer interviews based on actual customer encounters with the bank.

The authors establish that the service recovery paradox is in fact real. More importantly the magnitude and frequency of a service recovery paradox is assessed and we conclude that they are rare events and the impact is small, but significant. Although reliable, error free service delivery is critical; the study highlights the valuable contribution of a strong service recovery program.

Research Category: Service Experience and Co-creation

The research paper appeared in the Journal of Service Management (formerly the International Journal of Service Industry Management, 2008, 19 (4). This paper received the Emerald Literati

(Stefan Michel, Matthew L. Meuter)
TOWARD A THEORY OF REPEATED PURCHASE DRIVERS CONSUMER SERVICES*

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Thorsten Hennig-Thurau, Bauhaus-University of Weimar
Dwayne D. Gremler, Bowling Green State University
Kevin P. Gwinner, Kansas State University
Caroline Wiertz, City University

The marketing discipline's knowledge about the drivers of service customers' repeat purchase behavior is highly fragmented. This research attempts to overcome that fragmented state of knowledge by making major advances toward a theory of repeat purchase drivers for consumer services. Drawing on means–end theory, the authors develop a hierarchical classification scheme that organizes repeat purchase drivers into an integrative and comprehensive framework. They then identify drivers on the basis of 188 face-to-face laddering interviews in two countries (USA and Germany) and assess the drivers' importance and interrelations through a national probability sample survey of 618 service customers. In addition to presenting an exhaustive and coherent set of hierarchical repeat purchase drivers, the authors provide theoretical explanations for how and why drivers relate to one another and to repeat purchase behavior. The framework also provides companies with specific information about how to manage long-term customer relationships successfully.

Research Category: Service Experience and Co-creation


MICHAEL PAUL, THORSTEN HENNIG-THURAU, DWAYNE D. GREMLER, KEVIN P. GWINNER, CAROLINE WIERTZ
Companies have increasingly participated in social networks, but research on how to create value in this new context is still scarce. This article contributes to better understand company social networks (CSNs), defined as people connected to a company or brand through a social networking site. This research involved an exploratory study of the page maintained by a large retailer for six months, followed by a qualitative study with members of the CSN. The results highlight differences between CSNs and other types of online communities. Members rely on the company to help them achieve their goals; few count on their CSN peers, with whom they maintain weak ties. Unlike brand communities, most members are not enthusiasts but instead engage in a pragmatic relationship with the brand. Study results show that CSNs can create value for both the host company and its members, but active management is necessary to unlock that potential. The implications for CSN management include strategies to foster participation and increase value for companies and members.
Service research has traditionally focused on dyadic relationships between customer and service provider, but the service environment has become more complex. This paper presents a qualitative study of value co-creation from the perspective of multiple stakeholders in complex networks, in the context of the Portuguese national health record. Study results show that for patients, physicians, nurses and pharmacists in this complex setting, traditional service quality dimensions such as ease of use and reliability are still important, but new dimensions arise related to how the service enables value creation by supporting collaboration among stakeholders. These results indicate that managers should go beyond dyadic relationships to carefully design their services to support value co-creation among different actors in the value network.