Conference Proceedings
SERVSIG 2016
Maastricht
Conference Proceedings
SERVSIG Conference 2016
Maastricht

ISBN: 978-90-825680-0-4
## Conference Programme

### Friday, 17th June

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30 - 09:00</td>
<td>Registration for Pre-Conference Workshops</td>
<td>Tongersestraat 53 (TS53) - School of Business and Economics</td>
</tr>
<tr>
<td>09:00 - 17:00</td>
<td>PLS Workshop by Christian Ringle</td>
<td>A1.23 (TS53)</td>
</tr>
<tr>
<td>09:00 - 17:00</td>
<td>R Workshop by Martin Wetzels</td>
<td>A1.22 (TS51)</td>
</tr>
<tr>
<td>09:00 - 17:00</td>
<td>Service Design Workshop by Service Science Factory (SSF)</td>
<td>Tongersestraat 6 (TS6)</td>
</tr>
<tr>
<td>12:00 - 13:00</td>
<td>Lunch for Pre-Conference Workshop Participants</td>
<td>Knuthuis (TS53)</td>
</tr>
<tr>
<td>12:00 - 17:00</td>
<td>Social Program: Sensory City Walk</td>
<td></td>
</tr>
<tr>
<td>17:00 - 18:00</td>
<td>Pre-Registration</td>
<td>La Bonbonnière (Achter de Comedie 1)</td>
</tr>
<tr>
<td>17:00 - 18:00</td>
<td>Birthday event – 30 years of the Journal of Services Marketing (on invitation only)</td>
<td>La Bonbonnière (Achter de Comedie 1)</td>
</tr>
<tr>
<td>18:00 - 20:00</td>
<td>Reception</td>
<td>La Bonbonnière (Achter de Comedie 1)</td>
</tr>
</tbody>
</table>

### Saturday, 18th June

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:00 - 08:30</td>
<td>Coffee &amp; Registration</td>
<td>Tongersestraat 53 (TS53) - School of Business and Economics</td>
</tr>
<tr>
<td>08:30 - 09:00</td>
<td>Welcome</td>
<td>Lecture Hall - A-1.01 (TS53)</td>
</tr>
<tr>
<td>09:00 - 10:00</td>
<td>Plenary Session I - What Really Matters In Winning The Battle For Share?</td>
<td>Lecture Hall - A-1.01 (TS53)</td>
</tr>
<tr>
<td>10:00 - 10:30</td>
<td>Coffee Break</td>
<td>Ad Fundum (TS53)</td>
</tr>
</tbody>
</table>
1.1 Special Session: Customer Experience

**Customer Experience - How Academia Can Advance Practice and Assist Businesses in Successfully Competing on the New Competitive Battleground**

- Phil Klaus (Brunel University London), Martin Wetzels (School of Business and Economics, Maastricht University), Dominik Mahr (School of Business and Economics, Maastricht University), Benjamin Lucas (School of Business and Economics, Maastricht University), Clemens Koehler (Deutsche Telekom)

1.2 B2B - Relationships

**A Dyadic Combinatorial Analysis of Drivers of Successful Service Infusion**

- Stephan Henneberg (Queen Mary University of London), Sebastian Forkmann (Queen Mary University of London), Lars Wittel (Linköping University), Daniel Kindstrom (Linköping University)

**"For Your Ties Only": Team Dynamics and Creativity in B2B Service Co-Creation**

- Buxandra - Elena Fränc (Maastricht University), Piet van Den Bossche (Maastricht University), Jos Lemmink (Maastricht University), Mien Segers (Maastricht University)

**Customer Value Formation in a Business-to-Business Setting**

- Tore Strandvik (Hanken School of Economics, Department of Marketing), Kristina Heinonen (Hanken School of Economics, Department of Marketing), Sanna Vollmer (Hanken School of Economics, Department of Marketing)

1.3 Healthcare Service - Co-Creation

**Redefining Service Productivity in Health Care: Toward a Service Ecosystem Perspective on Patient Productivity**

- Carolin Wernicke (Freie Universität Berlin), Ilias Danatzis (Freie Universität Berlin), Michael Kleinaltenkamp (Freie Universität Berlin)

**Resources Which Co-Create Value in Health Service**

- Liliana Vitoring (Escola Superior de Tecnologia e Gestão do Instituto Politécnico de Leiria), Helena Alves (Universidade da Beira Interior)

**Well-Being through Designing: Co-Design as a Promising, Practical Approach to Enhancing the Well-Being of Actors**

- Josina Vink (University of Karlstad and Experio Lab, County Council of Värmland), Katarina Wetter-Edman (Experio Lab, County Council of Värmland and Konstfack University), Bård Tronvoll (CTF, Service Research Center, Karlstad University), Bo Edvardsson (CTF, Service Research Center, Karlstad University)

1.4 Consumer Behaviour in Services I

**Examining the Influences of Deal Popularity on Credence and Experience Services**

- Karen Kao (University of Adelaide), Sally Rao Hill (University of Adelaide), Indrit Troshani (University of Adelaide)

**Sharing Goods? Yuck, No! An Investigation of Customers’ Contamination Concerns in Access-Based Services**

- Simon Hazée (HEC Management School - University of Liège (HEC-ULg)), Cécile Defour (HEC Management School - University of Liège (HEC-ULg)), Yves van Vaerenbergh (Research Center for Human
1.5 Customer Participation and Co-Creation I

Chair: Rebekah Russell-Bennett
Venue: A0.24 (TS3)

A Customer Empowerment Framework: A Qualitative Study Unveiling the Determinants and Consequences from a Customer’s Perspective
- Corina Braun (University of Basel), Marion Popp (University of Hohenheim), Karsten Hadwich (University of Hohenheim)

Shedding Light on the Dark Side of Customer Participation: Investigating Customer Participation Stress
- Stephanie Treger (University of Hohenheim), Marion Büttgen (University of Hohenheim), Jan H. Schumann (University of Passau), Zelal Ates (HEC Management School - University of Liège (HEC-ULg))

The Role of Physical Quality in the Co-Creation of Value
- Joe Cronin (Florida State University), Brian Bourdeau (Auburn University)

1.6 Digital Services - Social Media I

Chair: Charles Hofacker
Venue: A1.22 (TS3)

Drivers of Consumer Engagement with Sport Clubs on Facebook
- Leonor Vale (Faculty of Economics- University of Porto), Teresa Fernandes (Faculty of Economics-University of Porto)

Understanding Usage, Behaviour in a Peer-to-Peer Rental Community
- Fanny Deliege (HEC Management School - University of Liège (HEC-ULg)), Zelal Ates (HEC Management School - University of Liège (HEC-ULg)), Sabine Benoit (University of Roehampton Business School), Marion Büttgen (Universität Hohenheim)

Incentives for Writing Online Reviews – Differential Effects on Likelihood and Valence
- Jana Garnefeld (University of Wuppertal), Ann-Kathrin Groetschel (University of Wuppertal)

1.7 Tourism and Cultural Services I

Chair: Ritva Höykinpuro
Venue: A1.23 (TS3)

Non-Visitor Intentions to Travel to a Long-Haul Holiday Destination
- Constanza Bianchi (Universidad Adolfo Ibáñez)

Expectation and Emotion Enhancement Using Content Knowledge in Cultural Experiences
- Nadia Steils (University of Namur - IAE Lille), Zakia Obaidalaha (IAE Lille), Dominique Crié (IAE Lille), Francis Salerno (IAE Lille)

From a Disrupting Innovation to a Mainstream Economic Activity: the Market Restructuring and Formation Role of the Sub-Economies of the Airbnb’s Sharing Ecosystem
- Marianna Sigala (University of South Australia), Isaac Mizrahi (The College of Management - Academic Studies (Israel))

1.8 Service Productivity

Chair: Bart Lariviére
Venue: D0.03 (TS3)
1.9 Service Research
Chair: Mark Rosenbaum
Venue: G0.03 (TS3)

Impact of Interdisciplinary Service Research - A Scientometric Approach
- Werner Kunz (University of Massachusetts Boston), Jens Hogreve (Catholic University of Eichstaett-Ingolstadt), Johannes Bogershausen (University of British Columbia)

Service Research at the Crossroads: Creating the Transformative Service Project
- Steven Rayburn (Texas State University), Ray Fisk (Texas State University)

Technology in Service: Its Role in Marketing, Operations and Human Resources
- Jay Kandampully (The Ohio State University), Kathrin Albrecht (Catholic University of Eichstaett-Ingolstadt), Arne de Keyser (EDHEC Business School), Sarah Kusen (TU Dortmund University), Linda Nasr (University of Manchester), Tingting Christina Zhang (The Ohio State University)

Saturday
12:00 - 13:30
Lunch
Venue: Mensa (TS3)

Saturday
12:15 - 13:15
Editorial Board Meeting Journal of Service Management
Venue: C1.05 (TS3)

Saturday
12:30 - 17:00
Service Design for Innovation (SDIN) - Interactive booth
Venue: Entrance hall - first floor (TS3)

Saturday
13:30 - 15:00
2.1 Special Session: Conducting Base of the Pyramid (BoP) Service Research
Venue: Aula H0.01 (TS3)

Conducting Base of the Pyramid (BoP) Research
- Ray Fisk (Texas State University), Javier Reynosa (Monterrey Institute of Technology (ITESM)), Heiko Gebauer (Eawag: Swiss Federal Institute of Aquatic Science and Technology), Mirella Haldemann (Eawag: Swiss Federal Institute of Aquatic Science and Technology), Caroline Sau (Eawag: Swiss Federal Institute of Aquatic Science and Technology)

Saturday
13:30 - 15:00
2.2 B2B - Service Networks
Chair: Jos Lemmink
Venue: H0.04 (TS3)

The Services Sector and the Rise of Entrepreneurship
- Michael Ehret (Nottingham Trent University), Jochen Wirtz (National University of Singapore)

Dynamics of Resource Integration and Value Proposition Development in Project Networks - a Supplier Exploration
- Ingo Husmann (University of Gloucestershire)
Dynamic Value Co-Creation in Knowledge Intensive Business Services: A Qualitative Study of Automotive Engineering

» Florian Mueller (University of Bremen), Jens Poepelbuss (University of Bremen)

2.3 Big Data

Chair: Martin Wetzels
Venue: Ho.06 (TS(3))

Exploring Consumer Project-Based Products and Services Networks

» Dmitry Zinoviev (Suffolk University), Zhen Zhu (Suffolk University), Kate Li (Suffolk University)

Data-Driven Customer Process Management: A New Paradigm for Co-Creating Value with Customer Data

» Chiehyeon Lim (School of Engineering, University of California, Merced; Department of Industrial and Management Engineering, Pohang University of Science and Technology (POSTECH)), Paul Maglio (University of California, Merced), Min-Jun Kim (Department of Industrial and Management Engineering, Pohang University of Science and Technology (POSTECH)), Ki-Hun Kim (Department of Industrial and Management Engineering, Pohang University of Science and Technology (POSTECH)), Kwang-Jae Kim (Department of Industrial and Management Engineering, Pohang University of Science and Technology (POSTECH))

What, How and When: Patterns of Message Virality in Social Media Brand Communications

» Francisco Villaruel (Maastricht University), Dominik Mahr (Maastricht University), Ko de Ruyter (Cass Business School), Stephan Ludwig (Westminster Business School), Dhruv Grewal (Babson College), Martin Wetzels (Maastricht University)

2.4 Consumer Behaviour in Financial Services

Chair: Mary Jo Bitner
Venue: A0.23 (TS(3))

How Past Performance Framing Impacts Investors’ Belief Updating

» Patrick Gerhard (Maastricht University), Arvid Hoffmann (Maastricht University), Thomas Post (Maastricht University)

Friend or Foe: Peer versus Anchoring Effects in Long-Term Financial Decision-Making

» Pieter Verhallen (Maastricht University), Elisabeth Bruggen (Maastricht University), Thomas Post (Maastricht University), Gaby Odekerken-Schröder (Maastricht University)

Creating Consumer Engagement in Low-Involvement Industries – An Industry-Level Effort

» David Söhrhammer (Uppsala universitet), Elina Jaakkola (University of Turku)

2.5 Transformative and Health Services - An Interaction Perspective

Chair: Linda Nasr
Venue: A0.24 (TS(3))


» Mahesh Subramony (Northern Illinois University), Charles Gowen (Northern Illinois University), Kathleen McFadden (Northern Illinois University)

When Similarity Beats Expertise: The Differential Effects of Peer and Expert Ratings on Hospital Choice

» Anne-Madeleine Kranduehler (Vrije Universiteit Amsterdam), Mirella Kleijnen (Vrije Universiteit Amsterdam), Peeter Verlegh (Vrije Universiteit Amsterdam), Marije Teeing (VGDW)

Engaging with and Retaining Men in Mental Health Services

» Brett Scholz (University of Canberra), Vinh Lu (Australian National University), Domenique Szantyr (Independent Researcher)
2.6 Digital Services - Social Media II
Chair: Jamie Burton
Venue: A1.22 (TS53)

Predicting High and Low Engagement in Social Networking Sites
» Rodoula Tsoteu (UNIVERSITY OF MACEDONIA), Yannis Hajidimitriou (UNIVERSITY OF MACEDONIA)

Purchase Intention of Online Content: An Application to Music Streaming Services
» João Guerra (Faculty of Economics- University of Porto), Teresa Fernandes (Faculty of Economics- University of Porto)

Information Overload in Social Media: The Effect of Social Media Content Types on Engagement Behaviour
» Rebecca Dolan (University of Adelaide), Jodie Conduit (University of Adelaide), John Fahy (University of Limerick)

2.7 Service Innovation - An Organisational View
Chair: Dominik Mahr
Venue: A1.23 (TS53)

The Cultural Shift to Service Innovation Openness: How Employees React to Open Innovation Initiatives
» Franziska Miebach (RWTH Aachen University), Vera Blazevic (Radboud University Institute for Management Research), Frank T. Piller (RWTH Aachen University)

Strategy and Organizational Factors Driving NSD Performance and Innovativeness
» Daniel Marente (EGADE Business School, Tecnológico de Monterrey, Monterrey), Egen Maravillo (EGADE Business School, Tecnológico de Monterrey, Monterrey), Javier Reynoso (EGADE Business School, Tecnológico de Monterrey, Monterrey), Bo Edvardsson (CTF, Service Research Center, Karlstad University)

Influence of Service Modularity on Service Efficiency and Performance
» Sadaf Afzal (Europe University Vadihra & German Graduate School of Management and Law), Martin Eisend (Europe University Vadihra), Tomas Bayon (German Graduate School of Management and Law)

2.8 Service Ecosystems I
Chair: Helge Löbler
Venue: D0.03 (TS53)

The Impact of Hospice Care Upon Patients, Carers, Families and Friends
» Philippa Hunter-Jones (University of Liverpool), Lynn Sudbury-Riley (University of Liverpool), Laura Menzies (University of Liverpool), Michael Pyrah (East Cheshire Hospice), Helen Knight (East Cheshire Hospice)

A Taxonomy of Service Delivery Systems: Contrasting the Customer and Provider Perspective
» Katrien Verleye (Center for Service Intelligence, Ghent University), Arne de Keyser (EDHEC Business School)

An Exploration of Service Ecosystem in Microfinance: A Service-Dominant Logic View
» Md. Abul Kalam Siddique (Japan Advanced Institute of Science and Technology), Youji Kohda (Japan Advanced Institute of Science and Technology)

2.9 Service Failure and Recovery I
Chair: Crina Tarasi
Venue: G0.03 (TS53)

The Role of Time in Service Recovery – How the Time to Recover a Service Failure and
Relationship Strength Affect Customers’ Compensation Expectations
> Jens Hogreve (Catholic University of Eichstaett-Ingolstadt), Leonhard Mandl (Catholic University of Eichstaett-Ingolstadt), Nicola Bistein (Catholic University of Eichstaett-Ingolstadt)

Disparate Satisfaction Scores? Consider a Customer’s Country-of-Origin: A Case Study
> Mark Rosenbaum (N), Tali Seger-Guttmann (Ruppin Academic Center), Iris Vilnai-Yavetz (Ruppin Academic Center)

Reconceptualizing Health Care as Service Recovery: Exploring Causal Attributions and Implications for Patients’ Well-Being
> Andrew Gallan (DePaul University)

Saturday
15:00 - 15:30
Coffee Break
Venue: Ad Fundum (TS53)

Saturday
15:30 - 17:00
3.1 Interact with the Editor’s: “Everything You Always Wanted to Ask the Editors”
Venue: Aula H0.01 (TS53)

3.2 Servicescapes and Service Environments
Chair: Dwayne Gremler
Venue: H0.04 (TS53)

Servicescape Remodeling: The Importance of Understanding Customer Reactions During the Transition Phase
> Bart Larivière (Ghent University), Freek van Baelen (Carrefour Belgium), Arne de Keyser (EDHEC Business School)

A Transformational Servicescape and its Relations to Consumer Place Attachment and Subjective Well-Being
> Cindy Yunhsin Chou (Yuan Ze University), Lanlung Chiang (Yuan Ze University), Yu-Ting Huang (Yuan Ze University), Hinyung Wu (Yuan Ze University)

Service Scent and Sound: Impact of Ambient Environment Cues in Interpersonal Servicescapes
> Nicole Hartley (The University of Queensland, Brisbane), Paul Harrison (Deakin University, Melbourne)

Saturday
15:30 - 17:00
3.3 Special Session: The Dark Side of Service Interactions: Insights on Customer Anger
Venue: H0.06 (TS53)

The Dark Side of Service Interactions
> Alexander Henkel (Maastricht University), Karen Niven (Manchester Business School), Jos Lemmink (Maastricht University), Christina Jerger (Catholic University of Eichstaett-Ingolstadt), Jochen Wirtz (National University of Singapore), Janet R. McColl-Kennedy (The University of Queensland), Michael Brady (Florida State University), Paul Patterson (UNSW Australia), Daniel Altman (Technion, Israel Institute of Technology), Dorit Treister (University of British Columbia), Arie Eisenman (Gallilee Medical Center), Dalit Lev-Arey (Tel Aviv-Yaffo Academic College), Anat Rafaeli (Technion, Israel Institute of Technology), Yakir Rosenfeld (Technion, Israel Institute of Technology), Chen Shapira (Carmel Medical Center), Sara Solomon (Tel Aviv-Yaffo Academic College)

Saturday
15:30 - 17:00
3.4 Customer Experience I
Chair: Yves van Vanerenbergh
Venue: A0.23 (TS53)

How Contextual Variables Moderate the Antecedents of Customer Satisfaction with the Service Experience in Different Retail Channels
> Ruth Bolton (Arizona State University), Anders Gustafsson (University of Karlstad), Crina Tarasi (Central Michigan University), Lars Witell (University of Karlstad)
3.5 Transformative and Health Services - Practices

Chair: Andrew Gallan
Venue: A0.24 (TS53)

Transformative Service Practices – An Ethnography in Eldercare
> Catharina Von Koskull (University of Vaasa), Per Skålen (University of Karlstad), Henna Syrjälä (University of Vaasa)

How to Enhance Citizenship and Reduce Dysfunctional Patient Behavior during Service Interactions: An Empirical Study in the Nursing Context
> Gertrud Schmitz (Universität Duisburg-Essen), Jennifer Lerd (University of Duisburg-Essen), Marion Büttgen (Universität Hohenheim), Zelal Ates (Université de Lige)

Quality Improvements and Care Procurement: Friends or Foes?
> Sara Dahlin (Chalmers University of Technology), Carolina Camén (CTF, Service Research Center, Karlstad University), Henrik Eriksson (Chalmers University of Technology)

3.6 Service Relationships

Chair: Claudia Simoes
Venue: A1.22 (TS53)

‘Bring me sunshine’: Developing a Deeper Understanding of Positive Customer Feedback
> Linda Nazar (University of Manchester), Jamie Burton (University of Manchester), Thorsten Gruber (Loughborough University)

Examining the Influence of Customers' Perceptions of Goal Attainment and Attractiveness of Alternatives on the Development Positive and Negative Switching Barriers
> Mohamed Hassan (Cairo University), Doaa Talaat (Faculty of Commerce, Cairo University)

Storytelling in Service Organizations: Lessons for Service Managers
> Ray Fish (Texas State University), Aidan Daly (National University of Ireland, Galway)

3.7 Service Innovation - Customer Experience I

Chair: Vera Blazevic
Venue: A1.23 (TS53)

Stress Out and Carry On: How Consumer Appraisals of Service Innovation Help Improve Service Relationships
> Robert Ciuchita (Maastricht University), Dominik Mahr (Maastricht University), Gaby Odekerken-Schröder (Maastricht University)

How Can We Design Forced Self-Service Technology Options to Ensure Perceived Service Value?
> Amanda Beatson (Queensland University of Technology), Dominique A. Greer (Queensland University of Technology)

Nonownership-Dominant Logic? The Effect of Consumers’ Intellectual Ability on Preference for Nonownership Consumption
> Kristina Witkowski (Aalto University School of Business), Jaakko Aspara (Hanken School of Economics)
Sunday, 19th June

Coffee
Venue Ad Fundum - Tongersestraat 53 (TS53) - School of Business and Economics

Service Design for Innovation (SDIN) - Interactive booth
Venue Entrance hall - first floor (TS53)

4.1 Special Session: Money Matters: Consumer Financial Well Being Today and Tomorrow
Venue Aula H0.01 (TS53)

Money Matters: Consumer Financial Well Being Today and Tomorrow
> Shashi Matta (The Ohio State University), Jens Hogreve (Catholic University of Eichstaett-Ingolstadt), Wibbeke Eberhardt (Maastricht University), Elisabeth Bruggen (Maastricht University), Thomas Post (Maastricht University), Joyce Vonken (APG)

4.2 B2B - Service Dominant Logic I
Developing Expertise in Professional Services - Exploring Business Community Workshops as a Novel Platform for Co-Creation
» Tania Lepistö (University of Turku), Elina Jaakkola (University of Turku)

The Spineless Organization: The Most Extreme Form of Service Organization?
» Fredrik Nordin (Stockholm Business School, Stockholm University), Danilo Brozovic (Stockholm Business School, Stockholm University)

Service Experience Co-Creation in Professional Business Services: Implications for Empirical Research
» Johanna Still (Oulu Business School, University of Oulu), Hanna Komulainen (Oulu Business School, University of Oulu)

4.3 Big Data - Smart Services
Chair Robert Ciuchita
Venue H0.04 (TS53)

Internet of Everything? A Matter of Innovating as a Texture of Practices
» Cristina Mele (University of Naples Federico II), Tiziana Russo Spena (University of Naples Federico II), Valeria Impresta (University of Naples Federico II), Marco Trequa (University of Naples Federico II), Mariarosaria Coppola (University of Naples Federico II)

Overcoming Barriers to Smart Services
» Pekka Töyrylä (Aalto University School of Science), Ville Eloranta (Aalto University School of Science), Maximilian Klein (University of St. Gallen), Sebastian Biehl (University of St. Gallen), Risto Rajala (Aalto University School of Science)

Customer Approach to the Use of Big Data: Wearables for Service
» Apramey Dube (Hanken School of Economics), Anu Helkkula (Hanken School of Economics)

4.4 Customer Engagement
Chair Sabine Benoit
Venue A0.23 (TS53)

When Engagement Leads to Intensity: An Exploratory Study on the Nature of Cocreation Intensity
» Matthew Alexander (University of Strathclyde, Glasgow, UK), Heiner Evanschitzky (Aston Triangle), Nancy Wunderlich (University of Paderborn)

Going Beyond the Service Exchange: Investigating an Engagement Platform for Customer Learning
» Sara Leroi-Werelds (Hasselt University), Sandra Streuksens (Hasselt University)

Basic Emotions and Online Customer Engagement Behavior
» Matthias Gauthier (University of Koblenz-Landau), Tobias Kraemer (University of Koblenz-Landau), Sven Heidenreich (Saarland University), Julia Donsbach (EBS University)

4.5 Service Analytics
Chair Bart Larivièrè
Venue A0.24 (TS53)

Understanding Why Customers Choose an Institution for Their Loans: An Application of the Wallet Allocation Rule
» Lerzan Aksoy (Fordham University), Timothy Keiningham (Rockbridge Associates), Alexander Buoye (Fordham University), Joan Bell (St. John’s University)
Understanding how Self-Service Technology Affects Customer Citizenship Behaviours
> Amanda Beaton (Queensland University of Technology), Udo Gottlieb (Queensland University of Technology)

Exploring the Embedded Business Offering – the Case of Activity Trackers
> Michaela Lipkin (Hanken School of Economics), Kristina Heinonen (Hanken School of Economics), Tore Strandvik (Hanken School of Economics)

4.6 Digital Services - Mobile
Chair: Gaby Oderekken-Schröder
Venue: A1.22 (TS53)

Join a Service Bundle or Stay Outside a Bundle: Implications for Consumers and Firms
> Chatura Ranaweera (Wilfrid Laurier University), Heikki Karjaluoto (University of Jyväskylä)

How do Gamified Mobile Apps Influence Customer Value, Satisfaction and Behavioural Intentions to Cease Smoking?
> Rory Mulcahy (Queensland University of Technology), Rebekah Russell-Bennett (Queensland University of Technology), Kerri-Ann Kuhn (Queensland University of Technology), Nadia Zainuddin (University of Wollongong)

m-Health Fitness and Wellness Wearables: Investigating how Consumers Embrace New Ways to Monitor and Manage their Health
> Sven Tuzovic (Queensland University of Technology), Volker Kupferwieser (NEOMA Business School)

4.7 Service Innovation - Customer Experience II
Chair: Rodolfa Tsiotso
Venue: A1.23 (TS53)

Service at the Base of the Pyramid to Connect, Empower, and Train
> Steven Rayburn (Texas State University)

Smart Service Systems in Developing Countries: Looking for a Conceptualization
> Angela Carde (University Magna Graecia of Catanzaro), Tiziana Russo Spena (University of Naples Federico II), Maria Colurcio (University Magna Graecia of Catanzaro)

Broadening Service Customer Experience with an Activity-Centric Perspective
> Jorge Grena L. Teixeira (INESC TEC, Faculty of Engineering, University of Porto), Lia Patricio (INESC TEC, Faculty of Engineering, University of Porto), Ray Fisk (Texas State University)

4.8 Service Ecosystems II
Chair: Katrien Verleye
Venue: D0.03 (TS53)

The Role of Institutional-Based Trust in Service Ecosystems
> David Sörhammar (Uppsala universitet), Jimmie G. Röndell (Mälardalen University)

The Nature of Ecosystems’ and Man-Made Service
> Helge Lübler (Institute for Service and Relationship Management, University of Leipzig)

Value Co-Destruction: a Service Ecosystem Perspective
> Tiziana Russo Spena (Università degli Studi di Napoli Federico II), Mariarosaria Coppola (University of Naples Federico II), Cristi Mele (Università degli Studi di Napoli Federico II), Marco Tregua (Fed), Valeria Impota (University of Naples Federico II)

4.9 SERVSIG Best Service Dissertation Award granted by Maastricht University
Chair: Werner Kunz
Venue: H0.06 (TS53)
Mobile Ad Effectiveness: Contextual Targeting with Crowdedness
Michelle Andrews (TEMPLE UNIVERSITY)

Understanding and Managing the Customer Experience
Arne de Keyser (EDHEC Business School)

When Questions Change Consumer Revenue Responses: Studying the Effects of Forms and Content of Questionnaires over Time
Mina Rohani (HEC Montréal)

Coffee Break
Venue: Ad Fundum (TS53)

Sunday
10:00 - 10:30

Poster presentation
Venue: Entrance hall - ground floor (TS53)

Sunday
10:30 - 12:00

5.1 Special Session: From Customer to Actor Engagement: An Interactive Workshop
Venue: Aula H0.01 (TS53)

From Customer to Actor Engagement: An Interactive Workshop to Explore Broader Conceptualisations
Rod Brodie (University of Auckland), Linda Hollebeek (University of Auckland/NHH Norwegian School of Economics), Jodie Conduit (University of Adelaide), Elina Jaakkola (University of Turku)

Sunday
10:30 - 12:00

5.2 Service Organisations
Chair: Hans Kasper
Venue: H0.04 (TS53)

Transformative Service Organizations: Moving to Mutualism
Ray Fisk (Texas State University), Linda Nasr (University of Manchester), Andrew Gallan (DePaul University), Sandy Ng (RM), Steven Rayburn (Texas State University), Sanjit Roy (University of We), Roberta Sebastiani (Università Cattolica del Sacro Cuore)

Who is the Small Business’ Supporter?
Tali Segal-Guttmann (Ruppin Academic Center), Shaked Gilboa (Ruppin Academic Center)

Is Your Organization a Service Hero? Development and Validation of an Organizational Service Excellence Scale (OSES)
Matthias Gouthier (University of Koblenz-Landau), Andreas Giese (EBS Business School)

Sunday
10:30 - 12:00

5.3 Special Session: Service Design for Innovation: Current Challenges and Future Research Agenda
Venue: H0.06 (TS53)

Service Design for Innovation: Current Challenges and Future Research Agenda
Lia Patrício (INESC TEC and Faculty of Engineering, University of Porto, Portugal), Daniela Sandorgi (Politecnico di Milano), Bo Edvardsson (CTF, Service Research Center, Karlstad University), Bård Tronvoll (CTF, Service Research Center, Karlstad University), Gaby Odekerken-Schröder (Maastricht University)

Sunday
10:30 - 12:00

5.4 Consumer MisBehaviour
Chair: Cecil Delcourt
Venue: A0.23 (TS53)
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunday</td>
<td>Public and Non-Profit Services</td>
</tr>
<tr>
<td>10:30</td>
<td>Chair: Lars Witell</td>
</tr>
<tr>
<td>11:00</td>
<td>Venue: A0.24 (TS3)</td>
</tr>
<tr>
<td></td>
<td>Online Public Services Access and the Elderly: Assessing Determinants of Behaviour in the UK and Japan</td>
</tr>
<tr>
<td></td>
<td>Bach Q. Ho (Japan Advanced Institute of Science and Technology), Kunio Shirahada (Japan Advanced Institute of Science and Technology), Alan Wilson (University of Strathclyde, Glasgow, UK)</td>
</tr>
<tr>
<td></td>
<td>Values Based Service Eco-System for a City Region - Public Transit Context</td>
</tr>
<tr>
<td></td>
<td>Samuel Petros Sebhatu (CTF, Service Research Center, Karlstad University), Bo Enquist (CTF, Service Research Center, Karlstad University)</td>
</tr>
<tr>
<td></td>
<td>Uncovering Prosocial Identities for Improved Marketing Management</td>
</tr>
<tr>
<td></td>
<td>Liliana Boye (The University of Melbourne), Anish Nagpal (The University of Melbourne), Ben Neville (The University of Melbourne), Jill Lei (The University of Melbourne), Danielle Chmielewski-Raimondo (The University of Melbourne)</td>
</tr>
<tr>
<td></td>
<td>Designing the Service Recovery</td>
</tr>
<tr>
<td></td>
<td>Chair: Tillmann Wagner</td>
</tr>
<tr>
<td></td>
<td>Venue: A1.22 (TS3)</td>
</tr>
<tr>
<td></td>
<td>Understanding Customer Journeys via Social Media Dialog: A Service Recovery Case Study</td>
</tr>
<tr>
<td></td>
<td>Szu-Yao Chien (Alliance Manchester Business School, The University of Manchester), Babis Theodoulidis (Alliance Manchester Business School, The University of Manchester), Jamie Burton (Alliance Manchester Business School, The University of Manchester)</td>
</tr>
<tr>
<td></td>
<td>Signaling Firm and Employee Trustworthiness: The Influence of Service Guarantee, Employee Behaviour and Firm Reputation on Customer Trust in Service Recovery</td>
</tr>
<tr>
<td></td>
<td>Benedetta Crisafulli (Cranfield University), Jaywant Singh (Kingston University), Francesca Dall’olmo Riley (Kingston University)</td>
</tr>
<tr>
<td></td>
<td>Recruiting Regulatory Support: Examining When and How Individuals Seek or Discourage the Involvement of Others in Affect Regulation Following a Negative Service Experience</td>
</tr>
<tr>
<td></td>
<td>Christina Anthony (University of Sydney), Alexander Fedorikhin (Indiana University)</td>
</tr>
<tr>
<td></td>
<td>Tourism and Cultural Services II</td>
</tr>
<tr>
<td></td>
<td>Chair: Marianna Sigala</td>
</tr>
<tr>
<td></td>
<td>Venue: A1.23 (TS3)</td>
</tr>
<tr>
<td></td>
<td>Rethinking Hospitality</td>
</tr>
<tr>
<td></td>
<td>Rëtva Höykipuro (University of Tampere), Mika Yrjölä (University of Tampere)</td>
</tr>
</tbody>
</table>
|        | “The play was bad, but I will return!” Understanding Spectators’ Tolerance of
Disappointment Through the Overall Evaluation of a Multi-Experiences Cultural Service
» Zakia Obaidalake (IAE Lille)

Towards a Conceptual Framework for Understanding Customer Evaluations of Service Failures within Service Delivery Networks
» Chutinida Phalusuk (Newcastle University Business School, Newcastle University), Markus Blut (Newcastle University Business School, Newcastle University), Klaus Schoeer (Newcastle University Business School, Newcastle University), Mitchell Ness (Newcastle University Business School, Newcastle University), Wenjiao Zhang (Newcastle University Business School, Newcastle University)

### 5.8 Branding of Services

**Chair** Arne de Keyser  
**Venue** D0.03 (TS33)

Brand Co-Creation in Service Ecosystems – An Ambidextrous Approach
» Maximilian Wagner (Ludwig-Maximilians-Universität Munich), Ana Jakic (Ludwig-Maximilians-University Munich), Anton Meyer (Ludwig-Maximilians-University Munich)

Challenges of Brand Identity Management in a Co-Creation Context
» Catherine Da Silveira (Nova School of Business and Economics), Claudia Smees (Open University & Minho University), Carmen Lages (Nova School of Business and Economics), Sally Dibb (Open University)

Chinese Meaning of Service Work: a Meaning-Making Perspective
» Ryan Shuwei Hsu (National Taiwan University), James O. Stanworth (National Changhua University of Education)

### Sunday 12:00 - 13:30  
**Lunch**  
**Venue** Mensa (TS33)

### Sunday 12:15 - 13:15  
**Editorial Board Meeting Journal of Service Theory and Practice**  
**Venue** C-1.05 - TS33

### Sunday 12:15 - 13:15  
**Editorial Board Meeting Journal of Services Marketing**  
**Venue** C-1.09 (TS33)

### Sunday 13:30 - 14:30  
**Plenary II - Transformative services: Migration Services from a Theoretical and Practical Perspective**  
**Venue** Lecture Hall A-1.01 (TS33)

### Sunday 14:30 - 15:00  
**Coffee Break**  
**Venue** Ad Fundum (TS33)

### Sunday 15:00 - 16:30  
**6.1 Special Session: Transformative Service Research Discourses in Well-being**  
**Venue** Aula H0.01 (TS33)

Transformative Service Research Discourses in Well-Being
» Laurel Anderson (Arizona State University), Daniele Mathras (Northeastern University), Ray Fisk (Texas State University), Per Skåløn (karlstad university), Lars Witell (Karlstad University & Linköping University), Josephine Go Jeffries (The University of Nottingham)

### Sunday 15:00 - 16:30  
**6.2 Servitisation**  
**Chair** Shankar Ganesan  
**Venue** H0.04 (TS33)

Servitization from a Customer's Perspective: Literature Review, In-Depth Interviews, and Research Agenda
6.3 Special Session: Markets and Complex Adaptive Systems

Venue: H0.06 (TS33)

Markets and Complex Adaptive Systems

- Francesco Polese (University of Salerno), Ewert Gummesson (Stockholm Business School, Stockholm University), Ralph Badinelli (University of Virginia Tech), Sergio Barile (Sapienza University of Rome), Luca Carrubba (University of Salerno), Bård Tronvoll (Hedmark University College), Leonard Walletzky (Maasaryk University), Kai Storbacka (University of Auckland), Siti Nenonen (University of Auckland), Jacqueline Pels (Universidad Torcuato de Tella), Roberto Bruni (Cassino University), Marialuisa Saviano (University of Salerno), Aurelio Tommassetti (University of Salerno), Orlando Troeli (University of Salerno), Stephen L. Vargo (University of Hawaii), Heiko Wieland (Cal State Monterey Bay), Angeline Nariswar (Cal State Monterey Bay)

6.4 Customer Experience II

Chair: Ruth Bolton
Venue: A0.23 (TS33)

We Are What We Repeatedly Do: How Customers' Routine Activities

- Stefan Dyck (University of Hagen), Sabine Fliess (University of Hagen)

Medical Selfies: CoCreation in Healthcare Services

- Kara Burns (Queensland University of Technology), Judy Drennan (Queensland University of Technology), Shane Mathews (Queensland University of Technology)

Positive and Negative Value-in-Use Factors in Financial Services: When Do They Matter?

- Jillian C. Sweeney (University of West), Carolin Plewa (University of Adelaide)

6.5 Healthcare Service I

Chair: Andrew Gallan
Venue: A0.24 (TS33)

The Actual and Imagined Customer Experiences of Blood Donation: A Customer Value Perspective

- Rebekah Russell-Bennett (Queensland University of Technology), Josephine Previte (University of Queensland), Charmine Hartel (University of Queensland), Geoff Smith (Australian Red Cross Blood Service), Nadia Zainuddin (University of Wollongong)

Service Captivity in the NICU: Encouraging Parent Participation in Care

- Steven Rayburn (Texas State University), Yamile Jackson (NurturedbyDesign), Mayoor Mohan (Virginia Commonwealth University), Lucian Visinescu (Texas State University)

The Health Information Seeking Practices of Patients

- Rachel Spence (University of Liverpool), Pippa Hunter-Jones (University of Liverpool)
6.6 Service Dominant Logic
Chair: Kristina Heinonen
Venue: A1.22 (TSG3)

Resource Integration Readiness: Developing a Microfoundation of Value Cocreation in Service Ecosystems
- Ilias Danatzis (Freie Universität Berlin), Ingo Karpen (RMIT University), Michael Kleinaltenkamp (Freie Universität Berlin)

Revisiting Holbrook: Throwing an Old-but-New Light into the SD Logic and the Co-Creation of Value
- Martina Gallarza (University of Valencia), Francisco Arteaga (Catholic University of Valencia)

Understanding the Multiplicity of Value Creation: A Typology of Value Creation Practices
- Driton Sahiti (University of Glasgow), Robert Paton (University of Glasgow)

6.7 Service Innovation - Networks
Chair: Robert Ciuchita
Venue: A1.23 (TSG3)

Examining Consumer Motives to Cocreate in Professional versus Generic Services
- Carmen Neghina (Open University), Jose Bloemer (Radboud University Institute for Management Research), Marcel van Birgelen (Radboud University Institute for Management Research), Marjolein Caniels (Open University)

Institutionalizing New Practices of Social Business
- Tiziana Russo Spera (University of Naples Federico II), Cristi Mele (University of Naples Federico II)

Service Innovation Diffusion in Healthcare, Value Creation without Re-Inventing the Wheel
- Peter Samuelsson (CTF, Service Research Center, Karlstad University), Mattias Elg (Linköping University), Lars Witell (CTF, Service Research Center, Karlstad University)

6.8 Service Employees II
Chair: Hans Kasper
Venue: D0.03 (TSG3)

Symbiotic Customer-Employee Interactions as Driver of Customer Response Behavior in Service Relationships
- Verena Hofmann (University of Innsbruck, School of Management), Nicola Stokburger-Sauer (University of Innsbruck, School of Management), Karin Teichmann (University of Innsbruck, School of Management), Martin Wetzels (Maastricht University)

Delivering Bad News to Customers: An Employee Perspective
- Cécelle Delcourt (HEC Management School - University of Liège (HEC-ULg)), Dwayne Gremler (BGSU), Dominique A. Greer (QUT Business School)

Digitizing the Human Relationship: Multichannel Behavior of Generation Y in the Service Sector
- Ilaria Dalla Pozza (IPAG Business School), Sandrine Heitz-Spahn (University of Lorraine), Lionel Texier (Risk and Analysis)

Closing Words and a Textmining Analysis of SERVSIG Submissions
Venue: Lecture Hall A-1.01 (TSG3)
1.1 Special Session: Customer Experience

SERVSIG2016 Special Session:

‘Customer Experience - How Academia Can Advance Practice and Assist Businesses in Successfully Competing on the New Competitive Battleground’

Speakers (confirmed):

Prof. Martin Wetzels, Dr. Dominik Mahr, Dr. Ben Lucas, Prof. Phil Klaus (Chair), Dr. Clemens Koehler, Others (TBC)

Customer Experience (CX) has become CEO’s #1 strategic priority worldwide, and is widely considered most crucial for their businesses’ long-term success. While CX is most recently being discussed and explored by scholars, consultants, managers, and even government officials worldwide in an unprecedented number, there is still no coherent view what CX constitutes, how it can be managed, or even be measured.

Our special session will bring together CX managers, thought leaders, and CX scholars to discuss the challenges of CX, CX management, and how scholars can provide insights guiding managerial decision-making by sharing their latest thoughts and research on CX.

The session will permit managers and thought leaders to express their most burning CX challenges and scholars to offer their research and possible solutions on how to address these challenges. The unique format will feature an interactive, moderated, open roundtable conversation, in which the challenges and opportunities arising from the researchers’ work will be discussed in terms of insights gained, applicability, and future potential. We took the liberty to conduct primary exploratory research to determine the most burning challenges for managers and will invite papers providing thoughts and possible ways to address them successfully. The aim is to bring together scholars and managers to not only facilitate understanding, but encourage collaboration and stimulate possible future projects.
1.2 B2B – Relationships

A Dyadic Combinatory Analysis of Drivers of Successful Service Infusion

Stephan Henneberg (Queen Mary University of London), Sebastian Forkmann (Queen Mary University of London), Lars Witell (Linkoeping University), Daniel Kindstroem (Linkoeping University)

Introduction and Research Objectives

Manufacturing firms routinely add services to their core product offerings. Such service infusion (servitization or service transition) represents a change in the business model and is aimed at improving the competitive position of manufacturers (Ostrom et al., 2010; Kowalkowski et al., 2012; Visnjic et al., 2014). While literature has extensively researched different service elements used as part of service infusion, from maintenance and monitoring services, training and optimization, to the provision of full-scale solutions (Matthieu, 2001; Tuli et al., 2007), it remains unclear how successful service infusion is achieved, as examples show that changing manufacturers’ business models via service infusion is not a trivial activity and often ends in failure (Benedettini et al., 2015). In this context it has been argued that a research gap exists regarding explanations about how successful service infusion is achieved (Neu and Brown, 2005; Ulaga and Reinartz 2011).

This article takes the notion of the lack of understanding of drivers of successful service infusion as its starting point. In particular, a configuration perspective is used to understand the combinatory effects of drivers of service infusion success. Such a perspective presupposes that different drivers or conditions of service infusion interact to bring about successful service infusion, i.e. not the net effects of different drivers are explaining an outcome but the combinations (configurations) of relevant conditions. As such, a configuration perspective allows for the possibility that different ways (or ‘recipes’) exist which cause service infusion to be successful. We furthermore use a dyadic perspective of the business relationship to understand service infusion success. Thus, while most research on service infusion utilizes a supplier perspective, our study considers also the customer company that receives a service-infused offering. As many industrial services are long-termed
(e.g. fleet management) and presuppose a business relationship between the supplier and the customer firms, we consider a dyadic perspective of relational success of service infusion. To understand the drivers of service infusion success, we specifically focus on different domains relating to how service infusion as a business model is achieved. For this purpose, the underlying and enabling service capabilities (both on the supplier as well as on the customer side) for service infusion are considered as the first domain (Ulaga and Reinartz, 2011). Furthermore, the service infusion process as well as the service offering in terms of the characteristics of the business services as part of the overall offering are included as important driver domains. Lastly, we supplement the literature by not just analyzing cases of success but also focus on understanding drivers of service infusion failures (Ulaga and Reinartz, 2011).

Our research objectives are therefore twofold:

1) Understanding the interactions (combinatory effects) of service infusion characteristics (i.e. process, offering) and enablers of service infusion (i.e. service capabilities) in driving success or failure of service infusion

2) Understanding success and failure of service infusion from the supplier, the customer as well as the relationship (dyadic) perspective.

**Conceptual Framework**

Based on the business model concept (Johnson et al., 2008), success or failure of firms relates to the complex interplay of several organisational domains. We therefore posit that service infusion as a specific business model (Visnjic et al., 2014) cannot be explained by understanding single drivers or enablers, or the net effects of such drivers. Instead, to explain success of service infusion presupposes a conceptual model that incorporates the interactions of the identified service infusion drivers. These interactions result in configurations of drivers, or as Ordanini and colleagues (2014) argue, in ‘recipes’ (i.e. configurations) based on ‘ingredients’ (i.e. single drivers). Specific outcome and driver (condition) domains are used in our nomological model:

**Service Infusion Outcomes**

From a business model perspective the success of service infusion is a function of both supplier as well as customer value. In line with this view, we define service infusion success as the degree to which service infusion creates both supplier and customer value. From the
supplier perspective, service infusion provides manufacturers with profitable revenue streams as well as ways to differentiate their offering against competition, and define supplier service infusion value as the supplier’s added value from providing a service offering to its customer. Conversely, from the customer perspective, service infusion creates value through helping them to extract more benefits from the supplier’s original offering and thereby to increase their efficiencies and the effectiveness with which they can serve their own customers. We define customer service infusion value as the customer’s added value from receiving a service offering from its supplier.

Service Offering

Manufacturers use services not only to support their goods-based offerings but also to extend the scope of their offering (Neu and Brown, 2005). Ulaga and Reinartz (2011) suggest that services are different depending on whether the service is directed towards the supplier’s product or the customer’s processes (i.e. services supporting the product - SSPs or services supporting the customer - SSCs; Mathieu, 2001). We define service offering as the proportion of SSPs and SSCs as part of the overall offering of the supplier.

Service Capabilities

According to Ulaga and Reinartz (2011), manufacturers need to develop distinctive capabilities for building a successful service business. We distinguish supplier internally versus externally facing service capabilities: internally facing supplier service capabilities are the supplier’s ability to design and develop service offerings, while externally facing supplier service capabilities are the supplier’s ability to understand customer requirements, sell to, and deploy service offerings at the customer. According to Tuli et al. (2007), the success of service infusion is not fully explained from the perspective of the supplier, but is also contingent on customer factors suggesting that customer capabilities may play an important role as well. We therefore add customer service capabilities: internally facing customer service capabilities are the customer’s ability to utilize service offerings within their business processes, while externally facing customer service capabilities are the customer’s ability to communicate their needs and requirements to the supplier.
Service Infusion Process

The service infusion process is often described as a deliberate and well-structured transition process on the company (seller) level (Josephson et al., 2015), based on initiation and radicalness of the process. We define service infusion process initiation as the degree to which the initiation of the service infusion is customer or supplier driven. The radicalness of the service infusion change process is defined as the speed as well as number and extent of organizational design elements being changed by the infusion of service offerings in the supplier-customer relationship. The overall nomological model is depicted in figure 1.

Methodology and Analysis

We analyse 25 cases of service infusion business relationships by Scandinavian manufacturing companies, based on data captured in multiple interviews with 151 key respondents at the supplier as well as the customer firm. To capture a configurational perspective, fuzzy set qualitative comparative analysis (fsQCA) is used, which represents a set-theoretical analytical technique that takes into account the interactions between different conditions or drivers (Ragin, 2000). We use a theoretical framework for the definitions and dimensions of the conditions and outcomes to calibrate the fuzzy-set scores based on the interview data. FsQCA allows for an analysis of the necessary and sufficient (configurations of) conditions which drive the outcome (as well as the absence of the outcome) in question (Fiss, 2011). Table 1 provides an overview of the analysis for overall (dyadic) service infusion success: five different solutions (driver configurations) are found to lead to service infusion success, while there are two solutions, which cause service infusion failure (i.e. the absence of service infusion success). For example, a service infusion relationship based on an SSC offering, without any (internally or externally facing) supplier service capabilities but the existence of internally and externally facing customer service capabilities, in a customer-induced but non-radical service infusion process leads to overall service infusion success (solution 2 for the presence of the outcome).
Discussion and Contribution

Our study contributes to theory and practice in several ways. First, and based on theoretical implications, the study responds to the call for understanding how successful service infusion is implemented. We introduce a new approach (fsQCA) to understanding the configurations of drivers of service infusion success and identify alternative configurations of the combinatory effect of multiple conditions of enablers of service infusion. Furthermore, the results show that such important enablers are not just related to the supplier, i.e. the manufacturing firm. Even more important for service infusion success in the business relationship are the capabilities of the customer firm in using the infused service. We therefore supplement the current theory on service infusion by emphasizing the critical importance of the customer as well as the dyadic perspective.

Secondly, based on managerial implications, this study contributes to service infusion practice by emphasizing choice in terms of the design decisions about how to achieve successful service infusion. In particular, it shows that to have well developed service capabilities as part of business relationships is not enough for success. Furthermore, the focus on an incremental development of service infusion by initially adding lower value services supporting the product does not allow for successful value capture by the supplier; only services supporting the customer contribute to configurations driving service infusion success. Our results also sensitize management practice regarding the fact that configurations driving success are often similar to those resulting in failure (with often only a single condition as part of the configurations making the difference between a successful business model based on service infusion, and one which is not successful.)
References


---

**Figure 1: Overall Nomological Model**

25
### Dyadic Perspective

#### Supplier Perspective
- Supplier Service Capabilities
- Service Infusion Process
- Service Offering

#### Customer Perspective
- Customer Service Capabilities
- Service Infusion Process
- Service Offering

### Table 1: Sufficient Conditions for Service Infusion Success

<table>
<thead>
<tr>
<th></th>
<th>Presence</th>
<th>Absence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2</td>
</tr>
<tr>
<td>Service Offering</td>
<td>☒ ● ☒ ● ☒</td>
<td>☒ ☒</td>
</tr>
<tr>
<td>Supplier Service Capabilities</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Internally Facing Supplier Service Capabilities</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Externally Facing Supplier Service Capabilities</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Customer Service Capabilities</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Internally Facing Customer Service Capabilities</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Externally Facing Customer Service Capabilities</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Service Infusion Process</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Service Infusion Process Initiation</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Service Infusion Change Process</td>
<td>● ● ● ● ●</td>
<td>● ● ● ● ●</td>
</tr>
<tr>
<td>Raw coverage</td>
<td>0.42 0.44 0.37 0.27 0.42</td>
<td>0.67 0.55</td>
</tr>
<tr>
<td>Unique coverage</td>
<td>0.05 0.04 0.02 0.03 0.03</td>
<td>0.19 0.08</td>
</tr>
<tr>
<td>Consistency</td>
<td>0.97 0.95 0.97 0.96 0.95</td>
<td>0.85 0.91</td>
</tr>
<tr>
<td>Solution coverage</td>
<td>0.63</td>
<td>0.75</td>
</tr>
<tr>
<td>Solution consistency</td>
<td>0.95</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Note: solid black circles indicate the presence of a condition while empty circles with an “X” indicate the absence of a condition; large circles indicate core conditions while small circles indicate peripheral conditions.
The last decade has witnessed a growth in research interest into enablers and inhibitors of service innovation (e.g., Chesbrough, 2011). The most agreed upon definition of innovation depicts it as the process of creating, refining and implementing new ideas (e.g., Amabile, 1996; van de Ven, 1986). There are two mechanisms at the core of the innovative process: idea generation (i.e., creativity) and idea implementation. Although defined as the process of creating new and valuable ideas, most scholars operationalize the concept of innovation as a static outcome variable (e.g., Baer et al., 2015; Ahuja, 2000; and Hülsheger et al., 2009). Thusly, there is no consensus in the literature as to what extent creativity as an ideation process brings about innovation (Anderson et al., 2004; Rosing et al., 2011). We propose that creativity is the process of generating new and useful ideas and that the output of this process is an innovative service. Moreover, very few research initiatives set out to understand how the innovation process develops in B2B contexts.

To address above-mentioned gaps in the literature we build upon recent meta-analytic efforts on predictors of innovation (e.g., Baer et al., 2015; Hülsheger et al., 2009) with the aim to uncover to what extent value co-creation is an alternative source of insight generation that can drive innovation in services (Marketing Science Institute [MSI] 2014). We hence follow recent calls for research in service marketing (e.g. Rust and Huang 2014) and psychology (e.g., Baer et al., 2015) and adopt the concept of co-creation as developed by Prahalad and Ramaswamy (2004) to the innovation context.

Our aim is to examine co-creation as a creative route leading to service innovation. For that purpose, we look into how face-to-face interaction between members of a business-to-business (B2B) project team assigned with the task of innovating a service together with the customer determines the success of the innovation outcome. Namely, we collected data with an online service design agency that co-creates with their customers using a project-based approach. The B2B project team had to develop a new service in collaboration with their respective customer (a headhunting firm). We draw theoretical support from the interactionist theory of innovation (Woodman et al. 1993) which considers the link between team
innovation and team cohesion (comprising communication patterns). We thus operationalize the innovativeness of the service as the outcome of daily behavior and interactions between individuals and organizations involved in co-creation (Perks et al., 2012).

We present the results of a longitudinal exploratory study investigating co-creation in service innovation which serves as the foundation for a research program that aims to empirically map the face-to-face communication patterns monitored in social interactions between B2B actors. The sample consisted of a diverse multidisciplinary B2B team; the team members were deployed from each of the two companies – the online service design agency and the headhunting firm respectively. The team was observed in four points in time (four project meetings) over two months.

The face-to-face interactions between project team members was measured automatically with sociometric badges¹ (Olguín et. al 2009). The objective sociometric data was complemented with subjective surveys assessing perceived network creativity of the project meetings. Namely, through this study we introduce a new measure of creativity at network level by adapting the scale assessing the role of tie content and social networks developed by Sosa (2011). Lastly, we account for tie strength as it has been proven to strongly influence overall network effectiveness (Balkundi and Harrison, 2006).

Our incipient findings advance knowledge on how service innovation project teams (networks) interact to deliver innovative solutions to better understand the team-level mechanisms underlining co-creation, thus contributing to service marketing, team creativity, and innovation. Our exploratory results suggest that (1) managers should focus on defining clear tasks as the creativity level is task dependent, (2) fostering open communication channels between team members is essential as creativity stems from social interactions in service innovation teams and (3) managers can better understand their customers’ potential power (i.e. brokerage position) in the value co-creation process in B2B contexts.

¹ The sociometric badges (also “sociometers”) are sensor devices developed by Massachusetts Institute of Technology that can continuously measure the various non-linguistic aspects of interaction (social signals derived from voice tone and activity level of face-to-face interactions), and the movement patterns based on the relative location and proximity of individuals across the information channels.
References


Amabile, T. M. (1996). *Creativity in context: Update to "the social psychology of creativity."*. Westview press.


Customer value formation in a business-to-business setting
Customer value has been argued as one of the most important issues areas for achieving competitive advantage and business success. It has been explored extensively, and much emphasis lately have been on the co-creation process between the customer and the provider. In this paper we take another approach and build on the primacy of the customer. According to customer dominant logic, neither the service provider nor the service system is at the center but the customer is. By approaching customer value from a customer-dominant logic we deepen the understanding of customer value formation as it emerges in the value-in-use process. Customer value has often been explored from the experiences of the consumer customer, but in this paper the main focus is on customers in a business setting. The purpose of the paper is to identify how customers of an in-house ICT provider experience value-in-use of the provider in customers’ own contexts. The customers’ own context in this case represents their business life, including for example operations, practices and strategies. The question this study aims to answer is: ‘What are the customers’ activities and experiences where the value-in-use formation takes place?’

An empirical study was conducted with four customer companies of an ICT service provider providing in-house services. For the main study, altogether seven key users from three customer companies were interviewed and they represented different functions in the business processes and two had managerial positions.

The main findings of the study are the identified activities and experiences where the customers’ value-in-use formation takes place. Furthermore, the relation of these activities and experiences to the actual service is evaluated together with their unexpectedness and frequency. Current theoretical frameworks stress the importance of interactions between the service provider and the customer (service logic), and the notion of co-creation (service-dominant logic). The findings, however, indicate that value formation is not necessarily related to the actual service and substantially takes place behind the service providers’ visibility line. This means that value-in-use formation is to a large part hidden for the service
provider as it is embedded in a customer’s activities and experiences. This finding is consistent with what is proposed in customer-dominant logic.

The study contributes to the research on customer value with the detailed insight into business customers’ value-in-use processes. The findings challenge the current emphasis on interactions and co-creation and instead demonstrate the importance of understanding customer logics and contexts. The findings can be applicable to other service businesses, in particular to knowledge intensive outsourcing businesses. Understanding a customer’s value formation from the customer’s point of view is the key to success of any service provider.
1.3 Healthcare Service - Co-Creation

**Resources which co-create value in Health Service**

*Liliana Vitorino (Escola Superior de Tecnologia e Gestão do Instituto Politécnico de Leiria),
Helena Alves (Universidade da Beira Interior)*

**Relevance of phenomenon**

With globalization and the evolution of new technologies, consumers became more demanded, informed and conscious (Vega-Vazquez, 2013). Nowadays, an organization can’t create anything of value without the engagement with subjects. The structure of value creation is different.

Vargo & Lusch (2004) proposed an alternative paradigm in contrast with traditional paradigm to comprehension of exchange and value creation: The Service Dominant Logic. In this new logic, the resources belong to organization and to consumer as well, and they should operate together to create value. Therefore, consumers are a collaborative partner in production process (Lusch, Vargo, & O’Brien, 2007; K. Ojasalo, 2010). According to Vargo & Lusch (2004) one of premises of Service Dominant Logic is ‘the customer is always a co-creator of value’ (Vargo & Lusch, 2008, p.7).

In health services, users are also taking a dominant position over providers of health service. They become more conscious and they seek more about health issues to take more responsibility about their health (MacStravic, 2000). Therefore, these users have more power to opt and decide. Health organizations should implement the client orientation concept, involving and create a relationship with their users, co-creating distinctive value together.

McColl-Kennedy, Vargo, Dagger, & Sweeney (2009, p.5) defined customer co-creation in health care as ‘activities with self or in collaboration with members of the service delivery network including self, family, friends, other patients, health professionals and the outside community’.

**Potential Contributions**

Although it is recognized the importance to create ways to involve the users during the health service encounter, there are few studies which study the process of value co-creation in health context. None study analysed the integration of resources perspective in this context, which
could be important to conscience of health professionals in their interactions with the users of health service.

**Research Question**
The research question proposed to this study is “Which resources could be impact in value co-creation process?”

**Theoretical Foundations**
In an health encounter through the interaction between both parts there are a resources transfer to create value (Gummesson & Mele, 2010). Vargo & Lusch (2008) consider that all actors are resources integrators. In this study it will be analyzed some variables which could be resources applied by the users in health service. According to Baker (2006), an improvement of health literacy it will improve the outputs (more positive attitudes, more self-efficacy and positive health behaviours). Mancuso & Rincon (2006) refer that low health literacy can reflect a low desire to participate in making decisions together.

The expertise while user of health service refers to knowledge acquired of the experience with health problems which it allow the user uses the service to generate benefits (Ojasalo, 2001). It is believed that an user with more experience in use health services, he will be more participative and co-create value.

On the subject of motivation, the qualitative study of Dellande, Gilly, & Graham (2004) conclude that the users need to be motivated or else there are no participation. About orientation to seek health information, Petty & Cacioppo (1986) refer that an user with high orientation to search health information it will be more willingness to seek information about health themes and self-educate. Anker, Reinhart, & Feeley (2011) said that with information seeking the user has a role more participative in healthcare.

The confidence of user in the health professional it is a basis to take risk in share personal information with him. But also, the health professionals need to have confidence in their users, believing that they give to them the right information to chose the best therapeutic (Miller, 2007). In this way, it seems to be logic to say that value co-creation could be affected by the confidence between users and health professionals.

Empathy enables the creation of network with the users, and health professional can have a better comprehension of what they are feeling. With activate listening, the health
professionals can involve their users and become them more proactive and responsible for their health (Ficarra, 2010). With users involved the participation is more active.

**Conceptual Framework**

The study are based in argument that resources are integrated by the users of health resources to co-create value

![Conceptual Framework Diagram]

**Methodology**

To fulfill the objectives it was used qualitative and quantitative methodology. The qualitative methodology it was applied to obtain a deep understanding about the users resources which could contribute to co-create value. To collect data it was conducted a focus groups with people with health problems and applied an open-question questionnaire in people with health problems. Data were analyzed using software WebQda and content analysis technique.

In quantitative methodology, the main objective is to test the conceptual model and answer the research question. It was applied a questionnaire with scales referred in literature and data were analyzed regarding two-step method for performing structural equation modeling. To measure the construct ‘value co-creation’, it was used adapted scales, tested by Bettencourt
(1997) and Zainuddin (2011). The items of both scales were adapted to experiences in health services and experiences in general services.

Findings
In qualitative methodology it was confirmed that some resources are applied by the users during the health service encounters. Some expressions like “Sometimes I feel that I don’t have capacity to evaluate what the doctor say to me”, “I think I can tell that I know very well the habitual procedures in service provide...”, “I search everything about my disease, and I try to talk with other people with the same problem”, “We ask more when we don’t have enough confidence in the doctor” are related with health literacy, expertise while user, orientation to seek information and confidence respectively.

In quantitative methodology, the questionnaire was applied in 1118 subjects (711 of them has a contact with a health professional less than 3 months).

The adjustment starts with first step (measurement model) and then with structural model evaluation. The adjustment measures are: $\chi^2=1491.048; \text{gl}=520; p<0.001; \text{CFI}=0.974; \text{GFI}=0.929; \text{RMSEA}=0.041; \text{RMR}=0.08; \text{SRMR}=0.0357; \text{PGFI}=0.851$. The resources health literacy, expertise while user, motivation, orientation to seek information and empathy were confirmed as resources which contribute to concrete value. With negative critical ratio we can’t conclude that this resource is generator of value co-creation.

<table>
<thead>
<tr>
<th>Resource</th>
<th>Critical Ratio</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Literacy</td>
<td>3.061</td>
<td>✓</td>
</tr>
<tr>
<td>Expertise while user</td>
<td>3.568</td>
<td>✓</td>
</tr>
<tr>
<td>Motivation</td>
<td>5.503</td>
<td>✓</td>
</tr>
<tr>
<td>Orientation to seek information</td>
<td>3.859</td>
<td>✓</td>
</tr>
<tr>
<td>Confidence</td>
<td>-1.880</td>
<td>✗</td>
</tr>
<tr>
<td>Empathy</td>
<td>3.179</td>
<td>✓</td>
</tr>
</tbody>
</table>
Discussion
The results found about health literacy are consistent with the same results of Mancuso & Rincon (2006). Users with health literacy have more desire to participate in health service encounters. The confirmation of resource expertise while user is consistent with the premise that an user with more knowledge and experience about their status will be more co-creator. The motivation effect in value co-creation process it is according with Bowen (1986). Participation is facilitated when users are more motivated to participate.
In same way, orientation to seek health information is consistent with the studies of Anker, Reinhart & Feeley and Murray et al. (2003) that refers that orientation to seek information became an user with participative role.
Empathy is also confirmed as a resource to co-create value, as said Ficarra (2010), when empathy is developed, it is possible involve the users.
The construct confidence couldn’t be confirmed. This result can be explained through the commentary of focus group participant who said “We ask more when we don’t have enough confidence in the doctor”. It seems people are more participative when they don’t feel confidence in health professional.

Conclusion
The Service Dominant Logic defends that all intervenient are resource integrators to co-create value. None study has also studied the user resource perspective in health service context. Therefore, the main objective of this study is to verify if selected resources contribute or not to value co-creation process.
Although the limitations of this study, essentially in model adjustment, it could be taken some theoretical and practice contributions. Theoretically it is possible identify which resources can have positive impact in health service co-creation. The scale used to measure value co-creation can contribute with new information to measure this construct.
For practitioners, it is important that they understand the importance to involve their users and they recognize the new profile of the users. This relationship can contribute to important health gains. Organizations should develop ways to creation relations with their users and recognize the importance of new technologies to interact and promote health with their users.
References


Well-Being through Designing: Co-Design as a Promising, Practical Approach to Enhancing the Well-Being of Actors

Josina Vink (University of Karlstad and Experio Lab, County Council of Värmland), Katarina Wetter-Edman (Experio Lab, County Council of Värmland and Konstfack University), Bård Tronvoll (CTF, Service Research Center, Karlstad University), Bo Edvardsson (CTF, Service Research Center, Karlstad University)

Relevance

This research responds to the call by proponents of transformative service research to investigate ways service can create uplifting changes aimed at improving the well-being of individuals and collectives (Anderson & Ostrom, 2015). The theoretical contribution of this paper is fruitful for service researchers because it provides a link between the theoretical discussion about transformation in service ecosystems and a practical approach to enhancing individual well-being through service. This research is also important for managers and service designers interested in enhancing the well-being of actors because this study further legitimizes the role of co-design in service.

Potential Contributions

This paper contributes by providing an integrative framework for understanding the relationship between the co-design process and the well-being of individual actors. This paper explicitly links areas of research on service-dominant logic, co-design and psychological well-being. The authors argue that co-design offers a promising, practical approach to enhancing the psychological well-being of actors in service ecosystems. This research reveals that the co-design approach requires further theoretical development and empirical conceptualization to extend the understanding of well-being-related outcomes.
Research Question

In this paper, the authors ask the following research question: how does the process of co-design influence the well-being of participating actors? The aim of this paper is to investigate the relationship between co-design and well-being as a basis for theoretical conceptualization.

Theoretical Framing

Researchers have begun applying the conceptual foundation of service-dominant logic (SDL) to design (Cautela, Rizzo, & Zurlo, 2009; Sangiorgi & Prendiville, 2014; Wetter-Edman, 2009; Wetter-Edman et al., 2014). SDL defines service as a process of applying skills and knowledge for the benefit of another actor (Vargo & Lusch, 2008). This understanding of service is aligned with the definition of co-design as a process of joint inquiry and imagination where diverse actors share and combine their knowledge (Steen et al., 2011; Steen, 2013). Recent ‘design for service’ literature highlights that value is created in the process of designing, if the process is participatory (Wetter-Edman et al., 2014). Design literature also documents a variety of benefits created through the co-design process for the different actors involved (Hussain, Sanders, & Steinert; 2012; Mattelmäki & Visser, 2011; Steen, 2013). Based on this research, the process of co-design can be understood as service in SDL.

There is growing interest in the global service community in how services can improve the well-being of individuals and collectives (Ostrom, Parasuraman, Bowen, Patrício, & Voss, 2015). If we understand co-design as service, it becomes pertinent to explore how co-design influences well-being. In this paper, the authors focus on understanding the influence the process on the well-being of individual actors. To do this a validated theory of individual well-being is needed.

The theory of psychological well-being was developed in the 1980s to offer a robust model of positive human functioning and flourishing (Ryff, 2014). The model has seen extensive research across cultures in the last 25 years and has been linked to resilience and decreased risk of disease (Ryff, 2014). Ryff’s theory (1989) outlines a parsimonious summary of the core components of psychological well-being, including: self-acceptance, positive relations with others, autonomy, environmental mastery, personal growth, and purpose in life. These core components can be used to better understand if and how co-design influences individual well-being. In addition to identifying the core components of psychological well-being, Ryff
also reveals the role of individual interpretation of experience as a key factor in changes to psychological well-being.

**Conceptual Framework**

The authors propose that within service ecosystems co-design has the potential to enhance the well-being of participating actors through mechanisms of the collaborative design process that influence the core components of psychological well-being. Based on Ryff’s research on psychological well-being, the authors acknowledge individual interpretation as a moderating factor in the relationship between the co-design process and psychological well-being. Figure 1 illustrates the proposed relationship between co-design and the well-being of participating actors.

![Figure 1: The relation between co-design and the well-being of actors in service eco-systems](image)

**Methodology**

The relationship between co-design and well-being is explored through the analysis and integration of literature on design and psychological well-being. First, the authors analyze documented effects of the co-design process using the theory of psychological well-being (Ryff, 1989). Then, the authors draw from design literature to understand the essential elements of the co-design process and their relationship to individual well-being understood within the context of service ecosystems.

**Findings**

An analysis of the literature reveals significant alignment between the core components of psychological well-being and the documented effects of the co-design process. Design
literature explicitly highlights benefits for participating actors that are associated with five of the six core components of psychological well-being.

To understand the mechanisms of co-design, the authors draw from literature on the ‘essence of design’. This research revealed a variety of elements including: reflexivity, problem solving, framing, aesthetics, artifact creation, sense-making and the creation of meaning. However, there was limited connection in design literature between these mechanisms and the well-being of actors involved. Furthermore, there was no evidence of which of these mechanisms are essential for realizing well-being related outcomes.

**Discussion**

From the analysis of design literature using the theory of psychological well-being, there is confirmation of significant potential for the co-design process to contribute to psychological well-being of participating actors. The findings reinforce that co-design is a promising approach to enhancing individual well-being. This means that service ecosystems could employ co-design processes as one way of improving the well-being of actors and working toward more uplifting impacts through service.

This paper contributes by building a conceptual foundation for understanding the relationship between the co-design process and individual well-being. While the findings of this paper show alignment between the effects of co-design and aspects of psychological well-being, there are some remaining uncertainties due to the limitations of existing literature. Specific areas for future research are identified below.

Firstly, in order to realize consistent outcomes, the essential mechanisms of the co-design process necessary for enhancing psychological well-being need to be identified. The findings suggest some possible mechanisms that require empirical testing.

Secondly, further empirical research is needed to validate which of the core components the co-design process can influence and which are most significant for co-design processes to enhance psychological well-being.

Thirdly, the analysis of literature did not expose any negative effects of co-design on psychological well-being. Further research on potential and real negative impacts on psychological well-being is necessary in order to enhance the overall positive effect of co-design on well-being.
Lastly, the role of individual interpretation in improving psychological well-being through co-design, and how it can be supported throughout the process, requires further research.

**Conclusion**

Through synthesis and analysis of existing literature, this paper demonstrates that co-design offers a promising approach to enhancing the well-being of individual actors. The paper contributes a framework for understanding the relationship between co-design and well-being. This framework builds a foundation for future empirical and conceptual research to better understand and enhance co-design’s impact on the well-being of actors.
References


Redefining Service Productivity in Health Care: Toward a Service Ecosystem Perspective on Patient Productivity

Carolin Wernicke (Freie Universität Berlin), Ilias Danatzis (Freie Universität Berlin),
Michael Kleinaltenkamp (Freie Universität Berlin)

Relevance and Motivation

The health care sector in developed economies is undergoing constant changes and is exposed to continuous pressure that is rooted in, for example, regulatory requirements and financial constraints. Although health care spending has slightly increased after the years of the recent economic crisis, its growth rate remains stagnant (OECD 2014). This is particularly problematic as the demands in health care continue to rise, e.g., in terms of quality or medical progress. Moreover, the increasing percentage of elderly people drawing on health care related services is critical under the light of limited health care budgets (Przywara 2010).

Theoretical Foundations

One lever to address and potentially overcome these challenges is the improvement of productivity in health care related services. Traditionally, such performance measures, which evaluate the effectiveness and efficiency of the transformation of input resources into quantifiable outputs, have been regarded from a service provider perspective, considering inputs the provider has to make available and outputs that are related to the provider’s operations (Gummesson 1998; Grönroos and Ojasalo 2004). The majority of existing studies on productivity have therefore focused on the traditional manufacturing-centered productivity concept, which does not apply to the productivity of services and disregards the customer’s role and perception in its productivity perspective (Anderson et al. 1997). This is problematic as there are fundamental differences in the creation of goods and services that have to be taken into account when productivity is evaluated. Whereas in manufacturing an increase in productivity is mutually beneficial for both the provider and customer as it may decrease costs for both, this is not unrestrictedly the case in services (Parasuraman 2002). Here, higher productivity from the provider’s perspective may lead to lower productivity on the customer side, which may manifest itself in, for example, an unsatisfactory service experience (Johnston and Jones, 2004). Thus, whereas quality is regarded as a constant in manufacturing centered productivity, it is highly dependent on the customer’s input and perception of output in the services.
For this reason, a number of studies have established that while one perspective on productivity may be suitable for the production of goods, it may be insufficient to evaluate service productivity (e.g., Gumessson, 1998; Grönroos and Ojasalo, 2004). This is due to the fact, that, for example, production and consumption often take place simultaneously, it may be difficult to clearly define and evaluate input and output variables. Moreover, in services, input variables can only be standardized to a certain extent and thus are not fully suitable to optimize productivity. Another difference is the active role the customer plays in the provision of a service, for example, in inquiring information or filing complaints (Grönroos and Ojasalo, 2004). This participation affects both the service process and the outcome and therefore internal and external efficiency (Gumnessson, 1998). This dichotomy is also reflected in Parasuraman’s (2002) or Johnston and Jones (2004) differentiation in operational and customer productivity.

**Research Gaps**

However, such a customer perspective has been neglected for a long time. In fact, with regard to the health care sector, this shortcoming is particularly obvious as it is the patient who witnesses the course of his illness from the beginning to the end and is therefore most actively involved in its treatment (Elg et al. 2012).

Consequently, we argue that traditional productivity concepts significantly limit the potential of productivity as a performance measure to improve health care service performance. In fact, we argue that it is not sufficient to consider merely the processes of the service provider. Instead, the entire service ecosystem and foremost the patients have to be taken into consideration.

This is of particular importance when taking into account that value is always co-created and determined by the service beneficiary, which is particularly advocated by the service-dominant (S-D) logic (Vargo and Lusch 2004, 2015). Therefore, it is of utmost importance to consider also the patients’ usage processes and the resulting productivity. This broadened perspective may lead to an increased overall service productivity and thus to mutually beneficial outcomes. Emergent research on transformative service research (TSR) further emphasizes the necessity of a more patient-centric perspective on service productivity. This is
because, TSR primarily focuses on the beneficiary actors’ well-being and the improvement thereof instead of the performance outcomes of organizations. Further, TSR considers the service ecosystem of beneficiaries in the health care context and the influence it may have on their health decisions (Anderson et al. 2013; Rosenbaum et al. 2011).

**Research Questions**

Drawing on these research streams, and based upon our discussion above, the purpose of our paper is to expand the traditional perspectives on service productivity by redefining productivity from a holistic patient-centric perspective. More specifically, this research addresses the question how service productivity in the health care sector can be consistently defined and conceptualized from an S-D logic, service ecosystem view.

**Methodology**

Due to the novelty of the research topic, we adopted an exploratory qualitative research approach in the form of a single case study (Yin 2014). The data for this investigation were collected in collaboration with a large hospital chain in Germany. Data collection took place from September until November 2015. As it is recommended for single case studies, multiple sources of primary and secondary data were collected to increase robustness and quality of the data (Gioia et al. 2012; Gummesson 2000; Yin 2014). Primary data included 20 semi-structured interviews with patients (n=15) and hospital employees (n=5), as well as participant observation data of three medical consultations. Secondary data included internal archival data and written patient reports. To ensure trustworthiness and analytical rigor, all data were coded by two independent researchers (Lincoln and Guba 1985). Data analysis was guided by Gioia et al.’s (2012) methodology of first and second-order analysis, iteratively leading to our final definition and conceptualization of service productivity.

**Findings**

Based on our findings, we define patient-centric service productivity as the *assessment of the ratio of a patient’s input factors in a health care service provision process to a patient’s outcome factors that emerge from the resource integration with relevant actors in the patient’s service ecosystem*. Instead of using the term “output” we use “outcome” as it better reflects the subjective and rather qualitative perception and evaluation of a patient’s treatment.
Our findings indicate the importance of redefining inputs and outcomes holistically from a patient-centric view. This includes the identification and prioritization of input and outcome elements from all actors relevant to the service provision process. More specifically, our findings show that three types of input and outcome elements prevail and need to be distinguished: (1) self-related inputs and outcomes (i.e., inputs and outcome related to the patient him/herself), (2) within-clinic inputs and outcomes (i.e., inputs and outcomes related to physicians, medical staff, and other patients within the hospital), as well as (3) outside-clinic inputs and outcomes (i.e., inputs and outcome related to the patient’s family, friends, and external communities). Importantly, our findings suggest that the importance of each of these three input and outcome types in determining the overall patient-centric service productivity differ considerably. Accordingly, we identified four patient productivity types with similar productivity patterns, taking into account different categories, sources, and time periods of input and outcome elements.

**Theoretical and Managerial Contributions**

Theoretically, our study contributes to marketing literature, as it is the first to empirically analyze service productivity from a patient-centric perspective. As such, our study helps to account for the realities and trends in the health care sector in a holistic fashion that, most importantly, includes the entire patients’ service ecosystem. Consequently, this research responds to numerous calls of research to extend the perspective on service productivity to the beneficiary actor (e.g., Grönroos and Ojasalo 2004; Johnston and Jones 2004; Lopez et al. 2011). By extending the view on productivity to the ecosystem that surrounds the patient, we are able to capture the complexity of the service provision and value co-creation process necessary for individual and societal well-being outcomes. As a result, our study extends and further connects extant research on TSR (e.g., Anderson et al. 2013; Rosenbaum et al. 2011) as well as existing empirical research on patient-centric health care in the context of S-D logic (e.g., McColl-Kennedy et al. 2012; Sweeney et al. 2015). Although the patient-centric perspective on service productivity may add a layer of complexity to traditional productivity concepts, it reflects the importance of the patient’s role in service provision and can thus contribute to an increase in the overall productivity of the service process.

From a managerial point of view, our study offers guidance for medical service providers
to facilitate patients’ usage processes and thereby improve their productivity. In fact, understanding service productivity from a patient’s perspective gives service providers opportunities to better adapt existing treatments to specific patient needs and patient groups. This way, the patients’ productivity may be controlled and guided more actively, finally leading to mutual beneficial outcomes for both the patient and the service provider.
References


Sharing Goods? Yuck, No! An Investigation of Customers’ Contamination Concerns in Access-Based Services

Simon Hazée (HEC Management School - University of Liège (HEC-ULg)), Cécile Delcourt (HEC Management School - University of Liège (HEC-ULg)), Yves Van Vaerenbergh (Research Center for Human Relations, KU Leuven, and Center for Service Intelligence, Ghent University)

Introduction

Services that provide customers with temporary access to physical goods are gaining more and more attention (Schaefers et al. 2015). However, despite the growing prevalence of access-based services (ABS), convincing customers to adopt such services remains challenging for firms (Schaefers 2013). The title of a recent issue of the *Time* (Stein 2015) highlights contamination as a potential barrier to the adoption of ABS. Similarly, Bardhi and Eckhardt (2012, p. 894) suggest “the shared use of objects with strangers leads to experiences of contagion”.

Contamination, which occurs when a person perceives that an object has been in physical contacts with someone else (Nemeroff and Rozin 1994), may thus hinder customer adoption of ABS. Yet, empirical research about the role of contamination in ABS is lacking, leaving critical questions unanswered: How important contamination concerns are for customers in different consumption modes (access versus ownership)? What are the consequences of contamination concerns on the adoption of access offers? What is the profile of the customers who are more likely to have contamination concerns with regard to ABS?

Using the law of contagion (Nemeroff and Rozin 1994) as a theoretical anchor, this study answers these questions and contributes to both theory and practice. From a theoretical perspective, this research is the first to empirically investigate customers’ contamination concerns regarding different consumption modes, the effects of such concerns on attitudes and intentions to adopt ABS, and the individual characteristics predicting these contamination concerns. Furthermore, we focus on ABS, expanding the scarce research on the topic and the research context of the contamination literature. From a practical perspective, this research shows that firms should consider customers’ contamination concerns when managing ABS.
To do so, we provide insights about the profile of these customers who are more likely to have contamination concerns, allowing service providers to accurately segment the market and increase the adoption of ABS.

**Conceptual Background and Hypotheses**

O’Reilly et al. (1984) find that customers would not buy used clothes previously worn by strangers because of a fear of contamination. Similarly, Rozin et al. (2008) highlight that negative contamination effects are especially salient when a product comes into contact with an unknown person. Combining these arguments with the fact that product usage is anonymous in ABS whereas one has control over who else can use the product in ownership (non-anonymous) (Bardhi and Eckhardt 2012), we hypothesize that customers have more (less) contamination concerns with regard to accessed (owned) products ($H_1$).

Prior research shows that contamination negatively influences customers’ evaluation, purchase intention of and willingness to pay for products touched by other shoppers in a retail context (Argo et al. 2006). Rachman (2004) further suggests that contamination may trigger avoidance behaviors. We argue that contamination concerns are specific customers’ internal responses to the resources necessary for service delivery (e.g., the vehicle in a car-sharing program) that negatively influence the adoption of ABS. We hypothesize that contamination concerns negatively influence customer attitudes ($H_2$) and intentions to adopt ABS ($H_3$).

Scholars across research disciplines, including service research (e.g., Ferguson et al. 2010), have long investigated basic personality traits as predictors of human behavior. The Big Five personality taxonomy developed by Goldberg (1992) represents the minimum number of personality traits and is found stable universally across cultures. Prior research in social psychology (e.g., Haidt et al. 1994) suggests that customers, according to their personality traits and gender, differ in their disgust-related responses. Given the strong relationship between contamination and the emotion of disgust (e.g., Argo et al., 2006), we hypothesize that customers’ personality traits ($H_4$) and gender ($H_5$) are associated with their contamination concerns about ABS.

**Methodology**

In Study 1, we ran between-subjects scenario-based experiments with consumption modes (access versus ownership) as the experimental factor, within different product categories (i.e., cars, bikes, tools, and toys). The sample, recruited via Amazon MTurk, resulted in 302
respondents (45.4% female, $M_{\text{age}} = 34$). Contamination concerns were measured using a 5-item seven-point scale ($\alpha = .93$).

In Study 2, we surveyed a sample of 81 licensed U.S. drivers living in a city center (42% female, $M_{\text{age}} = 33$) via MTurk. We opt for conservative approach given results of Study 1 and chose car-sharing as research context. We measured attitudes ($\alpha = .98$), intention to use the service ($\alpha = .90$), and contamination concerns ($\alpha = .95$).

In Study 3, we surveyed a sample of 178 MBA students from a major Belgian university (53.7% female, $M_{\text{age}} = 24$) and used car-sharing as research context. In addition to the variables measured in the Study 2, we assessed personality traits using Donnellan’s et al. (2006) 20-item short form of the Big Five factors model.

**Findings**

In Study 1, a series of ANCOVAs showed significant effects of consumption modes on contamination concerns for cars ($F(1, 69) = 8.21, p < .01; M_{\text{car,own}} = 2.22, M_{\text{car,access}} = 3.07$), bikes ($F(1, 73) = 19.41, p < .001; M_{\text{bike,own}} = 1.91, M_{\text{bike,access}} = 3.32$), domestic tools ($F(1, 73) = 27.23, p < .001; M_{\text{tool,own}} = 2.86, M_{\text{tool,access}} = 4.62$), and toys ($F(1, 62) = 40.52, p < .001; M_{\text{toy,own}} = 2.36, M_{\text{toy,access}} = 4.51$).

In Study 2, we first conducted a cluster analysis. Of the participants, 21% were placed in the first cluster (“high” contamination concerns), 35.8% were assigned to the second cluster (“medium”), and 43.2% were placed in the third cluster (“low”). A MANOVA then showed significant differences between the clusters on both attitudes and adoption intentions: Wilks’s lambda = .84, $F(4, 154) = 3.54, p < .01$. In support of $H2$ and $H3$, attitudes ($M = 3.74$) and adoption intentions ($M = 3.29$) were significantly lower in the cluster with “high” contamination concerns, compared to the “medium” ($M_{\text{attitudes}} = 4.98, p < .05; M_{\text{intentions}} = 4.25, p = .07$) and the “low” ($M_{\text{attitudes}} = 5.53, p < .001; M_{\text{intentions}} = 4.92, p < .01$) clusters.

In Study 3, we again first conducted a cluster analysis and then used a multinomial logistic regression to estimate the impact of personality traits on the three clusters. The model is statistically significant below the .01 level. Overall, the results supported the general proposition that individual characteristics influence customers’ likelihood to have contamination concerns with regard to ABS, supporting $H4$ and $H5$. In addition, a MANOVA replicated and supported the findings of Study 2.
Discussion

This research builds a bridge between the service and contamination literatures by showing the important role of customers’ contamination concerns in ABS. In doing so, we contribute to the literature in three main ways. First, this research empirically shows that customers experience more contamination concerns when engaging into access versus ownership. This finding complements Bardhi and Eckhardt (2012), who suggested that sharing a product with unknown other customers might raise fears of contamination. Our findings also contribute to the contamination literature in showing that customers not only experience contamination concerns with regard to products they wish to purchase and own (e.g., Argo et al. 2006), but also to products they wish to access.

Second, this study demonstrates the negative impact of contamination concerns on customer attitudes toward and adoption intentions of ABS. To the best of our knowledge, no study has empirically examined the link between contamination concerns and customer outcomes frequently measured in service settings. Prior research uncovered the negative impact of product scarcity and security on customer intentions to adopt ABS (e.g., Claudy et al. 2015); this study suggests that contamination is an additional barrier to the adoption of ABS.

Third, the present research reveals that individual characteristics predict contamination concerns toward access offers. These findings demonstrate that personality traits and gender may serve as appropriate segmentation criteria for providers of access offers (Bodey and Grace 2006). These findings are even more important given that prior research in marketing virtually ignored individuals’ personality traits when examining the effects of negative contamination (e.g., Argo et al. 2006).

Managerial implications

This research’s findings indicate that customers’ contamination concerns are barriers to the adoption of ABS. Overcoming this particular barrier is thus of particular importance for service providers. Prior research shows that clever and appealing promotional campaigns may reduce customers’ perceived barriers (Morgan et al. 2003). For instance, firms offering ABS could adapt their communication strategy and put the emphasis on the products (e.g., “One car substitutes 10 private vehicles”), instead of the customers (e.g., “One car is used by 10 customers”). In doing so, firms would reduce customers’ likelihood to have contamination concerns as a result of perceived previous contacts with others.
To better anticipate customer needs, we also recommend firms to carefully take into account individuals’ propensity to have contamination concerns when segmenting the market. To do so, this study offers valuable insights for managers as it shows that individual characteristics such as personality traits and gender predict customers’ probability to have contamination concerns about ABS. Firms could then either target customers with lower contamination concerns, or provide additional paid services (e.g., disinfection services) to those customers who have higher contamination concerns in order to, in fine, increase the adoption rate of ABS.
References


Examining the influences of deal popularity on credence and experience services

Karen C. Kao, Sally Rao Hill, Indrit Troshani
University of Adelaide, Australia

Introduction

Fellow consumers’ purchases seem to influence potential consumers’ decision making in an online shopping environment. A number of studies have provided evidence that consumers are influenced by consumer generated contents (e.g., reviews and star ratings) (Park & Lee, 2008; Park, Lee, & Han, 2007; Torres, Singh, & Robertson-Ring, 2015; Tsao, Hsieh, Shih, & Lin, 2015), website counters that indicating the number of consumers visited a webpage (Eroglu, Machleit, & Davis, 2001; Tucker & Zhang, 2011), and records of historical sales of a product (Chang & Yi, 2014; Ye, Cheng, & Fang, 2013). Service deal popularity (e.g., deal popularity of a dining or cruise package) has emerged as a cue that consumers may use in making online purchase decisions. Deal popularity refers to a cumulative number of deals for a product or service sold within a deal interval (Luo, Andrews, Song, & Aspara, 2014). Using cue utilization theory (Olson & Jacoby, 1972), we propose that deal popularity serves as a cue to signal quality and influence consumers’ purchase intention.

The inherited nature of intangibility, heterogeneity, and perishability presents barriers for consumers to purchase online service deals. Experience and credence service differ in that experience service quality can be evaluated through consumers’ sensory experience and they can use it for future purchase decision whereas consumers do not have enough information and confidence to evaluate credence service quality even after several consumptions (Jean Jeon, P. Dant, & M. Gleiberman, 2014). Extant research of deal popularity suggest that deal popularity has impacts on consumers’ purchasing service deals online (e.g., Coulter & Roggeveen, 2012; Luo et al., 2014). Our study extends this line of research in examining the specific effects deal popularity has on consumers across two service types: experience and credence services (Darby & Karni, 1973; Mitchell & Greatarex, 1993; Mitra, Reiss, & Capella, 1999).

Thus the research question is raised by discussion thus far, “To what extent does the use of deal popularity as a cue in quality inference across service types?”

When purchasing experience services, the quality uncertainty can be mitigated by past
similar sensory experience (Jean Jeon et al., 2014; Mitra et al., 1999), high deal popularity should multiply consumers’ confidence in judging experience service quality and thus to agree to the majority’s choice. On the other hand, when purchasing credence services, consumers’ perceived uncertainty of quality due to lacking of relevant knowledge disable them to evaluate credence service quality even when physically experienced (Mitra et al., 1999). Thus, consumers may need to process information systematically for purchasing credence services. Other consumers’ purchase behaviour did not provide detail service contents related to credence services and might not be an indicative quality cue for potential consumers to assess quality confidently. However, this influence of services types on the relationship between the utilization of deal popularity and quality inference is under investigated and yet is important for e-retailers in online service marketing.

Different types of services have been found to influence consumer behaviour such as perceived stronger risk for credence services than for experience services, stronger impulsive buying for experience services than for credence services (Sharma, Sivakumaran, & Marshall, 2014), and preference to purchase experience service than credence services in online shopping environments (Keh & Pang, 2010). Other consumers’ online behaviour (e.g., electronic word-of-mouth) also has been found to influence consumer behaviour differently in terms of product/service attributes. That is, consumers’ perceived electronic word-of-mouth is more credible for experience services than for products of searchable or credence attributes (Pan & Chiou, 2011; Park & Lee, 2009). Results of prior research can be concluded that service quality uncertainty impacts on consumers’ behaviour and information processing. Thus, it is reasonable to assume that consumers’ quality assessment prior to a purchase based on deal popularity will differ between experience and credence service types.

Thus we hypothesize that H1: Deal popularity is positively related to expected service quality, H2: Expected service quality is higher for experience than for credence service, H3a: In purchasing experience services, consumers’ expectation of service quality with high deal popularity would be higher than low deal popularity, and H3b: In purchasing credence services, consumers’ expectation of service quality with high deal popularity would be no different from low deal popularity.

**Method**

We used a 2 (service types: experience vs. credence) x 2 (deal popularity: high vs. low) between-subjects experimental design to test hypotheses. The specific number of items sold was used to represent deal popularity (i.e., 1999 as high popularity and 9 as low
popularity). Psychic fortune-telling was used as a credence service and Karaoke as an experience service. Participants (n=200) were required to answer a three-item scale of expected service quality adopted from Jin and He (2013) and one-item of manipulation check for deal popularity using 7-point Likert scales. Manipulation was significant for the high vs. low deal popularity scenarios.

**Results and Discussion**

The results support our proposed positive relationship between deal popularity and expected service quality. The results also support that consumers’ expected service quality is higher for experience services than credence services. Whereas, contrary to our prediction, the positive effect of deal popularity on expected service quality was significant in credence service purchase conditions while was insignificant in experience service conditions.

As suggested by Fogg et al. (2003), online shoppers often do no spend much time and effort to search for and process information and used to take advantage of using cues heuristically. This may be intuitive if consumers believe that the majority’s choice is always correct and directly related to quality when they are not confident using other cues (e.g., price or brands) to assess credence service quality. High deal popularity representing consensus can overwhelmingly change consumers’ attitude when consumers heuristically process the cue and thus they incline to agree to and follow others’ choice (Chaiken, 1980). Our results show that consumers use deal popularity heuristically to form their quality expectation of credence services.

On the other hand, consumers often make decisions according to their past experience. When purchasing experience services, consumers may prefer using their own past experience to deal popularity cue for quality assessment. That is, past experience similar to the experience service in a deal dominants consumes’ quality assessment prior to a purchase the experience service online.

**Theoretical implications**

This research proffers contributions in threefold. Firstly, we extend research on deal popularity. Prior studies have investigated that deal popularity affects consumers’ purchase and recommendation intention (Coulter & Roggeveen, 2012; Luo et al., 2014). We advance prior research by proposing the relationship between deal popularity and expected service quality drawn on cue utilization theory. Second, we contribute to cue utilization theory by introducing deal popularity as a cue for quality inference in online service shopping environments. Third, we provide evidence that in purchasing credence services, consumers
use deal popularity as a cue for quality assessment prior to a purchase online. This finding contradicts to extant service literature yet opens an avenue for e-retailers to market credence services online by displaying deal popularity on webpages.

Conclusion

Our research examines the effect of deal popularity on consumers’ service quality assessment prior to purchase by drawing on cue utilization theory and heuristic information processing model in online service shopping context. In addition to contributing to theories, our findings add to the literature of online service marketing in terms of consumers’ utilization of deal popularity for service quality assessment. Our research provides valuable implications to online service marketing by suggesting e-retailers display deal popularity information on webpages to mitigate consumers’ perceived quality uncertainty of purchasing credence services online.
References


Torres, E. N., Singh, D., & Robertson-Ring, A. (2015). Consumer reviews and
the creation of booking transaction value: Lessons from the hotel industry. *International Journal of Hospitality Management, 50*, 77-83.


The impact of psychological ownership on customer usage processes

Michael Kleinaltenkamp (Freie Universität Berlin), Patrick Gumprecht (Freie Universität Berlin), Jingshu Li (Freie Universität Berlin)

Introduction

Services can be classified as transactions through which customers gain the right to use tangible or intangible resources of the service provider (Witkowski, Moeller & Wirtz 2014). Hence, the customers get access to the supplier’s resources and may use them without owning them. From a legal point of view, such a non-ownership (Lovelock and Gummesson 2014) service provisioning is characterized by an – at least time-limited – attenuation of property rights (Haase and Kleinaltenkamp 2012). The providers as the owners of the resources transfer for the time of the service processes certain rights to use or change the specific supplier resources to the customers.

In psychology, it has sufficiently been proven that feelings of ownership have important behavioral, emotional, and psychological consequences (Pierce et al. 2001). But it also became obvious that such feelings of ownership occur, even when an individual is not the legal owner but only the user of resources. This so called psychological ownership has especially been investigated in the organizational field. The studies show that psychological ownership has positive as well as negative effects (Pierce et al. 2001), impacting job satisfaction, work ethic and the wish to know more about one’s own firm (Rodgers and Freundlich 1998). It also has an influence on feelings of responsibility (Pierce et al. 1991, Rodgers and Freundlich 1998) and may impact change processes in organizations (Dirks et al. 1996).
Research Question and Potential Contributions

Following this research tradition, our basic assumption is that the degree of psychological ownership may also affect the behavior of service customers using supplier resources within processes of service provisioning without owning them. Hence, the research question we want to address is, whether and if how psychological ownership impacts the service usage process.

Our study contributes to the current state of knowledge in three ways. Firstly, it gives first insights into the relevance and the impact of psychological ownership in the service field. Secondly, by transferring the theoretical foundation of psychological ownership into a practical context with an empirical study, it extends the service marketing literature. Thirdly, our study is helpful in guiding firms to improve service design by empirically demonstrating how the degree of psychological ownership leads to an increased perceived value-in-use.

Theoretical Background

Psychological ownership is seen as a cognitive-affective construct that is defined as “the state in which individuals feel as though the target of ownership or a piece of that target is theirs” (Pierce, Kostova, & Dirks, 2003, p. 86). Hence, psychological ownership reflects “an individual’s awareness, thoughts, and beliefs regarding the target of ownership” (Pierce, Kostova, & Dirks, 2003, p. 86).

Based on studies in psychology, dealing with the motivations for the existence of feelings of ownership, Pierce et al. (2001) assume that both hereditary factors (Burk 1990, Porteous 1976) and learned factors (Furby 1978, Lewis & Brook 1974 Seligman 1975) build the basis for the formation of psychological ownership. They particularly highlight three motivational categories to demonstrate a person’s reasons for developing perceived feelings of ownership (Pierce et al. 2001, 2003, Van Dyne & Pierce 2004) (see figure 1):
(1) *Efficacy and effectance* (White, 1959) describes a person’s (perceived) ability to successfully influence a distinct object to bring about a specific result (Bandura 1995, Rosenthal 2004). An inherent desire for power and control (Furby 1978) leads to the aspiration of wealth and thus fosters the existence of psychological ownership (Pierce et al. 2001).

(2) Self-identity (Dittmar, 1992, Mead, 1934) encompasses the personal cognitive relation of a person towards a distinct object. This relation may imply a symbolic value for both, the ownership or even the utilization of the object, to be invoked against one’s self or third parties (Dittmar 1992). Various studies demonstrate how ownership of distinct objects (e.g. vehicles) pertains to have a symbolic value and may result in the perception of this object as extended personality of one’s self (Belk 1988, Rousseau 2003).

(3) *Having a place to dwell in* (home) (Heidegger, 1967, Polanyi, 1962) describes a person’s inherent desire for ownership of a personal domain or area, allowing him or her to feel cared for and to live out (Duncan 1981, Portteous 1976). The act of control and personal arrangement of an area are the main driving forces for this motivation (Porteous 1976: 383).

Moreover, Avey et al. (2009), in accordance with Higgens (1997), differentiate between two types of *promotive* and *preventative* psychological ownership (see figure 1). In addition to the three motivations mentioned before, they see *accountability* as a further facet of promotive psychological ownership. Accountability may be defined as “the implicit or explicit expectation that one may be called on to justify one’s beliefs, feelings and actions to others” (Lerner & Tetlock, 1999, p. 255). It is seen to be a component of psychological ownership through two mechanisms: “(1) the expected right to hold others accountable and (2) the expectation for one’s self to be held accountable” (Avey et al. 2009, p. 177).
The second category of preventative psychological ownership encompasses the concept of territoriality, which is seen as a person’s reluctance to share a respective object with others (Avey et al. 2009: 176). The rational for this directive is that the feeling of ownership may induce a person’s intention to exclude others from the usage of that object (Brown et al. 2005).

![Diagram of Motives of Psychological Ownership]

**Figure 1:** Motives of psychological ownership.

In addition to the mentioned motivations, Pierce et al. (2001, 2003) highlight three different mechanisms, referring to a person’s behavior, through which psychological ownership finally is generated (see figure 2).

1. **Controlling the target** describes one of the major mechanisms with respect of perceived feelings of ownership (Pierce et al. 2001). Rudmin und Berry (1987), for instance, discover that the fact of ownership generally allows the control over the usage of distinct objects. Furthermore, controlling an object may result in feelings of ownership for this object (Csikszentmihalyi & Rochberg-Halton 1981).
(2) *Coming to intimately know the target* reflects that feelings of ownership towards objects are due to a common long-term relationship between an individual and the respective object (James 1890). Furthermore, intimate knowledge of a certain object may result in the perception that this object extends the personality of one’s self (Beaglehole 1932).

(3) *Investing the self into the target* encompasses a person’s investment of energy, time and effort into an object that will result in the object’s perception as extended personality, which again leads to feelings of ownership (Csikszentmihalyi & Rochberg-Halton 1981).

**Figure 2:** Relationship between the motivations and the mechanisms of psychological ownership.

**Method and Findings**
To analyze the effects of psychological ownership on service usage processes, an exploratory study was conducted in the field of car sharing. We used semi-structured interviews with a sample of seven people who had used car sharing services in a German city. The respondents were mainly young students who use this service at least several times in a month. In the beginning of the interviews we applied a measurement model based on Avey et al. (2009) with 15 items corresponding to the five motives of psychological ownership in order to measure the respondents’ degree of psychological ownership.

In this study it was shown that psychological ownership has an influence on usage processes of the cars. It became especially obvious that individuals with a high degree of psychological ownership perceive affective value-in-use dimensions (see Table 1) besides cognitive ones, resulting in an increased perceived value-in-use.

Furthermore, it could be shown in which way psychological ownership based on the specific motives influences the usage behavior of car sharing services (see Figure 3). Here, three different behaviors are identified. Persons with a higher degree of psychological ownership not only show a more pronounced territorial behavior, trying to exclude other customers from the usage of the process, but they also show an enhanced profiling behavior and a greater commitment with respect to the service provider.
<table>
<thead>
<tr>
<th>Category</th>
<th>Value dimensions</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>Convenience</td>
<td>The user appreciates a pleasant and easy-going usage of car sharing.</td>
<td>„I just like the pragmatic of this concept. It just starts and it is unproblematic.“ (T1, z.212)</td>
</tr>
<tr>
<td></td>
<td>Flexibility</td>
<td>The user likes to be unrestricted, flexible and independent of time and place of the usage of car sharing.</td>
<td>„Doesn’t matter in which city I arrive, there is always a car available for me“ (T5, z.95)</td>
</tr>
<tr>
<td></td>
<td>Productivity</td>
<td>The user likes to better organize his or her everyday living and uses car sharing to achieve his or her goals.</td>
<td>„It makes my everyday life easier as I don’t need to rent a car from a rental car firm in those situations when I need one.“ (T7, z.99)</td>
</tr>
<tr>
<td></td>
<td>Price-performance ratio</td>
<td>The user appreciates a good price-performance-ratio.</td>
<td>„If there was a provider who would be considerably more expensive as the other car sharing providers, I guess that would be a factor not to use him.“ (T4, z.220)</td>
</tr>
<tr>
<td></td>
<td>Freedom</td>
<td>The user likes to be unbound by the obligations of a car owner.</td>
<td>„I no longer have to worry about, if the car might be broken or whether I need to comply with maintenance intervals.“ (T1, z.121)</td>
</tr>
<tr>
<td>Affective</td>
<td>Hedonic benefit</td>
<td>The user likes to have fun and entertainment through using car sharing.</td>
<td>„For me, it’s mainly a thing of having driving enjoyment. That’s why I drive a convertible of [company x] in good weather.“ (T7, z.102)</td>
</tr>
<tr>
<td></td>
<td>Self-realization</td>
<td>The user uses car sharing to pursue his or her own personal interests.</td>
<td>„In principle I would say that I am very car-affin.“ (T7, z.8)</td>
</tr>
<tr>
<td></td>
<td>Self-portrayal</td>
<td>The user wants to get noticed and sees the usage of car sharing as a status symbol.</td>
<td>„I guess, that I like to show that I’m part of this hip image and that it represents my convictions.“ (T4, z.86)</td>
</tr>
<tr>
<td></td>
<td>Interaction</td>
<td>The user appreciates the social interaction with other actors.</td>
<td>„That’s the reason why I think, the more user there are, the better will be my situation.“ (T1, z.250)</td>
</tr>
</tbody>
</table>

Table 1: Value dimensions of car sharing.
Figure 3: Motives of and behavioral impact of psychological ownership within the usage of car sharing.

Limitations and future research

This first explanatory study has a number of limitations. First, the results stem from a small number of cases related to car sharing in Germany, which might not be generalizable toward other contexts of service fields. Another limitation is that, apart from the results of our work, psychological ownership may act only as one component of a greater psychological system impacting the customers’ behaviors within service usage processes.
Corresponding to the limitations, future research should be conducted in a greater variety of service fields to consider other psychological factors which might have an influence onto the presence and the effects of psychological ownership.
References


Dittmar, H. (1992). The social psychology of material possessions: To have is to be. New York: St. Martin Press.


1.5 Customer Participation and Co-Creation I

The Role of Physical Quality in the Co-Creation of Value

Dr. J. Joseph Cronin, Florida State University, United States, jcronin@fsu.edu (Presenter)
Duane M. Nagel, Florida State University, United States, dnagel@fsu.edu
Dr. Brian Bourdeau, Auburn University, United States, bourdbl@auburn.edu

Introduction

Each year US manufacturers lose $360 billion due to customers’ perception that the goods produced are of poor quality (ASQ 2012), which represents twenty percent of the 1.8 trillion dollar US generated annually by the manufacturing sector. These staggering numbers have two important implications for organizational decision makers. First, they suggest that firms can increase their bottom line by up to twenty percent without increasing prices or prospecting for new customers. Second, the magnitude of the revenue lost due to the perceived poor quality of physical goods highlights the importance of the tangible characteristics of products in purchase decisions. It thus seems apparent that a renewed focus on the role of the physical quality of products is needed (ASQ 2012). However, current marketing thought is dominated by service dominant logic (SDL); a perspective that highlights the role of service rather than physical goods as a means to create value for consumers (Vargo and Lusch 2004).

Specifically, SDL suggests the primary value of physical goods is as a mechanism for the distribution of service (Vargo and Lusch 2004, 2008). The losses reported due to the perceived poor quality of physical goods indicate however that the physical attributes associated with a product may drive consumers’ co-creation of value. To date, while it is widely claimed that customers are always co-creators of value, no thorough conceptual elaboration has been made as to what this really means and what the implications are for customers and service providers, especially relative to the ever present physical attributes that can define a service experience or a consumption encounter (Grönroos and Ravald 2011, p.6). Thus, marketing theory must make clear its position relative to the role of physical goods, or the physical attributes associated with a product in order for organizations to have the clarity needed to properly evaluate the relative importance of the effects of marketing strategies on perceptions of the quality of both goods and services.
The importance of physical goods quality is accentuated by the economic conditions recently faced. Unemployment increases and consumer confidence declines cause consumers to be more deliberate with their spending, to make fewer purchases, and to seek greater quality in items purchased to enhance the value of their scarce resources (Forbes 2012). For example, in 2012 the Lego Group’s (Lego blocks) sales increased over $800 million, a 25 percent increase over the previous year (Forbes 2013). The company commented, “it’s our experience that quality toys are quite recession proof” (Forbes 2013, online). The suggestion by the Lego Group that the perceived physical quality of their products contributes to greater overall perceived value by customers contradicts current marketing thought. The SDL perspective argues that “value creation cannot occur in factories, …but rather only through the interactions of the parties sharing these resources – that it, through service provision” (Lusch and Vargo 2006, p. 40).

SDL suggests physical goods are distribution mechanisms for a service and offer no direct contribution in the creation of value (Vargo and Lusch 2008). The SDL perspective further argues value is co-created. That is, perceived and determined only by a customer as they use a physical good, variously termed “value-in-context” or “value-in-use” (Vargo and Lusch 2008; Vargo, Lusch, Akaka, and He 2010). In contrast, we argue the conceptualization of physical goods as distribution mechanism for service provision that offer no direct effect on consumer value creation is an incomplete conceptualization of the value co-creation process. Rather, it is suggested that the perceived quality of physical attributes is a foundation for customers’ value assessments. This influence of physical attribute quality on value assessments is explained theoretically as a form of spillover effect. Spillover occurs when the perceptions of one attribute, or set of attributes, carry over onto another attribute or set of attributes (Janakiraman, Sismeiro, and Dutta 2009). Typically studied in the context of paired organizations (e.g. Bourdeau, Cronin, and Voorhees 2007), the spillover effect theorized is internally focused. Specifically, we consider how perceptions of physical attributes carryover, or “spillover,” affecting assessments of the value co-created during an encounter.

Previous research concerning spillover effects (Bourdeau, Cronin, and Voorhees 2007) uses the theory to explain effects between organizations engaged by consumers independently as part of an encounter (e.g. a local transit system used to access air travel). We argue that the theoretical foundation of spillover effect also can be applied to physical or service attributes associated with a product. For instance, the previous Lego Group example suggests the greater value perceived by consumers is a result of the physical quality of Lego toys.
Spillover theory in turn suggests the value attributed Lego products are directly enhanced by the physical attributes of their goods. Thus, we suggest that contrary to what is suggested by the SDL perspective, the quality of physical goods is part of the co-creation of value that is the foundation of SDL, not simply “a distribution mechanism for service provisions” (Vargo and Lusch 2008, p.7).

The current research has two major objectives. First, we first seek to empirically demonstrate the spillover effect theorized that consumer’s perceptions of physical goods quality have on value assessments. Second, we intend to empirically demonstrate that both physical good and service quality perceptions contribute to the co-creation of value and in so doing contribute to the growing discussion of SDL encouraged by Vargo and Lusch (2004, 2008). Moreover, we intend to integrate the alternative logics that are competing for dominance in the marketing literature. Specifically, Service Logic (Gronroos 2006; Gronroos 2011; Gronroos and Ravald 2011), Customer Dominant Logic (Heinonen and Strandvik 2015), and Consumer Dominant Logic (Anker, Sparks, Moutinho, and Gronroos 2015).

Methodology

To better understand the role of physical attributes in the assessment of value, the research reported studies the effect in multiple contexts. Specifically, to offer a broader view, value assessments are considered in two market situations covering four categories. First, consumers are asked to recall a physical good (beer, mixed drink, pizza, or hamburger) purchased for consumption at home (or off-premise). Respondents are asked to identify the product and the provider. This critical incident forms the foundation for completion of the first survey. Respondents answer questions assessing the quality of the physical attributes attributed to the product purchased prior to its consumption, the quality of the providers’ service, and the value attributed to the exchange. Upon completion of the first survey, respondents are asked to identify a retail establishment where they purchased the same physical good they had previously evaluated, but this time consumed the product on premise. The same battery of questions followed. The combination of the two studies, while albeit retrospective, provide initial insight as to the potential impact of the assessment of the physical attributes of a product prior to purchase on consumer value assessments.

Measurement. In total, 436 respondents provided data suitable for analysis. To measure physical attributes, respondents rated the appearance and perceived physical quality prior to consumption. The two item scale had reliability estimates of .82 and .84. Perceived
service quality was assessed using six primary items focusing on the interaction between customers and firm employees adapted from Brady and Cronin (2001). This maintained the core idea of the construct, yet focused specifically on the interaction between customers and the firm, which is a critical component in SDL value co-creation (Grönroos and Ravald 2011). Reliability estimates for the modified scale were between .92 and .93. Value is defined as a function of quality and sacrifice (Zeithaml 1988) and measured with a three item measure adapted from Cronin, Brady, and Hult (2000). Reliability estimates were between .87 and .93 for the value scale. Common method variance was assessed using standard procedures (Podsakoff, MacKenzie, Lee, and Podsakoff 2003) and found not to be problematic.

Results

Two studies were conducted, one for the off-premise product use and a second for on-premise use. Results of the confirmatory factor analysis indicated the model fit the data well in both studies (off-premise: $\chi^2 = 120.19$, $df = 41$; CFI = .98 and TLI = .97; RMSEA = .06) and (on-premise: $\chi^2 = 157.65$, $df = 41$; CFI = .97 and TLI = .96; RMSEA = .07). As previously discussed, all measurements were reliable as all construct reliabilities were between .82 and .93. Convergent validity was also supported as all items loaded strongly and significantly on their respective factors and the average variance extracted (AVE) for each latent variable exceeded .50. Moreover, the AVE for each latent factor exceeded the respective squared correlation between factors. Next, the proposed theoretical model was tested. The results indicated strong support for the proposed model. Again, the results suggested a good fit to the data (off-premise study $\chi^2 = 120.19$, $df = 41$; CFI = .98 and TLI = .97; on-premise study $\chi^2 = 157.65$, $df = 41$; CFI = .97 and TLI = .96).

In summary, we found the hypothesized spillover effect that suggests the physical attributes associated with a product have an indirect effect on value assessments through their effect on service quality perceptions. Specifically, we tested for a mediated relationship that suggests consumers’ assessments of value are affected by the mediated effects of physical attribute assessments through consumers’ perceptions of service quality. Baron and Kenney’s (1986) procedure for mediation was employed. The path between physical attribute assessments and value did not become insignificant and the remaining paths also remained significant. Thereby, partial mediation was confirmed. The indirect effect of physical attributes on value in the off-premise study the effect was 0.036 ($p = .001$) and 0.102 ($p = .001$) for the on-premise study.
Conclusions and Implications

SDL has made a significant contribution to the marketing literature. The current research sought to extend and enrich the contributions of SDL. Specifically, the intent was to theoretically justify and empirically verify that physical quality has a measurable and direct impact on value co-creation. The current study sought to demonstrate that the perspective of SDL is enhanced by a more explicit depiction of the role of physical quality in consumer’s assessments of co-created value. Using a structural model, we empirically demonstrated that retrospective assessments perceptions of physical quality do contribute directly and indirectly to consumers’ assessments of value.

The major conclusion from the study is the current perspective posited by SDL that physical goods are “appliances” or “delivery mechanisms” (Vargo and Lusch 2008) for the firm’s service provision is deserving of further consideration. The current study provides both theoretical and empirical support that consumers perceive the physical quality associated with a product as a critical component when evaluating the overall value of a firm’s offering prior to acquisition and use. This, in turn, suggests that a further exploration of alternative logics such as Service Logic and Consumer Dominant Logic that account for the interactions between physical and service dimensions of products in the creation of value deserve further consideration.

More specifically, Grönroos and Voima (2013) suggest managers facilitate value co-creation by focusing on physical quality throughout their organization, especially in encounters in which physical goods play a key role a firm’s value offering. We recommend managers structure their product offerings to consumers in a manner that focuses consumers’ attention on the tangible cues offered by good’s physical quality. By making these cues salient in the mind of the consumer, both prior to and during the co-creation process, managers are better able to position their offerings to take advantage of the effects demonstrated in this study.

We hope that the current research extends the search for a dominant logic for marketing by demonstrating the need for a more explicit depiction of the role of physical goods in consumers’ assessments of co-created value. Specifically, the results suggest that physical attributes do have measurable direct and indirect impacts on value co-creation. The results suggest that practitioners can optimize the value consumers attribute to product offerings and provide academics theoretical support for further investigating the role of
physical attributes within the perspective of SDL. Our research has only begun to address these issues and future research is needed to fully understand the complete and appropriate role of physical attributes within SDL.

**Future Research.** There is no doubt these findings raise additional questions. The current study has established that consumers’ assessments of physical quality do contribute to consumers’ assessment of value. Future studies should consider lab and field experiments to identify the causal order of the relationship between physical and service quality in determining value. Perhaps future research should also consider alternative measures to better capture the physical and service quality experienced during initial or new transactions and during the value-in-context/use phase of consumers’ assessments. The current study merely provides a first step in a rich area of research that seeks to better understanding the role of physical quality in value co-creation.

**References**

References available upon request
A Customer Empowerment Framework: A qualitative study unveiling the determinants and consequences from a customer's perspective

Corina Braun (University of Basel), Marion Popp (University of Hohenheim), Karsten Hadwich (University of Hohenheim)

Introduction
A relatively new trend in service marketing research and practice is the topic of Customer Empowerment (CE) (Ouschan et al., 2006). This is due to further development of technological processes enabling customers to specify product/service features, choose the preferred service delivery method, and learn from one another (Wathieu et al., 2002). Thus, CE represents an emerging new tool enhancing organizations to improve their relationship with customers by contributing additional value to their service/product offerings, which ultimately increases a firm’s profitability (Niininen et al., 2007).

In research, CE has traditionally been considered from a company’s point of view. Thereby, CE leads to management efficiency as activities are delegated to customers carrying out tasks that had formerly been performed by the company’s employees (Fuchs and Schreier, 2011). However, research on CE from a customer’s perspective is scare and scattered. Although some studies focus on the customer perspective of CE (Kosciulek, 2005; Fuchs et al., 2010), they take a too narrow approach on the phenomenon. Therefore, none of these results provide an extensive explanation of the determinants and consequences of different CE forms. Hence, our empirical research approach aims at answering the following question: Which determinants and consequences of CE exist from a customer’s perspective?

In order to answer this research question, the paper starts with an introduction of the key characteristics of CE followed by an overview of its determinants and consequences revealed in existent literature. Afterwards, the identified aspects are enriched with the results of 26 conducted in-depth interviews with consumers who had already experienced CE. Concluding, a framework of the CE concept, its determinants, and its consequences from a customer’s perspective are provided, demonstrating a starting point for further research.

Research Background
In research, CE is often defined as a strategy firms apply to provide customers with a sense of control over a part of a company’s product/service provision process (Fuchs et al., 2010). The concept of CE is thereby characterized as being firm-driven, whereby the organization predetermines the choices offered, providing customers with a clear decision-making
framework (Wathieu et al., 2002; Schmitz and Eberhardt, 2009). In this context, the decision to interact as empowered customer is voluntary. Therefore, customers have the ability to choose whether they would like to act as empowered customer or not. Thus, CE requires that the traditional alternative still remains available. Thereby, in research, the willingness and the competence to participate in the product or service provision process plays an essential role for a successful CE (e.g., Holosko et al., 2001). In this vein, CE especially leads to an increased self-determination and higher efficacy (Füller et al., 2009), as well as stronger trust perceptions and enhanced product/service familiarity (Sawhney et al., 2005).

From a firm’s perspective, CE represents a profitable feature allowing to improve the product/service provision process and/or to generally lower costs (Prandelli et al., 2006). Customers taking over a part of the firm’s product/service provision process contribute to these economic benefits as they enable the organization to cut down on costs for employees (Constantinidis, 2008). Additionally, the increased trust of customers enhances their tendency to repeat the empowered behavior (Füller et al., 2009), while the experience with the product/service may foster customers willingness of repurchasing (Sawhney et al., 2005).

Concluding, empowering customers is perceived as beneficial for both firms and customers, as customers’ needs are increasingly satisfied and firms obtain positive effects on their profits (Fuchs et al., 2010).

Method

In order to gain additional insights into CE as well as its determinants and consequences, we conducted 26 interviews with consumers of differing gender (29 percent male and 71 percent female) and age (from 23 to 46) who had already acted as empowered customers. Participants were recruited in different German and Swiss communities, networks, and personal relationships. Interview sessions took approximately 30 minutes each and were held by the researchers. Participants in the study provided open-ended responses. At the beginning of the interview, informants were asked to describe their performed CE form and their thoughts and experiences when acting as an empowered customer, in order to identify the essential drivers and benefits of CE from a customer’s perspective. Then, the frequency of the CE was inquired in order to clarify the urge of further CE possibilities. Finally, informants were asked about promoting and inhibiting factors. This question was intended to clarify the determinants for CE.
The interviews were transcribed, and all the materials analyzed and compared in order to establish a general understanding of the data. Moreover, the data were analyzed at two levels, including open and axial coding. Thereby, the open and axial coding represented an iterative process whereby themes initially identified using open coding were examined in further depth during the axial coding stage.

Results
At first, the conducted in-depth interviews revealed CE promoting and inhibiting determinants as well as moderators impacting the relationship between CE and its influencing factors. The determinants of CE from a customer’s perspective are twofold. First, a customer’s willingness to perform the activity and participate in the provision process is necessary. Second, customers require the skills and competencies to perform the activities they may encounter during the empowerment process. Hence, our results confirm existent research on CE demonstrating that both the willingness and the competence to interact, drive consumers’ participation in the product/service provision process (e.g., Holosko et al., 2001). Potential aspects limiting customers’ willingness to interact, represent potential resource intensity associated with CE in terms of both money and time. Here, our results are also confirmed by existent research. For example, Schmitz and Eberhardt (2009) name time constraints as an essential limiting CE factor. Additionally, our findings showed that customers are discouraged because of excessive demands, uncertainty, and discomfort when acting as empowered customer. Factors most frequently mentioned as moderators between CE and its determinants have a process (e.g., ease of use), product/service (e.g., product/service familiarity), or firm focus (e.g., firm prominence). Hence, in contrast to existent research, our results not only revealed CE determinants but also demonstrated important moderators between CE and its influencing factors.

At second, the identified consequences for customers unveiled a variety of different benefits such as economic (e.g., saving time), financial (e.g., saving money), personal/self-portrayal (e.g., having fun), and social benefits (e.g., recognition through others). Besides these specific benefits empowerment especially contributes to an increased customer satisfaction. As positive outcomes for firms, informants mentioned customization, higher product/service quality, and enhanced knowledge about costumer needs. Finally, our results showed that a customer’s engagement plays an essential role as an important CE driver and positive CE outcome. Hence, our findings also confirm the significant impact of customer engagement on customer-firm-relationships and therefore acknowledge the concept’s relevance for the
existent relationship marketing literature (e.g., Bordie et al., 2013). The results of our identified CE framework are summarized in Figure 1.

Figure 1: CE framework

Conclusion
Overall our study contributes to the scarce research on CE from a customer’s perspective, providing a framework including both determinants and consequences. In this vein, our results revealed that both the relationship between CE and its determinants as well as the determinants itself are influenced by a variety of factors. Moreover, CE contributes to customers’ experience, which may provide them with a diversity of benefits and satisfaction. However, to gain further empirical evidence and validate the introduced framework additional research is required. Here, a cross-sectorial quantitative study will enable to validate the identified relationships in our CE framework. Nevertheless, our results enhance researchers’ ability to better explain and understand the concept of CE.

References - Available upon request

Shedding Light on the Dark Side of Customer Participation: Investigating Customer Participation Stress
Relevance of the phenomenon being studied

Most studies stress the positive outcomes of customer participation for both customers and firms. To the best of our knowledge, few studies acknowledge that coproduction also might have downsides for customers. Taking the role of a partial employee (Bitner et al., 1997), customers might face strains during co-production as well as employees do during their daily business, particularly in complex services in which customers must make significant decisions and often lack the necessary expertise to participate successfully (Hilgert et al., 2003; Lusardi and Mitchell, 2007; Mayeaux et al., 1996). Thus, participation demands may overtax customers’ participation abilities, which we expect to result in customer participation stress.

We develop and test a conceptual framework on the antecedents and consequences of customer participation stress. In particular we build on the job demands-resources (JD-R) model on the driver side and study the impact on customer participation and felt responsibility on the outcome side.

Potential contributions to the field

This study aims to make a three-fold contribution to customer participation theory in general and to research of negative aspects of customer participation in particular. First, we introduce customer participation stress as a new construct to participation literature and examine which factors determine the perception of stress. Second, we show that the JD-R model of Demerouti et al. (2001) is applicable to a customer participation context. We both adopt variables from the original model in our context, but also introduce new customer specific variables to extend the model in a context-specific way. Third, we examine the influence of customer participation stress on customer participation behavior and customers’ felt responsibility. Thus, the findings of our study not only contribute to current research but also offer valuable insights for practitioners to improve the service process itself. Practitioners thereby can avoid overtaxing their customers and provide relevant support in the service process.

Thus, we address the following research questions:

1. Which demands and resources do customers face during customer participation?
2. Do customers experience participation stress during the service production process, and if so, to what extent does it influence their participation behavior and felt responsibility for service outcomes?

**Theoretical foundations**

We draw on a framework based on the JD-R model of burnout (Demerouti et al., 2001). The model assumes that demands and resources are negatively related because demands may preclude the effectiveness of resources (Bakker et al., 2003; Demerouti et al., 2001). The JD-R model has shown that job demands are primarily related to exhaustion components of burnout and that a lack of resources is primarily related to disengagement (Demerouti et al., 2001). Particularly in complex professional services, customers become partial employees (Mills and Morris, 1986) and active co-creators of value: For example, clients seeking legal advice need to disclose all relevant information and decide together with their lawyer on the most effective legal strategy. Financial services customers need to provide information to their financial advisor and understand as well as distinguish different products (Auh et al., 2007). In this context, we expect that customer demands like role overload, high cognitive demands and time pressure come up against customer resources like expertise, cognitive and social support by the service employee. A mismatch between demands and resources might cause stress and this in turn decreases customer participation and felt responsibility for the service outcome.

**Research context and conceptual framework**

Financial services provide a suitable context for our study, because financial products are highly complex and difficult to grasp, especially for financially unsophisticated people (Crosby et al., 1990; van Rooij et al., 2011). Yet, structural reforms to social security and retirement provisions continue to shift more responsibility from the service provider to individual customers. Thus, we expect customer participation stress among people who have to make significant decisions in financial services. Building on the JD-R model to explore the emergence of customer participation stress we assume:

Job demands such as workload or role conflicts require physical or psychological effort by the customer as a partial employee (Demerouti et al., 2001; Crawford et al., 2010). Facing customer challenges during the service process we identify five relevant demands which we
adapt to our context, i.e. role overload, disliked employee, cognitive demands, perceived partial employee status, and time-pressure.

**H1:** Customer demands, i.e. a) role overload, b) cognitive demands, c) perceived partial employee status, d) time-pressure, e) disliked employee increase customer participation stress.

According to the JD-R model demands can be balanced by job resources like supervisor support or skills of the employee (Bakker and Demerouti, 2007). Adapted to our research context we investigate cognitive and social employee support, customer expertise, and behavioral expertise as relevant customer resources.

**H2:** Customer resources, i.e. a) cognitive employee support, b) social employee support, c) customer expertise, d) behavioral expertise, decrease customer participation stress.

As stress is a negative psychological state, in which customers are overstrained by participation demands, we expect a negative impact on participation behavior.

**H3:** Customer participation stress has a negative impact on customer participation behavior.

In accordance with self-enhancement theory (Dunn and Dahl, 2012) self-threat relates positively to self-serving biases, which help people protecting their self-concepts. Customers who experience high levels of participation stress, associated with the danger of negative service outcomes, might protect their self-concept by denying responsibility for the service outcome.

**H4:** Customer participation stress has a negative impact on customers’ felt responsibility for service outcomes.

Relying on job characteristics theory (Hackman and Oldham, 1976) employees’ felt responsibility for output increases their extra-role (Pearce and Gregersen, 1991) and proactive behavior (Fuller et al., 2006). Thus, we believe that customers’ felt responsibility might influence their participation behavior as well.

**H5:** Customers’ felt responsibility has a positive impact on customer participation behavior.

**Methodology and findings**
In order to test our hypotheses, we sample from the population of customers who had used an investment advisory service within the last 6 month. The sample (n=518) contains 254 customers with an investment advisory service within the last 1-3 month and 264 customers with an investment advisory service within the last 4-6 month by now.

We used structural equation modelling to test our hypotheses with maximum likelihood parameter estimation. First estimations predominantly support H1. We proposed a positive effect of role overload, cognitive demands, perceived partial employee status, time-pressure and disliked employee on customer participation stress. Role overload (β = .461, p < .001), cognitive demands (β = .247, p < .001), time pressure (β = .323, p < .001) and disliked employee (β = .311, p < .001) positively affect customer participation stress. The effect of perceived partial employee status (β = .037, n.s.) is not significant but we found a trend in the expected direction. We expected a negative effect of customers’ resources on customer participation stress in H2. We found evidence for this hypothesis only for social support (β = -.11, p < .05) and behavioral expertise (β = -.068, p < .05). However, we found an unexpected negative effect of cognitive support on participation stress (β = .096, p < .01) and a non-significant effect of customer expertise (β = -.048, n.s.). We predicted that customer participation stress has a negative impact on customer participation behavior (H3) as well as on customers’ felt responsibility for service outcomes (H4). Both effects were not significant (β = -.055, n.s., β = .012, n.s.). However, we can confirm H5 as we found that customers’ felt responsibility positively affects customer participation behavior (β = .446, p < .001).

By the date of the conference we will be able to present our final model relying on an intended sample size of 550 customers.

Conclusion

The objective of this research was to adapt the JD-R model to a customer context and thus explain customer participation stress during service production. First results have shown that customer participation stress is positively affected by cognitive factors (e.g., cognitive demands, cognitive support) and can be reduced by social factors like social support. We also found evidence for the hypothesis that customer participation stress negatively affects customer participation behavior, which makes it a relevant aspect in the considerations of managers and researchers as well.
References


1.6 Digital Services - Social Media I

Understanding Usage Behaviour in a Peer-to-Peer Rental Community

*Fanny Deliege (HEC Management School - University of Liège (HEC-ULg)), Zelal Ates (HEC Management School - University of Liège (HEC-ULg)), Sabine Benoit (University of Surrey), Marion Büttgen (Universität Hohenheim)*

The popularity of peer-to-peer (P2P) rental communities is growing both in academic research and business practice (Belk 2014, Chakravarty, Kumar et al. 2014). This trend fosters the emergence of new markets and innovative business models which challenges the viability of existing industry practices but creates major opportunities for companies as well (Ozanne and Ballantine 2010, Baumeister, Scherer et al. 2015). This trend is part of broader phenomena called Collaborative Consumption or the P2P Economy: “it is people coordinating the acquisition and distribution of a resource for a fee or other compensation” (Belk 2014) as well as Access-Based Consumption: “‘instead of buying and owning things, consumers want access to goods and prefer to pay for the experience of temporarily accessing them’” (Bardhi and Eckhardt 2012). Consumers are increasingly curious about these alternative consumption modes and most of them have now at least once used a car sharing system, shared their house, participated to a crowdfunding platform, been a member of a collaborative garden, etc. (Stern 2015).

Regarding P2P rental communities, it has been estimated at 26 billion and a rapid growth is still expected for the coming years (Sacks 2011, Owyang, Samuel et al. 2014). These P2P rental communities, also called two-sided markets, are new business models with a new channel format (Watson IV, Worm et al. 2015). Indeed, it differs from a dyadic channel, which is the most commonly studied format in marketing research, as it only implies interactions between two entities (manufacturers with distributors and distributors with consumers). On the contrary, P2P rental communities imply a triadic relationship, which occurs via an online platform. The members coordinate the disposition and the use of a resource between demanders and suppliers whereas the companies only act as a trusted third party by simply facilitating the transaction (Dervojeda, Verzijl et al. 2013). Furthermore, it also differs from traditional markets as companies do not own any resource. Companies’ main objectives are to attract and to retain members as well as to match both sides of the community (Chakravarty, Kumar et al. 2014).
To cope with this change in the business environment, managers who want to innovate and to develop new P2P rental communities need to better understand both sides of the community with regard to users’ profiles, needs and behaviours (Baumeister, Scherer et al. 2015, Watson IV, Worm et al. 2015). However, only little research in the field of marketing focuses on P2P rental communities as well as on the two-sided market (Watson IV, Worm et al. 2015). Furthermore, the existing literature fails to investigate both sides of P2P rental communities as the two-sided market literature mainly focuses on selling and buying transactions. Finally, most of the existent research on access-based consumption focuses on product access but it largely ignores tasks access and it assumes consumers behaviour as homogeneous.

Understanding both sides of community, this study contributes to identify and to define different usage behaviour within P2P-task rental communities (P2P-TRC) through (1) an examination of usage’ behaviour heterogeneity in the context of P2P-TRC and (2) an exploration of profiles of one-time users as well as their perceived motives and barriers. This study is based on three-years transaction-level data provided by Listminut, a large P2P community that allows demanders to post a task (e.g., cleaning a house or babysitting) and suppliers who claim to have the specific capacity or expertise to send a proposal to fulfil the task. All members have the option to engage in both sides of the community. They can be either one-way users (demanders or suppliers), two-way users (demanders and suppliers), non-users (members who have not participated yet in any transaction but they might do so in the future) (Philipa, Ozanne et al. 2015). The database gathers around 20,000 members with more than 5,000 posted tasks, 6,500 offers, 1,500 accepted offers and 13,000 conversations. A three-step mixed-method approach is used to empirically identify and explore different behaviours of demanders and suppliers.

The authors, as a first step, start running a series of linear regressions aiming at identifying the transactional and demographic variables which have an impact on the performance indicators. These indicators represent, for demanders, a posted task which was successfully outsourced and, for suppliers, an offer which was accepted. Fifteen relevant variables (e.g. average price proposed by demander, average conversation received by posted task, average estimated time to handle the task) have been found. As a second step, these relevant independent variables are used in a cluster analysis combining both hierarchical (Ward’s method) and non-hierarchical (k-means method) methods. The authors identify four different segments of suppliers: concession-makers (11%), multi-skills suppliers ready for everything (31%), money driven suppliers with poor performance (36%) and non-active ones (22%) as well as four different segments of demanders: match-makers
(55%), demanders afraid to trust (11%), socializers arising little interest (27%) and popular requesters with high expectations (7%). The creation of the segments relies mainly on usage characteristics rather than on demographic data. On both sides of the community, segments show significant differences regarding the clustering variables. In addition, for each cluster, the authors strengthen their interpretation and refine the members’ profile by using the performance indicators, other variables that characterise the task (for example: the required skills to perform a task such as physical, social and knowledge ability as well as trust level) but do not relate directly to members and variables that are not significant with regard to the regression analysis. All segments show different success performance and different behaviours among users. First of all, the results indicate that demanders and suppliers behaviours are partly influenced by the skills required to perform the task. Secondly, the results show that demanders’ success is influenced by their own expectations, usage and interaction characteristics. For example, successful demanders connect often to the platform but they do not interact that often with suppliers and they have no expectation for high level of trust, physical ability or specific knowledge with regard to the suppliers’ skills. Thirdly, suppliers’ success is highly driven by the ability of those to meet demanders’ expectations and not necessarily by their own expectations. Indeed, their success is characterised by low salary acceptance, long duration job and high usage intensity that means frequent connexion to the online platform and frequent interaction with demanders. Finally, all segments are characterised by a high percentage of one-time users who start using the platform and then decide to stop after the first successful or unsuccessful use of it. This is the result of the third step of this study which aims at exploring profiles, motives and barriers of one-time users through qualitative interviews. The authors will conduct 20 semi-structured interviews with customers (suppliers and demanders) who have started once using Listminut platform and who are now, for one year at least, inactive members. The objective is twofold: to find factors that influence members’ retention and to understand what could influence one-time users’ re-activation.

This study contributes to extant literature in several ways: First, the present research identifies and explores different users’ behaviours for both sides of a P2P rental community and for customers who have been considered as homogenous so far. Understanding heterogeneity among customers can help managers to better target potential users and to communicate more effectively to their members. Second, the research identifies relevant factors which explain transaction success for both sides of the community. Better understanding how to satisfy suppliers and
demanders is a critical issue for P2P rental communities as it increases the chance of a perfect match. Third, it investigates deeper the one-time users scenarios in relation with their perceived motives and barriers. This can help P2P rental communities to develop strategies to keep users active. Furthermore, using transactions data to establish some main effects and a qualitative approach to investigate the logic behind these effects makes the study unique and reflects accurately the reality of P2P-TRC. Finally, this work gives recommendations to managers on which retention strategies should be developed according to users’ profile (success / usage).
References


Incentives for Writing Online Reviews – Differential Effects on Likelihood and Valence

Ina Garnefeld (University of Wuppertal), Ann-Kathrin Groetschel (University of Wuppertal)

Introduction

Online reviews have evolved as a powerful driver of companies’ success. Due to their prevalence and trustworthiness, especially service customers heavily rely on these reviews when making a purchase decision. As a noteworthy impact of positive reviews on sales has been established (Chevalier & Mayzlin, 2006), companies have a great interest that their customers publish positive online reviews.

In order to increase online reviews, companies have started using incentives (Poch & Martin, 2015). To do so, they offer monetary or non-monetary rewards to their customers in return for writing online reviews. Typically, they do not explicitly state that the review has to be (only) positive. Nokia for example offers an add-on product for writing a review on Amazon about the Lumia smartphone.

However, it is not at all clear whether incentives will have the intended consequences and companies will actually profit from an increase in positive online reviews. While an increase of the amount of online reviews due to the offered incentive seems to be likely, effects on online reviews’ valence are unclear. Based on Expectancy-Value Theory, reviews’ valence changes in positive direction because senders want to make sure to receive the promised reward. On the other hand, Self-Affirmation Theory suggests reviews positivity might decrease because customers do not want to perceive themselves as “being bought”.

Therefore, with this research we answer the following two research questions:

1) Do incentives increase customers’ likelihood to write online reviews?
2) Do incentives influence online reviews’ valence?

Theory and Hypotheses

Theoretical background

Vroom’s (1964) Expectancy-Value Theory explains peoples’ motivation to invest in a behavioral action. The decision to behave in a certain way depends on expectancy (E) - defined as the perceived probability to reach an outcome by performing an action - and the outcomes’ value (V). Both are connected within a multiplicative formula forming the decision
to perform the action \((\text{Decision} = V \times E)\). If individuals are confronted with uncertain outcomes, their behavior will be affected by their perceived probability to get the outcomes and the outcomes’ values.

According to **Self-Affirmation Theory** (Steele, 1988) individuals have a motivation to keep a positive image about their selves and try to protect their self-integrity which is the concept about oneself as a moral person. There are two basic strategies for maintaining self-integrity. First, the threat itself or the perception of the threat can be reduced. Second, the perceived self-integrity can be restored without addressing the threat itself, but by affirming another aspect of the self (Steele, Spencer, & Lynch, 1993).

**Writing likelihood**

Based on Expectancy-Value Theory, customers’ likelihood for publishing online reviews depends on the likelihood to receive a certain outcome for this behavior and the value of this outcome. If a company rewards the review publication, the outcome of writing a review is higher compared to a situation in which no incentive is offered. Hence, customers will more likely publish an online review when an incentive is offered:

*Hypothesis 1: An offered incentive for the review publication in contrast to no incentive will increase the review publication likelihood.*

**Valence**

Based on Expectancy-Value Theory, the motivation to publish a review does not only depend on the perceived value of behavior’s outcome but on the likelihood that the outcome will actually be obtained. Customers will believe that companies are interested in positive online reviews and might assume that the offered incentive will be only given to them in case of positive reviews. Therefore, customers independent of their satisfaction level will increase their perceived probabilities of receiving the incentive by writing a more positive online review compared to a situation without an incentive offer:

*Hypothesis 2: An offered incentive for the review publication in contrast to no incentive will increase the reviews’ valence of all customers’ reviews in positive direction.*

According to Self-Affirmation Theory, a different effect might occur as the offered incentive can threaten customers’ self-integrity. Satisfied customers publishing an online review might perceive their self-image endangered by the incentive and could perceive their
selves as “being bought”. To avoid the threat to their self-integrity, they adjust the review valence in negative direction.

For indifferent customers, the incentive will not influence their rating because there is no danger of feeling bought by the company. If they publish a neutral review in line with their experience, they do not risk feeling bribed by the company. Hence, they have no reason to adjust the valence of the online review:

Hypothesis 2_{alt}: An offered incentive for the review publication in contrast to no incentive will adjust the satisfied customers’ reviews’ valence in negative direction while it will not change the indifferent customers’ review valence.

Experimental Study

Design and procedure

We conducted a between-subject 2x2 design and manipulated the incentive offer (incentive vs. no incentive) and customers’ satisfaction (satisfied vs. indifferent).

Using a scenario approach, each participant (n = 239) received a description which pictured a customer buying a fitness DVD online. In the satisfaction condition, pace and explanations of the exercises were perfect and therefore, the satisfaction with the purchased DVD was high. To create indifference with the DVD, the exercises’ pace was described as appropriate but the speakers’ voice was disliked. To manipulate the incentive, participants were told that a flyer had been attached to the DVD offering a 5 € amazon voucher in exchange for an online review of the specific DVD on amazon. Participants from the no-incentive groups did not receive this information. After reading the scenario, participants filled in a questionnaire.

Measures and results

To measure our dependent variables, we used single-item measurement (Bergkvist & Rossiter, 2007). Recommendation likelihood was measured as a percentage. Further, we measured online review valence by asking for an overall rating of the product within the review between one (very poor) and five (very good).

A manipulation check supported the different perceptions of the satisfaction levels ($M_{\text{indifferent}} = 4.290, M_{\text{satisfied}} = 5.300; t(237) = -5.188, p = .000$). A pretest confirmed the scenarios to be perceived as different with regard to the incentive offer existence.
To test our hypotheses we conducted a multivariate analysis of variance (MANOVA). In support of **Hypothesis 1**, the main effect of an incentive on online review publication likelihood is significant ($F(3, 235) = 7.211, p = .008$). Customers are more likely to publish an online review when an incentive is offered. As there is neither a main effect of satisfaction ($F(3, 235) = 3.189, p = .075$) nor an interaction effect between satisfaction and incentive offer ($F(3, 235) = .003, p = .958$) on publication likelihood, the effect of incentives is independent of satisfaction.

Furthermore, MANOVA results show significant main effects of incentives ($F(3, 235) = 5.378, p = .021$) and satisfaction ($F(3, 235) = 36.650, p = .000$) on review valence. In line with **Hypothesis 2**, the interaction effect between an incentive and satisfaction on reviews’ valence is also significant ($F(3, 235) = 5.303, p = .022$). An incentive offer decreases the positivity of satisfied customers’ online reviews but does not affect indifferent customers’ online reviews.

**Discussion and Implications**

To the best of our knowledge our research is the first testing the effects of offering incentives for online review writing on publication likelihood and review valence. First, we find support that an offered incentive increases online review publication likelihood. Due to the positive effect the volume of reviews elicits on awareness for unknown products (Berger, Sorensen, & Rasmussen, 2010), offering incentives could be an effective strategy especially in the early stage of products’ lifecycle.

Second, an incentive offer lowers satisfied customers’ rating. Based on the finding that five star ratings raise sales while one star ratings on amazon for example lower sales (Chevalier & Mayzlin, 2006), managers are only interested in positive reviews. Therefore, offering incentives might backfire.

As a consequence, managers should consider offering incentives depending on their particular situation. Aiming at stimulating a rapid diffusion of a new product, offering incentives can be promising. In contrast, established firms in competitive markets should not risk receiving lower ratings.
References


The growth of social media has established a new dynamic in marketing, providing consumers with a wide variety of ways to engage with brands. Social networking sites (SNS) produce a sense of community and generate users’ emotional significance, increasing loyalty, positive word-of-mouth and willingness of consumers to maintain strong relationships with brands and organizations (Dholakia et al. 2004; Bergkvist and Bech-Larsen 2010).

However, within a social media context, much of the existing motivation and engagement research is limited in scope and design (Muntinga et al. 2011; Tsai and Men 2013). This is particularly true in the sport marketing field, the focus of this study, where the use of SNS from the fan perspective remains under researched (Pronschinske et al. 2012; Stavros et al. 2014), while sport consumers are becoming disappointed and disconnected with sport organizations (Kim and Trail 2011).

Therefore, the purpose of this research is to identify the motivations that drive consumer engagement with sport clubs on Facebook and to better understand the benefits underlying this platform.

Background

In order to establish consumer’s motivations to engage with sport clubs on Facebook, this study is theoretically grounded in the Uses and Gratifications approach (U&G). The focus of this theory is on why and how individuals voluntarily select and use certain media to meet social and psychological needs and desires (Katz et al. 1973). A number of U&G studies have conceptualized audience activity as a variable construct, with media consumers exhibiting varying kinds and degrees of activity (Levy and Windahl 1984). Recent studies (Smock et al. 2011; Sundar and Limperos 2013) claim that needs can be triggered by features the user experiences while using a specific media.

As such, this work explores the consumer’s motivations, associated with Facebook functionalities (e.g., post, shares) in order to determine consumer engagement (CE) with the sport club. U&G researchers have identified several motivations for social media use, with seven of them standing out:
Information – relates to the need of staying updated about the brand or learning and profiting from other consumers’ knowledge to make brand buying decisions (Hur et al. 2007; Gummerus et al. 2012; Muntinga 2013).

Entertainment – relates to the need of relaxation, enjoyment and evasion from daily routine through brand-related activities on social media (Muntinga 2013; Baldus et al. 2015).

Personal Identity – relates to the need of shaping one’s identity through self-expression and self-presentation by providing an image of one’s personality and by receiving peers and other consumers’ recognition through social media (Muntinga 2013; Stavros et al. 2014).

Integration and Social Interaction – relates to the need of bonding with people with a common passion and of meeting like-minded others (Muntinga et al. 2011; Gummerus et al. 2012; Sundar and Limperos 2013; Baldus et al. 2015).

Empowerment – relates to the need of influencing and convincing other consumers, companies or brands and of playing the role of opinion maker (Muntinga 2013; Sundar and Limperos 2013; Baldus et al. 2015).

Remuneration – relates to the need of gaining some kind of reward, such as a monetary compensation, incentives or prizes (Gummerus et al. 2012; Muntinga 2013; Stavros et al. 2014; Baldus et al. 2015).

Brand Love – relates to a strong positive feeling that one has towards a brand or organization driving him to become a fan (Seo and Green 2008; Albert et al. 2009; Baldus et al. 2015).

In order to determine the predictive value of motivations on sports fans’ engagement, this study will consider the behavioural dimension of CE with different degrees of activity (van Doorn et al. 2010; Tsai and Men 2013) on brand SNS pages. Several studies examine online consumer behaviour by user typologies (e.g., Li and Bernoff 2008; Wallace et al. 2014), not taking into account that people usually engage in different roles and activities. Furthermore, recent studies (e.g., de Vries et al. 2012; Pöyry et al. 2013; Kabadayi and Price 2014) tend to focus only on particular Facebook features, neglecting the variety of activities that can be performed on this SNS.
Given this, consumers’ brand-related activities can be grouped into one of three dimensions, namely consuming, contributing and creating (Guosong 2009; Muntinga et al. 2011). Consuming covers brand-related activities associated with a minimum level of engagement such as viewing brand-related posts, without actively participating. Contributing, the middle level of engagement, covers both interactions with others or with brand contents, such as sharing information. Finally, creating, the highest level of engagement, relates to actively producing/publishing brand-related content, including writing articles and using hashtags. Attention will be given to the following hypotheses:

H1: Consumption, Contribution and Creation activities measure CE with a sport club on Facebook.
H2: The need for Information will influence CE with a sport club on Facebook.
H3: The need for Entertainment will influence CE with a sport club on Facebook.
H4: The need for Personal Identity will influence CE with a sport club on Facebook.
H5: The need for Integration and Social Interaction will influence CE with a sport club on Facebook.
H6: The need for Empowerment will influence CE with a sport club on Facebook.
H7: The need for Remuneration will influence CE with a sport club on Facebook.
H8: Brand Love will influence CE with a sport club on Facebook.

**Research methodology**

Professional clubs of the Portuguese football league in the 2014–2015 season were chosen for this study based on the good country (9th position) and clubs rankings in UEFA competitions and on the popularity of these clubs on Facebook, with almost 9 million fans.

For the empirical study, a web-based survey was conducted, resulting in a convenience sample of 562 responses, corresponding to fans of 19 Portuguese sport clubs. Motivations and activities were measured based on multi-item scales established in previous research and assessed in a 7-point Likert scale.
Results and discussion

The majority of respondents followed one of the three most popular clubs in Portugal (77.9%) and were not a club member (68.1%). The respondents are both men (53%) and women (47%), predominantly between 18-25 years old (52.1%), with a high education level (62.7%) and mostly students (47.3%).

Composite measures of identified factors of both motivation and activity dimensions were unidimensional and demonstrated good scale reliability (0.6<KMO<0.9, significant Bartlett’s test, 0.7<\text{Cronbach’s alpha}<0.9, and AVE > 0.55) according to accepted standards (Nunnally 1978).

A second-order confirmatory factor analysis (CFA) was then used to test H1, considering the activities included in the model as first-order indicators of the higher order CE construct. Internal reliability tests demonstrated good internal consistency (Table 1), with a strong Cronbach’s alpha (0.874) and AVE estimates (0.8) above the recommended minimum of 0.50 (Fornell and Larcker 1981; Bagozzi and Yi 1988). The second-order standardized factor loadings were all positive and significant ($p<0.01$). Contribution (0.934) emerged as the most important dimension of CE. Conversely, Consumption (0.844) was deemed as the least important factor. H1 was therefore supported.

Table 1. CFA results for measurement items on CE (H1)

<table>
<thead>
<tr>
<th>Items</th>
<th>Loading</th>
<th>Communalitie</th>
<th>KMO</th>
<th>Bartlett’s test</th>
<th>Chronbach’s $\alpha$</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>0.844</td>
<td>0.713</td>
<td></td>
<td>0.69</td>
<td>0.000</td>
<td>0.874</td>
</tr>
<tr>
<td>Contribution</td>
<td>0.934</td>
<td>0.872</td>
<td>5</td>
<td>0.000</td>
<td>0.874</td>
<td>80%</td>
</tr>
<tr>
<td>Creation</td>
<td>0.904</td>
<td>0.816</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hypotheses 2 through 8 aimed to determine to what extent CE is explained by consumer motivations. Multiple regression analysis showed the model was significant (adjusted

$R^2=0.639$, $R>0.8$, $p-value<0.05$). Information (H2), Integration and Social Interaction (H5), Empowerment (H6), Remuneration (H7) and Brand Love (H8) emerged as important determinants of CE with sport clubs. Conversely, Entertainment (H3) and Personal Identity (H4) were found non-significant (Table 2).
Table 2. Summary of linear regression results on motivations on CE

<table>
<thead>
<tr>
<th>Consumer Motivations</th>
<th>CE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>0.153</td>
</tr>
<tr>
<td>Entertainment</td>
<td>ns</td>
</tr>
<tr>
<td>Personal Identity</td>
<td>ns</td>
</tr>
<tr>
<td>Integration and Social Interaction</td>
<td>0.238</td>
</tr>
<tr>
<td>Interaction</td>
<td>0.238</td>
</tr>
<tr>
<td>Empowerment</td>
<td>0.196</td>
</tr>
<tr>
<td>Remuneration</td>
<td>0.111</td>
</tr>
<tr>
<td>Brand Love</td>
<td>0.174</td>
</tr>
<tr>
<td>R</td>
<td>0.802</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.639</td>
</tr>
</tbody>
</table>

Note: *p*-value <0.01; non-significant β values are indicated as ns.

Results revealed that Information is an important motivation for CE, since the consumer seeks for up-to-date information about sport events, products, teams and players. Unlike prior studies, Entertainment was found non-significant. This finding may be due to the fact that sport clubs pages do not provide enough entertainment elements, such as games, contests or events (Zhang et al. 2010) and also due to the fact that sport users are more likely to search for utilitarian (information) than hedonic value (entertainment). Results also showed that Personal Identity does not influence CE: the level of CE with the club is not important to shape the individuals’ identity (Fillis and Mackay 2013). Nevertheless, Integration and Social Interaction was found to be the primary motivation for CE, pointing out the value of sharing opinions and experiences and developing social relationships through the sport club (Hur et al. 2007). The analysis also indicated that Empowerment and Remuneration are significant drivers of CE, reinforcing the idea that Facebook is perceived as a social connection platform, as well as a marketplace,
where users are becoming the centre of the business process by seeking power and benefits. Finally, the impact of Brand Love on CE reveals the importance of high levels of consumer relationships with the sport club (Albert et al. 2009), leading to an active engagement (Bergkvist and Bech-Larsen 2010).

Summarizing, the present study contributes to better understand the use of SNS from the sport fan perspective by determining the drivers of CE on Facebook. In addition, this research applied a typology of brand-related uses in three levels for a more complete perception of the users’ engagement behaviours on brand SNS pages. In terms of **managerial implications**, this study provides guidance to managers on the use of Facebook and on the motivations that drive CE with sport clubs. So, Facebook proved to be a good platform for brands to communicate, interact and engage with consumers in order to turn them into fans.
References


Tourism and Cultural Services I

From a disrupting innovation to a mainstream economic activity: the market restructuring and formation role of the sub-economies of the Airbnb's sharing ecosystem

Marianna Sigala (University of South Australia), Isaac Mizrachi (The College of Management - Academic Studies (Israel))

Introduction
The sharing economy is growing with exponential rates due to technological advances (e.g. social networking tools, provision of software as-a-service), payment systems (e.g. micro-payments) and socio-economic trends (e.g. economic crisis, anti-capitalist and anti-consumerism trends) (Hamari et al. 2015; Möhlmann 2015). Moreover, the availability of a great diversity of idle resources and the low barriers of entry have not only enabled numerous sharing online platforms to emerge, but they have also provided the opportunity for many other new actors to create and offer services that support the business model of those sharing platforms.

Most of the current research has failed to examine the new actors that are rising around sharing ecosystems and how they support with their practices the restructuring, redefinition and reformation of value systems and chains. To address these gaps, this study investigates the ways in which the various start-up companies surrounding sharing ecosystems can contribute to the formation and institutionalization of new markets. Due to the lack of previous research, a qualitative case study approach was adopted by identifying the various entrepreneurs that have emerged around the sharing ecosystem of Airbnb and investigating how their practices in exchanging resources and participating in value co-creation contributes to the reformation and establishment of sharing markets as a mainstream economic activity.

Theoretical Foundation
The sharing economy is widely understood as a marketplace whereby ‘...people coordinate the acquisition and distribution of a resource for a fee or other compensation’ (Belk 2014b, p. 1597). Dredge & Gyimothy (2015) identified 17 terms cutting across all disciplines that are
used to describe the sharing economy as a hybrid, digitally facilitated, alternative economic model embedded in deep-rooted cultural, moral and ecological rationales. Botsman and Rogers (2010, p. xvi) distilled the complexity of change caused by the sharing economy into three systems (namely, product service systems, redistributive markets and collaborative lifestyles) that all together are redefining not only what we consume but how we consume it. The sharing economy allows people to adopt a more environmentally sustainable or anti-market lifestyle (Lau, 2015). By building on critical mass through digital technologies, making use of spare or ‘idling’ capacity, believing in the commons, and facilitating trust between strangers, the sharing economy unlocks new ways of accessing goods and services.

The sharing economy is also growing fast within tourism and hospitality resulting in tremendous challenges and transformational changes in these sectors (Sigala 2015). With more than 1,000,000 listings in 190 countries, Airbnb is now a prominent player in the global hospitality industry (Airbnb 2015). Since its inception in 2009 Airbnb has offered a disruptive model to the traditional hotel industry by providing a marketplace for short-term accommodation rentals. Several studies provide evidence of the disrupting effects and market changes caused by Airbnb (Guttentag 2013; Ha 2013; Kerr 2014; Zervas, Proserpio & Byers 2015; Dredge & Gyimothy, 2015; Sigala 2015). The sharing ecosystem of the Airbnb has been enhanced with the emergence of numerous start-ups that assist Airbnb hosts with their work: from creating their listings on the website and screening guests, to purchasing furniture and cleaning the house when guests leave. There are numerous examples of such start-ups, but none study has examined yet how they support value co-creation in sharing ecosystems:

- **Everbooked**: enabling changes of price automatically based on Airbnb trends
- **Touchstay**: creates a welcome book for your Airbnb guests
- **Airdna**: provision of analytics for Airbnb
- **Made Comfy**: taking care of Airbnb management for the host
- **Beyond a Room**: Airbnb management for hosts
- **Key Cafe**: providing remote access to accommodation (overcoming the key gap)
- **Pillow**: Airbnb management for hosts
- **Guest Ready**: providing advice for hosts

More recently, a new term entitled 'collaborative economy' has gained momentum in an effort to recognize that these P2P constellations extend beyond consumption, e.g. co-creation of
ideas and services. The collaborative economy is also defined as a diversity of exchanges (i.e. lending, renting, swapping, gifting, bartering, sharing, etc.) between a network of connected individuals, communities, or organizations, and utilizes an online platform to facilitate offline exchanges, interactions, and experiences. However, although this definition highlights the interactive co-creation of value taking place within sharing ecosystems, research in the sharing economy has failed to study value co-creation and socio-economic change as a collaborative phenomenon enabled by the various market actors of a sharing ecosystem (Belk, 2014). Given the emergence of numerous entrepreneurs around sharing platforms and communities, research is required to study how: their value propositions support co-creation of sharing value within sharing ecosystems; and the ways in which their practices drive economic and socio-cultural changes that ultimately contribute to the formation and establishment of (new) sharing markets.

The marketing and management literature also recognises the transformation of markets into an interaction platform that enables a greater dialogic and collaborative value co-creation between firms and customers (Normann & Ramirez, 1993; Prahalad & Ramaswamy, 2004), while research in services advocates a greater paradigm shift from transaction exchange theory towards a service-dominant logic, SDL, (Lusch & Vargo, 2006; Vargo & Lusch, 2004), which does not view customers as passive consumers anymore, but rather as active market players, who possess significant repositories of intangible operant resources (i.e. knowledge, skills, competences) and idle resources, and participate in value co-creation through exchanging, providing access and adapting resources.

To that end, this study adopts a market based approach conceptualising the formation and development of markets as a result of three learning capabilities of market actors (i.e. network structure, market practices and market pictures), in order to investigate the role and the ways in which start-up entrepreneurs developed around sharing ecosystems contribute to the co-creation of sharing value and the formation/institutionalisation of sharing markets.

**Methodology**

The study adopts a market based approach in conceptualizing and explaining the formation and shaping of markets. The learning outcomes of the “learning with the market" approach
are used for collecting data from start-up companies representing the sub-economies developed around Airbnb. A structured questionnaire was designed for conducting in-depth interviews with a representative sample of 20 start-up companies. Triangulation is also used for ensuring reliability by collecting data through various sources (i.e. interviews, website observations) and various sources (i.e. Airbnb, start-up companies, hoteliers).

Findings

The findings provide useful information about several issues including the following:

- The resources provided by the start-up companies for enabling co-creation of value within the Airbnb’s ecosystem, such as technological, informational, cultural, and political resources
- The value propositions of the entrepreneurs facilitating the exchange and integration of resources with other actors within the sharing ecosystem for co-creating value
- The ways in which the market actors of the sharing ecosystem become inter-dependent and value co-creation emerges as a result of resource exchanges, adaptations and integrations within a constellation of multi-actors’ interactions
- The various practices undertaken by the start-up companies that contribute and support the formation and institutionalization of a (new) sharing market and help Airbnb to transform from a disruption to a mainstream economic activity (Table 1 provides a summary of these practices)

<table>
<thead>
<tr>
<th>Capabilities / outcomes of the 'learning with the market’</th>
<th>Explanations of the outcomes of the “learning with the market”</th>
<th>Role and impact of the actors surrounding the Airbnb’s sharing ecosystem on the outcomes of the learning with the market</th>
</tr>
</thead>
</table>

Table 1. “Learning with the market” and the role of the actors surrounding the Airbnb’s sharing ecosystem in supporting market change and formation
<table>
<thead>
<tr>
<th><strong>Network structure:</strong></th>
<th></th>
<th><strong>Start-ups creating networks and enabling accommodation providers to participate in them for accessing and exchanging resources required for co-creation of sharing value and for using Airbnb’s services</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actors, their power and ties in the network</td>
<td>Inclusion or exclusion of actors in a network</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to networks and creation of network ties for controlling and accessing strategic information or resources</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Market practices</strong> that happen between actors in the market network</th>
<th><strong>Exchange practices:</strong></th>
<th><strong>Start-up companies educating accommodation providers:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Three interconnected market practices:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange practices: through which value propositions are being communicated, refined and agreed upon</td>
<td>Financial transactions</td>
<td>How to set up prices in Airbnb</td>
</tr>
<tr>
<td>Normalized practices: (reciprocity, trust and overt rules) that influence the behavior of actors</td>
<td>Commonly agreed sales item definition</td>
<td>How to present their accommodation offering in Airbnb</td>
</tr>
<tr>
<td>Representational practices: common</td>
<td>Price formation mechanisms</td>
<td>How to collect and interpret relevant information for engaging in the sharing economy</td>
</tr>
<tr>
<td></td>
<td>Customer readiness (e.g. to participate in the market and to use the product/service)</td>
<td>How to avoid breaking the law in terms of taxation and home insurance</td>
</tr>
<tr>
<td></td>
<td>Network readiness (e.g. to participate in the market)</td>
<td>How to collect market intelligence</td>
</tr>
<tr>
<td></td>
<td>Competitive alternatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market/industry associations</td>
<td><strong>Start-up companies engaging in normalized practices influencing:</strong></td>
</tr>
<tr>
<td></td>
<td>Normalized practices:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technological standards (agreed or established)</td>
<td>Legislation and regulations</td>
</tr>
</tbody>
</table>
language to describe markets and actions within them. They portray markets and the way they work, and thus, they produce shared images of the market.

Representational practices:
- Social and relational norms
- Sustainable values
- Commonly agreed terminology
- Market research
- Coverage in media
- Official statistics

about the impact of the sharing economy in the accommodation sector, e.g. accreditation of accommodation providers, taxation etc
- The creation of a culture supporting the provision of more sustainable and authentic tourism experiences in the tourism industry

Start-up companies collecting data about the sharing economy that:

- Creates a commonly agreed terminology
- Establishing industry standards in terms of guests screening and technology software standards
- Representation of the image and impact of the sharing economy on the tourism industry and economy
<table>
<thead>
<tr>
<th>Market pictures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Interpretations of the market): How actors interpret the market network (where it starts and where it ends)</td>
</tr>
</tbody>
</table>

| Idiosyncratic sense-making processes of managers, which create the managers' subjective mental representations of their market. Subjective representations of markets are influenced by assumptions, labeled dominating ideas, dominating logic, commonly accepted dominant designs and business models. |

| Entrepreneurs of Airbnb providing and enabling other market actors to participate in: educational seminars and workshops about the sharing economy; peer to peer learning networks and associations; diffusion of a specific terminology and ideology around the sharing economy |

Detailed findings regarding the start-up companies practices in the value co-creation process will be given in the full version of this paper.
References


Ali, H. Key Factors of Success of the Online Hospitality Exchange and Sharing Communities.


Sigala, M. (2015): Collaborative commerce in tourism: implications for research and industry, Current Issues in Tourism,


Expectation and Emotion Enhancement using Content Knowledge in Cultural Experiences

Nadia Steils (University of Namur - IAE Lille), Zakia Obaidalahe (IAE Lille), Dominique Crié (IAE Lille), Francis Salerno (IAE Lille)

Introduction

Defying the rules of traditional marketing, cultural industries usually prioritize the cultural product over consumers’ expectations. Marketing researchers even claim that customer-centric approaches are unfavorable in the cultural sector (Voss and Voss, 2000). The subjectivity of the cultural product and the primacy of the artist are among the criteria which differentiate cultural products from other products (Benghozi, 1995). As consumers’ expectations are given little credit, generating consumer satisfaction becomes challenging (Troilo, Cito and Soscia, 2014). Therefore, in order to raise public awareness about their cultural work, cultural institutions deliver information about the artistic work using flyers, posters, Internet, etc. to deliver content knowledge about a particular upcoming performance. Cultural institutions try to enrich these communication messages emotionally, hoping to prime and activate specific feelings of potential visitors. However, despite the amount of communication materials used by these institutions, the expected results are not always convincing (Bourgeon-Renault, 2000). We thus aim to answer the following questions: How does providing content knowledge about a cultural performance impact visitors’ satisfaction and affective reaction by creating rational expectations and priming visitors’ affective expectations? We address these questions using a qualitative exploratory study and two quantitative field studies.

Theoretical Framework

Cultural experiences

According to Caldewells (2001), attending performing arts results from an interaction between behavioral triggers and constraints, consumption motives, and buying-consuming activities. He claims that all three of them create greater enjoyment and satisfaction with the cultural experience (Caldwell, 2001; Lee et al., 2008). Traditionally, two approaches are used to study the concept of satisfaction in marketing (Homburg, Koschate and Hoyer, 2006): a purely cognitive approach and a purely emotional approach. Although the model of the
disconfirmation of expectations presented the major approach for studying satisfaction until
the 80s, the inclusion of affective reactions has brought more credibility to the study of
satisfaction and experiences (Mano and Oliver, 1993). For the purpose of this study we want
to oppose rational (i.e. cultural enrichment) to emotional expectations (i.e. anticipated
emotions). Based on Koenig-Lewis and Palmer’s (2014) model, our research postulates that
emotions can be felt at different times of the experience: before the play (anticipated
emotions), but also after the play (experienced emotions). Moreover, we assume that
expectations as well as anticipated emotions can be influenced to some extent by the cultural
institution through content knowledge about the play that is delivered to visitors.

**Providing knowledge and priming emotions using content knowledge**

Caldwells (2001) claims that consumers with little experience in the cultural domain and little
knowledge should experience less enjoyment. Similarly, Lee et al. (2008) show that available
information about an event increases spectators’ emotions as well as their satisfaction. We
suggest that information provided through flyers and other means of communication should
not only provide content knowledge, but also play a priming role by activating anticipated
emotions of potential theater visitors. According to the priming paradigm, all information that
is read by individuals about a performance before attending it, activates known affective
concepts in the brain (e.g. joy, sadness, fear). Since the marketing literature on message
framing suggests that the information itself may be emotional or rational (Cesario, Corker et
Jelinek, 2013; Hartmann, Ibanez, et Sainz, 2005), we expect to find better results for emotion-
laden descriptions of the play. Moreover, we also expect the amount of information, that is,
the length of the message to be relevant as suggested by Rothman et Salovey (1997). Previous
studies in marketing show that consumers prefer brands that display greater quantity of
information (Patton, 1984).

**Empirical studies**

Three empirical studies are conducted to test our hypotheses:

**Study 1** aims to explore consumers’ expectations and cultural experiences to better
understand the characteristics of ‘content knowledge’ and its influence in the cultural
experience. We conducted a series of eight semi-structured interviews following the
recommendations of Silverman (2013). The interview guide focused on theatrical experiences
as perceived and experienced by informants. We observe that consumers accumulate
knowledge via flyers, peers or the Internet on what to expect from a play. These expectations can be positive and push them to attend the play, or negative preventing them to buy tickets. We also observe that content knowledge influences the appreciation of the play.

**Study 2** manipulates four types of specific knowledge in order to observe their effect on consumers’ intention to attend the play (via expectations and anticipated emotions). We manipulated the type of information (emotional vs. informational content) using affective or rational adjectives to describe the play. We also manipulated information quantity by changing the message length (126 vs. 202 words). A play evoking mixed emotions was chosen. 151 panelists (43% women; mean age = 37.5) were randomly assigned to one of the four conditions.

Using Hayes' macro (Hayes, 2012; process model 4), we observed that the impact of content knowledge on the intention to attend the play was mediated by anticipated emotions ($a = .629; p < .01$ $b = .379; p < .01$ $c' = .638; p < .05$) and rational expectations ($a = .904; p < .01, b = .521, p < .01$ $c' = .407; p < .01$). We obtained an indirect effect of 0.238 for the mediation via anticipated emotions and 0.469 for the mediation via rational expectations. Next, ANOVAs were conducted on the basis of the intention to attend the play by comparing the four groups. Manipulation checks showed a significant difference in perceived message length ($p < .05; \text{Eta}^2 = .068$). By controlling for age, gender and level of expertise, we observe that respondents exposed to long descriptions perceived significantly more subjective knowledge compared to individuals who read the short description ($p = .052; \text{Eta}^2 = .052$). They also have a significantly higher intention to attend the play ($p < .05; \text{Eta}^2 = .061$). However, we find no significant differences between the groups that were exposed to affective versus rational messages.

**Study 3** seeks to better understand the underlying processes by studying the impact of content knowledge before the play (on expectations and anticipated emotions) and after the play (on satisfaction and emotions). In collaboration with the theater *La Virgule* in Tourcoing (France), 221 visitors (66% women; mean age = 52.9) were recruited before a new and humorous theater play. Respondents were recruited at the beginning of each performance and asked to answer two questionnaires (before and after the performance) after reading a flyer describing the play.

To test the overall model (cf. figure 1), we performed structural equation modeling. Absolute indicators met the standard thresholds: $\text{CMIN/DF} = 1.988)$ $\text{GFI} = .826; \text{AGFI} = .791; \text{RMSEA}$
= .066; NFI = .886; TLI = .932; CFI = .939. We tested our global model by separating positive from negative emotions. Results are presented in figure 1.

**p < 0.01 ; *p < 0.05 ; +p<0.10. The path coefficients are the standardized Bs.. Dotted arrows indicate negative emotions and continuous arrows indicate positive emotions.

**Figure 1: Results from Structural Equation Modeling**

**Discussion**

The results of this research confirm our hypotheses that delivering content knowledge about a performance has a direct influence on visitors’ cultural experience before (rational expectations, anticipated emotions, intention to attend the play) and an indirect influence after the performance (emotional reaction and satisfaction). Our results show that rational and affective expectations are forged differently. Due to the uniqueness of each performance, rational expectations are non-existent per se as no comparison standard exists. Delivering content knowledge through flyers and other means can therefore help consumers to create rational expectations. The more information is provided, the higher will be visitors’ satisfaction. However, affective expectations are primed. Information about the event comes activating known feelings and forges anticipated emotions. In line with previous research, individuals forge expectations as a result of information processing (LaTour and Peat, 1979) and promises made by the organizers (Woodruff et al., 1991). The disconfirmation theory explains that if the performance meets or exceeds the level of standards, visitors are satisfied (Oliver, 1981). Conversely, if the performance does not reach the comparison standard level, satisfaction will decrease, as suggested by Sherif and Hovlan (1961). Our results contribute to nuancing this common perspective in service research due to the specificity of the cultural
sector. Because of the duality of expectations, our results show a contradictory role of information provided by cultural institutions.

From a managerial perspective our results provide not only information about the importance of effective communication in the way visitors’ experience a cultural event, but also how this information should be designed. Companies should carefully handle affective priming as this increases positive emotions, but thereby risks reducing satisfaction with the cultural experience. The performance should therefore not be entirely revealed to leave room for the performance to exceed expectations. Limitations for this research pertain to the specificity of the cultural context. We suggest that future research may be conducted in the service industry. Moreover, it would also be interesting for future studies to analyze potential thresholds that may exist when delivering information to visitors.
References


Non-Visitor Intentions to Travel to a Long-Haul Holiday Destination

Constanza Bianchi (Universidad Adolfo Ibáñez)

Introduction and Hypotheses

Few studies explore the impact of previous visitation or distance on loyalty for long-haul travellers (Fayeke & Crompton, 1991; Vigolo, 2014). Attracting visitors from long-haul markets involves unique challenges compared to short-haul markets (McKercher et al. 2008). Among these are higher airfare costs, longer travel time, and multiple travel connections for travellers. In addition, perceptions of destination attributes become more uncertain (Pike et al. 2010), specially for travellers that have not visited the destination previously (Fayeke & Crompton, 1991; Milman & Pizam, 1995). Various studies suggest that past visitors have more positive images of a destination than non-visitors (Fayeke & Crompton, 1991; Milman & Pizam, 1995). Moreover, intention to visit a specific holiday destination declines as the travel distance increases (McKercher et al., 2008).

The main goal of this study is to test a CBBE (consumer-based brand equity) on the intention to visit Australia as a long-haul holiday destination for potential non-visitor travellers from Latin America. CBBE is formed by 5 dimensions: brand awareness, brand image, perceived quality, brand value and brand loyalty (Keller, 1993). Scholars have used the CBBE model for examining several tourism-related topics (Boo et al. 2009; Konecnik & Gartner, 2007; Pike et al., 2010).

Aaker (1991, p. 39) defines brand loyalty as the attachment that a customer has to a brand. Attitudinal loyalty refers to the attitude a traveller has toward a destination measured by intent to visit and positive word of mouth recommendations. Brand awareness refers to a consumer’s knowledge and recall of a certain brand for given product or service (Keller, 1993). Specifically for short-haul destinations, several studies find a positive relationship between destination brand awareness and intention to revisit the destination (Kim et al., 2003; Kim et al., 2008). In a long-haul travel context, Bianchi and Pike (2011) also observed a positive relationship between destination brand awareness and attitudinal destination brand loyalty. **H1**: Destination brand awareness is positively related to intentions to visit a long-haul destination.
Previous research suggests a positive relationship between brand image and brand destination loyalty (Bianchi & Pike, 2011; Chitty et al. 2007). Other studies have also found a positive relationship between destination brand image awareness and destination brand loyalty (Boo et al., 2009). H2: Destination brand image is positively related to intentions to visit a long-haul destination.

According to Aaker (1991), a consumer is more likely to have a good image of a product or brand if he or she knows the product or brand. Once a customer is aware of a brand, he or she tends to attach meaning to the brand giving rise to image associations (Hsu et. al. 2009). Thus, a positive long-haul destination brand image can be generated for non-visitors through destination brand awareness. H3: Destination brand awareness is positively related to destination brand image.

Destination brand quality refers to perceptions of quality for a destination brand. Previous research reports that elements of perceived quality, such as destination infrastructure and accommodation, have a positive effect on brand loyalty for short-haul travel Boo et al. (2009). H4: Destination brand quality is positively related to intentions to visit a long-haul destination.

Murphy et. al. (2000) argue that perceived value of a destination represents a trade-off between the travel time and/or money invested on the one hand and the experience gained through a visit to the destination on the other. In a tourism context, brand value is an important driver of destination brand loyalty (Mechinda et al., 2009). H5: For non-visitors, destination brand value is positively related to intentions to visit a long-haul destination.

Method

An online questionnaire was sent to a sample of Chilean potential travellers in May 2014. Participants were asked if they had visited another country in the past five years and the likelihood of them taking an international vacation in the following 12 months. Participants were asked to indicate if they had previously visited Australia and to evaluate Australia on the
five dimensions of the CBBE scale (Boo et al., 2009; Konecnik & Gartner, 2007; Chi & Qu, 2008). The final page contained demographic questions.

The sample frame was derived from a database of alumni from a Chilean university who had international travel experience. 152 responses were received, which comprised 58.1% males and 41.9% females. Of this sample, 96.7% had taken an overseas holiday within the past 5 years. None of the respondents had previously visited Australia. The sample is aged between 25 and 65 years, and 98% of respondents have a university degree. The top three destination preferences were USA, Brazil, and Mexico. Australia was ranked eleventh, at only 2.2% in holiday preference.

Results

After purification, the proposed model was tested using structure equation modelling (SEM). This analysis shows a good fit for the total sample ($\chi^2$/df=1.49.5, IFI=.977, TLI=.971; CFI=.976 and RMSEA=.050). RMSEA was equal or over .05, and IFI, TLI, and CFI exceeded the recommended level of 0.90, considered a reasonable good fit (see Table 1).

**Table 1**

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path directions</th>
<th>B</th>
<th>Sig.</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H_1</td>
<td>BA → IVD</td>
<td>.214</td>
<td>.061</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H_2</td>
<td>BA → BI</td>
<td>.479</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H_3</td>
<td>BI → IVD</td>
<td>.221</td>
<td>.007</td>
<td>Supported</td>
</tr>
<tr>
<td>H_4</td>
<td>BQ → IVD</td>
<td>.101</td>
<td>.186</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H_5</td>
<td>BV → IVD</td>
<td>.320</td>
<td>.022</td>
<td>Supported</td>
</tr>
</tbody>
</table>
Discussion and Conclusion

Destination brand image had the strongest effect on intention to visit Australia for holidays (Konecnik & Gartner, 2007). Brand image also mediated the relationship between brand awareness and intention to visit the destination. Destination brand value was also strongly related to intentions to visit Australia. This is probably stronger for long-haul markets due to the higher costs involved in travelling long distances (McKercher & Lew, 2003). However, the ratings were low for Australia across all items in the brand value construct. This implies that the cost of travelling to Australia from Chile is a major inhibitor of increased visitor levels. These results confirm using the model of CBBE for destination branding research (Bianchi & Pike, 2011). Although brand quality was well evaluated for Australia among non-visitors, the results show that it was not significantly related to visit intention. This suggests that Chilean travellers assume that Australia is a developed nation with high quality facilities, but this does not affect their intentions to choose Australia for long-haul holiday travel.

Understanding the main factors that affect holiday traveller’s decisions to visit a long-haul destination can help destination marketers to develop better international destination marketing campaigns. International marketing communication strategies (promotional activities and advertising messages) for long-haul markets should be designed so that they emphasize and strengthen attributes and cues that will enhance consumers’ preferences for a specific destination.
References


1.8 Service Productivity

Resource asymmetry in service encounters: coping strategies and outcomes for front-line employees

Ivana Rihova (Edinburgh Napier University), Matthew Alexander (University of Strathclyde)

Introduction

Front-line employees (FEs) within service settings have attracted academic attention since the late 1970s. Indeed, Ostrom et al. (2015) reveal that academics rate their knowledge on ‘generating employee engagement to improve service outcomes’ as highest amongst all other current issues in service research. Despite growing interest in dehumanized, technology-led services (Rust & Huang, 2014) and new service perspectives which centre on proactive, engaged and collaborative customers in value-generating actor networks (Lusch & Vargo, 2014), it is unlikely that FEs will be redundant for a few decades yet.

What is more, human interactions in contemporary service encounters create scenarios where positive outcomes from co-created encounters may be challenging. Ostrom et al. (2015, p. 134) recognise this by calling for research on the “coordination mechanisms (e.g., structures, scripts, and shared norms) appropriate for managing different forms of interdependencies among employees and customers in cocreation” and consideration of outcomes for employees. Our study explores these interdependencies in settings where resource asymmetry may lead to role conflict for FEs.

Theoretical Background

Service research acknowledges the interdependent roles of the firm and its customers and the centrality of operant resources in value creation processes (Lusch & Vargo, 2014). For FEs the evolution of the service encounter results in reconfigured roles and new co-creative processes (Bowen, n.d.). These roles see FEs as: innovators (a source of creativity); differentiators, (through authentic delivery); enablers (facilitating and integrating customer processes and resources); and, co-ordinators, (interdependent role with understanding of specific forms of resource integration processes and practices) (Bowen, n.d.). Our research explores the coordination role of FEs, by focussing on situations where interdependency in service exchanges with customers creates challenges for FEs.
In organisational theory the presence of conflicting information or instruction can contribute to role conflict and ambiguity (see Rizzo, House, & Lirtzman, 1970) and negative role outcomes (Shamir, 1980). The growth in collaborative encounters may present new forms of role conflict for service employees, particularly where specific customer demands (e.g. a desire for specific customization) contradict the company’s rules and regulations (Edvardsson, Tronvoll, & Gruber, 2011). Alternatively, specific configurations of customers’ operant resources may lead to asymmetrical encounters where the extent of a customer’s cultural resources, defined as specialised knowledge/skills and imagination by Arnould et al. (2006), are either superior or inferior to those of the FE. These asymmetrical resources may then cause conflict for employees with negatively valenced outcomes, such as emotional burnout or job dissatisfaction (Bettencourt & Gwinner, 1996).

**Methods**

A pilot study collected data from six tourism FEs (contexts included visitor attraction, tourist science centre, heritage centre, coach tours) using the Critical Incident Technique (CIT) (Gremler, 2004). A total of 25 incidents were collected.

As per Grove and Fisk’s (1997) procedure, FEs were first asked to describe the purpose of the encounter between them and tourists and then to recall situations when a tourist a) knew more about [the service or its information content] than the interviewee; and b) where they thought they knew more than the interviewee (but did not). Prompting questions elicited details about situations and their outcomes. Content analysis was then used (Gremler, 2004).

**Findings**

Analysis of incidents revealed that in some encounters there was resource asymmetry between FEs and customers regarding the level of knowledge relating to the encounter. These incident categories were categorised as 1) customer resource superiority and 2) customer resource inferiority. Each type of asymmetry precipitated identifiable coping strategies, which are summarised below. Representative quotes are included in Table 1.
Customer resource superiority

Some situations saw customers’ cultural operant resources superior to those of the FEs. Customer’s personal histories, memories, previous experiences and also level of expertise, enthusiasm and interest would often render them more ‘knowledgeable’ about the object of service. In such situations two different types of coping strategies were identifiable: a) co-delivery and b) adaptation.

Co-delivery strategies are evident in scenarios where customers’ cultural resources are shared with the FE who uses these to personalise the service encounter and to make it more meaningful for other customers. Tour guides used this strategy in targeting customers with a kind of specialism or personal knowledge of a destination and asked to share these resources with other tourists. This helped to personalise the experience and charged it with emotional value.

Adaptation strategies emerged in scenarios where the FE actively integrated customers’ specialist knowledge as operant resource into their own resource set and adapted future service scripts and customer encounters accordingly. For example, visitor assistants at tourist attractions engaged in in-depth conversations with tourists with expert knowledge or interest in the context. Information gathered in such encounters was then used in future encounters.

Outcomes of customer resource superiority saw tourist’s resources either incorporated into the FE’s narrative or in some cases, the customer was invited to deliver part of or all of the encounter.

Customer resource inferiority

Our participants also identified incidents where customers’ operant resources were perceived as inferior to those of the FE. In these situations two different types of coping strategies were used by FEs: a) correcting and b) bypassing.

Correcting strategies are used when customers presented incorrect information to the FE. In our context this took the form of historical inaccuracy or factually incorrect information. Invariably the FE felt responsible for ensuring that the customer leaves the encounter with more accurate information and would employ correcting strategies to rectify customers’ error.

Bypassing strategies are used when customers were more dogmatic regarding their resource sets, while FEs are aware that such information is incorrect or that the phenomena is
subjective and customers simply hold different opinions. Here the FE has to tread a fine line between retaining integrity whilst ensuring a satisfactory encounter. Bypassing was more common in encounters where specialist knowledge was involved.

**Table 1 - Coping strategies in asymmetric resource integration**

<table>
<thead>
<tr>
<th>Types of coping strategies</th>
<th>Illustrative incident examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer resource superiority</strong></td>
<td></td>
</tr>
<tr>
<td>Co-delivery</td>
<td>“I would say to the person, away from the group, ‘look, you’re from this area, you know more than me, that’s a fact. Do you want to help me out?’ And they would almost always [...] They feel kind of almost in charge, they’re passing their experiences on [...] And I would always, -‘This is tour-guide number two’, you know, give them a title.” (P1)</td>
</tr>
<tr>
<td>Adaptation</td>
<td>“We used to have WWF representatives visit and talk to us about their conservationist message which we could then take forward into our presentations. So it would work both ways as much as we could communicate with them we could certainly absorb it as well.” (P3)</td>
</tr>
<tr>
<td><strong>Customer resource inferiority</strong></td>
<td></td>
</tr>
<tr>
<td>Correcting</td>
<td>“After going through the Scottish history and how the James’s follow and the Mary’s follow, and then once a guest said, -‘oh and that would be Bloody Mary then?’ [laughs] –‘Eh, no’. -‘I thought she fitted in there as well?’ –‘Well, she fits in but not there!’ [...] So I would just, explain, -‘well no, I can understand where the mix up comes from but that’s not…’ So you just correct them.” (P2)</td>
</tr>
<tr>
<td>By-passing</td>
<td>“Yes, everybody has their own opinion, palate, their own memories about aromas. [...] So I have got to be mindful of that, I can’t let someone hijack the tour. So I might say, -‘I accept what you say but please appreciate that</td>
</tr>
</tbody>
</table>
there are people here that may not share your opinion. So I’m willing to discuss it but can we just put it aside at the moment and we can have a chat when we’re finished.” (P4)

These strategies had the potential to cause conflict for FEs, as despite a desire to ensure the integrity of the encounter, FEs were aware of upsetting or reproving customers. Correcting strategies therefore appeared associated with more passive customers, while bypassing was employed when encountering particular types of ‘know it all’ customers.

**Conclusion**

The role of FE is influenced by the rise of proactive customers and technology but remains relevant in many service settings. Our exploratory research contributes to understanding some of the strategies used by FEs when managing different forms of interdependencies with customers in service encounters (Ostrom et al., 2015). The ubiquity and accessibility of information on an unlimited range of subjects that customers are exposed to means that FEs increasingly face customers who possess specific configurations of cultural operant resources (Arnould et al., 2006). Our research shows that the relative inferiority or superiority of these configurations results in resource asymmetry between the customer and the FE, which may lead to resource conflict (Edvardsson et al., 2011) and so requires specific coping strategies by FEs. Additionally we contribute to recent work by Bowen (n.d.) by operationalising the coordinator role adopted by employees in contemporary encounters.

Our work is at an early stage and future research in this area will take cognisance of additional factors which may affect encounter interdependencies, including the level of FE’s experience and the social context of the encounter (Edvardsson et al., 2011). Consideration of specific outcomes from asymmetrical encounters for FE is also needed. Our data hints at new forms of ‘resource conflict’ but these need further exploration with a larger data set and a wider range of service settings.
References

the customer. In R. F. Lusch & S. L. Vargo (Eds.), The service-dominant logic of

of the frontline employee. International Journal of Service Industry Management, 7(2),


exchange and value co-creation: a social construction approach. Journal of the Academy

Research, 7(1), 65.


Possibilities. Cambridge: Cambridge University Press.

Research Priorities in a Rapidly Changing Context. Journal of Service Research, 18(2),
127–159.

CA: Sage Publications.


Key Determinants of Employee Advocacy

Cheryl Leo (Murdoch University), Yelena Tsarenko (Monash university)

Introduction:
Service employee advocates act as the champions of the products and services of their service organisation. When service providers actively spread word-of-mouth, they contribute to maintain the competitiveness of the service organisation that they work for. Customers make meaning of a service brand during their service interactions (Berry, 2000). As such, when service employees recommend the goods and services of their firm, they are indirectly acting as brand ambassadors who advocate on behalf of their organisation. These employees contribute towards shaping customers’ assessment about the quality of the products or the reliability of the organisation (Walsh & Beatty, 2007). This paper investigates the key mediators and moderators in service environments that motivate service employee advocacy. First, the paper attempts to empirically test the mediating effects of organisational commitment and effort (affective and behavioural investment) between supervisory and co-worker support on the outcome behaviour of employee advocacy. Second, the paper also tests the interactional effects between employee recognition and the two mediators on employee advocacy behaviours.

Theoretical Foundation
Social exchange theory suggests individuals engage and reciprocate when they value resources and this includes the social work environment. Social exchange relationships that exist between co-workers, supervisors and employees and personal investments reinforce social exchanges relationships and generate feelings of obligation (Shore, Tetrick, Lynch, & Barksdale, 2006). Psychological ownership theory (Jon, Kostova, & Dirks, 2001) also supports the perspective that individuals who invest time, energy, and physical efforts develop a sense of ownership since individuals increasingly view themselves invested in the target object. In particular, social recognition offered in a relationship reinforces how individuals view themselves within a target object (Pierce, Kostova, & Dirks, 2003). When awarded, this tends to boost ownership and identification to the target object (e.g., organisation). The investments model (RI) (Rusbult, 1980) highlight that individuals tend to develop behavioural interdependencies when they invest more resources interpersonally. These theories support the conceptual framework in this paper that seeks to investigate the rewards and resources
invested in an employment relationship. Thus, this paper tests a theoretical framework that includes two antecedents of supervisory and co-worker support, two mediators of personal effort and commitment, and a moderating variable of recognition on employee advocacy.

**Theoretical Framework and Hypotheses**

Organisational commitment reflect individuals’ level of identification and involvement that they have with their organisation (Mowday, Steers, & Porter, 1979). The Job-Demands-Resources model (Hackman & Oldham, 1976) suggest characteristics of work environment enhance employees’ well-being. Work environment characteristics include both job demands and resources. When service employees invest in bonding with mechanisms with their organisation, this underlying attachment mechanism can motivate them to engage in consistent advocacy behaviours. Therefore:

**Hypothesis 1:** Commitment mediates the positive effect of (a) satisfaction with co-workers and (b) satisfaction with supervisor on employee advocacy.

Organisational behavioural research on employees withholding of effort differentiates between rational, normative or affective motivational bases (Kidwell & Bennett, 1993). When affective bonding exist between various parties, the emotional attachment motivate individuals to exert distinct effort levels (Lin & Huang, 2010). Studies show employees invest effort within supportive social work environments. For instance, Wrzesniewski and Dutton (2001) outline that social work environments help shape employees’ work meanings and clarify their role boundaries. George and Zhou (2007) reported that specific to a creativity context, employees invest time and effort into creative ideas in situations whereby they trust their supervisors to support the initiative. Therefore:

**Hypothesis 2:** Effort expenditure mediates the positive effect of (a) satisfaction with co-workers and (b) satisfaction with supervisor on employee advocacy.

Reinforcement theory outlines that rewards as a positive reinforcer stimulates desired behaviours (Skinner, 1953). In particular, recognition serves as a more effective reinforcer due to its symbolic value (Mickel & Barron, 2008). In receiving high recognition, this serves as an indication that the organisation values their efforts. Subsequently, well-recognised employees will feel more needed and appreciated. Previous studies show that recognition drives prosocial behaviours (Fisher & Ackerman, 1998). Recognition motivates employees’ commitment and
initiative through an acknowledgement of their unique contributions and value (Hansen, Smith, & Hansen, 2002).

Logically, an increase in perceived recognition should amplify the indirect effect of personal investment. Yet, the economic theory of a ‘crowding out’ effect suggest extrinsic recognition have no positive impact on behavior when individuals value intrinsic benefits associated with the task, and may be detrimental to the extent of reduction of intrinsic motivation (Gneezy, Meier, & Rey-Biel, 2011). Employees who are highly recognized are likely to be externally driven to put in effort to ensure a sense of connectedness between their work and competency (Ryan & Deci, 2000). Therefore, this paper hypothesizes perceived recognition amplifies only one component of personal investment, effort. Since recognition changes individuals’ locus of causality from internal to external (Deci, Koestner, & Ryan, 1999; Deci & Ryan, 2000) and nullify personal benefits associated with positive socialization. Extrinsic recognition presented for intrinsically motivating acts such as advocacy is likely to negate the autonomous motives via commitment. Therefore:

**Hypothesis 3:** Recognition moderates the indirect effects of commitment and effort expenditure between co-worker support and employee advocacy such that: (a) the indirect effect of commitment will be weaker and (b) the indirect effect of effort will be stronger for higher levels of recognition.

**Hypothesis 4:** Recognition moderates the indirect effects of commitment and effort expenditure between supervisory support and employee advocacy such that: (a) the indirect effect of commitment will be weaker and (b) the indirect effect of effort will be stronger for higher levels of recognition.

**Methodology**

A quantitative survey was conducted on service employees working in a largest health insurance organisation in Australia. The invitation to participate in the survey was sent to all customer-contact employees within the firm. Employees in the organisation were working in the context of a retail storefront setting and in a call centre. A total of N=222 survey responses were collected. All items were scaled on 7-point that ranged from 1 (strongly disagree) to 7 (strongly agree).

**Findings**
Results of the CFA showed the overall measurement model met recommended fit values: $\chi^2(137) = 224.65, p < 0.001$; CFI = 0.98; TLI = 0.97; RMSEA = 0.05; SRMR = 0.05 (Hu & Bentler, 1999). Hypothesized mediation effects were tested using Hayes’ (2012) PROCESS macro for SPSS. This macro estimates path coefficients based on a multiple mediator model and generates bootstrap confidence intervals for the total and specific indirect effects. Next, the moderation effects of recognition were tested using the same macro (Hayes, 2012) to test conditional indirect effects. Mediating effects of commitment on the relationship between co-workers and advocacy ($b = .26$; CI [0.12; 0.49], $p < 0.05$), and between supervisor and advocacy ($b = .26$; CI [0.12; 0.49], $p < 0.05$) were significant. Hypotheses H1a and H1b were supported. The indirect of effort on (a) the relationship between co-workers and advocacy ($b = 0.05$; CI [0.01; 0.16], $p < 0.05$) and (b) the relationship between supervisor, and advocacy ($b = 0.04$, CI [0.01; 0.11], $p < 0.05$) were significant and provides support for Hypotheses 2a and 2b.

Conditional indirect effect of co-workers on advocacy via commitment was significant at one standard deviation (-1SD) below the mean ($b=0.27$; CI [0.10; 0.53]) but not at the standard deviation (+1SD) above the mean ($b=0.11$; CI [-0.07; 0.33]), thus supporting Hypothesis H3a. The conditional indirect effect of co-workers on advocacy via effort is non-significant at the low level of recognition, i.e. -1SD below the mean but was significant at the higher level of recognition ($b=.15$; CI [0.04; 0.39]). This supports hypothesis H3b. The conditional indirect effect of supervisor on advocacy via commitment was significant at the low level of recognition ($b=0.11$; CI [0.02; 0.27]) while this effect decreased and became non-significant ($b= -0.05$; CI [- 0.03; 0.17]) at high recognition level. Although in a different direction, the results support hypothesis H4a. Finally, conditional indirect effect via effort is non-significant at lower level of recognition ($b=0.01$; CI [-0.02; 0.06]) and increased and was significant at the higher level of 1SD above the mean ($b=0.10$; CI [0.02; 0.26]) and provides support for H4b.

Discussion
This paper show differential effects exist for personal effort and commitment on employee advocacy behaviours. As opposed to focusing on identification and fit with the organisation, this study extends prior theoretical frameworks to show personal investments in the form of effort and commitment influence employee advocacy. Service employees’ invested affective and physical personal resources impacted distinctly on discretionary behaviours targeted towards the organisation. Such results suggest indirect dynamics occur with effort and commitment within specific exchanges service employees share with their supervisor and co-workers. Thus, dynamics of commitment and effort should be taken into consideration in designing service environments that foster service employee advocacy behaviours. The present research also concedes with the motivational literature to support recognition, as a reward, serve a strategic functional role that present detrimental effects on distinct mechanisms. Service organizations face a delicate task of optimally enabling their service employees to invest themselves emotionally and behaviourally in the organization.

**Conclusion**

This study provided significant insights into the direct and indirect effects of social environments and employee advocacy behaviours. With consumers’ increasing needs for information and transparency, this research provides insights to better understanding the contributory role of service employees who are acting as advocates for their service organisation.
References:


Lin, T.-C., & Huang, C.-C. (2010). Withholding effort in knowledge contribution: The role of social exchange and social cognitive on project teams. *Information & Management, 47*(3), 188-196. doi: [http://dx.doi.org/10.1016/j.im.2010.02.001](http://dx.doi.org/10.1016/j.im.2010.02.001)


The Imitation Game – Supervisors’ Influence on Service Sweethearting

Elias Ertz (University of Hohenheim), Laura Oesterle (University of Hohenheim), Marion Büttgen (University of Hohenheim)

Relevance and aim of the study

Service sweethearting is responsible for losses of about $400 Billion in the US retail service sector and accounts for 35 percent of revenue losses (Brady, Voorhees, & Brusco, 2012; Tarnowski, 2008). Brady, Voorhees, and Brusco (2012) define service sweethearting as “an act of employee deviance in which frontline employees give unauthorized free or discounted goods or services to a friend or acquaintance”. Facing these issues, it is of high interest for both academia and practice to understand how service sweethearting can be reduced. So far, only few researchers approached this topic and to the best of our knowledge, only one study examined service sweethearting empirically (Brady, Voorhees, & Brusco, 2012). Since previous studies focused mainly on factors concerning the employee, we aim at investigating the impact of the supervisor on the sweethearting behavior of frontline service employees, which leads to the following research question: “Can managers reduce their employees’ service sweethearting behavior by their leadership behavior?”

Potential contributions to the field

This study aims to make a twofold contribution to the field of service relationships and to the research on deviance of frontline employees in services. First, we empirically examine whether there is an effect of employee sweethearting (the act of supervisor deviance in which supervisors privilege employees to the disadvantage of the company) on employees’ service sweethearting behavior.

Second, we investigate the mediating role of leader-member exchange (LMX) (Graen & Uhl-Bien, 1995) in the relationship between employee sweethearting and service...
sweethearting to deepen the understanding of the mechanism behind supervisor behavior affecting employee behavior.

**Theoretical foundations and hypotheses development**

Theory of imitation (Mowrer, 1950; 1960) states that people tend to imitate certain human beings. Parsons (1955) identifies the power of a person as an important origin of imitation, that is, people imitate powerful others more often than people that possess less power. Another cause for imitation is positive reinforcement provided by the model (Bandura & Huston, 1961). Those positive reinforcements represent gifts, praise or affection. Since employee sweethearting includes supervisor’s affection towards the employee and helping him at the company’s charge, it is likely that employees will imitate the supervisor’s behavior when interacting with customers.

**H1:** Employees display service sweethearting behavior more frequently when employee sweethearting is high.

Need-to-belong theory (Baumeister & Leary, 1995) assumes that people are motivated to set up a certain amount of interpersonal relationships and that they are able to replace one relationship by another. Therefore, the need to belong can be regarded as a “powerful, fundamental, and extremely pervasive motivation” (Baumeister & Leary, 1995, p. 497). As managers sweetheart their most favored employees and employees’ actions are motivated by their need to build and maintain interpersonal relationships, employee sweethearting leads to a better LMX-quality in the corresponding relationships. In consequence, the employee maintains a good relationship with his supervisor and feels a sense of belonging to the firm. Therefore, his urge to build another positive relationship with a customer fades and service sweethearting behavior is less frequent. Vice versa, when the employee’s relationship with his or her supervisor is of low quality, the need for positive interaction with customers becomes stronger and sweethearting frequency should be higher.
**H2:** LMX-quality mediates the effect of employee sweethearting on service sweethearting such that employee sweethearting influences LMX-quality positively and LMX-quality affects service sweethearting negatively.

**Methodology and findings**

We analyze data from 225 employees who interact regularly with customers taking into account the relationship with their supervisors. Applying structural equation modeling (SPSS AMOS 22) we examine how employee sweethearting and LMX-quality affect frontline employees’ service sweethearting behavior (CFI = .937; RMSEA = .049).

The results show a significant positive direct effect of employee sweethearting on service sweethearting (β = .17, p < .05) and a negative indirect effect of employee sweethearting on service sweethearting via LMX-quality (β = -.05, p < .05), supporting hypothesis 1 and hypothesis 2. The direct effect of employee sweethearting on LMX quality is significant and positive (β = .34, p < .001) and the direct effect of LMX-quality on service sweethearting is significant and negative (β = -.16, p < .05) as we hypothesized before.

**Discussion and Conclusion**

Our findings extend our knowledge about the antecedents of service sweethearting by taking into account the role of the frontline employee’s supervisor. By sweethearing their employees, supervisors improve the relationship with their subordinates, i.e. developing a high-quality LMX-relationship. Since many studies have shown that high-quality LMX has several positive outcomes such as better work performance (e.g. Erdogan & Enders, 2007) or higher customer orientation (Medler-Liraz & Kark, 2012), it is desirable for supervisors to establish high-quality LMX-relationships with their subordinates. We introduce a new positive outcome of LMX that is especially relevant for service firms, by showing that high-
quality LMX reduces the frequency of service sweethearting. While acknowledging positive aspects of the deviant leadership practice of employee sweethearting, that is, it indirectly lowers employees’ service sweethearting behavior, we also red-flag the negative side effects. Our results show that employees tend to imitate their supervisors’ deviance behavior by sweethearting the customers, which crucially harms the company. Furthermore, the practice of employee sweethearting comes at the expense of the organization, causing an additional harm to the company.

In conclusion, our findings show that the role of the supervisor is important when it comes to service sweethearting. Supervisors can reduce the service sweethearting behavior of their subordinates in two ways. First, by serving as a model and refrain from sweethearting behavior and second by improving the bond with their employees i.e. establishing high-quality LMX-relationships without the use of questionable practices.
References


## 2.1 Special Session

### Conducting Base of the Pyramid (BoP) Service Research

**Session Chair:** Raymond P. Fisk  
**Texas State University, United States**

**Session Presenters:**

Raymond Fisk, *McCoy College of Business, Texas State University, United States*

Javier Reynoso, *EGADE Business School, Monterrey Institute of Technology (ITESM), Monterrey, Mexico*

Heiko Gebauer, *Eawag: Swiss Federal Institute of Aquatic Science and Technology, Dübendorf, Switzerland*

Mirella Haldimann, *Eawag: Swiss Federal Institute of Aquatic Science and Technology, Dübendorf, Switzerland*

Caroline Jennings Saul, *Eawag: Swiss Federal Institute of Aquatic Science and Technology, Dübendorf, Switzerland*

**Session Abstract:**

Poverty has long been a typical human condition. Limited access to services for billions of people is the great problem of modern civilization. Inadequate service systems are major obstacles in emerging regions such as China, South East Asia, India, Latin America, the Caribbean, Africa, Eastern Europe, and the Middle East. About two thirds of the world’s population (67%) still lives on less than 2 US Dollars per day. The Base of the Pyramid (BoP) has become the term for these very poor people.

When so many people in so many countries live in multi-generational poverty, the service systems of human society are failing to deliver adequate basic services. Such basic service systems include health, education, public safety, transportation, energy, sanitation, and such life support services as food, water, and shelter.

In a recent special issue of the *Journal of Service Management*, Fisk et al. (2016), issued a call to action for the service research community to improve the lives of the BoP. In support of this article, this special session focuses on how to do service research at the Base of the Pyramid.
While many service researchers are concerned about the problems of the billions of people trapped in the BoP, they don’t know how to help. This special session helps train service researchers in using the tools and techniques necessary to conduct BoP research projects. Ray Fisk and Javier Reynoso will start the session with an introduction and overview of BoP research. Heiko Gebauer, Mirella Haldimann, and Caroline Jennings Saul will work as a team to present their BoP research.
References:

The Services Sector and the Rise of Entrepreneurship

Michael Ehret (Nottingham Trent University), Jochen Wirtz (National University of Singapore)

ABSTRACT

A growing body of research shows the potential of services in strengthening productivity and growth (Triplett & Bosworth, 2003; Woelfl, 2005). We identify a crucial dimension of services that has gone largely unnoticed in this stream of research: The contribution of services in stimulating entrepreneurship.

Drawing on the non-ownership perspective on services (Lovelock & Gummmesson, 2004; Wittkowski, Moeller, & Wirtz, 2013), we propose that service contracts are a viable means for stimulating entrepreneurial activity in two important ways. First, in a non-ownership contract the service provider becomes the entrepreneur of assets used as inputs for the service. This ownership title opens business opportunities related to asset-operation by empowering service providers with residual authority and the right to obtain profits from asset operation (Grossman & Hart, 1986). Second, non-ownership clients are relieved from downsides of asset operation and can focus on exploring new business models and exploiting opportunities related to service output. Nonownership services allow exploring business models without committing to heavy investments in the underlying assets and enabling scaling of a business fast and asset light (see also Chessbrough, 2011).

On balance, non-ownership-contracts empower clients and providers to share the up- and downsides of assets needed for the production of a service, unlocking hitherto absent opportunities from asset operation and strengthen the entrepreneurial focus of both- client and provider. The rise of the entrepreneurship-services sector provides a vital illustration of the entrepreneurial potential of non-ownership contracts in stimulating entrepreneurship. For example, a growing range of businesses such as incubators, accelerators or science parks focuses on the management of assets used in the entrepreneurial process, while start-up firms
enjoy lower-barriers to exploring opportunities by ease of access to assets (Audretsch & Keilbach, 2004; Baumol, 2004).

We find evidence for the contribution of services in the business demography of the US and the UK economies, using business demographic data from Office of Advocacy of the U.S. Small Business Administration and the Business Demographics maintained by the UK Office of National Statistics. We follow the approach for measuring entrepreneurship proposed by Garter & Shane (1995) and Audretsch & Keilbach (2004). For both the US and the UK we find that since the end of the Second World War, the services sector is the major source of business formation, employment and output growth, while the primary sector has remained largely stable and the manufacturing sector has been declining. The services sector is the driving force of the reconfiguration of business. We derive this conclusion from an analysis of the service sector which shows that virtually all growth is in the business service sectors whereas the consumer service sector has largely stagnated over the past decades.

We make the following contributions: First, we highlight the contribution of services for entrepreneurship that has largely gone unnoticed. Second, we show the contribution of services in the formation of assets, infrastructures and routines that facilitate entrepreneurship. Finally, we highlight an hitherto unnoticed entrepreneurial element in the co-creation of value by provider and client (see Vargo & Lusch, 2004) - the sharing of up- and downsides in service operation.
References


Dynamics of Resource Integration and Value Proposition Development in Project Networks – A Supplier Exploration
(Work in Progress)

Ingo Husmann (University of Gloucestershire)

Purpose – The purpose of the study is to empirically explore the dynamics of resource integration and the value proposition of suppliers in response to unexpected changes in resource integration in a project network.

Design/methodology/approach – An embedded single-case approach was used to study the dynamics of resource integration and the value proposition of four key suppliers in a project network over a period of three years. Data was collected using participant observation, in-depth interviews and group member checking.

Findings – The study is currently in the data analysis stage. First results are expected in spring 2016.

Originality/value – The study applies the Service-dominant Logic concepts of resource integration and value proposition development to project networks. Thus, the study provides empirical research for key concepts of Service-dominant Logic and contributes to a relational view of project management.

Key Words: Service-dominant logic, project networks, suppliers, coordination of resource integration, value proposition development, institutional logics, professional service firms.
**Studied phenomenon: Value co-creation in project networks and unexpected changes in resource integration**

The organizational importance of projects has increased significantly. In fact, “many organizations have transformed their traditional functional structures to become “projectized”” (Vargo & Clavier, 2015, p. 1350). The organization of work in small and temporary systems has become one of the most used organizational structures (Bakker, 2010). In fact “in many industries, the key to success lies in the ability to attract and accomplish projects” (Dietrich, Eskerod, Dalcher, & Sandhawalia, 2010, p. 59).

An important feature of projects is that they very often are jointly carried out by a number of partners. This co-creation of value enables the project partners to overcome lack of competencies and resource scarcity (Dietrich et al., 2010). As projects are typically involve several organizations for its execution a project can be considered as a network of multiple firms or organizations, hence a project network (Artto & Kujala, 2008).

The research of Service-dominant logic (SDL) is concerned with the value co-creation of different actors in service systems (Akaka, Vargo, & Lusch, 2012; Vargo, 2015; Vargo & Akaka, 2012).

For the purpose of this study I will apply the SDL concepts of resource integration (Akaka et al., 2012; Edvardsson, Kleinaltenkamp, Tronvoll, McHugh, & Windahl, 2014) and value proposition development (Skålén, Gummerus, von Koskull, & Magnusson, 2015) on project networks (Artto & Kujala, 2008; Artto & Wikström, 2005).

Changes in the coordination of resource integration between suppliers and the client in project networks are not uncommon but often unexpected (i.e. not planned). They are a result of managerial actions driven by the client’s strategic decisions during the course of a project network (Ylimäki, 2014). Such changes in the coordination of resource integration could range from what Petersen, Handfield, and Ragatz (2005) calls ‘black box’ (suppliers have complete responsibility for development), ‘grey box’ (joint development efforts between suppliers and client), and ‘white box’ (client has responsibility for development).

A change of coordination of resource integration has a major impact on the project network as the coordination process is a key component of the resource integration for value co-creation (Edvardsson et al., 2014).
However, traditional research on project management is predominantly concerned with planning, breakdown techniques, scheduling of complex tasks, success factors and project outcomes (Söderlund, 2011). There is rather few research that takes into account the network characteristics of social and relational embeddeness of projects (Ahola, 2009). In addition, coordination of resource integration is typically studied as static phenomenon, i.e. one type of coordination of resource integration. Little is known about the effects of dynamic alterations of coordination of resource integration (Ylimäki, 2014).

**Objective, scope, and expected contributions**

The objective of the study is to empirically explore the dynamics of resource integration and the value proposition of suppliers in response to unexpected changes of resource integration in a project network. Thus, the purpose is to increase our understanding of the concepts of resource integration for value co-creation, value proposition development and unexpected changes in project networks.

To meet this objective, three research questions were derived to direct the research process.

**Research question 1:** How do suppliers in a project network develop their value propositions in response to unexpected changes in coordination of resource integration?

**Research question 2:** How do the value proposition developments of the suppliers differ regarding different changes in resource integration?

**Research question 3:** Do different suppliers in a project network develop value propositions differently in response to unexpected changes in resource integration?

The study aims to contribute to SDL research as well as to project network research. In terms of SDL research, the contribution relates to a better understanding of resource integration in general and to the concept of density seeking through value proposition development in particular. Thus, addressing the call for a clearer understanding of the resource integration process (Edvardsson et al., 2014; Kleinaltenkamp et al., 2012), the value proposition concept in general (Skålén et al., 2015) and resource density seeking through value proposition development in particular (Akaka et al., 2012).

From the perspective of project networks the aim is to contribute to a relational view of project management and to a better understanding of unexpected changes in project networks (Blomquist, Hälgren, Nilsson, & Söderholm, 2010).
As a contribution to practice the study seeks to provide managerial implications for a better management of unexpected changes in project networks through value proposition development in general and for suppliers in particular.

**Conceptual framework**

The conceptual framework of the study draws on two SDL-related perspectives. First, on coordination of resource integration and second on resource density through value proposition development.

Resource integration is seen as the antecedent of value co-creation. It is thus a key concept of SDL (Lusch & Vargo, 2014), as value co-creation is a “process of multiple interactions and multidirectional resource integration that require first of all the dynamic alignment/matching of resources between actors” (Caridà, Edvardsson, & Colurcio, 2015, p. 4).

The ability of an actor to access, adapt and integrate resources at a given time and place is described as ‘resource density’. In an SDL view all actors “seek resource density to enhance their system viability” (Lusch & Vargo, 2014, p. 117). Density occurs through unbundling and rebundling of resources (Lusch & Vargo, 2014) or (re)configuring relationships and resources in surrounding networks (Akaka et al., 2012). Thus, firms must increase accessibility, adaptability, and integrability of its offerings to develop compelling value propositions (Akaka et al., 2012).

A value proposition is seen as “a value creation promises created either by the firm independently or together with customers and other actors through resource integration” (Skålén et al., 2015, p. 139). Skålén et al. (2015) propose that value propositions consist of operant and operand resources that are integrated through practices.

All actions of the actors within the project network are shaped and guided by their institutional contexts (Dille & Söderlund, 2011; Jones & Lichtenstein, 2008; Klimkeit, 2013; Leufkens & Noorderhaven, 2011; Manning, 2008), i.e. the institutional logics (Chandler & Vargo, 2011; Edvardsson et al., 2014; Skålén & Edvardsson, 2015).

According to Thornton, Lounsbury, and Ocasio (2012) the key categorical element and microfoundation of institutional logics are organizational identities. As all suppliers within the studied project network are so-called Professional Service Firms (PSFs) (knowledge intensity, low capital intensity, professionalized workforce) (von Nordenflycht, 2010). Thus, for the
institutional context I draw on the research on organizational identity of PSFs (Alvesson, Kärreman, & Sullivan, 2015).

The following Figure 1 illustrates the conceptual framework of this study. Circles represent the two perspectives and the rectangles represent variables used to operationalize the constructs.

![Conceptual framework for the study](image)

**Figure 1: Conceptual framework for the study**

The conceptual framework for the study can be summarized as follows:

The unexpected event of a change of resource integration is expected to lead to a density seeking of the suppliers in the project network through value proposition development. This value proposition development consist of a (re)configuration of new or existing resources (operand and operand) and new or existing practices. The behaviour of the actors is shaped and driven by the socio-cognitive and normative dimensions of the organizational identities of the PSF suppliers.
Research Design

My research philosophy follows moderate social constructionism (Berger & Luckmann, 1966; Camargo-Borges & Rasera, 2013; Searle, 1995).

My research approach for this study is an embedded single-case (Yin, 2014) with the studied project network being the single-case. Within this single-case I will analyse four different suppliers as embedded different units.

The case is revelatory (Yin, 2014) as the dynamics of resource integration and value proposition development in a project network are poorly understood and empirical research is scarce. The case is unusual (Yin, 2014) in the sense that the change in resource integration occurred not only once. In fact, the coordination of resource integration was changed three times in the comparatively short period of time of three years.

The empirical data for this study was collected from the context of a large IT development project network in the German manufacturing industry.

Four key suppliers (two IT consulting and system integration companies, two Internet agencies) in this project network were studied for a period of two years.

30 in-depth semi-structured interviews of supplier and client employees from all hierarchical levels are used as the core data source for this research. The secondary data sources for this study are field notes from participant observations and member check group interviews.

For analysing the field notes and the in-depth interviews I use thematic analysis in the form of Qualitative Content Analysis (QDA) based on Schreier (2012) in general and on Boyatzis (1998) regarding contrasting the different suppliers.

For analysing the member check group interviews I use dialogic/performance analysis based on Riessman (2008).

The study is currently in the data analysis stage. First results are expected in spring 2016.
References


Dynamic Value Co-Creation in Knowledge Intensive Business Services: A Qualitative Study of Automotive Engineering

Florian Mueller (University of Bremen), Jens Poeppelbuss (University of Bremen)

Introduction
How value emerges from the interaction between customers and service providers, or more generally between different actors of service systems, is a phenomenon that increasingly raises the attention of scholars in Marketing. Contemporary literature on value co-creation points out that co-creation takes place in a joint-problem solving process and that the nature of this process is highly dynamic (Grönroos and Voima 2012). Correspondingly, our research question is as follows: How do co-creation activities, roles and customer-provider relations change in the course of the value creation process?

To address this research question, we present a qualitative-empirical study. We investigate how provider-customer relations in the German automotive engineering sector change in the course of providing knowledge intensive business services (KIBS). In such a setting, the interaction between provider and customer is considered to be particularly intense (Miles et al. 1995; Muller and Doloreux 2009).

In this study, we make the following contributions. We observe that value creation processes in the automotive engineering sector follow a pattern that can be depicted as a six-stage process model. We provide a description and illustration of this value creation pattern. We further argue that the nature of co-creation is dynamic and demands research that further investigates co-creation from a process-theoretical perspective (Langley 1999).

Theoretical Background
Spheres of value creation
Since the Service-Dominant Logic (SD-Logic) has emerged as a new paradigm in Marketing (Vargo and Lusch 2004), scholars increasingly emphasize the importance to study the roles of both providers and customers in co-creation processes (Prahalad and Ramaswamy 2002; Grönroos 2011; Aarikka-Stenroos and Jaakkola 2012; Grönroos and Voima 2012). Grönroos and Voima (2012) distinguish between different spheres in which real and potential value is created by customers (customer sphere), providers (provider sphere) or by both in joint
interaction (joint sphere). They also underline the dynamic and non-static character of the three spheres that are usually subject to changes in the course of the service process. In the course of providing services, the different spheres may enlarge, decrease or even temporarily entirely vanish.

**Roles and activities in joint value creation**

Aarikka-Stenroos and Jaakkola (2012) were among the first to present a dyadic view on co-creation processes from the KIBS domain. They propose a segmentation of the KIBS problem solving process (i.e., the service process) into six general co-creation activities (diagnosing needs, managing value conflicts, implementing the solution, designing and producing the solution, organizing process and resources and value-in-use). They also identify a set of supplier and customer roles who are involved in the different activities. According to Aarikka-Stenroos and Jaakkola (2012) activities and related roles may overlap in the course of the problem solving process. However little is known about the effect of combining different roles and the overlaps of activities on the creation of value. Aarikka-Stenroos and Jaakkola (2012) therefore encourage researchers to study the nature of exchange relations throughout the problem solving process, which we do with this empirical study.

**Research Framework**

Against this background, we developed a research framework (Figure 1) that is based on the two previously described theoretical lenses on value co-creation. On the one hand, we distinguish between three different value creation spheres (Grönroos and Voima 2012). On the other hand, we adopt the activities and roles that outline various interaction patterns for both providers and customers (Aarikka-Stenroos and Jaakkola 2012).
Given the aim of this paper we choose an explorative methodology. Between January and June 2015 we conducted in total 24 semi-structured expert interviews (taking about 30-45 minutes) with managers of both customers (#10) and service providers (#8) as well as market observers (e.g., consultants; #6) from the automotive industry.

All interviews were transcribed and analyzed with the help of MAXQDA 12. Our coding included two approaches. We started with a preliminary run based on an open coding scheme to identify major drivers of change in the automobile industry. Our main approach then was based on the research framework (see Figure 1). We applied this research framework to our data to investigate discontinuities and interdependencies between shifts in co-creation spheres and major co-creation activities.
Findings

Based on the interview data, we were able to conceptualize the value co-creation process in the automotive engineering domain as a six stage process model. In each stage there are certain activities (as conceptualized by Aarikka-Stenroos and Jaakkola 2012) running in parallel. While within each of the six stages the distribution of value creation between spheres is comparably stable, the beginning or completion of certain activities results in discontinuities in the overall value creation processes and shifts the emphasis of value creation in the direction of one of the three spheres. As the nature of engineering services in the automobile industry is usually project-centric, discontinuities often overlap with common project milestones in the automobile industry such as a “design review”. We briefly summarize the characteristics of the six stages in the following.

Figure 2: Activity based segmentation of value creation of automotive engineering services
Stage I: In the first stage all actors including the customer try to develop a more sophisticated understanding of needs and project requirements. Analyzing needs in early project stages is often intertwined with the planning of resources and processes. Most of the value created during this stage is created as “real value” as it can be directly assessed and experienced by the customer that is involved in multiple co-creation activities. At the end of the first stage customers assign contracts. Contracting usually marks the beginning of solution design activities.

Stage II: The solution design evolves from intense collaboration with the customer throughout further project stages. During the second stage analyzing needs continues in an iterative manner along with the design of the solution. Although during this process the analysis of needs usually continues, the nature of the interaction between customer and providers becomes punctual. Hence the co-creation spheres begin to decrease and value creation takes place more and more in the provider sphere in which potential value is created without the influence of the customer.

Stage III: Providers start to transfer insights about customer needs and the solution design into the actual solution. In the field of automotive engineering, this task often involves the creation of technical drawings. Due to many interdependencies to other projects, changes in the needs of the customer may occur at any time and require a continuing the analysis of needs and hence also updating the design of the solution throughout this stage. However as the solution implementation progresses value creation shifts to the provider sphere where now potential value in form of the later solution emerges.

Stage IV: Customers may be able to utilize parts of the solution prior to the completion of the entire solution, i.e., it is possible to experience value-in-use. As customers begin to utilize components or parts of the solution, the emphasis of value creation starts shifting towards the customer sphere. Customers are now able to create real value from parts of the solutions, such as technical specifications from which other related projects of the customer may benefit instantly.

Stage V: This stage marks the end of solution design. However the provider may be able to facilitate value by supporting the customer at the utilization of the solution. This task requires further organization of processes and resources that enable support. Moreover value conflicts can arise while provider and customers interact. Some of the interviewers stated that at the
end of co-creation activities providers and customers often debate about responsibilities and compensation.

*Stage VI:* The customer continues to create real value with the use of the solution. Customers start utilizing technical drawings in further processes. The degree to which real value emerges from this process depends highly to the question if problems during further processing arise or not. The service providers often stated that they only receive feedback about the value of their solution in cases where problems occurred.

**Discussion and Conclusions**

With this study, we present a qualitative empirical examination of value co-creation during the course of providing KIBS in the automotive industry. We built on previous works and combined them into a novel research framework that served as the basis for our data analysis. The results of our analysis suggest that there is a distinct pattern of value-co-creation in automotive engineering that can be depicted as a six stage process model. This six stage process model highlights the shifts in co-creation activities, roles and customer-provider relations and emphasizes the dynamic nature of co-creation. Although limitations arise from the industry specific research context and we acknowledge that further validation of our framework through empirical studies is required, we believe that our framework will be highly useful for both researchers and practitioners who aim at a more detailed analyses of co-creation activities, e.g., to investigate and optimize co-creation processes on an operational level.
References


2.3 Big Data

What, How and When: Virality Patterns in Online Brand Communications

Francisco Villaroel (Maastricht University), Dominik Mahr (Maastricht University), Ko De Ruyter (Cass Business School), Stephan Ludwig (Westminster Business School), Dhruv Grewal (Babson College) & Martin Wetzels (Maastricht University)

The increasing number of customers in social media platforms, such as Facebook and Twitter, has resulted into the evolution of these platforms into main channels for peer-to-peer content. Viral online content can drive up sales, lead to more online traffic and increase brand awareness. However, 34 percent of customers believe they are spammed by social media content, and with a 600% expected increase in social media content by 2020, overwhelmed customers are expected to get into a “content shock” (NYTimes.com 2014). In order to maintain content sharing, research suggests managers to vary content words, arousal levels, and media types. However, Speech Act theory indicates that not only word choices, but overall message intentions may inherently drive content sharing by customers. In addition to message intentions, research on rhetoric suggests that stylistic schemes, such as alliterations and repetitions may increase content sharing. Furthermore, it remains unclear whether content concentration, or specific speech act sequences within a day have an effect on content sharing. Based on an empirical assessment of a longitudinal twitter dataset, our research contributes to the extant literature on virality and provides an actionable framework to organize social media content by suggesting tactics about what, how and when content should be posted.
Using data to advance service has become a critical and timely research topic in this data-rich economy (Ostrom et al. 2015). Here, we focus on using big customer data to advance service or value co-creation, specifically uses of customer data for customer purposes. Data can be used to generate useful information for service providers and for service customers in several ways. We can classify data use in service by the direct beneficiary (provider or customer) and the source (provider or customer). For example, as shown in Figure 1, vehicle fleet management uses data from the transportation processes of trucks to improve efficiency and productivity of the processes for drivers (Volvo 2009); air pollution monitoring analyzes data from pollution sources across the city to disseminate pollution information to citizens and visitors (Lim et al. 2015a); medication error reduction can be achieved by analyzing medication records in hospitals with quality engineering techniques (Benitez et al. 2007); and social network service opinion analysis uses opinion data from the Internet to understand customers (Burton and Soboleva 2011).
A noteworthy advance in data collection is collection of various types and massive amounts of data from customers (Saarijärvi et al. 2014). Such proliferation of customer data provides new opportunities to improve existing services and to develop new services. For example, automobile manufacturers have analyzed driving records and vehicle condition data to develop services that deliver various types of information (e.g. consumable replacement and navigation information) to drivers (Lim et al. 2015b), and insurance companies have used patient data to provide healthcare-related information to patients to improve their services in healthcare safety (OECD 2013).

A prerequisite for using big customer data effectively in advancing service is a theory that explains data-driven customer value-creation in services, that is, the mechanisms behind use of customer data for customer benefit (the upper right quadrant of Figure 1). Here, we introduce a new paradigm for creating customer value with customer data, data-driven customer process management (CPM). CPM is an approach for monitoring and improving a customer process using data from the process. A customer process in CPM refers to a series of actions performed by the customer to achieve a goal (Payne et al. 2008, Bettencourt and Ulwick 2008). The unique perspective of CPM lies in viewing customer processes as objects to measure and improve. An example of CPM is the data-driven evaluation and improvement of athletes, such as baseball, golf, and soccer players, using data of pose, habits, and active

---

Figure 1. Simple classification of data use in service

<table>
<thead>
<tr>
<th>Customer</th>
<th>Service provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct beneficiary of data use</td>
<td>Source of main data</td>
</tr>
<tr>
<td>Air pollution monitoring, Precipitation monitoring</td>
<td>Vehicle fleet management, smart band-based fitness tracking</td>
</tr>
<tr>
<td>Medication error reduction, Logistics optimization</td>
<td>Social network service opinion analysis, Civil complaint prevention</td>
</tr>
</tbody>
</table>

---
mass from actual play processes (e.g. Jung et al. 2010). Advanced data collection technologies have enabled similar services that improve certain aspects (e.g. safety, performance, and stability) of customer processes (e.g. driving, exercise, and equipment operation) by providing information to customers for monitoring and managing the processes.

Based on analysis of existing service cases in which the use of customer data significantly contributes to customer value creation, empirical studies with industry and government on the design of such services, and review of studies on big data, customer value creation, and process improvement, we developed a framework for CPM (see Figure 2). A prerequisite for data-driven service innovation is understanding the spectrum from data to customer value. The CPM framework illustrates the activities (pentagonal diagrams), components (rectangular diagrams), and relationships (interactions between diagrams) involved in data-driven customer value creation. The value-creation mechanism of CPM involves the customer process, encounter process, and provider process. We describe CPM activities in turn.

![Figure 2. Framework of data-driven customer process management](image)

First, customers perform specific processes that contribute to value co-creation. For example, customers drive to go to work or jog for exercise. In CPM, the unit of analysis is a customer process, and all the distinct pieces of data collection, analysis, and service delivery
activities should be coherently organized to improve the focal customer process. As such, the first step in performing CPM is defining the customer process to improve and improvement goals (i.e. the aspects of process to be improved). All CPM activities should be performed based on this definition.

Second, the service provider or its partner collects data from customer processes. For example, car infotainment service providers collect the data from driving processes, whereas equipment health management service providers collect the data from operational processes. Customers allow data collection and contribute to value co-creation. Sometimes customers collect data themselves. For example, customers manually input food data in smart band-based fitness tracking services. The types of data that can be collected from customer processes include data on customer health, behaviors, object condition, operations, process environment, and events.

Third, various characteristics of the customer process are measured using data. CPM involves the use of customer process characteristics (CPCs). A CPC is an indicator of some important aspect of the customer process in question, such as the average duration of daily processes, ratio of behaviors in a process, and a specific indicator defined by domain experts. CPCs can be controlled by customers in performing their processes, and can be used for monitoring and improving processes.

Fourth, analyses on the customer process should be done to obtain knowledge on the process and customers. Whereas the goal of CPC measurement is to document existing processes quantitatively, the goal of CPC analysis is to focus on specific CPCs and the relationship among CPCs and other variables to formulate process improvement strategies.

Fifth, the provider produces information for customer process monitoring and better process execution. The information can be classified according to its objective (preventing undesirable outcomes vs. achieving desirable outcomes). Equipment health management services aim to prevent unexpected halts during equipment operations, whereas fitness tracking services support customers to achieve their desired outcomes, such as walking 10,000 steps. The form of information includes the descriptive statistics of CPCs, comparison of other customers, and prescriptions for process improvement.

Finally, the information is delivered to customers through services. Customers can use information to monitor, understand, and improve their processes, thereby creating value.
The circle at the center of Figure 2 represents continuous relationship development and process control. Through continuous data and information interactions through encounter processes, service providers can develop relationships with customers and sustain process improvements.

In this presentation, we will describe CPM through a set of analyzed cases, reviewed studies, and two empirical studies. Study 1 designed car infotainment services with an automobile manufacturer using analyses of 7.6 million trips by 18,943 vehicles (vehicle driving data) and 3,662 cases of warning codes (vehicle condition data). Study 2 designed driving safety enhancement services with a transportation safety institute using analyses of driving data of commercial vehicles (278 intra-buses, 46 taxis, and 931 trucks) and accident data of commercial vehicle drivers (4,289 intra-bus, 1,550 taxi, and 490 truck drivers).

Our work contributes to service research by providing an empirically grounded theoretical foundation for creating customer value with customer data. CPM extends customer process-oriented theories that describe customer value for the current data-rich economy. Furthermore, CPM can serve as a basis for applying existing process improvement methods for service providers and manufacturers (i.e. the lower left quadrant of Figure 1) to improve customer processes and thereby create customer value. Ensuring better (e.g. safer, more effective, and more stable) processes of customers (either individuals or organizations) has important practical consequences. CPM may flourish with technological advances for collecting data, and CPM may stimulate the use of big data in advancing service.
References


Exploring Consumer Project-based Products and Services Networks

Dmitry Zinoviev (Suffolk University), Zhen Zhu (Suffolk University), Kate Li (Suffolk University)

Introduction

Consumer projects are large and major customer undertakings, often involving a considerable amount of money, effort, and emotions. Examples of consumer projects include porch renovation, Christmas decoration, wedding planning, and moving into a college dorm. For each project, customers often make multiple cross-category purchases through multiple shopping trips to configure and collect solutions to their needs. Such projects, though carrying significant consequences on retailers’ financial outcomes and customer relationship (Tuli, Kohli & Bharadwaj 2007), have been under-studied in the services and retailing literature. Our study aims to fill the gap by exploring the patterns of customers’ solutions in consumer project-driven retailing services.

Theoretically, consumer project detection represents the frontier of the recommendation system in retailing services. It also relates closely to store setting and service design. For years, most retailers have been using only standard market research tools, mostly for within-transaction product associations (e.g., market basket analysis, Agrawal, Imielinski & Swami 1993; Raeder and Chawla 2011) from functional or manufacturers’ perspectives for understanding product associations (Forte Consultancy 2013). Few studies provide insights on how customers configure their solutions at the project level, by picking and choosing products and services from different (sub)categories within a store.

Equipped with the new advancements in complex network analysis techniques (Blondel et al. 2008; Palla et al. 2005; Coscia, Giannotti & Pedreschi 2011), we identify solutions to consumer projects from customers’ purchase behaviors by forming networks among projects or subcategories of products and services. In particular, we use Product Network Analysis (PNA) as the primary analytical tool for this study (Kim, Kim & Chen, 2012). PNA applies network community detection algorithms for automated discovery of relations and key components within a consumer project.
The Data Set

The data set provided by the Wharton Customer Analytics Initiative (WCAI) consists of customer purchase records of a Fortune 100 specialty retailer in the time period between May 2012 and February 2014. Each transaction record includes product information, customer ID, location, date, time, quantity, price, and discounts if applicable. Product information contains descriptions of 111,000 material items, 351 non-material items (such as gift cards, warranties, deposits, rental fees, and taxes), and 71 Sell, Furnish, and Install (SF&I) items. Products are organized by the company into a three-level non-overlapping hierarchy of 1,778 subcategories (e.g., shrub/landscape), 235 classes (e.g., live goods), and 15 departments (e.g., gardening/outdoor).

Given that our goal is to identify customers’ solutions to consumer projects from the purchase data, we perform all analyses at the subcategory level because it informs the material and service list for a project while not being overwhelmed by the differentiations in product choices, such as product brand or size, at the individual item level.

Methodology: Network Analysis

We perform network analysis to identify consumer projects from individual customers’ purchase data. As a preliminary step of the analysis, we remove all staple subcategories (e.g., soft drink, flashlight, work gloves) from the purchase data because these subcategories are frequent or impulsive purchases but not related to project solution per se. Our network analysis consists of two major steps:

1. Define customer purchase spans. We extract each residential customer’s purchase timeline and calculate interpurchase times of all purchases. We observe that customer purchases exhibit clear weekly pattern and more than 88.5% of the purchases have intervals less than 15 days. Thus, we pool all subcategories purchased by a customer with less than 15-day interpurchase intervals into one purchase span. When the interval grows to longer than 15 days, we assume that the consumer has started a new project. One purchase span may correspond to a single consumer project or several concurrent projects.
2. Construct a network of purchase spans and identify consumer project based on emerging communities. In the purchase span network, each node represents a span and two spans are connected with an arc if they are similar, defined as having a Jaccard similarity coefficient of 75% or higher. Next, emerging communities (i.e., groups of similar consumer projects) are identified when its modularity is at least 0.45. If a community has its own internal community structure, we recursively extract smaller communities until no fragment of the original community has clear inner community structure. Each community is a collection of similar spans or projects that share common subcategories. The collection of all subcategories included in a community is termed as the consumer project basket.

Research Findings

**Network Description.** We report network descriptives in Table 1 where basket size represents the number of distinctive subcategories contained by a project community and number of spans reflects the support to the community (e.g., 50 spans in a community indicates that the similar project happened 50 times in the whole data set during the two years). Overall, there are 5,552 project communities identified by the network analysis, among which 1,558 communities have at least 5 spans. Our analysis of customer solutions below refers mostly to the latter communities.

**Internal structure of consumer projects.** To further explore the features of consumer solutions, we form another network analysis of subcategories within each project community where nodes denote subcategories and arcs refer to 7 or more co-purchasing occasions among them (the whole network is presented in Figure 1; see one example project in Figure 2). Two important features are identified in the study. First, subcategories can be classified into core or customizable types within a consumer project. For the plumbing project in Figure 2, plumbing pipes and accessories are more frequently purchased and tightly connected with each other --- they form the core subcategories of this project. However, lumber and paint products are customizable or optional parts of the project. Second, each project community includes both complete and incomplete consumer solution sets. For instance, shower head and accessory can be an incomplete solution set within a bigger bathroom project. Reasons for incomplete
solutions may lie in customers using leftover materials from previous projects, engaging in smaller repair tasks, or simply abandoning a project midway.

**Dimensions of customer projects.** The identified consumer projects demonstrate distinctive basket size and configuration of subcategories. We conceptualize the differences into the following dimensions that informs theoretical development of customers’ solutions to consumer projects and managerial implications for retail services.

**Single vs. cross-subcategory solutions.** The complexity of consumer projects varies greatly in the results. Among the 1,558 projects supported by five or more purchase spans, 968 of them are single subcategory solutions and 590 of them are cross-subcategory solutions. Single subcategory solutions, such as a home cleaning project (including rental of wet/dry vacuums, supported by 31 spans), indicate simply consumer tasks. In contrast, the largest project (in terms of basket size) contains 23 distinctive subcategories supported by 41 purchase spans (see Figure 2 for illustration), which represents a complex bathroom plumbing project that may greatly benefit from substantial in-store assistance or training for better project performance.

**Material vs. material + services solutions.** Our findings reveal that customers rely on store services mostly for professional expertise or logistic tasks within a project. While most customers only include project materials for their projects; in less than 5% of the projects, customers’ solutions combine both project materials and store services. For instance, customers often need to have kitchen appliances or cabinets delivered and installed by the store. Overall, we find this store’s value-added services to assist consumer projects have been quite limited, which implies a promising opportunity for stores to develop and innovate in the future.

**Learned vs. learning solutions.** We use the coefficient of variation (CV) of subcategory frequency within a community to demonstrate how consistent the material/service lists are across different customers for the similar projects. Our result shows subcategory CVs range
from 0.13 to 1.76. A small CV indicates a learned, well-accepted, common solution, whereas a large CV implies an exploratory, unfamiliar, learning-by-doing solution that involves unnecessary purchases (see Figure 2 for example that has CV of 1.76). Projects with large CVs will benefit more from customer assistance and educational workshops facilitated by the store.

**Vacation vs. bits & pieces solutions.** Related to the complete vs. incomplete solutions observed in the communities, customers show different intensity when they take on consumer projects. Some customers order all project materials within one span and probably finish the project during a vacation; the others take a bits & pieces approach and drag a project across multiple spans. As a result, the former’s project plans become more salient to stores and present better opportunities for product and service recommendations.

**Discussions and Future Research**

In summary, our research methodologically applies network analysis methods to categorize products and services based on community discovery, a novel and potentially insightful approach to the retail service field (Kim, Kim, & Chen 2012). Managerially, findings of this study will facilitate improving consumer-centric category management beyond the traditional market basket analysis. Our results will also provide guidance on designing customized recommendation, customer education programs, and promotion systems based on identified project shopping behaviors.

**Acknowledgments.** The authors would like to thank Wharton Customer Analytics Initiative (WCAI) for the provided data set that made this research possible.

Table 1: Summary statistics of number of spans and basket size of identified projects
Figure 1. Network of Co-Purchases (by subcategory)

(Notes: The size of a node denotes the degree centrality. Colors indicates classes of subcategories.)

<table>
<thead>
<tr>
<th>Basket Size</th>
<th>1</th>
<th>23</th>
<th>1.28</th>
<th>2.17</th>
<th>1</th>
<th>2</th>
<th>2</th>
<th>2</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Spans</td>
<td>2</td>
<td>563</td>
<td>28.93</td>
<td>10.22</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>20</td>
</tr>
</tbody>
</table>

Figure 2: Subcategory network of a plumbing project
(Note: The size of a node represents the frequency of a subcategory showing up in the project. Two nodes are connected if the items from the subcategories are frequently bought together.)
Key References


2.4 Consumer Behavior in Financial Services

How Past Performance Framing Impacts Investors’ Belief Updating

Patrick Gerhard (Maastricht University), Arvid Hoffmann (Maastricht University), Thomas Post (Maastricht University)

Extended abstract: Individuals’ investment beliefs (return expectations and risk perceptions) drive their investment decisions, with larger updates of beliefs leading to more active stock trading, hurting individuals’ investment performance. We examine how framing of past performance information affects individual’s investment belief formation. In particular, we analyze whether presenting longer information horizons as a default option leads to smaller updates in beliefs. In six-round experiments, we present a total of 1,577 subjects with past performance information and subsequently measure updates of their beliefs. Of those subjects, 377 complete the experiment in the lab and the remaining 1,200 subjects online via MTurk. We employ three different main versions of frames, varying the default information horizon subjects are exposed to (annual, monthly, daily). Furthermore, we implement four different versions of the experiment for a total of 12 experimental conditions a subject could be assigned to. In two of the four versions, we allow subjects to easily and without costs opt out of the default. In the third version option out of the default is implemented to be effortful, while in the fourth version opting out is not possible. Across the experiment versions, in each of the three frames we present subjects with past return performance information and subsequently measure subjects’ expectations for future returns as well as corresponding risk perceptions. Such an approach, that is, allowing also easily opting out of the default information horizon is different from previous work and more ecologically valid as it closely resembles individuals’ actual investment decision-making environment in online brokerage platforms. We find that in contrast to previous work, presenting returns over a longer information horizon is not necessarily beneficial in that it would reduce individuals’ belief updating. Only for subjects staying in their default information horizon, presenting portfolio performance over a longer information horizon has a mitigating effect on the magnitude of their belief updates. For subjects opting out of the default, we find the opposite effect. Especially more financially literate subjects opt out of the default. As we also implement a version (with the three different default information frames) in which subjects cannot opt out,
we are able to make immediate comparison to existing research setups. Additionally, in one version of the experiment, we also control for the direction of effects regarding the returns (more upward vs downward movements) presented to subjects. Finally, we analyze the effect that the ease of information retrieval has on subjects’ decision to opt out of the default.

**JEL Classification:** D14, D81, D83, D84, G02, G21, M31

**Keywords:** Consumer Financial Decision-Making, Default Options, Framing, Household Finance, Investor Beliefs, Belief Updating.
Friend or Foe: When Social Norm Effects Rise Susceptively and Fall Helplessly

Pieter Verhallen (Maastricht University), Elisabeth Bruggen (Maastricht University), Thomas Post (Maastricht University), Gaby Odekerken-Schröder (Maastricht University)

Introduction

A growing body of evidence suggests that occupational pension fund participants are often uninformed on their expected pensions and neglect to seek the information available (e.g. EIOPA, 2013). Resolving the challenge of low action of pension fund participants may be achieved through improved pension communication, that is, the way a pension fund communicates with participants. The recent reforms of pension systems towards individual defined contribution plans shifts risk from employers and funds to individual participants, amplifying the need for sound financial services communication to drive and steer action of participants. Indeed, altering communication in terms of content, framing, and even visualization have been shown to have positive effects on participants’ action (e.g. Brüggen, Rohde, & Van den Broeke, 2013; Hershfield et al., 2011). Yet, while research in financial services communication is gaining momentum, limited attention has been given to a proven catalyst of action across many contexts: social norms (e.g. Allcott, 2011; Cialdini, 2001; Perkins, 2002). Most interestingly, the few studies that have addressed social norms in the financial services domain, showed conflicting results (e.g. Beshears, Choi, Laibson, Madrian, & Milkman, 2015; Hastings, Mitchell, & Chyn, 2010; Lusardi & Mitchell, 2011).

Our paper builds theory on three components of decision-making contexts previously unexplored in social norm literature: intertemporal distance, privacy, and choice constraints. We argue that these components interact with two specific moderators, learned helplessness and consumer susceptibility to interpersonal influence, to partially drive the oppositional effects in the financial services domain. We provide a theoretical basis, addressing the puzzle found by Beshears et al. (2015), and test for these effects in (field) experiments.
Theoretical Foundation

Social norms are one of Cialdini’s (2001) six identified channels of persuasion. He termed this channel ‘social proof’, a type of peer influence where one persuades others by linking desired behaviors to peers sharing one or more characteristics. Providing a social norm has consistently been shown to influence behavior across many contexts, from alcohol consumption (Neighbors, Lee, Lewis, Fossos, & Larimer, 2007; Perkins, 2002), to littering (Cialdini, Reno, & Kallgren, 1990), recycling (Schultz, 1999), (re)employment (Stutzer & Lalive, 2004), sustainability behaviors (van der Linden, forthcoming; Goldstein, Cialdini, & Griskevicius, 2008), voting (Gerber & Rogers, 2009), academic performance (Azmat & Iriberri, 2010), and energy usage (Allcott, 2011).

Social norms are most effective when individuals have difficulty understanding what behavior to undertake (Festinger, 1954). In long-term financial decision-making, consumers are faced with such conditions of ambiguity. Surprisingly, the few studies that have addressed social norms in the financial services domain have led to conflicting results – no effects, positive effects, and oppositional effects (Bailey, Nofsinger, & O’Neill, 2004; e.g. Beshears et al., 2015; e.g. Lusardi & Mitchell, 2011). Brown et al. (2008) find that social norms positively affect stock market participation. Lusardi and Mitchell (2011) find that pension fund participants with low financial literacy and income self-report greater influence to information from their social environment than their pension fund. While Beshears et al. (2015) find an effect of social norms on the enrollment rate and contribution rate of pension fund participants for the 401(k) defined-contribution plan in the United States, the effect is oppositional for some participants. While part of the treatment group receiving a descriptive norm on what peers contribute showed norm-congruent behavior, others, notably the lower income segment, reduced their contribution rate and their enrollment rate away from the norm. Why social norms led to such an oppositional reaction is not evident, and this puzzle remains to be solved. The puzzle hints at incorporating moderating factors such as traits and states into the analysis of social norms. In particular, factors that may explain why these effects occur in the financial services domain, and not in other contexts where social norms have consistently been shown to positively influence norm-congruent behavior.

The financial services domain has specific characteristics that may explain the oppositional effect of social norms. The intertemporal nature of decision making, as well as its private element, may drive these results. Furthermore, constraints on the choice set of
individuals based on limited financial resources may also moderate these effects. With these characteristics in mind, moderators of interest are learned helplessness (Seligman, 1975) and consumer susceptibility to interpersonal influence (Bearden, Netemeyer, & Teel, 1989, 1990), for reasons discussed next (see Figure 1 for conceptual model).

![Figure 1](image)

The conflicted findings in the financial services domain are expected to be partially driven by the learned helplessness (LH) trait, as it is known to inhibit behavioral responses to stimuli (Taylor et al., 2014), is influenced by constraints and shown to be high amongst lower socio-economic individuals (e.g. Sullivan et al., 2012). LH is defined as “a specific deficit in behavior to control…stimuli that is induced by prior exposure to uncontrollable…stimuli” (Pryce et al., 2011, p. 242). LH has been shown to have behavioral effects in many contexts (e.g. Boichuk et al., 2014). In the financial services domain, where a social norm may itself be perceived as an uncontrollable outcome, LH is expected to function in both its general and specific form, both moderating the social norm effect on behavior and a direct effect on behavior when the norm itself is experienced as an uncontrollable outcome (i.e. under constraints), respectively.

The findings are also expected to be partially explained by consumer susceptibility to interpersonal influence (CSII), a trait built on influenceability (McGuire, 1968), and consistent with the notion that individuals differ on responses to social influence (e.g. Allen, 1965). The trait drives behavioral responses through two components: informational influence and normative influence (Bearden et al., 1990). Informational influence represents the acceptance of information from others as reality (Deutsch & Gerard, 1955), whereas normative influence can be either value expressive or utilitarian (Bearden & Etzel, 1982). As a major driver of CSII is the normative component relying on peer evaluation of behavior, this
trait’s influence is hypothesized to diminish in domains where transparency of behaviors are lagged (intertemporal) and low (private), such as the long-term financial services domain.

**Methodology**

The first experiments aim to confirm a main effect that the provision of a descriptive social norm (peer contribution rate) has on an individual’s chosen contribution rate in a defined-contribution pension scheme setting. Using surveys, a hypothetical scenario was used to provide consistent conditions across all participants, adapted from Bailey, Nofsinger, and O’Neill (2004). The scenario places the respondent in the shoes of a fresh college graduate accepting his first job and asked to contribute a percentage of his salary to a 401(k) fund. Participants are randomly assigned to either a control group or one of two treatment groups (norm group and anchor group). The anchor treatment was included to account for the anchoring-and-adjustment heuristic (Kahneman, 1992; Tversky & Kahneman, 1974), and in line with a call for better isolating peer effects from other effects (Angrist, 2014). The norm group was primed with an additional sentence containing a descriptive social norm that similar graduates contribute 11% (based on Komdeur, 2015) to their 401(k), whereas the anchor group was primed with an irrelevant sentence containing the 11% anchor. The control group received no additional information. The respondents were then asked to submit their desired contribution rate, followed by a prompt to confirm why they chose to contribute this particular amount, to screen for typological errors. For measuring the personality traits of LH and consumer CSII, previously validated scales are used (Bearden et al., 1989, 1990; Quinless and Nelson (1988). As citizens of the United States (U.S.) are particularly familiar with defined-contribution pension schemes (U.S. Department of Labor, 2014), U.S. citizens were recruited (N=303) through Amazon’s Mechanical Turk (mTurk) recruitment platform. mTurk is increasingly accepted as a sound recruitment channel (e.g. Paolacci, Chandler, & Ipeirotis, 2010).

Initial results from the first pre-tests have already provided support for our hypothesis that general LH negatively moderates the effect of social norms on norm-congruent behavior in the financial services domain. The moderation effect is reversed for the anchor condition, and exclusively positive for the social norm condition. Future expansions of the experimental
design address the interaction of choice constraints, intertemporal distance, and privacy on the LH and CSII moderation effects. We also expect to replicate the pre-test findings in numerous field experiments with industry partners in the Netherlands and the UK (APG, PGGM, Aegon, Nest).

**Conclusion**

The project aims to disentangle the effect of social norms on norm-congruent behavior in domains exhibiting the components of higher choice constraints, intertemporal distance, and private decision-making. By doing so, we address the recent puzzle of mixed findings in the financial services domain (e.g. Beshears et al., 2015). Understanding which traits moderate social norm effects, allows practitioners to segment customers accordingly and to prevent boomerang effects in the financial services domain.
References


203


Creating Customer Engagement in Low-involvement Industries – An industry-level effort

David Sörhammar (Uppsala universitet), Elina Jaakkola (University of Turku)

Introduction

The concept of customer engagement (CE) has gained a dramatic increase in interest during the last couple of years both within service marketing (e.g., Brodie, Hollebeek, Juric & Illic, 2011; Vivek, Beatty & Morgan, 2012; Jaakkola & Alexander, 2014) as well as in practice (Boston Consulting Group, 2014, McKinsey, 2009). Vivek et al. (2012) even argue that CE has the potential to become a new marketing paradigm.

Thus far the main focus of CE research has been on trying to identify, test, and validate different antecedents and outcomes of the CE process. Concepts such as involvement (Hollebeek, Glynn & Brodie, 2014), experience (Bowden, 2009), loyalty (Van Doorn, et al., 2010), profitability (Verhoef, Reinartz & Krafft, 2010) and value co-creation (Jaakkola & Alexander, 2014) have been linked to CE as either antecedents, outcomes or both. Extant research agrees that CE is desirable for firms as it has been found to lead to customer satisfaction (Hollebeek, 2011; Brodie et al. 2011), increased perception of benefits or value (Vivek et al., 2012) and enhanced customer relationships (Jaakkola & Alexander, 2014). However, research on how firms could create, facilitate or manage CE is still in its infancy. Moreover, extant research has predominantly studied CE with regard to brands and brand communities (Gummerus et al., 2012; Brodie et al., 2013; Hollebeek et al, 2014), which can be considered as high-involvement contexts. Hence, existing research provides very little insight into how CE could be achieved or facilitated by firms operating in sectors that feature low-involvement or interest from the customer side, although such firms would perhaps benefit from the ability to create CE the most.

To broaden extant research on CE, this study explores how firms operating in a complex, low-involvement industry seek to create customer engagement. By examining the Swedish pension industry, we identify the approaches and activities business actors have adopted to create CE and thereby advance understanding on the firm perspective of CE building.
**Theoretical foundations and conceptual framework**

Customer engagement can be defined as “individual's participation and connection with the organization's offerings and activities” (Vivek et al., 2012) that occurs by virtue of interactive customer experiences with a firm or brand (Brodie et al. 2011). For the firm, CE could serve as a vehicle for creating, building and enhancing customer relationships (Brodie et al., 2013).

CE research has noted company and stakeholder benefits of CE (Brodie et al., 2011) and identified some firm-related drivers for customer engagement behaviour (CEB), such as providing access and ceding control (Jaakkola & Alexander, 2014). Van Door et al. (2010) propose a conceptual framework for CEB management, highlighting a process where firms should identify, evaluate and react to the different CEBs by customers. However, these sparse insights that we have on CE management predominantly relate to firms reacting to behaviours of active, highly engaged, customers. The issue of how companies within a low-engaged context try to trigger and enhance CE for the benefits for all involved actors has attained relatively little attention.

In order to study what firms do to facilitate CE we utilize Brodie et al’s (2013) five sub-processes of CE – learning, (e.g., acquisition of cognitive competencies), sharing, (e.g., contributing specific information, knowledge and experiences), co-developing (e.g., resource integration of knowledge, skills and time into an offering), advocating, (e.g., recommending brands, products or activities), and socialising, (e.g., developing common attitudes, norms and language). These activities constitute the basic elements of what engaged customers do, and are therefore the key processes that firms would seek to affect to facilitate CE.

**Methods and data**

To study how firms operating in a low-involvement industry seek to create CE, we examine the recent de-regulated pension industry in Sweden. The industry has undergone a transition from being fully governmental owned towards what can be characterized as highly competitive and diversified market. It consists of both large and small actors, primarily the government and governmental agencies, employers’ organizations, banks and insurance companies. For customers, the complex pension system is perceived as bureaucratic, tedious and difficult to understand (Financial Conduct Authority, 2014), and the value outcomes of the pension service seem distant. Generally, for customers’, even thinking about pension activates disinterest or even negative feelings (Novus, 2014). The pension industry is thus
characterized as a low-involvement context from a customer perspective. Although CE would be pivotal for them as the eventual outcomes of the service depend on customer inputs today. Increased engagement would not only create customer awareness but more important stimulate business performance by enhancing the market as a whole, thereby benefiting the whole society. In terms of previous CE research, this represents a novel context to study CE.

Primary data was collected through eleven semi-structured interviews with a series of executives and managers within ten different financial institutions. These ten actors estimate to control over 80 % of the Swedish pension market. The respondents’ positions enabled strategic knowledge about both their firm’s creation of CE and the industry as a whole, which suited the nature of this study. Their expertise of the subject covers a range of issues and phenomena of interest (Healey & Rawlinson, 1993). The questions were based on Brodie et al’s (2013) five sub-processes of CE that also formed the theoretical framework for data analysis.

**Findings**

Empirically the paper illustrates the dual roles for competing business actors’ within an industry which is perceived as low-engagement by their customers. Actors compete within the market but findings also indicate that they work together in order to expand the market by enhancing the engagement for the industry as a whole. This actor and industry level enactment to enhance both the individual actor and the market is manifested within each of Brodie et al’s (2013) five sub-processes of CE.

*Learning* was considered the pivotal part of enhancing CE both for the specific actor but also for the industry as a whole. All actors work together with the common goal of making potential customers’ realize that the market change has a direct, positive, effect on the individual’s pension. Thereby they try to educate customers to overcome the complex system structure, industry ambiguity, and the distant time to use.

Activities to advance *sharing* are most prominent seen by industry actors as having long standing cooperation’s of sharing customer insights with each other regarding customer perceptions of the industry. Thereby, they together try to steer the industry towards what aspects their customers perceive as relevant to engage in.
To facilitate the co-development of the industry as a whole, all actors are in discussions of making a common transparent platform. The goal is a unifying service platform where customers easily can find, compare and learn about each actor’s different services.

In terms of advocating, the interviewees stated that it is agreed upon that the industry should focus on only creating emotional elements toward pensions. Linking emotional motives to specific pension offerings are seen as a way to overcome the industry’s low-engagement context with large ambiguity.

With regard to socialising the actors are trying to embrace the digital developments by adopting to a more customer-centric approach. However, several actors state that it takes time as the industry moves slowly. But they try to break free from the old provider-client dyad. Here they rely on the upcoming co-developed service platform for making an arena for broader interactions.

**Discussion and conclusion**

This study empirical examines how actors within a low-involvement industry, the Swedish pension industry, tries to manage an increase of CE both for their own benefit but also for the benefit for the whole industry. Thereby, this study contributes to existing CE research with new knowledge on how firms seek to engage their customers. Our findings especially highlight that firms might find it difficult to transform customers’ perceptions alone, but consider that industry-wide effort and collaboration is needed. This paper thereby support and enhances Jaakkola and Alexander’s (2014) findings that engagement can be positively influenced by collaboration between stakeholders in an industry.

Another noted factor for creating CE is the use of technological solutions. It seems to be the key factor for bridging the engagement gap between what the actors within the industry want and how the customers perceive the service. This finding supports Brodie et al. (2013) who expressed engagement platforms as fundamental parts of creating CE.

An intriguing notion from this single case study is if the basic assumption in this industry - extended customer choice of an already complex service leads to low CE - is generalizable. More CE research is needed on both the service itself and if the number of offerings in the market has an impact on customer’s engagement.
Our research also hints toward the notion that more research is needed in order to further understand co-creation of CE within a service ecosystem. Especially there is a need to stress the importance of simultaneous competition and collaboration between actors.

Mahesh Subramony (Northern Illinois University), Charles Gowen (Northern Illinois University), Kathleen McFadden (Northern Illinois University)

Background and Conceptual Framework

Recent advances in service research have focused on the transformative effects of service entities on the wellbeing of individuals, collectives, and ecosystems (Anderson, et al., 2013). Scholars in the emerging domain of transformative service research (TSR) prioritize a wide range of issues including increased access of critical services for poor and vulnerable consumers, improved health and wellbeing of individuals and communities, and sustainable service delivery (Ostrom, et al., 2015). Critical among these priorities is that of safe, efficient, and accessible healthcare delivery (Berry & Bendapudi, 2007). In this study, we examine the relationship between human capital resources (HCR), i.e. aggregate levels of employee knowledge, skills, abilities, and other characteristics; and two key healthcare outcomes – bed utilization and hospital readmissions. While the former outcome is commonly regarded as an objective measure of service system efficiency (Qureshi & Hassan, 2014; Boyle, et al., 2014), the latter is understood to have serious negative consequences on patient health and hospital-level quality indicators (Boozary et al. 2015). Further, lowered levels of hospital readmissions are associated with higher patient satisfaction (Boulding et al., 2011). Clearly, there is a need to examine the factors that optimize bed utilization and minimize readmissions rates.

Utilizing the strategic human capital lens provided by context emergent turnover (CET; Nyberg & Ployhart, 2013) theory we propose and provide evidence for hypotheses linking the accumulation of HCR and its depletion in the form of physician turnover, with these critical healthcare outcomes. Specifically, we find that the interactive relationship between the HCR and physician turnover influences bed utilization and patient readmissions.

Theory and Hypotheses
The positive relationship between HCR and organizational performance is well documented in management literature (e.g., Crook et al., 2008; Crook et al., 2011). Similarly, there is strong evidence suggesting that collective turnover is negatively related to these outcomes (Hancock, et al., 2013; Park & Shaw, 2013). CET theory integrates these effects, viewing collective turnover as a depletion of human capital resources (Nyberg & Ployhart, 2013). Within a broader resource based framework (e.g., Dierickx & Cool, 1989; Barney, 1989), the levels of HCR at any given point in time (i.e., HCR stocks) are viewed as affected by the two reciprocal ‘flow’ mechanisms, accumulation (positive change) and depletion (negative change) over time (Ployhart, et al., 2011). In that sense, the constructs of HCR and collective turnover are deeply related to each other with stocks of the former built through acquisition in the factor market (i.e., hiring) and/or accumulation (e.g., training and development) mechanisms (Maritan & Peteraf, 2011) and depleted through the turnover of key resources.

Within the healthcare context, physicians play a variety of technical, coordinating, and management roles. As technical experts, they diagnose and treat patients, monitor and follow up on treatment regimens, and attempt to proactively prevent relapses and secondary infections; while their coordinating role involves – at the minimum - working with nurses, hospital management, and the patients to plan and execute the treatment. Finally, physicians also perform a variety of managerial functions including strategic planning, budget and resource management, and community relations (Goldstein & Ward, 2004). Therefore, their turnover can lead to a significant depletion of hospital-level human capital (Reilly, et al., 2014). We hypothesize an interactive effect of HCR and physician turnover on the two healthcare outcomes such that high levels of turnover weaken the positive influence of HCR on bed utilization (an efficiency measure) and the negative effect of HCR on patient readmissions (which has detrimental effects on patient health). Our hypotheses are as follows:

Hypothesis 1: Physician turnover will moderate (weaken) the positive relationship between HCR and bed utilization.

Hypothesis 2: Physician turnover rates will moderate (weaken) the negative relationship between HCR and patient readmissions.

Method and Measures
Data were collected utilizing telephone surveys with Directors of Human Resources and Quality at 120 hospitals acute- and critical-care hospitals in the US. Respondents provided ratings on a 6-item standardized measure of organization-wide human capital (Youndt & Snell, 2004) and reported their hospital’s rates of physician turnover, patient readmissions, and bed utilization. In addition, data regarding ownership (private/non-profit), size (number of employees), and hospital type (critical v. acute care) were collected from archival sources. All data were analyzed utilizing ordinary least squares (OLS) regression with ownership, type, and size used as controls in all analyses.

Results

Physician turnover moderated the relationship between HCR and bed utilization ($B = -1.36, SE = .43, \beta = - .30; p = .002$). A test of the conditional effects of HCR at low, medium, and high levels of turnover (Hayes & Matthes, 2009) reveals that the relationship between human capital and bed utilization is non-significant at high levels of physician turnover ($B = -3.71; SE = 4.95; 95\% CI: -13.56 to 6.14$), significant at the medium level of turnover ($B = 6.94; SE = 3.45; 95\% CI: .09 to 13.79$), and stronger and significant at low turnover levels ($B = 15.37; SE = 4.27; 95\% CI: 6.87 to 23.86$). These conditional effects (see Figure 1 below) indicate that the positive effect of HCR on bed utilization is weakened by physician turnover, thus fully supporting hypothesis 1.

![Figure 1](image-url)

**Figure 1**

*Moderating Effect of Physician Turnover on the Relationship between HCR and Bed Utilization*
Further, physician turnover significantly moderated the relationship between human capital and patient readmissions ($B = -0.49$, $SE = 0.16$, $\beta = -0.29$; $p = 0.003$). However, a test of the conditional effects (see figure 2) reveals that human capital is significantly negatively related to patient readmissions at medium ($B = -3.29$; $SE = 1.29$; 95% CI: -5.86 to -0.73) and high ($B = -7.19$; $SE = 1.85$; 95% CI: -10.87 to -3.50) levels of turnover but not at low levels of turnover. These conditional effects indicate that the negative effect of HCR on readmissions is actually stronger at high levels of turnover, thereby providing results that contradict hypothesis 2.

**Figure 2**

*Moderating Effect of Physician Turnover on the Relationship between HCR and Readmissions*

<table>
<thead>
<tr>
<th>Low Human Capital</th>
<th>High Human Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient Readmissions</td>
<td>0</td>
</tr>
<tr>
<td>Low Physician Turnover</td>
<td>11,43</td>
</tr>
<tr>
<td>High Physician Turnover</td>
<td>18,75</td>
</tr>
</tbody>
</table>

**Discussion and Implications**

Our study reveals that HCR and physician turnover interact to influence bed utilization and patient readmission rates. Specifically, higher stocks of HCR are associated with better bed utilization rates, but this relationship is weaker in hospitals that have high rates of physician turnover. This provides support for the notion of HCR depletion through turnover. On the other hand, the negative effects of HCR on readmission rates appear to operate only at higher levels of physician turnover. A possible explanation for this counter-intuitive finding is that stocks of HCR are most needed and valuable in hospitals that experience high levels of physician turnover. This is probably because the availability of highly skilled and experienced
physicians, staff, and nurses can compensate for high levels of turnover. In that sense, HCR may perform a buffering function by reducing the negative effects of physician turnover on valued healthcare outcomes.

Thus, our study suggests that the accumulation of HCR stocks through selection and training of skilled professionals and the reduction of HCR depletion through physician retention is critical for hospital performance and patient health outcomes.

**Contributions**

This study contributes to extant service literature by highlighting the importance of human capital accumulation and retention for healthcare efficiency and patient health outcomes. While the importance of frontline employees in enhancing customer satisfaction has been noted across decades of services research (Schneider & Bowen, 2015; Subramony & Pugh, 2015), this study emphasizes the importance of human capital, as a collective construct, for the attainment of organizational efficiency, quality, and patient health. For service practitioners, our study points at the importance of ensuring the availability of adequate stocks of knowledgeable and skilled employees, as well as the retention of core employees (in this case physicians) for efficient service delivery and the realization of transformative outcomes.

References available upon request
When Similarity Beats Expertise: The Differential Effects of Peer and Expert Ratings on Hospital Choice

Anne-Madeleine Kranzbuehler (Vrije Universiteit Amsterdam), Mirella Kleijnen (Vrije Universiteit Amsterdam), Peeter Verlegh (Vrije Universiteit Amsterdam), Marije Teerling (VODW)

Introduction.
Online rating platforms are ubiquitous in traditional product and service settings. Increasingly, consumers also consult online rating platforms prior to choosing a physician or hospital that provide ratings from other patients (Hanauer et al. 2014). But how informative can those ratings be? One might argue that patients often lack the necessary skills and expertise to adequately evaluate health care (Adams and Biros 2002; Gallouj 1997). Comparable to other professional services, health care may be regarded as a complex service that is high in credence qualities (Berry and Bendapudi 2007). Even after it has been performed, it is difficult for patients to assess the actual quality of a health service. Instead of focusing on the outcome of a credence service, consumers are thus more likely to evaluate their service experience instead (Powpaka 1996). In a health context, consumers consequently tend to judge the service based on easily observable processual features which are often related to care (service experience)—such as a physician’s convenient location, and friendly office staff (Healthgrades 2014)—rather than cure (outcome) (Büyüközkân et al. 2011). Although a positive care experience is an integral part of a health service that contributes to both psychological and physiological health (McColl-Kennedy et al. 2012), it neglects to give insights into the second essential element, the technical quality of procedures. While consumers often use their service experience as a proxy for technical quality, research shows that they are at best partly related but not substitutes of the same assessment (Gray et al. 2014). As a seemingly obvious solution to this problem, many rating platforms include outcome-focused expert judgments based on statistics like readmission and death rates as an additional and complimentary source of information. But little is known about how consumers combine these two different sources of information—the one being more similar, the other possessing greater expertise—to form an opinion about hospitals.

While prior research has separately examined the effects of both types of advice on attitude formation and choice behavior in various contexts (e.g., Aiken and Boush 2006; Chevalier and Mayzlin 2006; Park et al. 2007), the questions of how the simultaneous
presence of ratings from similar peer and expert sources affects consumer decision making has largely remained unanswered. The contributions of this study are threefold: First, we advance theory on patient experience by assessing the role of online rating platforms in the decision making phase. Second, we contribute to the literature on source effects by directly comparing the impact of simultaneously provided ratings from a similar and an expert source. By explicitly presenting one source as similar and one as high in expertise rather than manipulating both source characteristics in the same individual, the present study offers insights into the role of source similarity and expertise when consumers have to consciously choose one over the other. Third, we present a boundary condition for the higher influence of the similar compared to the expert source by introducing an intervention that makes consumers balance both sources’ advice.

**Theoretical foundations: Source effects.**

Research on interpersonal influence posits that a source’s perceived expertise and perceived similarity to the receiver are the best predictors of its impact on decision making (Gilly et al. 1998; Wangenheim and Bayón 2007). While literature agrees that both the perceived expertise and similarity of a source positively affect its persuasiveness, it is inconclusive about which source characteristic has the stronger influence. One stream of research indicates that consumers tend to follow the advice from similar others as they are assumed to share the same preferences (Brock 1965; Simons et al. 1970). Other studies suggest that consumers prefer to seek and follow advice from expert sources (Bansal and Voyer 2000; Gilly et al. 1998), and demonstrate positive effects of advice from expert sources on performance (e.g., Boush et al. 1993). A third set of studies criticizes those main effect source models and posits that the impact of expert versus similar sources depends on factors like shopping goals (Smith et al. 2005a), product category (De Maeyer and Estelami 2011), or receivers’ own experience (Chakravarty et al. 2010) with consumers favoring peer (expert) advice for hedonic (utilitarian) shopping, services (products), and when having little (much) own experience. Based on this inconclusive prior research we want to analyze whether a source perceived as higher in expertise or a source with a high degree of perceived similarity has a greater impact on consumer decision making in a health care context.
**Methodology, findings, and discussion.**

A first experimental study \( (n=619) \) instructed participants to imagine that they are looking for a hospital for either a heart surgery or an allergy test and consult a rating platform to aid their decision. On the following page, an evaluation of a fictive hospital on a fictive health care rating platform was presented containing both an expert and patient star rating. The ratings of each source were either negative (1.5 out of 5 stars) or positive (4.5 out of 5 stars). The results illustrate that when confronted with conflicting ratings on an online platform, consumers generally favor patient over expert advice when evaluating a health care provider. Participants evaluate a hospital more positively \( (M_{evaluation} = 3.08, SD = .89) \) when patient ratings are positive and expert ratings negative compared to when patient ratings are negative and expert ratings positive \( (M_{evaluation} = 2.65, SD = .93, t(324) = 4.24, p < .001) \) (Figure 1).

**Figure 3.** Study 1, Evaluative index (evaluation of hospital and usage intention) across groups.

A second experimental study \( (n=186) \) showed that this preference also holds in a situation when consumers have to directly choose between two hospitals (one being rated more...
positively by patients, the other by experts). Thus, they seem to be affected more strongly by a source they perceive as being similar compared to a source they perceive as possessing a higher level of expertise. When investigating these results further, we indeed find that differences in perceived similarity (and only much less differences in perceived expertise) drive the impact of peer over expert ratings (Figure 2).

**Figure 2.** Study 3, Mediation analysis.

Interestingly, when asked in hindsight, consumers do perceive patients to mainly judge a hospital on care-related factors (service experience) that can easily be observed and assessed, while experts are perceived to rather focus on technical quality of procedures and equipment. While the service experience is an integral part of a health service, it has not been found to be a good proxy for technical quality (Gray et al. 2014). Thus, consumer and expert health ratings seem to emphasize different—but complimentary and equally important—facets of a health service. Nevertheless, consumers tend to follow their peers’ rating when evaluating and choosing a hospital. Consequently, consumers seem to refrain from deliberating on this important decision and employ a rather heuristic processing instead that focuses on the affectively more positive similar peer source. This might be explainable by the fact that health care decisions are typically complex and involve high levels of anxiety (Gallan et al. 2013). Grounded in research on cognitive accessibility we, however, find in a third experimental study ($n=212$) that patients’ reliance on peer ratings can be mitigated by means of an intervention. In the experimental condition with intervention, participants were first asked to
specifically evaluate the expert and patient sources with regard to their expertise, perceptual similarity and factors they base their ratings on. Only thereafter they were confronted with the patient and expert rating scenario (analogous to study 1). In the no intervention condition, these questions were not asked before being confronted with the rating scenario.

When no intervention is present, similar patterns as in study 1 emerge with consumers’ evaluations being affected more strongly by patient than expert advice ($M_{\text{patient positive/expert negative}} = 3.39$, $SD = .84$; $M_{\text{expert positive/patient negative}} = 2.45$, $SD = .84$; $F(1, 208) = 30.61$, $p < .001$). In the intervention condition consumers seem to weigh the conflicting ratings more evenly, although they still rely more strongly on patients ($M_{\text{patient positive/expert negative}} = 3.13$, $SD = .97$; $M_{\text{expert positive/patient negative}} = 2.81$, $SD = .86$; $F(1, 208) = 3.46$, $p = .064$) (Figure 3). Our results support the proposition that when consumers are instructed to deliberate on both sources’ abilities prior to judging the hospital, consumers’ preference for patient over expert advice significantly weakens. In line with Schwarz and colleagues (1991) we find that responses to prior questions seem to make information accessible that is subsequently used in decisions. The proposed intervention indeed leads consumers to balance the (conflicting) information provided by different sources more and incorporate both expert and patient advice in their judgment.
Figure 3. Study 3, Interaction effect of positive source type and presence of intervention on the evaluative index.
References.


Engaging With and Retaining Men in Mental Health Services

Brett Scholz (University of Canberra), Vinh Lu (Australian National University), Domenique Szantyr (Independent Researcher)

Introduction

The current rates of diagnoses suggest mental health conditions (e.g. depression) are predicted to become a leading cause of disease burden within developed countries by 2030 (Mathers & Loncar, 2006). In addition to this remarkable trend, undiagnosed mental health conditions pose a significant problem, for two main reasons. First, men are reportedly less likely than women to seek help (Glise et al., 2012). Second, health professionals might be less likely to diagnose men with mental health conditions (Rieker & Bird, 2005). Problems also may arise due to the stigma surrounding mental health concerns, and the associated invisibility of various conditions such as depression (Addis et al., 2010; Rice et al., 2012).

Recent public discourse about men’s mental health has reflected the stigma associated with men’s mental health conditions, especially on the climbing rates of depression in various groups. Public figures such as US Vice President Jo Biden (Radar, 2015) and The Only Way Is Essex star Mario Falcone (Eames, 2014) have been open about their experiences (e.g. being depressed, seeking counselling, and feeling suicidal). Various campaigns about men’s mental health such as ‘Soften the Fuck Up’ in Australia (Spur Projects, 2012) and ‘Man Therapy’ in the USA (Mocarski & Butler, 2015) have gained significant momentum. The impact of these campaigns may be shifting attitudes to men’s mental health help-seeking behaviours. However, it appears that there are still several barriers to men’s mental health service access, which is the core of the current study.

By focusing on men’s mental health service access, we address the call by Ostrom and colleagues (2015) for transformative service research on enhancing access for critical services. Our examination of the barriers for mental health services access is guided by Aday and Andersen’s (1974) framework for the study of access to medical care. We took into account two groups of indicators, namely characteristics of the health service delivery system and characteristics of the population at risk.
Method

Participants were selected from the cohort of the Florey Adelaide Male Ageing Study (FAMAS), which is a longitudinal research study of almost 2000 Australian men. FAMAS participants were aged from 35 years old, and resided in urban or suburban South Australia at the time of baseline assessment in 2002 (Martin et al., 2007). Men were assessed on a variety of health-related measures including physical activity, medication usage, prostate health, diet composition, and mood disorders. For the current study, a random selection of 10 participants who scored within the highest 25% of depressive symptoms as measured by the Beck Depression Inventory (BDI) (Beck et al., 1988) at the time of the most recent assessment were invited to take part in individual interviews on a range of health issues, stress and coping. Participants ranged from 45 to 88 years of age at the time of the interview.

The interview followed a semi-structured format, and the interviewer asked several follow-up questions and engaged in broad discussion of issues related to health, stress, and coping in order to yield a thorough data set to explore. An importance was placed on building rapport throughout each interview in line with advice on interviews with men about health (Ollife, 2005; Galasiński, 2008).

The analytic approach has been informed by discursive psychology principles (Edwards & Potter, 1992). These principles treat discourse as data that not only describe occurrences, but that performs actions and constructs meaning (Potter, 1996). Our analysis was specifically concerned with how men drew on discourses of relationality in terms of their health service access.

Results and Discussion

Analysis of the participants’ interviews highlighted the importance of external barriers and facilitators (including factors associated with the characteristics of the mental health services, and those associated with the social context), relational barriers and facilitators about ways in which the providers and consumers interact, and internal barriers and facilitators associated with the service consumers (Figure 1).
Figure 1: Men’s Mental Health Service Access

External Factors (service delivery and social context)

The expense of mental health service access was prohibitive for some participants. This was particularly a problem in cases where chronic conditions led individuals to need multiple services over a long period of time, and was particularly difficult in cases where these services were drawn out therapies (such as ongoing psychotherapy, or meditation and relaxation education).

A lack of accessibility was a problem for participants. Particularly in the case of a participant living in remote South Australia, being able to schedule face-to-face or even phone appointments was very difficult as service providers were reportedly unavailable. This participant preferred to travel to the closest urban centre at least six hours away to see a regular service provider.

Men talked about the importance of having mental health services available/visible to them without having to search for them. For instance, one participant discussed how receiving a mental health service pamphlet in his letterbox increased his awareness of service availability. Another praised mental health services’ fridge magnets as having the phone number readily visible had saved his life when he had felt suicidal.

Social expectations of masculinity and gendered norms of help-seeking behaviours were another external factor that influenced men’s decisions to access mental health services. Some men felt pressure to be “stoic” due to the stigma of mental health concerns, and one talked about how masculinised health services had helped him talk to health professionals in ways that traditional health services had not, although such services reproduced gendered norms of health behaviour.
Relational Aspects of Service Access (value perception and communication quality)

Men’s perceptions of the value that a mental health service could bring were shaped by the dominance of particular services. In Australia, one major service refers to itself as “the national depression institute”. While all participants were aware of this particular service, the ubiquity and dominance of the service shaped men’s perception of mental health services as homogenous. As different individuals have different mental health service needs, this perception of mental health services discouraged men from trying other services if they had failed to find value in the services they had previously used. Further, the participants only referred to therapeutic services, and none referred to the use of any preventative mental health services.

Communication between service providers and participants was instrumental. A participant reported that being “pushed” by a service provider calling him several times was the impetus for him to attend the service because it was “easier to go and get it out of the way”. Another found that a service run by a community group help provider was not a good fit for him because he did not relate to service users despite their focus on positive communication.

Internal Factors (age, fear, and personal commitment)

Age provided men with a perspective beyond stigma. Older participants discussed the ways in which they justified their service access through being “wiser” and admitted that when they were younger there was more pressure to embody masculine norms and ignore symptoms. Constructing themselves in this way, as wise and more knowledgeable than younger men, allowed men to still position themselves as masculine even if engaging in stereotypically feminised mental health services.

Fear appeared to be a strong motivator that enabled men to move beyond the stigma associated with accessing mental health services. Participants who talked about feeling fearful that their symptoms were part of a more severe condition stated how it helped them get to a service provider much sooner than if they had been experiencing less serious symptoms.

Through participants’ talk about mental health service access, it became apparent that access itself was an ongoing balance of priorities. Some participants cited heavy time demands as a reason to withdraw from services, and this was compounded by other priorities including family duties and employment.
Conclusion

Berry and Bendapudi (2007) highlight that the wants and needs of customers (i.e. mental health service consumers) for healthcare frequently conflict, making them reluctant users of health service. Through the lens of Aday and Anderson’s (1974) framework for the study of access to medical care, we identified specific domains of focus for men’s mental health service access. The characteristics of the health system that were relevant to men’s access of mental health services included cost, accessibility, and visibility. The characteristics of patients included age, fear and commitment. Our findings suggest that a third domain impacting on men’s mental health service access is comprised of stigma gendered norms of behaviour. Further, our findings also suggest that the relationality between mental health services and service consumers is another factor influencing men’s mental health service access.

Our study enriches knowledge on how to enhance access, quality, and productivity in the provision of health services, a service research priority identified by Ostrom and colleagues (2015). More specifically, we discuss the implications for key aspects of men’s health narratives and highlight the ways in which individuals’ discursively construct their understandings of maintenance of health service access, and the meanings this might have for health service marketing and policy.
Predicting High and Low Engagement in Social Networking Sites

Rodoula Tsiotsou (UNIVERSITY OF MACEDONIA), Yannis Hajidimitriou (UNIVERSITY OF MACEDONIA)

As more and more marketers incorporate social media as an integral part of the promotional mix, rigorous investigation of the factors related to consumers’ engagement in social networking sites (SNSs) is becoming pivotal. Given the social and communal characteristics of SNSs such as Facebook, Linkedin, Twitter, Flickr, Your Tube and Google Plus, this study examines how personal and social factors relate to consumer engagement with SNSs groups. Specifically, a conceptual model that identifies trust, group identification, social motives, professional motives and communication motives as important factors related to of high vs. low engagement behavior in SNSs was developed and tested.

Conceptual Framework and Propositions

Social networking sites attract a fast-growing number of consumers by enabling them to visualize and articulate their social network and engage in social interactions in a dynamic, interactive, multi-modal form over the Internet (Boyd and Ellison 2007).

Online community research supports the link between identification with the consumption group and consumers’ active engagement with it (Men and Tsai, 2013). Community identification may lead to group-oriented attitudes and behaviors expressed as participation in group discussions and activities and increased engagement with the group (Zeng et al., 2009; Tsiotsou, 2015). Thus, it is expected that consumers highly identified with the SNS group will be also highly engaged with it.

Trust is considered as an intrinsic feature of any valuable social relationship and constitutes an important construct in marketing, because it affects consumers’ positive and favorable attitudes and results in commitment (Ballester and Aleman, 2001). It has been reported that trust in related to consumer engagement in brand communities (Brodie et al. 2013; XXX forthcoming) and in social networking sites (XXX forthcoming). Accordingly, it
is proposed here that consumers highly engaged in their favorite SNS group will exhibit high trust in the SNSs.

Consumers use SNSs for various reasons such as to connect and reconnect with friends and family members (Subrahamanyam, 2008) to gather knowledge on people to whom they have an offline connection (Lampe et al., 2006), to find people and stay up to date on their lives (Rosen, 2007), and to maintain friendships (Dwyer, 2007). In addition to communication and social motives, the literature supports professional motives for using SNSs. For example, Schaefer (2008) has identified three major motives for using SNSs for business contacts: Staying in contact, reactivation of contacts and most importantly the management of one’s existing contact network. Moreover, other consumers want to collect contact information on potential future business partners (Thew, 2008). Therefore, it is expected that consumers highly engaged with the SNS group will also score high in social, communication and professional motives.

Method

The survey research method has been used to collect data for the study offline. The questionnaire consisted of three parts. Part I gathered data on social relationships such as trust on SNSs and SNS group identification and engagement. Part II gathered data on consumers’ motives (social, communication and professional), and Part III collected demographic data.

The items for measuring SNS group engagement (four items) and SNS group identification (four items) were gathered from the work of Algesheimer et al. (2005). Four items measuring SNS trust were taken from the work of Chaudhuri and Holbrook (2001) and the motives for using the SNSs were taken from the literature (Lampe et al., 2006; Rosen, 2007; Dwyer, 2007; Schaefer 2008; Thew, 2008). All items in the final instrument were anchored by Strongly Disagree (1) to Strongly Agree (5).

Data was gathered data from a convenience sample of 320 members of various SNSs. The sample consisted of 51% males and 49% females. From the respondents, 56% were between 25-44 years, 34% were between 18-24 years and 11% were between 45-64 years old. In relation to the internet use, 30% of the sample used it for more than 21 hours per week, 19% used for 16-20 hours, 19% used for 11-15 hours, 20% used for 6-10 hours and 12% used for up to 5 hours per week. The majority of the sample (298) used Facebook (93%), 84 respondents used Google + (26%), 72 used Linkedin (22.5%), and 58 used Twitter (18%).
Most of the respondents (56%) had more than 201 friends on SNSs, 13% had 151-200 friends, 10% had 101-150 friends, 9% had 51-100 friends and 13% had up to 50 friends.

To compare consumers with high and low SNS group engagement and identify differences, classification with discriminant analysis was used. The mean score in the SNS group engagement scale has been used in order to identify the high and the low engagement group. The independent variables of the study were SNS group identification, trust to SNSs, social motives, communication motives and professional motives. In a preliminary analysis of the data, a case analysis was conducted to identify possible outliers and violations of the assumptions of independence, multivariate normality and the homogeneity of variance/covariance matrices. No serious violations of the assumptions were identified.

The overall multivariate relationship (MANOVA) was statistically significant at the .05 level (chi square = 115.188; Wilk’s Λ = 0.69; \( p < 0.00 \)) indicating that the two groups are statistically significantly different. Thus, the discriminant function extracted was significant and overall the variables used in the study were able to discriminate between high and low engagement groups. The analysis continued by evaluating the contribution of each independent variable to the discrimination of the two groups. All univariate F-tests were significant (\( p < 0.00 \)).

The next step of the analysis was the classification of the subjects and the evaluation of the classification procedure. The classification was based on the Bayesian probability of group membership, assuming group priors equal to the relative group sizes. The analysis continued with the evaluation of the performance of the classification procedure, which is set up to maximize the number of correct classifications. The results for the sample indicated a 74.7% correct classification rate. The precision of correct classification is satisfactory and for this reason the use of the procedure for classification of future subjects is recommended.

Discussion

In conclusion, the present study provided empirical evidence for the applicability of engagement with the SNS group as a classification criterion for SNSs consumers. Specifically, it aimed to classify SNSs’ consumers according to their engagement level, and further profile them according to their identification to the SNS group, their trust to SNSs and their motives (social, communication and professional). Thus, a psychographic profile of low and highly engaged consumers was developed based on the above personal and social factors.
These results enhance our theoretical understanding of the use of psychographic segmentation in SNSs consumers and have marketing implications.

SNS engagement is of particular interest to both academics and managers since high SNS engagement is related with positive attitudinal and behavioral outcomes (e.g., SNS loyalty and positive word of mouth). The results showed that SNS group engagement can be used as a segmentation criterion for identifying different SNS consumers. SNSs managers could benefit from these findings to attract and maintain their consumer base. This could be done by communicating to consumers the social, communication and professional benefits they can gain by becoming members of the SNS. Moreover, they should try to increase consumers’ trust to SNSs by keeping their promises and taking care of safety and personal information issues.

Some clear limitations of the study should also be addressed. First of all, it should be noted that a convenience sample has been used and therefore its findings cannot be generalized. Second, data has been collected from one country (Greece). Furthermore, collection of data from SNS consumers in other countries could give the chance for generalizations and cross-cultural comparisons.
References


Purchase Intention of Online Content: An Application to Music Streaming Services

João Guerra (Faculty of Economics- University of Porto), Teresa Fernandes (Faculty of Economics- University of Porto)

Introduction
The web revolution changed the way how consumers behave, bringing a wide variety of options, both in terms of contents and experiences. The possibility to access content online, which used to be available only offline, revolutionized consumer behavior. The music industry is a paradigmatic example: physical product sales decreased and even online music stores seem to be threatened either by illegal file-sharing or by the rise of streaming services. However, music streaming services find it difficult to persuade users to opt for the premium version. Therefore, the purpose of this study is to assess what drives (or deters) users’ intention to purchase music streaming services. Based on existing models in the literature, a research model was developed, using data collected from 318 users of music streaming services. Findings show that the negative impact of perceived fee surpasses the positive one of perceived value. Our study contributes to a deeper understanding of purchase intention towards music streaming services, providing a framework within this under researched field.

Background
The web revolution brought the possibility to access content online, which used to be available only offline. The music industry is a paradigmatic example: before digitization, record labels controlled their own value chain from signing new artists to distributing their music to record stores (Nylén and Holmström, 2015). Only big bands with professional and influential support could survive in this environment. The digitization of music and the internet brought significant changes into the music field and the industry structure has suffered deep modifications (Warr and Goode, 2011). Now, the artists themselves make their own decisions concerning marketing and promotion of their records. The way how music is listened by consumers also changed with the easy access through the internet. Fans everywhere can listen to every file of a band, blurring national boundaries. Digital music came to stay, representing 39% of total industry revenues. In particular, music streaming services (MSS), like Deezer or Spotify, overcame $1 billion of sales in 2014. However, MSS face the challenge of persuading users to opt for the for-fee version (Doerr et al., 2010). Nowadays, the majority of MSS have a free and a paid tier of the service, but that last one is
not so widespread. As such, understanding the reasons why users may choose to accept (or not) the premium option of the service becomes crucial for MSS providers.

The Technology Acceptance Model (TAM), developed by Davis (1989), is regarded as one of the most important models in the area of user acceptance of technology. In TAM, user acceptance is analyzed through two important measures, usefulness and ease of use. According to Davis (1989), the first is “the degree to which an individual believes that using a particular system would enhance his/her job performance” while the second refers to “the degree to which an individual believes that using a particular system would be free of physical and mental efforts”. Various studies using TAM (e.g. Davis, 1989; Adams et al., 1992; Cheong and Park, 2005) showed that this model is a good predictor of users’ actual technology usage. Nevertheless, there are situations in which TAM was not so accurate. In the context of online content services, many users may be reluctant to use for-fee information services even if it is useful for them (Wang, 2008). TAM’s perceived usefulness only taps the perceived benefit component, omitting the perceived cost. To solve this issue, many models were addressed, like the revised TAM (Wang, 2008) which replaces perceived usefulness with perceived value. Moreover, Venkatesh and Bala (2008) proposed an upgrade of the original TAM, the TAM 3. In this model, the determinants of perceived usefulness and ease of use are separated, meaning that the processes of the first do not explain the processes of the second and vice versa. For example, high levels of computer playfulness do not necessarily enhance the user’s usefulness.

Another model that suits this kind of approach is the Value-based Adoption Model (VAM) proposed by Kim et al. (2007). The VAM model explains customers’ online service adoption from the value-maximization perspective, and it was developed to overtake the weaknesses of the TAM model in explaining new technology adoption, such as mobile internet. Since it was recognized that satisfaction itself is no longer enough to explain the adoption of a technology, in this model perceived value is a main determinant of user adoption and is determined by two cost beliefs (perceived fee and technicality) and two benefit beliefs (usefulness and enjoyment). Thus, VAM captures both sacrifice and benefit dimensions.
Research Method

The purpose of this study is to assess what drives (or deters) users’ intention to purchase the access to MSS. Based on existing models in the literature, namely the TAM and the VAM, a research model was developed, including concepts such as perceived usefulness, perceived enjoyment, perceived fee and technicality to build the research hypotheses (Table 1). Taking into account the study analyses MSS, which include a for-fee option, it was found more relevant to consider perceived fee as a direct antecedent of purchase intention (Figure 4).

Figure 4: Research Framework
Table 1: Research Hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Concept</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Technicality</td>
<td>Negatively related to perceived usefulness in the context of music streaming services</td>
</tr>
<tr>
<td>H2</td>
<td>Technicality</td>
<td>Negatively related to perceived value in the context of music streaming services</td>
</tr>
<tr>
<td>H3</td>
<td>Perceived Usefulness</td>
<td>Positively related to perceived value in the context of music streaming services</td>
</tr>
<tr>
<td>H4</td>
<td>Perceived Enjoyment</td>
<td>Positively related to perceived value in the context of music streaming services</td>
</tr>
<tr>
<td>H5</td>
<td>Perceived Value</td>
<td>Positively related to purchase intention in the context of music streaming services</td>
</tr>
<tr>
<td>H6</td>
<td>Perceived Fee</td>
<td>Negatively related to purchase intention in the context of music streaming services</td>
</tr>
</tbody>
</table>

Data was collected through a web-based cross-sectional survey based on a sample of college students. Measures were established scales from previous studies (Chu and Lu, 2007; Wang et al, 2012). 318 valid responses from streaming users were gathered. The majority of the respondents (61%) was female, between 18-24 years old (73%). Composite measures of identified factors were unidimensional and demonstrated good scale reliability according to accepted standards (Nunnaly, 1978). Identified factors showed strong Cronbach’s alpha (ranging from .59 to .97). Composite Reliabilities (CR) and Average Variances Extracted (AVE) were above recommended minimums of .70 and .50, respectively (Fornell and Lacker, 1981; Hair et al., 2010), except for “Technicality”. However, since the AVE value was close to .50, it was deemed acceptable to keep the factor (Table 2).
Table 2: Measurement scales, reliability and dimensionality statistic

<table>
<thead>
<tr>
<th>Measures</th>
<th>Loadings</th>
<th>Means</th>
<th>CR (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technicality ($\alpha=.591$)</td>
<td></td>
<td></td>
<td>.766 (.451)</td>
</tr>
<tr>
<td>It is not easy to use streaming music services</td>
<td>.702</td>
<td>2.031</td>
<td></td>
</tr>
<tr>
<td>Learning to use streaming music services is a process that requires effort</td>
<td>.635</td>
<td>2.456</td>
<td></td>
</tr>
<tr>
<td>Streaming music services can be accessed instantly (reversed)</td>
<td>.637</td>
<td>2.283</td>
<td></td>
</tr>
<tr>
<td>It is not easy to get streaming music services to do what I want to do</td>
<td>.709</td>
<td>3.223</td>
<td></td>
</tr>
<tr>
<td>Perceived Usefulness ($\alpha=.826$)</td>
<td></td>
<td></td>
<td>.889 (.615)</td>
</tr>
<tr>
<td>Using streaming music services helps me to access music content more quickly</td>
<td>.759</td>
<td>6.217</td>
<td></td>
</tr>
<tr>
<td>Using streaming music services enables me to enhance my music appreciation</td>
<td>.733</td>
<td>5.465</td>
<td></td>
</tr>
<tr>
<td>Using streaming music services makes it easier to get the music information</td>
<td>.752</td>
<td>5.774</td>
<td></td>
</tr>
<tr>
<td>Streaming music services provide a wide variety of music</td>
<td>.831</td>
<td>6.314</td>
<td></td>
</tr>
<tr>
<td>Overall, the streaming services are very useful to listen to music</td>
<td>.841</td>
<td>6.305</td>
<td></td>
</tr>
<tr>
<td>Perceived Enjoyment ($\alpha=.820$)</td>
<td></td>
<td></td>
<td>.894 (.738)</td>
</tr>
<tr>
<td>I have fun interacting with the streaming music services</td>
<td>.846</td>
<td>5.456</td>
<td></td>
</tr>
<tr>
<td>Using streaming music services provides a lot of enjoyment</td>
<td>.867</td>
<td>5.585</td>
<td></td>
</tr>
<tr>
<td>I enjoy using streaming music services</td>
<td>.864</td>
<td>6.097</td>
<td></td>
</tr>
<tr>
<td>Perceived Value ($\alpha=.812$)</td>
<td></td>
<td></td>
<td>.888 (.728)</td>
</tr>
<tr>
<td>Compared to the effort I need to put in, the use of streaming music services is worthwhile for me</td>
<td>.889</td>
<td>5.726</td>
<td></td>
</tr>
<tr>
<td>Compared to the time I need to spend accessing, the use of streaming music services is worthwhile</td>
<td>.918</td>
<td>5.739</td>
<td></td>
</tr>
</tbody>
</table>
for me
Overall, the streaming music services deliver me a good value

<table>
<thead>
<tr>
<th>Perceived Fee (α=.667)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The price to pay to access the paid tier of the streaming music services is too high</td>
<td>.711</td>
</tr>
<tr>
<td>The price to pay to access the paid tier of the streaming music services is not reasonable</td>
<td>.839</td>
</tr>
<tr>
<td>Pay to access the paid tier of the streaming music services is something that would not please me</td>
<td>.719</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase Intention (α=.969)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I would consider to use the paid tier of the streaming music services</td>
<td>.962</td>
</tr>
<tr>
<td>I would be willing to pay to access the paid tier of the streaming music services</td>
<td>.985</td>
</tr>
<tr>
<td>In a near future, I would consider purchase the access to streaming music services</td>
<td>.963</td>
</tr>
</tbody>
</table>

All factor loadings were statistically significant (p<0.05), supporting convergent validity. Moreover, estimated pair-wise correlations between factors (i) did not exceed 0.85 and were significantly less than one (Bagozzi and Yi, 1988); and (ii) the square root of AVE for each construct was higher than the correlations between them (Fornell and Lacker, 1981), thus supporting discriminant validity (Anderson and Gerbing, 1988). The analysis of the data kept on with the hypotheses testing. Regression Analysis tests were then performed to validate the research hypotheses (Table 3).
Table 3: Results of the regression model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Dependent Variable</th>
<th>Independent Variables</th>
<th>β</th>
<th>Sig.</th>
<th>R square</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Perceived Usefulness</td>
<td>Technicality</td>
<td>-0.488</td>
<td>0.000</td>
<td>0.238</td>
</tr>
<tr>
<td>H2</td>
<td>Perceived Enjoyment</td>
<td>Technicality</td>
<td>-0.443</td>
<td>0.000</td>
<td>0.197</td>
</tr>
<tr>
<td>H3</td>
<td>Perceived Value</td>
<td>Perceived Usefulness</td>
<td>0.525</td>
<td>0.000</td>
<td>0.478</td>
</tr>
<tr>
<td>H4</td>
<td>Perceived Value</td>
<td>Perceived Enjoyment</td>
<td>0.194</td>
<td>0.005</td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Purchase Intention</td>
<td>Perceived Value</td>
<td>0.185</td>
<td>0.000</td>
<td>0.246</td>
</tr>
<tr>
<td>H6</td>
<td></td>
<td>Perceived Fee</td>
<td>-0.470</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

Discussion and Implications

Recently, new concepts of digital music distribution have been developed. A new type of business model, such as MSS, now provides content over the internet as a service, without transferring ownership. Most MSS adopt the “freemium” model, where services can be used both for free or with a paid subscription. However, questions arise about what factors govern the adoption of MSS and the willingness to pay for them. The aim of this study is to fill a research gap by analyzing users’ purchase intention towards streaming services.

Technicality, or the extent to which a user perceives the technical complexity of the service, has a similar negative impact both in perceived usefulness and enjoyment. Although users are increasingly more aware on how to deal with innovative systems, the non-monetary costs brought by the physical and mental effort to learn can affect their sense of utility and joy. To provide an easier and flawless experience, through e.g. an interactive and user-friendly interface, might mitigate the sense of technicality.

Then, the influence of perceived usefulness and enjoyment in perceived value was assessed. The impact of the first is greater (0.525>0.194) when compared to the second. Therefore, utility (and not enjoyment) is the main source of value to users. Features like e.g. the quick access to music, seem to have more importance than the joy to interact with the system itself.

Finally, the influence of perceived value and perceived fee on purchase intention was explored. Findings show there is a significant impact of both perceived value (positive) and perceived fee (negative) in users’ intention to purchase MSS. However, perceived fee was found to have a greater impact (0.470>0.185), suggesting that, despite finding the service valuable, the fee involved is the main aspect that influences users’ purchase intention.

Nowadays, there are several alternatives to a service online, and, provided that the costs of
change are low and the customers are willing to change, a possible fee involved can prevent many users of actually subscribing the service. As such, it would be important to increase the value of the paid version in order to reduce the impact of the perceived fee. Also, providers need to consider how to generate revenue through balancing free and premium components.

Our study is not without limitations. The data were collected using convenience sampling of college students, which warrants caution in generalizing results. A mixed methods approach could not only capture richer data but also lead to a stronger contribution. Finally, though the study is developed in a specific context (music), we believe findings can be adapted to other online content services and provide a ‘starting point’ that future research should extend and further refine.
References


Information Overload in Social Media: The Effect of Social Media Content Types on Engagement Behaviour

Rebecca Dolan (University of Adelaide), Jodie Conduit (University of Adelaide), John Fahy (University of Limerick)

Background

The proliferation of social media platforms has precipitated a paradigm shift among consumers, as they become more proactive in their direct interactions with brands. While the benefits of social media campaigns have been frequently reported (Nuttney, 2010), it is concerning that most of the investment into digital strategy is largely wasted (Griffin, 2013). Empirically, research has shown alarmingly poor results for online engagement, with an average of 0.07% of Facebook fans interacting with a brand's post (Gayomali, 2014). While customers continue to be inundated with online content, marketers will not succeed in their efforts without an understanding of how to effectively engineer their content to facilitate customer engagement (Lee, Hosanagar, & Nair, 2013).

The amount of information a user is exposed to within social media platforms is a contributing factor to the lack of engagement. Research has shown that users often feel they receive too much information online (Bontcheva, Gorrell, & Wessels, 2013) resulting in a lack of attention and interest. An abundance of infographics, blogs and guidelines have proposed specifications for the optimal length and design of social media updates. For example, Facebook updates with less than 40 characters are suggested to receive a higher number of likes, comments and shares among Facebook fans (Lee, 2014). Despite this emerging practitioner research in this field, theoretically-based academic guidance on a strategic approach to delivering content and facilitating user engagement is lacking.

In this paper, we perform a large-scale quantitative study of optimal content levels in the social media site Facebook. The key insight demonstrated within this study is how information overload onset varies with alternate types of social media content, specifically, informational, entertaining, relational, and remunerative content. By exploring these four types of content, we attempt to (i) determine if the phenomena of information overload occurs in a Facebook post, and (ii) determine if information overload varies with the type of content presented to users.
Contributions

This paper explores the effect of content types on the engagement behaviour of social media users. It demonstrates a relationship between the level of social media content and the social media engagement behaviours (SMEB’s) proposed by Dolan, Conduit, Fahy, and Goodman (2014). It contributes to the literature on information overload by demonstrating how the type of content posted within platforms such as Facebook is an important factor in determining information overload. We find that while social media users engage with high amounts of informational and entertaining content, they are likely to experience information overload and detach from the content at a much lower level when the content contains remunerative and economic details.

Receivers of information content have a limited cognitive processing capacity; when information overload occurs it is likely that a reduction in decision quality and attention will occur (Speier, Valacich, & Vessey, 1999). Previous scholars have examined the effect of social media content on engagement (Cvijikj & Michahelles, 2013; De Vries, Gensler, & Leeflang, 2012; Lee et al., 2013), and considered the amount of content as a contributing factor to their decisions to engage or withdraw from the content (Rodriguez, Gummadi, & Schoelkopf, 2014). This research advances these perspectives by providing evidence that information processing vary significantly by content type.

Research Question

This research specifically addresses the research questions;

What are the information processing limits of social media users, and does the prevalence of information overload vary with the type of content?

The research investigates whether an optimal level of informational, entertaining, remunerative and relational social media content exists; beyond which increasing levels have a detrimental effect on the SMEB of users. This expected relationship is derived from research regarding information overload in advertising messages (Eppler & Mengis, 2004). High levels of social media content are expected to weaken the relationship with positively-valenced engagement behaviours such as commenting on brand-related content, liking, and sharing the content.
Theoretical Foundations

The categorisation of content is derived from the uses and gratifications theoretical (UGT) perspective. Social media content can be distinguished based on its level of information (Cvijikj & Michahelles, 2013; De Vries et al., 2012), entertainment (De Vries et al., 2012; Taylor, Lewin, & Strutton, 2011), remunerative (Cvijikj & Michahelles, 2013; Lee et al., 2013) and relational (Muntinga, Moorman, & Smit, 2011) content.

UGT provides a framework through which the motivations of individuals seeking a specific type of media can be further understood. In a social media context, users are not passive in their media selection and media is constructed to enable interaction and engagement. It is proposed that social media content which satisfies user needs will facilitate the way in which consumers choose to engage with brands and other network users. Delivery of these varying forms of content will gratify customer motives for social media use, therefore resulting in expressions of SMEB.

Methodology

This study uses Facebook Insights and NCapture to extract data from Facebook to allow an examination of the actual behaviours of consumers using social media. In total, 2,236 Facebook posts from a total of 12 brands were collected over a 12 month period. Content was analysed using the process of quantitative content analysis (QCA) defined by Neuendorf (2002). Following the process of QCA which categorised the 2,236 Facebook posts according to their level of informational, entertaining, remunerative, and relational content, binary logistic regression was used to test the impact of social media content levels on SMEB.

The level of social media content was coded as a categorical independent variable in order to conduct the logistic regression. The dependent variables of the study (SMEB) were coded as a dichotomous variable in order to predict the likelihood of the behaviour occurring (1=behaviour occurred, 0=behaviour did not occur). In logistic regression, the Exp(B), also known as the ‘odds ratio’ is interpreted to predict the likelihood of the event occurring. In the next section, the Exp(B) values are plotted for levels of each social media content type. This demonstrates the effect of each level of social media content on the likelihood of users making a comment (creating behaviour). For example, the odds ratio of 3.04 for informational content means that users are 3 times more likely to comment on a post when it contains 7 elements of informational content. The analysis was replicated across each type of social...
media content and all remaining SMEBs; contributing, consuming, dormancy and detaching. The full results are omitted within this paper due to space restrictions, however they will be provided in the presentation.

**Findings and Discussion**

The results indicate clear information processing limits of social media users. In Figure 1, the prevalence of information overload is shown to vary with the type of social media content type, supporting the research propositions.

Informational content has the strongest effect on the prediction of creating SMEB (Exp(B)=3.04, p=<0.05) when there are specifically 7 elements of informational content present. Beyond this level, the likelihood of creating SMEB occurring declines. A much lower level of *remunerative* content is required in order to facilitate creating behaviour. The lowest level remunerative content (1) had a significant and positive effect. However, when the level of remunerative content increases, there was no support to suggest a significant effect on creating SMEB. The level of entertaining content at which the greatest odds ratio is observed occurs at 4 elements, beyond which there is no significant effect on creating behaviour. Relational content levels reached a maximum of 5, with higher levels 6 and 7 having no statistically significant effect on creating SMEB.
Conclusion

This study demonstrated empirical evidence for the information processing limits of social media users, showing that the prevalence of information overload varies with the type of content. As a result, knowledge surrounding how brands should alter the amount of content delivered to users in order to facilitate engagement behaviour has been extended. Different forms of social media content can be strategically delivered to influence the occurrence of various SMEB’s. Changes in SMEB as a result of the social media content demonstrates that users are active and selective recipients, and freely choose the content that they wish to engage with, as supported by UGT.
References


Lee, D., Hosanagar, K., & Nair, H. S. (2013). The effect of advertising content on consumer engagement: evidence from facebook. *Available at SSRN*


The Cultural Shift to Service Innovation Openness: How Employees React to Open Innovation Initiatives

Franziska Miebach (RWTH Aachen University), Vera Blazevic (Radboud University Institute for Management Research), Frank T. Piller (RWTH Aachen University)

Introduction

Business and academic scholars alike observe the increasing need for companies to collaborate with external stakeholders to pursue successful innovation (e.g. Felin and Zenger, 2014). One prominent strategy to face this challenge is to adopt an open innovation (OI) approach (Chesbrough, 2003; Laursen and Salter, 2006). However, open innovation initiatives often originate at the strategic top management level, while middle managers need to carry out the implementation. Research on OI mainly examines a firm or project level but pays little attention to the individual level (recent exceptions being Alexy et al., 2013; Salter et al., 2015). Hence, we need a better understanding of (1) how middle managers react towards the strategic directive of openness and (2) how their activities enhance or impede this cultural shift. Given the above insights, this paper uses a practice lens to explore the process of how individual managers accompany the cultural shift from a closed to an open innovation system. Due to the exploratory nature of the study, a longitudinal case study is conducted investigating the OI journey of a large German investment company called here Capital Yield (CY). It contributes to existing literature by disentangling individual employees reactions in terms of resistance or support of the open innovation initiative.

Conceptual Background

Shifting to open innovation practices is mainly a task that needs to be done on an individual level. Therefore, we need to consider those employees, who will have to practice the new openness in their everyday workplace environment. Using a practice lens allows us to look at the process of opening up from the individuals’ point of view to better understand the source of all resistance and support, and to better understand the change the company went through when introducing open innovation to the private customer segment (e.g. Corradi et al., 2010,
p. 268; Feldman and Orlikowski, 2011). On the one hand, employees might resist the change towards open service innovation. Resistance is an activity to raise attention to an issue, which might be dictated by top management with the resister not agreeing to it, or the resister might raise attention to an issue that is not on the top management’s agenda (Courpasson et al., 2012). On the other hand, employees might embrace the change program and hence are motivated to support and promote the cultural shift. They engage as ‘issue sellers’ and raise attention to the issue and mobilize others with different specializations (Howard-Grenville, 2007).

Method

We base our work on a longitudinal (6 years), qualitative study conducted at CY (large German investment firm) to deepen our understanding of the cultural shift dynamics at the company. We collected data through open-ended interviews and archival data (observations, company presentations etc). Our data collection and analysis followed the guidelines suggested by qualitative research (e.g. Yin, 2010; Spiggle, 1994). To ensure trustworthiness of our findings, we employed the usual process of categorization, abstraction, integration and iteration with scientific insights and refutation with selected participants.

Findings

In 2010 the first OI initiative was implemented. During that phase, CY’s employees showed great concerns but also interest in OI. The analysis of interviews almost 5 years later shows that interest is still there, but due to several reasons OI is somewhat ignored. Three main reasons for this resistance could be detected. These will be explained in more detail in the following.

Figure 5: Concept map
Resistance at CY

After many years of open methods at CY, some people still felt enthusiastic while other still believed the downside to OI was greater than the actual benefit. The initiative was instructed by top management and middle management was supposed to implement it. Top management expected great results from the OI initiatives such as new and innovative ideas on the platform, which would not have arisen before. Further, the initiative was introduced without any further input. Middle management had to figure out how to implement and run the platform without having additional resources, e.g. employees, IT, budget etc. for the long run. As a result of the top-down initiated OI platform, many reactions were not necessarily in favor of the platform. Employees believed that top management wanted them to open up, but did not allow them to open up the way they wanted to but regulated every step of the process. Employees and middle management felt they were not involved enough and expressed different types of resistance towards the platform and the OI initiative in general. Overall, three topics of resistance emerged: (1) Enforcement, (2) hard factors, and (3) soft factors. First, due to the enforcement, the OI initiative led to resistance as middle management and employees were not involved in the process but merely implemented tasks given to them by top management. This exclusion led to high levels of frustration and resistance. Second, hard factors, such as a lack of resources and budget, IT capacity and employees’ full work schedule, were a major area of conflict. Almost every interviewee mentioned lack of resources as a main reason for not using or not wanting to use the OI platform. Further, the resource shortage led to frustration as employees’ own ideas were seldom prosecuted. Instead, employees felt that top management was merely listening to outside ideas to the ignorance of their own ideas. As a consequence, middle manager’s frustration levels were further amplified. Third, the management of expectations and a certain unwillingness to move out of one’s comfort zone can be identified as soft factors that hindered the successful implementation of OI. Communication was also part of the problem. It seemed that it was not sufficiently clarified to employees what the platform should and should not be. Therefore, some employees felt demotivated, as they were under the impression that their own work was not valued.
Conclusion

Overall, there were mainly two kinds of attitudes towards the announced change in the degree of openness. The ones embracing the idea believed that improved and structured internal processes would lead to a better communication and exchange with retail banks. This would increase the customers’ loyalty and satisfaction and differentiate CY from competitors. While some believed more openness would lead to better services and communication, others had the feeling that it would not be of any use. Or as one interview partner stated: “Of course, resistance is always likely when a forceful personality is afraid to lose power.”

The willingness to innovate seemed to be present at CY. Yet, many initiatives failed or were not even put on the agenda because of missing resources. Furthermore, the financial sector is a difficult place for innovation. The product around which everyone innovates is complex and of critical importance to the end-customer. Therefore, some employees had the impression that CY was not generating anything new, while the success perception just needed a longer-term orientation.

Hence, in our longitudinal case study at CY, we saw that employee’s reactions to open innovation differ very much. Some managers embraced the trial towards a cultural shift, while others persistently resisted the shift so far. Apparently, at CY, the cultural shift has generally not taken off yet, showing the importance of individuals appropriating open innovation practices into their daily routines. If they do not adopt these practices, the organization as a whole cannot fulfill a cultural shift towards an open innovation system.
References
Yin, R.K. (2010), Qualitative Research from Start to Finish, Guilford Press.
Strategy And Organizational Factors - Driving Nsd Performance And Innovativeness

Daniel Maranto (EGADE Business School, Tecnológico de Monterrey, Monterrey), Egren Maravillo (EGADE Business School, Tecnológico de Monterrey, Monterrey), Javier Reynoso (EGADE Business School, Tecnológico de Monterrey, Monterrey), Bo Edvardsson (CTF, Service Research Center, Karlstad University)

Relevance of the phenomenon

Innovation is a necessity for firms to remain competitive in a rapidly changing economy that is service-driven. However, there is a need for more knowledge about the new service development performance and degree of innovation. This paper explores strategic and organizational factors influencing performance and innovativeness of new service development (NSD) projects in both manufacturing and service firms.

Potential contribution

This paper contributes to the extant NSD literature by advancing our understanding of strategic and organizational factors that contribute to the performance and innovativeness of new service projects. Although research has been conducted to identify those factors driving NSD performance, there is a lack of research on what drives innovativeness of the new service and its effect on performance of the NSD project.

Research questions

This research aims to answer different related questions regarding key factors driving NSD performance and NSD innovativeness. In particular, the impact of strategy and organization; the influence of NSD project characteristics; the moderating effect of NSD innovativeness, and the effect of NSD project obstacles.
Theoretical foundations and conceptual framework

NSD strategy and innovativeness. A number of authors have described the concept of strategy as guidelines for taking decisions in business contexts on how to use available resources to create value for the engaged stakeholders (e.g., Mintzberg, 1978). We borrow these insights from the strategy literature and apply it to new service development.

This paper is theoretically grounded in NSD and service literature. Service innovation and NSD are sometimes used to denote the same phenomena. In this paper we focus on the development of new services; some of them might be innovations others failures. Studies show that up to 80% of all new services launched in the market are failures. Specifically, this paper focuses on outcomes in terms of market and financial performance and innovativeness linked to NSD strategy and the way NSD is organized. Our unit of analysis is the NSD project and its performance at the business unit level. Regarding innovation, Ferreira et al. (2015) indicate that “teamwork, ease of horizontal and vertical communication, innovation incentives and reward systems, and an innovation-friendly environment constitute organizational culture factors fundamental to attaining high innovation performance.” (p. 1401). Even though they do not explicitly address NSD, reported variables provide some guidelines as to what performance drivers can be in new service development projects. Regarding collaboration in service development, service innovations usually come from service design or marketing department and process innovations tend to come from operations or information technology departments (Wang et al., 2015).

On the other hand, some studies have addressed how innovativeness influences the performance of the NSD project. Papastathopoulou et al. (2006) found that in more innovative financial services, marketing and sales positively influence service performance; while in less innovative services, technical activities influence performance. While Liu (2013) explored the role of innovativeness in the relationship between market orientation and performance and concluded that innovativeness was a mediator—market orientation stimulating innovativeness and this variable influencing performance.
*NSD strategy and performance.* Edvardsson *et al.* (2013) found that having an NSD strategy explains part of the variance in performance of a new service development project. Interestingly as it may seem, some studies (see Kelly and Storey, 2000) have found that firms do not always have an explicit strategy and that this lack of strategy associates with high failure rates of new services (Copper and Edgett, 1996). Storey and Kelly (2001) found that less innovative firms based their performance on financial metrics, while highly innovative firms measure performance using internal dimensions (e.g., employees feedback). Edgett (1994) provides a comprehensive analysis of what characterizes a NSD project. Among a number of dimensions, the author distinguishes employees’ collaboration in the NSD initiative, financial support for the NSD, trained personnel, market potential evaluation, and effective launching.

Other researchers (e.g., De Brentani, 1995) have investigated the characteristics of high (e.g., attentive to market needs) and low performing services (e.g., copies of existing services). Jiménez-Zarco *et al.* (2006) explore the process firms should follow to develop new services and propose that elements related to culture, organizational processes, market conditions and management support contribute to successful NSD. Menor and Roth (2008) found processes, market knowledge, NSD strategy and IT knowledge contributing to higher NSD performance. De Brentani (1991) and Kuester *et al.* (2013) indicate that innovation is critical for the firm’s success. Cadwallader *et al.* (2010) claim the difficulty of managing innovation and execution and place on frontline employees the successful execution of a strategy. Van Egeren and O’Connor (1998) found a positive association among market orientation and performance in service organizations.

**Methodology**

Based on a sample of 229 Mexican manufacturing and service firms 297 questionnaires were collected. From this initial sample, a set of firms ranging between 11 and 200 employees was taken. A final sample of 192 cases was used in the study. From those participating firms, 82.5% corresponded to service activities and 17.5% to manufacturing. Respondents were executives with experience in NSD in their respective firms.
The data collection instrument was the next generation developed from the one used in a previous study by Edvardsson et al. (2013). The survey instrument consisted of four sections. First, general aspects of the firm were obtained. Second, issues related to NSD strategy and organizational aspects. Third, questions related to the development of new services. The last part was related to the performance of the NSD project.

Both factor and regression analyses were performed. Two models were developed and analyzed, one taking performance and the other using innovativeness (of the new service itself) as dependent variables. For both models strategic and organizational dimensions served as independent variables.

**Initial Findings**

In our ongoing analysis, some of the variables related to strategy and organizational aspects of NSD projects (section 2) resulted significant predictors of NSD performance. *Process formality* and *cross-functional project teams*, had a significant interaction with NSD performance. On the other hand, the proposed moderating effect of NSD innovativeness on NSD performance was partially supported and NSD project obstacles seem to moderate the relation between strategy and organization for NSD and its innovativeness.

This work is still in progress; additional findings are still under statistical analysis. Final results will be obtained in the following months. This ongoing research seeks to advance our NSD knowledge by associating strategic and organizational factors with performance and innovativeness of the NSD project.

**Discussion and conclusion**

NSD is a useful way service and manufacturing firms have to cope with increased competition and more demanding customers. Hence, understanding the underlying strategic and organizational factors that influence NSD performance and its innovativeness would assist scholars advancing their knowledge in this field and help managers designing service projects to deliver value to customers. As an ongoing research, some initial results are provided in this extended abstract. Having an NSD strategy appears to contribute to the performance of the NSD project--somehow in line with Edvardsson et al. (2013)--Initial
results also seem to indicate that having the proper organization for the NSD project will contribute to its performance and that NSD project obstacles seem to moderate the relation between strategy and organization for NSD and its level of innovativeness. These initial results shed light to understand the complexity of designing new services that create customer value.
References


The Influence of Service Modularity on Service Efficiency and Performance

Sadaf Afzal (Europa University Viadrina & German Graduate School of Management and Law), Martin Eisend (Europa University Viadrina), Tomas Bayon (German Graduate School of Management and Law)

Introduction

Delivering greater service value to customers forms the basis of service provision in today’s highly dynamic and competitive market. Service providers face a challenging market with growing market demands, hence, are forced to put a lot of effort in service (Menor et al., 2002). The most challenging part for managers is to develop service which is both flexible and at the same time capable of being tailored to diverse customer needs (Edvardsson, 2007). Standardization of service process has often been an answer to meeting customers’ needs and ensuring a satisfactory degree of efficiency in service development (Böttcher & Klinger, 2011, Davies et al., 2007, Sundbo, 2002; Tuunanen & Cassab, 2011).

With diverse customer needs and more heterogeneous customers, however, it becomes very challenging to achieve this balance (Bask at al., 2011). Efficiency in service process and customization pose a challenge, as they are often negatively correlated because the higher the customization is, the more costly it tends to become (Rust and Huang, 2012). Therefore, it is difficult to improve efficiency in service process (typically cost efficiency) along with customization. Nevertheless, research is being conducted and emphasized to understand the importance of efficiency in service process together with satisfying diverse and unique customer needs (Hyötyläinen and Möller, 2007; Bask et al., 2011, Rahikka et al., 2011).

Modularity in service process and how can it benefit service providers is a growing research area (Araujo and Spring, 2010). Conceptually modularity involves breaking an object into components so they can be recombined into customizable options called modules (Salvadore, 2007). In a study Hyötyläinen and Möller (2007) argue that modularization aims to compile individual functionalities in process by putting together similar functionalities in same modules, making modules reusable. This elaborates on the definition by Baldwin and Clark (1997, p. 84): “building a complex product or process from smaller subsystems that can
be designed independently yet function together as a whole”. Although these definitions provide a foundational premise for the working definition of service process modularity, still there is a lack of common consensus on a set definition of service modularity. Since service due to its intangible nature is a combination of processes and people skills (Goldstein et al., 2002), therefore, for the purpose of this study we would define service modularity as combination of service elements in a service process visible to both customer and the provider which allows flexibility in the process and results in customizable options according to heterogeneous needs of diverse customers.

Pekkarinen and Ulkuniemi (2008) assume that modular approach in service is beneficial as it can enable cost-efficient service operations and also manage increased heterogeneity in customer demands. Moreover, studies also suggest that modularity and service performance may have a positive relationship (Droge et al., 2012). Yet, specific research in service modularity with a customer centric approach is still limited (Bask et al., 2010). Attempting to contribute to the gap in the field of service modularity, the aim of this study is to explore the influence of modularity in service on service efficiency and performance, and the effect varying degrees of customer engagement along with customer efficiency can have on them.

Therefore, the goal of this study is to answer the following research question: R.Q. To what extent does service modularity influence efficiency and performance in service considering varying degrees of customer engagement and customer efficiency?

Discussion

Efficiency in general means doing things right. Although, process efficiency has mostly been measured by the amount of inputs and outputs that a process transfers, however, for service process efficiency we also need to consider the process type and the way this transformation occurs. Therefore, minimal use of resources, cost-effectiveness and conformance to the specific service design all make up for service process efficiency.

Measuring service performance is challenging because of the intangible nature of services. However, referring to the six dimensions of service performance presented by Fitzgerald, Johnston, Brignall, Silvestro, and Voss (1991) and Gaiardelli’s et al., (2006) give a measurable framework for service performance indicators. This particular study will be focusing on two most relevant dimensions: flexibility, which is defined as the ability of the
service process to be customized and adaptable to and resource utilization which measures the efficient utilization of resources in a service process. We assume that service modularity can help in creating efficient service with enhanced performance by making the process more flexible. Hence, we hypothesize,

H1a. Higher degree of Modularity in service process increases service efficiency.

H1b. Higher degree of Modularity in service process increases service performance.

**Customer Engagement in Modular Service Process**

Customer plays an important part in the co-creative service process. However, existing literature on service modularity has mostly focused on the provider oriented perspective whereas neglecting the customer’s role as a co-producer (Tuunanen and Cassab, 2011). In practice, it would be misleading to ignore the co-producing role of the customer (Xue and Harker, 2002).

From the managerial perspective, it is particularly important for service providers to understand how service modularity is connected to value co-creative activities. Rahikka, Pauliina and Pekkarinen (2011, p.364) theorize that “by creating service modules, a service provider can impart flexibility into the service offering. Also, with the right mix of professional services, the service provider may benefit from standardization without losing the ability to customize services to appeal to the customer”.

The study also indicated that a modular approach in service makes the tasks and processes related to the service more visible and defined, making the scope and content of the service more clear, which subsequently makes the role of customer in modular service process more obvious.

The concept of customer engagement is closely related to value, and additionally related to involvement and participation (Brodie et al., 2011). In a recent study by Lusch & Vargo (2010), customer engagement is postulated to be a co-creative customer experience. Therefore, involvement and participation become mandatory antecedents of the co-creative process (Brodie et al., 2011). Since modularity allows for more flexibility in the process, consequently, the degree of customer engagement can be varied according to customer preferences and expectations and also service type. Therefore, higher degree of customer engagement in a modular process can increase efficiency and performance. This brings us to our second hypothesis:
H2a. Higher customer engagement in service modularity can enhance the relationship between service process and service process efficiency.

H2b. Higher degree of customer engagement in service modularity can enhance the relationship between service process and service performance.

Customer Efficiency in Modular Service Process

Since customers are also the co-producers of the service, their efficiency has a direct impact on the service process (Xue and Harker, 2002), but this can only be postulated if we assume that the customers have good insights about what they prefer. Research has shown that clear, stable and well defined customer preferences have a favorable effect on service performance (Simon, 2005). Additionally, customer efficiency also increases with familiar service process. According to Cook et al. (2002), customers have pre-existing notions about how the service should perform. In a modular process where the process is divided into sub-process of similar functionalities, the likelihood of increased familiarity with the process and customer insights about the process which is visible to them is much higher. Therefore, breaking down customer efficiency into customer insights about preferences and customer familiarity we hypothesize that:

H3a. Higher degree of Customer familiarity has a positive effect on the relationship between service process modularization and service process efficiency.

H3b. Higher degree of Customer Insights about preferences has a positive effect on the relationship between service process modularization and service performance.

Methodology

Quantitative studies in the arena of service modularity are very few because of the fact that the concept of service modularity is still in its infancy stage, yet it is imperative to test the concepts quantitatively to get concrete results and to further develop on the foundational principles. The study would investigate the principles of service process modularization which is based on theory and research from service production (Chase and Tansik, 1983; Cook et al. 2002; Wemmerlov 1990), and its effect on service performance and efficiency. Where Customer engagement (Vivek et al., 2014) and customer efficiency would act as moderating variables. The concept of customer efficiency is divided into two elements, namely, customer familiarity and customer insights about preferences, which are grounded in
the principles of service process design (Goldstein et al. 2002). Service process efficiency and performance will be measured using performance dimensions given by Fitzgerald et al. (1991).

Experimental design will be used to test the hypothesis. The study will be a 2 (modular: high, low) x 2 (customer engagement: active, passive) x 2 (customer efficiency: high, low) between subject factorial design. Where modularity, customer engagement and customer efficiency will be manipulated between subjects, and would be assigned randomly to the treatment and control group.

The experiment will be preceded by several rounds of pretests to ensure the validity and reliability of the scales. The results will be analyzed using ANOVA. The experimental studies will be divided in three segments to test the hypothesis. Pretest, study 1 and study 2.
References


The Impact of Hospice Care Upon Patients, Carers, Families and Friends

Philippa Hunter-Jones (University of Liverpool), Lynn Sudbury-Riley (University of Liverpool), Laura Menzies (University of Liverpool), Michael Pyrah (East Cheshire Hospice), Helen Knight (East Cheshire Hospice)

The Relevance of the Phenomenon and Contribution to the Field
Our paper examines service user experiences of health services. Health has been identified as an essential research priority for the science of service. It is core to the transformative service research agenda (Ostrom et al., 2007).

The Research Question
The aim of this paper is to share the empirical findings of a study which undertook a ‘deep-dive’ to examine the impact of hospice services upon different service users: patients, families, carers and friends. Bereaved families are also included.

Theoretical Foundations
Hospices provide end-of-life or palliative care services to people with a terminal illness. The World Health Organisation (WHO) define palliative care as "an approach that improves the quality of life of patients and their families facing the problems associated with life-threatening illness, through the prevention and relief of suffering by means of early identification and impeccable assessment and treatment of pain and other problems, physical, psychosocial and spiritual" (WHO, 2015). The demand for hospice care is on the rise: with an ageing population, there is a greater need to access end-of-life care (Candy et al, 2010).

In the UK, there are over 200 hospices, supporting around 120,000 patients annually and receiving an average of 34% of their funding from the government, with the rest coming from fundraising (Hospice UK, 2015). Hospices aim to provide emotional and physical comfort to patients as they reach the end of their life, taking a holistic view of the needs of the patient and their family. Admission into a hospice implies that the patient's focus has shifted away
from curing an illness, towards acceptance of end-of-life services, leaving them with hope for the best quality of life in their final days (Myers, 2002; Waldrop and Rinfrette, 2007).

Teno et al (2002) identified that a fundamental barrier to improving end-of-life care was the lack of quality measurement tools that capture family and patient perspectives: "because of a lack of quality indicators in palliative care, the quality of the care is often not assessed" (Pasman et al, 2009:145). Numerous studies have been conducted to identify outcome measures for palliative care (see for instance Dy et al 2015), however the quantitative outcome measures identified in these papers do not capture the experience of the patient, instead focusing on how quickly patients are assessed, whether they receive information leaflets, whether a discussion about their emotional needs is documented and so on.

**Methodology**

To examine the impact of hospice care upon different service users: patients, families, carers and friends, we utilised a case study approach working with East Cheshire Hospice, Macclesfield, UK. Funded 80% through Hospice activity eg fundraising, the Hospice is a provider of specialist palliative care for patients with progressive life-limiting illnesses such as metastatic cancer, organ failure or neurological disorders. Support extends to service provision for carers and families. The Hospice delivers these services through an Inpatient Unit, an Outpatient and day facility (Sunflower Centre), programmes (e.g. Living Well) and clinics (e.g. Breathlessness Clinic and Lymphoedema Clinic).

To collect data we adopted a qualitative research methodology built around service blueprinting (Bitner et al., 2007). We collected data on multiple Hospice touchpoints from respondents (n=38) via individual interviews (n=29) (which included paired interviews and face-to-face interviews) and telephone interviews (n=9). Respondents included: day patients (n=1), out-patients (n=10), in-patients (n=4), discharged outpatients (n=3), carers, family and friends (n=12). Bereaved families were also included in the study (n=8). Our interviews sought to undertake a ‘deep-dive’ of the Hospice experience to ascertain which aspects of the service delivery were excellent, and which would benefit from some improvement. We used thematic analysis to make sense of the data (Braun and Clarke, 2006).
Findings
Using service blueprinting allowed us to identify seven different touchpoints within the Hospice journey: pre-arrival information; arrival and admissions process; clinical and support; the little extras; rooms; shared spaces; discharge and aftercare support. Our ‘deep-dive’ identified multiple instances of excellence embedded throughout the services the Hospice offered. For instance staff were appreciated, respected and frequently acknowledged as going above and beyond what people expect. The Hospice makes people feel welcome, safe, and people have trust in it. The Hospice is responsive and makes a difference to the lives of not only patients, but families and carers too.

We intentionally undertook a deep-dive and through this we managed to identify a number of areas which warrant further reflection. In pre-arrival discussions we found hearing about the Hospice at times to be serendipitous. The web site, whilst useful, was not accessible to all. Arrival and admissions prompted discussions linked to signposting concerns and making sense of who is who upon arrival. Clinical and support service discussions prompted conversations linked to depression and a desperate need for counselling. Respondents also expressed the need for greater clarity of communication to the relatives of the dying. Rooms and shared spaces divided respondents in relation to single rooms versus shared wards. Some preferred one over the other. Mobile phone signals were hit and miss with some rooms failing to have a landline. The little extras highlighted a lack of clarity about the services offered and when they were available. Discharge and aftercare unearthed a fear in some respondents about what support they would have next. For some bereaved relatives, returning to the Hospice to collect death certificates was a problem.

Discussion and Conclusion
This study set out to add to our understanding of hospice care and in so doing makes important contributions to the service, health and transformative research agenda. Through our desk research we found that it is difficult to capture quality in hospice care, because patients perception of their care and the services offered are often based on the interpersonal relationships with the care providers and the perception that care is responsive to their needs as individuals (Churchman et al, 2014). Our perceptions of care therefore tend to be extremely subjective, which makes validity a challenge (Casarett, 2005).
Our primary research allowed us to identify multiple areas of service excellence in hospice care, linked often to staff. It also helped to unearth service improvement areas too, linked often to information and communication. Importantly though, and of relevance to hospice and health-care provision more generally, our work also illustrates clearly the complex nature of the service user experience in health-care service systems. Exploring the service user experience through a seven stage touch point model has allowed us to appreciate more fully the interconnected configurations within this service system and make greater sense of the impact of the service upon different service users.
References


A Taxonomy Of Service Delivery Systems: Contrasting The Customer And Provider Perspective

Katrien Verleye (Center for Service Intelligence, Ghent University), Arne De Keyser (EDHEC Business School)

1. Theoretical Background

The nature of service delivery is increasingly fragmented due to technological advancement (Tax et al. 2013) and outsourcing of non-core activities (Ostrom et al. 2010). This has led to the existence of specialized service providers that depend upon complementary partners to be able to fulfill complex customer service goals (van Riel et al. 2013). Recent research has acknowledged the importance of networks of different organizations and/or stakeholders – the so-called “service ecosystems” (Vargo and Lusch 2011) or “service systems” (Chandler and Lusch 2014) – to better meet complex customer service goals (Ostrom et al. 2010). Herein, the overall customer experience stems from a series of exchanges with a variety of service system actors contributing to the experience over a considerable amount of time (cf. “service delivery network” of Tax et al. 2013). In other words, customer exchanges with each separate service system actor depend on experiences with other service system actors (Brohman et al. 2009). As a result, the service delivery system structure or architecture - defined as the actors that comprise the system, the ties that connect the actors, and the patterns resulting from these connections (cf. Ahuja et al. 2012) - is of great importance for all involved parties. Yet, an individual actor’s understanding of the system architecture might not always align with that of other network actors, leading to potential misfits and thus value destruction. Hence, it is important to have a clear view on the multiple ways in which service delivery system architectures can be perceived and how differing views affect the creation of value for the involved network actors.

2. Research Approach & Objectives

Based upon a systematic review, we identify the different ways in which service delivery system architectures can be perceived. Broadly speaking, we discern two main perspectives. A first stream of research adopts a marketing perspective and specifically reflects upon the way service delivery system architectures get acknowledged and constituted by the customer (e.g., Tax et al. 2013). Contrarily, a second stream considers service systems
from the perspective of the provider, thereby focusing on how such systems can (in part) be deliberately formed through purposeful inter-organizational collaborations (e.g., Adner 2006; Poppe et al. 2014).

To date, however, these two perspectives have never been contrasted and/or integrated. The result is confusion as to which dimensions of service delivery system architectures are important and how the viewpoints of customers and providers match. As a result, we identify an imperative need for a clear taxonomy that systematically breaks down the wide array and divergent views associated with service delivery networks into easily recognizable dimensions. Against this background, the purpose of this study is to (1) provide insight into the dimensions of service delivery system structures or architectures from (a) the customer perspective and (b) the service provider perspective, and (2) contrast and integrate both perspectives to better understand the implications for the creation of value for the actors involved in the service delivery system or network.

2. Preliminary Framework

2.1 Customer Perspective

We identify three main dimensions by which service delivery systems can be classified from a customer perspective. Following network and value co-creation literature, the key dimension by which service dyads (customer + one provider) and service networks (customer + 2 or more providers) differ relates to the recognized number of involved parties (Tax et al. 2013; Van Riel et al. 2013). Hence, the first dimension relates to the perceived number of providers involved in the service delivery network. The second dimension refers to the type of coordination taking place. More precisely, a distinction can be made between networks in which the customer him/herself acts as the network coordinator (Hibbert et al. 2012) and networks in which the service provider takes the role of coordinator (Van Riel et al. 2013). The third dimension involves the level of constraints, referring to the extent by which the customer is allowed to freely choose the set of partners within the network (linking to agility vs alliance strategies by service providers (Picolli et al. 2009)). Bringing these together, we put forth a first service delivery system typology from the customer perspective (see Figure 1).

Figure 1: Service Delivery System Typology – Customer Perspective
Similarly, a systematic review of the literature helped us identify three key dimensions that can be used to classify discussions on service delivery systems from a provider perspective. The first dimension relates to the existence of inter-provider collaboration, referring to the extent to which providers “exchange information, alter activities, share resources and enhance each other’s capability for mutual benefits and a common purpose by sharing risks, responsibilities, and rewards” (Prakash and Deshmukh 2010, p.54-55). The second dimension focuses on the way the multiple parties involved are interrelated (i.e., the network interrelatedness), ranging from purely dyadic relationships with discrete multiplicity to the existence of multilateral ties that involve continuous multiplicity (Hillebrand et al. 2015). A third and last dimension involves the modes of network governance that exist within the service delivery network (Provan et al. 2008). Three basic modes can be discerned, being governance by a lead agency (i.e., a network manager is key network member), shared governance (i.e., all participants contribute to the management and leadership of the network), and a network administrative organization (i.e., separate administrative entity manages the network). Integrating the aforementioned dimensions, we put forth a second service delivery system typology from the provider perspective (see Figure 2).
3. Implications & Next Steps

The above review suggests that customers and service providers have a different view on the service delivery system architecture. Specifically, we identify four types of service delivery system architectures from the customer perspective: (1) service delivery dyads, (2) service delivery networks with the service provider as coordinator, (3) service delivery networks with the customer as constrained coordinator, and (4) service delivery network with the customer as unconstrained coordinator (see Figure 1). From the service provider perspective, we identify five types of service delivery system architectures: (1) service delivery dyads without inter-provider collaboration, (2) service delivery network with dyadic inter-provider collaboration, (3) service delivery network with shared governance, (4) service delivery network with lead organization, and (5) service delivery network with network administrative organization (see Figure 2).

The remaining question revolves around the implications of contrasting and integrating the customer and service provider types of service delivery system architectures. Drawing from a transaction cost analysis of different service delivery system combinations (Bowen and Jones 1986), we propose that both fits and misfits between service delivery systems from the customer and the service provider perspective may occur. A service delivery system fit, for instance, occurs if customers prefer a service delivery dyad and service providers do not engage in inter-provider collaborations. If service providers do not engage in
inter-provider collaborations while their customers expect them to act as a coordinator, higher transaction costs emerge for either the customer or the service provider - leading to a service delivery system misfit. The next step involves an examination of how service providers can create governance mechanisms to avoid or counterbalance service delivery system misfits.

4. Contributions to Research and Practice

Discussions on service delivery systems are relatively new to service literature (Tax et al. 2013). Since typologies have been a popular approach for theorizing about organizational structures and strategies (Doty and Glick 1994), we believe that the development of our service delivery system taxonomy can generate a greater understanding of service delivery systems in general and guide researchers to explore this complex phenomenon in future research. In doing so, this paper also contributes to ‘understanding service networks and systems’, which has been identified as one of the top 12 service research priorities for the coming decade (Ostrom et al. 2015).

From a managerial point our research helps managers in advancing the selection and implementation of service delivery systems that economize on transaction costs for both the customer and the service provider. By providing insight into governance mechanisms to avoid or counterbalance service delivery system misfits, this research has strategic implications for organizations striving for creating better customer experience in a more efficient way.
An Exploration of Service Ecosystem in Microfinance: A Service-Dominant Logic View

Md. Abul Kalam Siddike (Japan Advanced Institute of Science and Technology), Youji Kohda (Japan Advanced Institute of Science and Technology)

1. Introduction

Microfinance is a proven effective tool in alleviating poverty, particularly among populations living on less than a dollar a day (Abed, 2005). Basically, microfinance is the issuance of small, collateral free and unsecured loans to individuals or groups for the purpose of starting or expanding business (Khavul, 2010). Globally, more than 3,500 institutions are meeting the demands of 205 million clients (Maes and Reed, 2012). From the customer viewpoint, microfinance is a self-employment service (Jia, Xiang and Huang, 2013; Al-Mamun, Wahab and Malarvizhi, 2011; McKernan, 2002). On the other hand, for social enterprises, it is a business investment opportunity. As such, social enterprises need to generate profit for the continuation of their business.

On the other hand, service-dominant logic (SDL) is the new trend for the 21st century marketing and it continues its evolution from 2004 to 2015. Recently, Vargo and Lusch (2015) extended and updated the foundational promises (FPs) and axioms (See Table 1). In this research, we adopt the definition of a service ecosystem as “a relatively self-contained, self-adjusting system of resource integrating actors connected by shared institutional arrangements and mutual value creation through service exchange” (Lusch and Vargo, 2014; Vargo and Lusch, 2015). The function of a service ecosystem is to make use of its own resources and the resources of others to improve its circumstance and that of others (Vargo, Magilo, and Akaka, 2008).

The main purpose of this research is to explore the service ecosystem in microfinance in terms of resource integration; micro, meso and macro level of structure; and institutions and institutional arrangement. The rest of the paper is organized in the following order: Section 2 is the main components of service ecosystem. Section 3 shows the research objectives and methodology. Section 4 discuss the results and discussions. Finally, this research concludes with the theoretical implications in Section 5.
2. Research Background

2.1 Framework of SDL

If we think from SDL point of view, a service system could be understood from two points of view namely behavior and structure (Kohda, Siddike and Haque, 2015).

Table 1: Evolution of foundational premises (FPs) of SD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FP1</td>
<td>The application of specialized skills and knowledge is the fundamental unit of exchange</td>
<td>Service is the fundamental basis of exchange</td>
<td>No change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP2</td>
<td>Indirect exchange masks the fundamental unit of exchange</td>
<td>Indirect exchange masks the fundamental basis of exchange</td>
<td>No change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP3</td>
<td>Goods are distribution mechanisms for service provision</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP4</td>
<td>Knowledge is the fundamental source of competitive advantage</td>
<td>Operant resources are the fundamental source of competitive advantage</td>
<td>Operant resources are the fundamental source of strategic benefit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP5</td>
<td>All economies are service economies</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP6</td>
<td>The customer is always the co-producer</td>
<td>The customer is always a co-creator of value</td>
<td>Value is co-created by multiple actors always including the beneficiary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP7</td>
<td>The enterprise can only make value proposition</td>
<td>The enterprise cannot deliver value, but only offer value propositions</td>
<td>Actors cannot deliver value but can participate in the creation and offering of value propositions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP8</td>
<td>Service-centered view is customer oriented and relational</td>
<td>A service-centered view is inherently customer oriented and relational</td>
<td>A service-centered view is inherently beneficiary oriented and relational</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP9</td>
<td>All social and economic actors are resource integrators</td>
<td>No Change</td>
<td>No Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP10</td>
<td>Value is always uniquely and phenomenologically determined by the beneficiary</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td>FP11</td>
<td>New</td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
<tr>
<td></td>
<td>Value co-creation is coordinated through actor-generated institutions and institutional arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AXIOM STATUS</td>
</tr>
</tbody>
</table>
Figure 1 shows the framework of SDL. Resource integration is the center of behavior. Value is co-created as a result of resource integration and resource density ensures resourceness that work as important mechanism for co-creation of value. On the other hand, service system is the center of structure that determines the value in use/context. In structure, institutions work as coordinator or controller for co-creation of value in context. Without institutions, service system is just the collection of freely acting actors. In the service system, actors’ behavior are constrained by institutions or institutional arrangements.

Figure 1: SDL framework (adopted from Kohda, Siddike and Haque, 2015)

2.2 Resource integration

SDL recognizes two broad classification of resources that are integrated to create value, namely operand resources and operant resources (Lusch and Vargo, 2014; Vargo and lusch 2004). Operand resources are resources that must be acted on by some other resource to create an effect. On the other hand, operant resources are resources that are capable of acting on other resources (operand or operant) to create an effect. Operand resources are generally tangible and static and operant resources are generally dynamic and intangible (Lusch and Vargo, 2014).
2.3 Micro, macro and meso structure of service system

The service ecosystem view of SDL provides micro, meso and macro level structure perspectives (Lusch and Vargo, 2014; Chandler and Vargo, 2011). At micro level, exchange occurs among individual actors (Chandler and Vargo, 2011) and process of exchange is direct service-for-service exchange (Lusch and Vargo, 2014). The important process of exchange at meso level is the indirect service-for-service exchange. Finally, the meso level system in turn –as it functions over time –creates yet higher level emergent structures, referred to as macro system. The macro level system is much more rigid, more stabilizing, and less subject to fluctuation (Lusch and Vargo, 2014).

2.4 Institutions and Institutional arrangements in SDL

Value co-creation is coordinated through actor-generated institutions and institutional arrangements (Vargo and Lusch, 2015). In service ecosystems, institutions influence the interactions that contribute to the creation and evaluation of value among multiple actors (Vargo, Wieland and Akaka, 2015). Basically, institutions guide the actions and interactions of micro, meso and macro-level relationships (Akaka and Vargo, 2014).

3. Research Objectives and Methodology

The main objective of this research is to explore the service ecosystem in micro-finance. More specifically, how have resources been integrated by multiple actors? How has service been exchanged among the multiple actors? How has a micro, meso and macro structure of service system been evolved? Finally, how have co-creation of values been coordinated and constrained by the institutions and institutional arrangements? To answer the above research questions, we interviewed 25 employees and customers of BRAC’s microfinance program, Bangladesh. The interview data were analyzed thematically.
4 Results and Discussions

4.1 Micro, meso and macro structure of service systems

Figure 2 shows the micro, meso and macro structure of service system and how the institutions are coordinating and controlling the behavior of actors in different levels. Program organizer (PO), customer service assistant (CSA), and poverty people (PP) are the main actors in micro structure. Different kind of direct interaction take place among PO, CSA and PP. In this phase, PM is responsible for arranging monthly meeting and initial loan proposal as well as collection of loans (repay) from PP. The most important actor (CSA) is responsible for providing financial education through pre-disbursement orientation. In addition, PO and CSA also share information and knowledge for the benefit of PP. Through these ways, micro structure of service system evolves.

In meso structure, actors (PO and CSA) try to identify the need of the PP. In this phase, CSA provides financial education in terms of four days training for the risky PP. In addition, different kinds of microfinance services are offered to PP including microloan, micro-insurance and other social services.
In macro structure, many actors including microfinance institution (BRAC), branch manager (BM), loan officer (LO) and the village organization (a platform for providing microfinance services). PO is responsible for communicating with PP through the village organization. A village organization consists of 20-30 people. In this way, the most resilient and robust microfinance service ecosystem evolved.

### 4.2 Institutions and institutional arrangements
Without institutions and institutional arrangements, a service system is just a collection of freely moving actors. Therefore, institutions and institutional arrangements co-ordinate and constrain the behaviours of multiple actors. Our result shows that on demand information sharing, 4 days monthly monitoring and financial education are main institutions that control and coordinate the behaviour of the actors. The institution like financial education plays the most important role for success of microfinance. Because currently microfinance institutions employ CSA for providing financial education in terms of pre-disbursement orientation and four days training. Therefore, the financial education works as important institution for success of current microfinance business. Figure 2 shows the different institutions in microfinance at different levels service structure.

4.3 Resources and integration of resources

Our results show that there are mainly three types of operant resources are integrated in microfinance service ecosystem (See figure 3). Financial resources in terms of money is integrated through the interaction between PO and PP. Secondly, financial knowledge is integrated through the interaction and communication between CSA and PP. Finally, social capital is integrated through the interaction among poverty people or community people.

![Resource integration in microfinance](image_url)

**Figure 3: Resource integration in microfinance**
5. Theoretical Proposition of SDL in Evolving Microfinance Service Ecosystem

In this research, we first time extensively show the micro, meso and macro structure of service ecosystem using a real life setting. More importantly, we also show institutions and institutional arrangements at different levels of service ecosystem that is also unique in the world. Finally, we also show resource integration model in microfinance that is also new to the world. As far as our knowledge, no researchers yet try to develop a resource integration model based on only operant resources in real life setting. At last, we try to theoretically link the axioms of SDL (Vargo and Lusch, 2015) in the context of microfinance. Table 2 shows the possible theoretical implications of axioms of SDL in microfinance for alleviating poverty from the society.

Table 2: Theoretical implications of axioms of SDL in social innovation

<table>
<thead>
<tr>
<th>AXIOMs</th>
<th>Theoretical framework axioms of SDL</th>
<th>Implications of AXIOMs in microfinance context</th>
</tr>
</thead>
<tbody>
<tr>
<td>AXIOM1</td>
<td>Service is the fundamental basis of exchange</td>
<td>Micro-service is socially offered in a poverty context</td>
</tr>
<tr>
<td>AXIOM 2</td>
<td>Value is co-created by multiple actors always including the beneficiary</td>
<td>Value is co-created by multiple social actors according to their poverty context and resources</td>
</tr>
<tr>
<td>AXIOM 3</td>
<td>All social and economic actors are resource integrators</td>
<td>All social and economic actors embed resources in poverty context</td>
</tr>
<tr>
<td>AXIOM 4</td>
<td>Value is always uniquely and phenomenologically determined by the beneficiary</td>
<td>Value is always determined by poverty and community beneficiary</td>
</tr>
<tr>
<td>AXIOM 5</td>
<td>Value co-creation is coordinated through actor-generated institutions and institutional arrangements</td>
<td>Value co-creation is coordinated through social and community oriented institutions and institutional arrangements</td>
</tr>
</tbody>
</table>
References


2.9 Service Failure and Recovery

The Role of Time in Service Recovery – How the Time to Recover a Service Failure and Relationship Strength Affect Customers’ Compensation Expectations

Jens Hogreve (Catholic University of Eichstaett-Ingolstadt), Leonhard Mandl (Catholic University of Eichstaett-Ingolstadt), Nicola Bilstein (Catholic University of Eichstaett-Ingolstadt)

To restore and maintain a customer-firm relationship after a service failure, firms need to implement effective service recovery strategies which meet the customers’ expectations (Kelley and Davis 1994). In this vein, compensation and the time to recover a service failure have been found to play important roles in affecting customer satisfaction and loyalty (e.g., Smith, Bolton, and Wagner 1999).

Whereas compensation is a widely researched variable in service recovery studies academics only scarcely analyzed the speed of compensation as a component of effective recovery. Moreover, the few existing studies do not show a clear picture of the effect of respond times on customer attitudes or behavior and discusses the role of time in service recovery to be a doubled-edged sword (Zhou et al. 2014). On the one hand, authors suggests immediate actions after service failures in enhancing customers’ perceived procedural justice, positive evaluations, and financial performance (e.g., Conlon and Murray 1996; Meyer, Gremler, and Hogreve 2014). On the other hand, merely conceptual research argues that everything takes its time (e.g., Davidow 2003), as customers might become dissatisfied after promptly provided solutions as they might doubt a provider’s serious complaint handling.

With our study, we are analyzing the role of time in service recovery and shed light on a new outcome variable by measuring customers’ compensation expectations. Therefore, our main
research question is: How does the time to recover a service failure affects a customer’s expected compensation? If customers would not always expect a 100% immediate compensation, but substitute money by time, service providers might exhaust a considerable cost saving potential. In so doing, we tie up to the recent discussion on the role of time in service recovery processes and show its effect on the expected compensation values.

Form a conceptual perspective, we consider psychological costs of waiting (Osuna 1985) resulting from customers being exposed to negative emotional states (Kumar, Kalwani, and Dada 1997). In general, customers perceive waiting times as negative, leading to a negative service experience and finally leading to lower customer satisfaction with the delivered service (Durrande-Moreau and Usunier 1999). As psychological costs of waiting might increase with the time a firm needs to recover a service failure, customers will expect higher compensation that comprises especially the non-monetary costs of waiting (Berry, Seiders, and Grewal 2002). To address this issue, we implement perceived betrayal and procedural justice as mediators to explain the underlying theoretical processes and explain why waiting times in service recovery drive compensation expectations of customers.

Moreover, we introduce the strength of the customer-firm relationship as a moderating variable explaining customers’ variations in the evaluation of waiting times. Customers in close relationships might expect a higher compensation as they assess the firm not showing an adequate commitment in continuing and maintaining the relationship by speeding up recovery processes (Smart & Martin 1992; Kelley and Davis 1994). We explain the moderating effect of relationship strength by the mediating effects of perceived betrayal and perceived procedural justice. Because relational customers perceive longer waiting times as a provider’s violation of the relational contract (Macneil 1981), perceived procedural justice and feelings of betrayal might result in higher compensation expectations compared to transactional customers (Grégoire, Legoux, and Tripp 2009).
To test our hypotheses, we run a series of scenario-based experiments in different service industries and collected representative data via professional data panels. Because of extensive pretesting, we manipulated the time to recover a service failure on three levels (immediate, 1 week, 4 weeks). In all studies, we find robust support that the longer a firm takes to solve a complaint the higher customers’ compensation expectations. But the effect of time is not gradually. We identified a recovery zone of tolerance as there is no difference in compensation expectations if a firm recovers immediately or after one week. In the follow-up studies, we found evidence for the mediating effect of perceived betrayal and procedural justice. Psychological costs of time in form of perceived betrayal and procedural injustice arise with waiting time for recovery and bring compensation expectations to a higher level.

The effects we found, however, depend on the strength of the customer-firm relationship. Whereas transactional customers claim for significant more compensation if service recovery is immediately or after one week, relational customers start with the observed recovery zone of tolerance. But if the time to recover the service failure goes beyond one week, the compensation expectations of relational customers exceed those of transactional customers by far. We can explain these distinct effects by the mediating effects of perceived betrayal and procedural justice. Transactional customers perceive service recovery unfair if it is not immediately. Relational customers do not perceive service recovery unfair or feel themselves betrayed by the service provider, if the firm compensates within a week. But if the time to recover the failure goes towards four weeks, they perceive themselves as betrayed and unfairly treated resulting in highest compensation incurred.

Our research offers valuable contributions to service theory and practice. From a theoretical point of view, we are first showing that compensation expectations are directly affected by the time it takes the service provider to fix the problem, but not in a linear fashion. Moreover, we explain the relationship of time and compensation expectation by the intervening variables of
perceived betrayal and procedural justice. In so doing, we are able to explore that psychological costs of waiting have an impact on a customer’s compensation expectation. In addition, the effects of the mediating variables are dependent on the strength of customer-firm relationship. We find that a relational customer’s negative emotional state arises at a later point in time than a transactional customer’s, but then becomes substantial if recovery lasts longer than their own acceptable waiting time.

Managerially, we reveal that time is money. If a firm develops complaint processes to recover faster from a service failure, the firm will be enabled to reduce the expected compensation and saves money. Hereby, managers seem to benefit from a recovery zone of tolerance as customers do have a notion of an acceptable waiting time without claiming for a higher resolution. However, a firm should keep an eye on the customer-firm relationship and design recovery processes according to the customer’s relationship history with the firm.
Disparate Satisfaction Scores? Consider a Customer’s Country-of-Origin:

A Case Study

Mark Rosenbaum (N), Tali Seger-Guttmann (Ruppin Academic Center), Iris Vilnai-yavetz (Ruppin Academic Center)

Service organizations across-the-globe routinely evaluate their performance by implementing post-transaction surveys. Organizations employ post-transaction surveys immediately following the termination of a service exchange. For example, many retailers invite their customers to participate in post-transactions surveys after they complete their purchase transactions. Other service organizations query their online or telephone customers as to whether they would like to participate in follow-up surveys after the completion of their exchanges. Although post-transaction surveys are voluntary, and do not necessarily capture the insights from each and every customers, they offer service organizations many benefits. Indeed, post-transaction surveys are a low-cost, optimal research tool that is prime for helping service firms obtain immediate feedback on the performance of service transactions, assess the service performance of specific employees or teams, obtain results for process improvements, and identify common service failure points (Zeithaml et al., 2013). Furthermore, firms often use post-transaction surveys to incentivize employee to provide their customers with optimal service.

Although post-transaction surveys permit service organizations to listen to their customers, we put forth that these surveys contain an inherent assumption which may bias results and limit the presumed efficacy of this research tool. Post-transaction surveys inherently assume that all customers share the same expectations regarding an organization’s service quality. That is, from a seminal zone of tolerance perspective (Berry et al., 1993), an organization’s customers are assumed to have the same zone of tolerance across different service dimensions. This assumption is essential for an organization to consider that service failures, which represent services delivered below a customer’s adequate service expectations, are generalizable to all customers and organizationally applicable. Is this assumption correct? Or, is it quixotic for service firms to assume that its customers share the zone of tolerances throughout their service encounters? It is our contention that many service organizations are
interpreting false data from their post-transaction surveys because the incorrectly assume that their customers share a collective perspective regarding service expectations, and hence, zones of tolerances across the service encounter.

Despite the plethora of research that exposes country-of-origin effects on a consumer’s purchases of products and services (Al-Sulati and Baker, 1998; Elango and Wieland, 2015; Sharma, 2011), we know considerably little regarding the impact of consumers’ country-of-origin on their service expectations. Furthermore, given that service organizations may serve a variety of customers, with differing countries of origin, it is likely that an organization’s customers do not share global service expectations. Resultantly, organizations that employ marketing research tools that inherently assume shared and universal customer expectations will not only obtain incorrect information but also, they invoke wrongful managerial responses as a result of interpreting flawed data.

The goal of this article is to expose how a customer’s service expectations are influenced by his or her country-of-origin and most importantly, how these varying expectations make it nearly impossible for service organizations to interpret post-transaction survey results. The findings are based upon a case study in which a large telecommunications organization (Company A) was confused with disparate results it was obtaining from its post-transaction surveys that were administered by telephone to call-in customers. Indeed, the post-transaction results for Company A varied so widely that the organization was unable to make sense of the results or to implement any responses to the results because they differed so greatly among customers. Although it is true that case study research will not answer the question completely, as to the universal impact of a customer’s country-of-origin on his or her service expectations, this research provides elaboration on an unexplored area in the service failure/recovery paradigm and offers managers practical insights into potential problems in their marketing research efforts.

Methodology

Company A represents the largest telecommunications company in a developed country, which has recently absorbed immigrants from both the former Soviet Union (FSU) and East Africa (Africa). Company A administers a voluntary, post-transaction “call-back” survey to its customers, whom call the telecommunications company with questions. Prior to
the beginning of the service exchange, customers are asked whether they would be willing to participate in a post-transaction follow-up survey. The post-transaction survey asked customers to respond to five questions regarding the service. These five questions probed perceptions of wait time, friendliness of telecommunications employees, ability to offer the customers a solution based upon today’s call, overall satisfaction with the firm, and the likelihood of referring friends and family to the telecommunication company. Customers answered these questions by providing scores that ranged from 1 = unfavorable or unlikely to 5 = very favorable or very likely. The company did ask their customers to disclose any demographic information such as age, gender, or country-of-origin.

Although the majority (75%) of Company A’s call-in customers typically opted to participate in post-transaction surveys, the results were often bewildering for management to interpret. That is, employees would often receive opposing scores, in both the low and high ranges, although they answered a variety of like-questions at essentially the same time period. Further, management listened to recordings of the employees’ behaviors during the telephone inquiries and discovered employees were adhering to established service scripts. Indeed, when management invited the authors of this article to help them explore the issue and to listen to the recordings, an anomalous finding emerged. That is, by listening to a customer’s vocal accent, we began to presume that customer responses to Company A’s post-transaction survey differed by a customer’s accent, and hence, country-of-origin.

To probe the effect of a Company A’s customers’ country-of-origins on service expectations, we engaged in 30 in-depth interviews. More specifically, we interviewed ten customers from each of three primary customer regions (home, FSU, and Africa). Informants self-disclosed their country-of-origin and agreed to participate in the study via telephone. 13 informants were male (43%) and 17 were female (57%). The informants’ ages ranged from 23 to 60 years with an average age of 40 years, FSU customers were the most educated group (16.2 years of education) followed by home (15.0 years) and Africa (10.6 years).

The informants answered a 10 question questionnaire which was divided into three main parts. The first two parts applied the Critical Incident Technique (CIT; Gremler, 2004; Johnston, 2005). In the CIT portion informants were first asked to describe their worst service experience with Company A, and then their best one. The third part explored a customer’s general service expectations regarding Company A, especially regarding how the customers would like to be served by Company A.

298
Findings

*East Africa.* East African customers expect Company A to provide them with kind and responsive service providers, who demonstrate empathy towards them. In fact, an African customer remarked, "I want to be served by a warm and human service provider even if he does not give me the right answer." African customers expressed the need for respect from service providers, and many saw employee rudeness as being humiliating. When service providers speak to them in a negative manner, they immediately interpret this as reflecting their inferiority in the nation as well as being discriminatory to them personally. Interestingly, these customers noted that due to their naiveté and gentleness, they will not usually respond directly to impolite service providers; however, they will rate service providers low on post-transaction surveys.

East African customers also noted that they prefer female service providers, as male employees are viewed as being too strict, concrete, and unlikely to engage in chat. In addition, African consumers show a tolerance for mistakes and are generally empathetic to service providers who treat them respectively. Many informants noted that they would like to be served by service providers whom they share a country-of-origin.

*FSU.* Unlike African customers, customers from the former Soviet Union expect service provider professionalism over friendliness; that is, they do not want a service provider to engage in conversation that is not related to the problem at hand. A customers said, "I want him to keep his distance from me…. I don't want to hear nonsense and "bla bla.” Further, FSU customers expected Company A’s to be preferably male and to act professional by solving their problems. Unlike Africans, former Soviet citizens show so patience for organizational or employee mistakes and they are likely to become vocal, even threatening violence, to service providers that do not solve their problems. Unlike quiet East Africans, FSU customers will openly express their dissatisfaction to a service provider, and not wait to do so patiently on a post-transaction survey.

*Home.* Interestingly, service expectations for Company A’s customers of national origin fell between East African and FSU customers. For example, home customers valued service provider professionalism, like Africans, but believed that service quality should also reflect more of personal experience, like Africans. A home country customer remarked that a service provider from Company A “…goes the extra mile…this is a guy who does more than he’s getting paid for. And that is one of the keys to delivering good service”.

299
In terms of gender requirements, home female customers preferred to be served by the opposite sex. A female customer, said, "Of course I prefer a male service provider! They are gentler to female customers….women are not so nice.” Male home customers did not express a specific preference regarding a service provider’s gender.

Similar to FSU customers, home customers noted that they respond to service provider rudeness with rudeness. A customer said, "When I see rudeness on the part of service providers, I am rude as well.” When home customers receive inferior service, they are more likely to deal with the situation by “calling the manager,” and escalating the problem upwards.

Conclusion

Contemporary service organizations desire to listen to their customers and to improve the quality of service delivery. To achieve this goal, many service organizations employ an array of marketing research tools, including the post-transaction survey. Although this research tool is inexpensive and provides instantaneous feedback to both an organization and its employees, this tool has an inherent assumption that limits its applicability. Namely, post-transaction surveys assume that an organization’s customers have universally shared service expectations. In reality, this case study shows that this assumption may be false. In Company A’s situations, customer expectations varied based upon a customer’s country-of-origin, to the extent that its post-transaction surveys were no longer generalizable to all of its customers.

This results of this case study should encourage all service organizations that operate in culturally heterogeneous locales to consider the impact of their customers’ countries-of-origin on service expectations, and hence, on their post-transaction survey results. We believe that many service managers are incorrectly interpreting these survey results and hence, rewarding or reprimanding employees for behaviors that do not generalize across the organization.
Health care has a major role in individual and societal health, but it is overwhelmingly reactive in nature, responding to departures from health (illness, diseases). Because of this, health care systems are often characterized as an illness care system as opposed to a preventive care or wellness service. The often-used metaphor of healthcare as “a fix or a repair shop” can be extended to service research where health care can be seen as service recovery for the process of maintaining and managing overall well-being.

In the U.S., “the vast majority of health care dollars are spent on direct medical care, despite the fact that clinical care is credited with only 5 of the 30 years that were added to life expectancy during the last century” (Wright 2008, p. 1). Moreover, “40% of deaths are caused by modifiable behaviors, such as poor nutrition, physical inactivity, and tobacco” (Wright 2008). The stakes involved are enormous; however, the extent to which patients think about causal attributions of their health, and the impact it may have on communication with providers and behavioral change remains underexplored.

Service recovery implies a corrective move when something in a usual process goes wrong. Healthcare service is needed when the usual process of “staying healthy” fails. While much is already known about how service providers should recover from failures generated internally, relatively little is known about how service providers should engage with customers (patients) who have suffered from failures resulting from external factors. Thus, this exploration of perceptions of causality and resulting intentions and behaviors extends theories of service recovery and causal attribution.

This research contributes to the field of health service research by exploring an antecedent of health behaviors: patient perceptions of causal attributions of health status. Discussions surrounding health status and causes can facilitate a transition from “disease management” to “patient management.” Thus, ways by which health care managers can
partner with patients through discussions of causal attributions are explored, in an attempt to unite and direct resources and energies to the goal at hand: patient recovery and well-being.

Research questions include:

1. How do patients perceive causal attributions of their own health?
2. What effect, if any, do discussions with health providers about causal attributions of health have on patients’ intentions?
3. How do patients translate discussions about causal attributions into new and/or modified goals and intentions?
4. How might these questions vary by the type of causal attribution (caused by self, others, or unavoidable)?

Justice Theory. Justice theory has been utilized to explain how organizations should recover from their own service failures. However, service recovery has not been extended into causes of failure that emanate from outside of an organization. Thus, this research extends justice theory and research on service recovery beyond the boundaries currently in the literature.

Causal Attribution Theory. “Attribution theory deals with how the social perceiver uses information to arrive at causal explanations for events. It examines what information is gathered and how it is combined to form a causal judgment” (Fiske and Taylor 1991). Attribution theory is concerned with how and why ordinary people explain events as they do. There were two main ideas central to attribution theory:

1. When we explain the behavior of others we look for enduring internal attributions, such as personality traits. For example, we attribute the behavior of a person to their naivety or reliability or jealousy.
2. When we try to explain our own behavior we tend to make external attributions, such as situational or environment.

In order to investigate causal attributions in health, semi-structured interviews were conducted with patients receiving home health from nurses and physical therapists. IRB approval was received for the protocol. Home health patients are particularly good subjects for this research because they are facing recovery from a variety of health issues across causal categories, and are learning how to facilitate their own health and well-being. In every case clinical care was provided first, followed by a recorded interview. A total of eighteen (18)
ride-alongs with home health nurses and physical therapists were conducted. A total of sixty one (61) patients were seen, with thirty nine (39) completed interviews. Patients were excluded from the study if they were not at least eighteen years of age, if they had cognitive or emotional issues that impacted understanding the issues involved, or if they were unable to speak. No patient asked to participate denied an interview request. See Table 1 for patient descriptions.

Audio recordings were transcribed then analyzed for causal categories, patient learning, knowledge acquisition, and behavioral change, as well as for patients’ perceptions of causal attribution of their health condition. Data were analyzed by first identifying specific patient quotes related to perceptions of causal attributions, behavioral intentions, and actual behavioral change. Second, themes emerged by type of causal attribution through categorization. Finally, patient groups were assessed for broader themes that emerged across patient interviews.

From the analysis of these data, patient perceptions of the causes of negative health were found to exist in three distinct categories: (a) the patient him- or herself (e.g., smoking, obesity, alcoholism); (b) others (e.g., automobile accident, gunshot wound, food poisoning); and, (c) factors beyond the control of the patient (e.g., infectious diseases, cancer, allergies), including unknown etiology or unavoidable causes. However, patients often attribute causes of their condition to sources other than those that are supported by evidence (deflect cause away from themselves; subconsciously blame the health care system) . Another finding includes inattention to or misattribution for the cause of one’s condition can substantially affect (1) a patient’s ability to participate in service coproduction, (2) a patient’s ability to listen to providers in order to fully absorb critical information, which leads to rates of compliance, (3) a patient’s emotional state, which can be conflicted due to anger or other issues, and (4) a patient’s ability to comply with expectations for behaviors that facilitate recovery.

Conversely, patients who face a health condition that is undeniably self-inflicted are more likely to construe plans for the future, and to set goals regarding their new health status. Patient #8 revealed a reluctant ability to identify his own behaviors as causative of his current condition:

As I got into habits, I guess, I would say when I was getting into my adult career or actually it [diabetes] started in the military. You know, coffee, extra sugar, cream, Gatorade, Red Bull,
Monster Energy...Now, I see the potential risks of type II diabetes but, yeah, I just didn't have anything going on. To be honest I never ate at home, I ate out. I ordered out or I ate out or I ate out in the streets. [SIGH]. I guess when it came down to it I know my diet wasn't the greatest, but then I felt like I'm not having any symptoms. I'm active and I picked up smoking, socially smoking, while I was in my 20s. That didn't help.

Patient #8 then discusses the resulting intentions generated by recognizing the effects of his own behaviors:
They laid out the plan and I execute it. Initially I was really overwhelmed because they even had the hospital nutritionist sit down and talk with me and lay out a plan. And unfortunately I feel sorry for the folks that don't have that second chance. It's like I'm escaping, I feel like I'm escaping this wildfire. I'm hanging on by a string and I just seem to pull through. I know as I get older, if I don't take care of myself and follow this plan it might be too late for me the next time. I don't want to wait until the next time. It was a lot to weigh because I felt like I, with all the gains I had I felt like I let all my medical staff down. I felt like I let everybody down because it's like, things happen, blisters happen, but I wasn't aware that even a small blister – I knew I was diabetic and I knew everything that I'd gone through, but I didn't think a simple blister could have gotten out-of-control. My plan right now is just getting healthy, riding a bike, just doing things that I'm approved for. I should get aerobic activity going, you know, biking, elliptical machine. It's one thing, eh, I'm going to go to the gym. No, it's like my body – I have to get up and start moving around. So I know it's time.

Analyses of the interview transcripts are beginning to reveal important learnings about causal attributions in health care: patients often don’t want to think about themselves as their own worst enemy. And when they do, they often project blame onto other sources. However, the upside is that discussions between providers and patients about causal attribution, regardless of the exact cause, can create a partnership orientation that can open new possibilities for patients to start to think more positively about their health and well-being. Providers should view this research as providing them license to explore and discuss causal attribution with patients, in an effort to get to the root of health issues, to facilitate discussions about patient goals, and to coproduce a plan of action intended to restore health and well-being and to empower patients to move forward.
## Table 1. Patient Descriptions

<table>
<thead>
<tr>
<th>Patient Name</th>
<th>Gender</th>
<th>Age</th>
<th>Interview Duration</th>
<th>Health Condition(s)</th>
<th>Causal Attribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda</td>
<td>F</td>
<td>53</td>
<td>8:07</td>
<td>Brain Tumor</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Virginia</td>
<td>F</td>
<td>81</td>
<td>10:38</td>
<td>COPD; Leg Sores</td>
<td>Self</td>
</tr>
<tr>
<td>Clyde</td>
<td>M</td>
<td>89</td>
<td>8:50</td>
<td>Prostate Cancer</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Roger</td>
<td>M</td>
<td>81</td>
<td>10:26</td>
<td>Knee Replacement</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Johnny</td>
<td>M</td>
<td>75</td>
<td>21:47</td>
<td>Stroke; Diabetes</td>
<td>Self</td>
</tr>
<tr>
<td>Claudette</td>
<td>F</td>
<td>73</td>
<td>12:43</td>
<td>Sarcoïdosis</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Carol</td>
<td>F</td>
<td>76</td>
<td>12:25</td>
<td>Automobile Accident</td>
<td>Others</td>
</tr>
<tr>
<td>Edwing</td>
<td>M</td>
<td>37</td>
<td>31:32</td>
<td>Diabetes; Amputation</td>
<td>Self</td>
</tr>
<tr>
<td>Debi</td>
<td>F</td>
<td>63</td>
<td>13:22</td>
<td>Diabetes; Leg Sores</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Clinton</td>
<td>M</td>
<td>64</td>
<td>16:34</td>
<td>Endocarditis; COPD; CHF</td>
<td>Self</td>
</tr>
<tr>
<td>Pia</td>
<td>F</td>
<td>63</td>
<td>14:27</td>
<td>Knee Replacement</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Ginger</td>
<td>F</td>
<td>67</td>
<td>20:07</td>
<td>Quadriplegic from Surgery</td>
<td>Others</td>
</tr>
<tr>
<td>Beverly</td>
<td>F</td>
<td>73</td>
<td>7:21</td>
<td>Shoulder Injury from Fall</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Elio</td>
<td>M</td>
<td>83</td>
<td>9:24</td>
<td>Lung Cancer</td>
<td>Self</td>
</tr>
<tr>
<td>Rosemarie</td>
<td>F</td>
<td>87</td>
<td>10:30</td>
<td>Dislocated Shoulder</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>John</td>
<td>M</td>
<td>81</td>
<td>16:31</td>
<td>Kidney Disease; Cancer; Diabetes</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Grace</td>
<td>F</td>
<td>90</td>
<td>21:40</td>
<td>CHF; Diabetes; COPD; Afib; Asthma</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Angel</td>
<td>M</td>
<td>77</td>
<td>14:01</td>
<td>Stroke; Diabetes</td>
<td>Others</td>
</tr>
<tr>
<td>Charles</td>
<td>M</td>
<td>81</td>
<td>33:16</td>
<td>Multiple Sclerosis</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Knud</td>
<td>M</td>
<td>64</td>
<td>19:13</td>
<td>Leukemia</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>William</td>
<td>M</td>
<td>25</td>
<td>4:21</td>
<td>Testicular Cancer</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Susan</td>
<td>F</td>
<td>72</td>
<td>15:19</td>
<td>CHF; COPD; Afib</td>
<td>Self</td>
</tr>
<tr>
<td>Dolores</td>
<td>F</td>
<td>77</td>
<td>13:17</td>
<td>COPD; Lung Cancer</td>
<td>Self</td>
</tr>
<tr>
<td>Tammy</td>
<td>F</td>
<td>48</td>
<td>10:57</td>
<td>Rheumatoid Arthritis</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Dwain</td>
<td>M</td>
<td>58</td>
<td>7:45</td>
<td>Leg Sores</td>
<td>Self</td>
</tr>
<tr>
<td>Robert</td>
<td>M</td>
<td>64</td>
<td>19:46</td>
<td>Diabetes; Renal Failure; Hypertension; Heart Surgery</td>
<td>Self</td>
</tr>
<tr>
<td>William</td>
<td>M</td>
<td>58</td>
<td>12:44</td>
<td>Cancer; Spinal Surgery; Hypertension</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Alfred</td>
<td>M</td>
<td>70</td>
<td>23:54</td>
<td>Gall stones; pancreatitis</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Melvin</td>
<td>M</td>
<td>65</td>
<td>15:31</td>
<td>Paraplegic; Diabetes; Foot wounds</td>
<td>Self</td>
</tr>
<tr>
<td>Arlene</td>
<td>F</td>
<td>70</td>
<td>11:38</td>
<td>Ovarian Cancer</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Jack</td>
<td>M</td>
<td>71</td>
<td>6:51</td>
<td>Triple Bypass Heart Surgery</td>
<td>Self</td>
</tr>
<tr>
<td>Jean</td>
<td>F</td>
<td>59</td>
<td>12:54</td>
<td>Broken Leg; Coumadin</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Vernon</td>
<td>M</td>
<td>91</td>
<td>12:24</td>
<td>CHF; Hypertension; CAD</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Christopher</td>
<td>M</td>
<td>32</td>
<td>22:44</td>
<td>Alcoholism; Bipolar; Pneumonia</td>
<td>Self</td>
</tr>
<tr>
<td>JR</td>
<td>M</td>
<td>68</td>
<td>14:28</td>
<td>Diabetic Foot Wound</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Alexander</td>
<td>M</td>
<td>81</td>
<td>16:04</td>
<td>Fall; Broken Bones; Hemorrhage; Bilateral Pes</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Nicholas</td>
<td>M</td>
<td>80</td>
<td>20:37</td>
<td>Cardiomyopathy; Pneumonia; Diabetes</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Latisha</td>
<td>F</td>
<td>57</td>
<td>8:13</td>
<td>Cellulitis</td>
<td>Uncontrollable</td>
</tr>
<tr>
<td>Marilyn</td>
<td>F</td>
<td>80</td>
<td>10:35</td>
<td>Bladder Cancer; Urostomy; Hysterectomy</td>
<td>Uncontrollable</td>
</tr>
</tbody>
</table>

M = 56.4% 68.8  13:44  U = 24 (61.5%)  
Range:  
S = 12 (30.7%)  
4:21 to 33:16  O = 3 (7.7%)
3.2 Servicescapes and Service Environments

Servicescape Remodeling: The Importance of Understanding Customer Reactions During the Transition Phase

Bart Larivièrè (Ghent University), Freek Van Baelen (Carrefour Belgium), Arne De Keyser (EDHEC Business School)

Context

As in-store experiences have an important impact on customer attitudes and behaviors, retailers continue to invest millions of dollars annually to keep their servicescapes fresh and attractive. Carrefour, for example, allocates 15% of its yearly profits to store remodeling, with an average amount of $825,000 per remodeled store. Other major companies like Victoria’s Secret, Bath & Body Works, Pizza Hut, Walmart and McDonald’s have recently announced significant remodeling of their stores in the coming years. The underlying assumption is simple: an attractive environment will eventually lead to increased customer loyalty and spending.

Previous inquiry has confirmed store remodeling can indeed lead to short-term (e.g., Brüggen, Foubert and Gremler 2011) and long-term (e.g., Dagger and Danaher 2014) positive changes in customer perceptions (i.e., satisfaction, service quality, atmosphere) and spending (i.e., store visit frequency and monetary value). However, findings are mixed and warnings have been made against a myopic approach to store remodeling (Brüggen, Foubert and Gremler 2011). Hence, more research is needed uncovering the factors that can help explain the varying success rate of remodeling efforts.

A hitherto unexplored area is the potential importance of the transition phase (i.e., the time period in which the actual remodeling takes place) on customer outcomes following a servicescape remodeling. As many stores continue doing business during the transition phase and customers get confronted with the remodeling efforts during their shopping trips, the potential impact of this period becomes clear. We expect that when customer attitudes and behavior during the remodeling are accounted for, this will significantly increase the level to which differing outcomes of servicescape remodelings can be explained. As far as we know, no previous study has considered the transition phase in servicescape research. Against this
background, the purpose of this study is to (1) consider the different ways in which customer react to the remodeling transition phase, (2) investigate how attitudes developed during the remodeling transition phase impact customer outcomes in the post-remodeling period, and (3) test the durability of these effects over time.

**Research Framework**

Based upon the servicescape model (Bitner 1990), frustration theory (Stauss, Schmidt and Schoeler 2005), and the psychological concepts of savoring (Loewenstein 1987) and indifference (Kaplan 1972), we hypothesize that customers react very differently during and after a remodeling. More specifically, we hypothesize the existence of three customer segments based upon reactions to the remodeling transition phase: indifferent, frustrated and savoring customers.

Indifferent customers are those who exhibit neutrality toward the ongoing transition and do not experience any positive or negative feelings about it (example quote: “Honestly, I just don’t care what they are doing with this store”). Overall, we expect (H1a-b) that these customers will remain unaffected by the remodeling and will not exhibit changed attitudes and behaviors (satisfaction and loyalty behaviors) during and after the remodeling.

Frustrated customers are those who show actual interest in the remodeling, but focus on the negative aspects of the transition phase (e.g., unfamiliar store lay-out, noise, dirt, etc.) (example quote: “What I hated most during the remodeling was how every time I visited the store, they had moved all products around. It almost felt as if they did it deliberately to annoy me”). Overall, we expect (H2a-b) that this segment will react negatively during the transition phase and after the remodeling (i.e., lowered satisfaction and loyalty behaviors). However, we hypothesize this negative effect will diminish over time (H2-c).

Similar to the previous segment, we expect savoring customers to show significant interest in the remodeling. Yet, this segments is expected to be forward-looking and to anticipate the improved functionality and aesthetics of the store after the remodeling (Kumar, Killingsworth and Gilovich 2014) (example quote: “I’m really looking forward to what the store will look like. I come to the store every day just to see what is happening”). Therefore, we expect (H3a-b) this segment will react positively during the transition phase and after the
remodeling (i.e., higher satisfaction and loyalty behaviors). However, we anticipate this positive effect will diminish over time (H3-c). Figure 1 captures our conceptual framework.

Figure 1: Conceptual Framework

---

Design & Methodology

Multi-source, multi-level data was collected in collaboration with 10 Belgian Carrefour supermarkets that have gone through a major remodeling of the servicescape. All customers from the participating supermarkets and 3 matched control stores were tracked longitudinally (by means of loyalty card data) starting 1 month before the remodeling until 1 year after the remodeling finished. In addition, 280 customers repeatedly participated in a longitudinal survey, consisting of 4 waves, spanning the same time frame. Data was collected on customers’ characteristics and cognitive, emotional, physiological (Russel & Mehrabian, 1977; Parish et al., 2008; Gomez et al., 2004) and behavioral reactions (Lariviè re, 2008).
Finally, our dataset was complemented with database information on store performance and survey data on the employee perceptions of the remodeling. To analyze the data, we employed a multilevel approach with Bayesian estimation (Yuan and MacKinnon 2009, Zhao, Lynch and Chen 2010).

Preliminary Results

Our first round of analyses clearly indicates the existence of the three hypothesized segments: indifferent, frustrated and savoring customers. As expected, frustrated customers exhibit lower loyalty and satisfaction while the remodeling is being carried out, indifferent customer show no significant changes in their attitudes and behavior, whereas savoring customer react positively to the ongoing changes in the store (increased satisfaction and loyalty). Additionally, the attitudes and behavior developed during the transition phase, across all segments, clearly carry over to the post-remodeling phase. Overall, the short-term post-remodeling effects are much stronger than the long-term effects. Compared to pre-remodeling period, satisfaction and loyalty were still higher overall, but varying across the different segments.

Contributions to the literature

This study contributes to servicescape literature in multiple ways. First, this study is the first to consider the impact of the transition phase (i.e., when the remodeling actually happens) on customers during and after the remodeling. Since every remodeling is characterized by such a phase, it is imperative to have insights about its impact on future customer attitudes and behavior. Second, this is the first study to use a segmentation approach within servicescape research. Previous research has mainly considered customers to react similarly to remodeling. However, our findings show diverse customer reactions to servicescape remodeling during and after the change. Third, we add to servicescape research in general by investigating the impact of large-scale remodeling. With the notable exceptions of Brüggen, Foubert and Gremler (2011) and Dagger and Danaher (2014), previous research has mainly focused on the effect of discrete environmental servicescape factors like music, color, crowding and lighting.

Contributions to practice

This study stresses the importance of the transition phase for remodeling outcomes (customer satisfaction, loyalty and sales). Based upon our results, we recommend to focus
communication during the transition phase on what the servicescape will look like after the remodeling and what advantages it will bring. This strategy could help foster savoring behaviors among customers and reduce feelings of frustration. This, in turn, can help improve the positive effects of remodeling on customer attitudes and behaviors.

In addition, this study underscores the importance of customer segmentation since not all customers react similarly to a remodeling. A good understanding of the different types of customers and their segment size might be valuable to know in order to increase the return on investment of remodelings.

References

Available upon request.
A Transformational Servicescape and Its Relations to Consumer Place Attachment and Subjective Well-Being

Cindy Yunhsin Chou (Yuan Ze University), Lanlung Chiang (Yuan Ze University), Yu-Ting Huang (Yuan Ze University), Hinyung Wu (Yuan Ze University)

Introduction

A considerable body of research has shown that environmental stimuli significantly influence consumer behaviors in servicescapes. The transformative service research (TSR) argues that servicescape is critical in influencing consumer co-creation behaviors and consumers’ subjective well-being during and after service consumption (Anderson et al. 2013). Yet, scant research has examined how a servicescape may possess the transformational potential to influence consumer co-creation behaviors and subjective well-being. By incorporating the constructs of perceived employee commitment and intercustomer social support (i.e., human interaction variables) into the existing servicescape dimension (Bitner 1992; Turley & Milliman, 2000), this study examines a holistic community-based servicescape and the effects of the constructs (i.e., physical stimuli, perceived employee commitment and intercustomer social support) on consumers’ sense of place attachment, which in turn impacts consumers’ co-creation behaviors and subjective well-being. A judgmental sampling strategy and an on-site, face-to-face interview method are adopted. A total of 309 valid surveys are collected for subsequent research framework investigation. The results show that intercustomer social support has the greatest influence on place attachment, in comparison with the dimensions of physical stimuli and perceived employee commitment. Moreover, place attachment has a positive influence on consumer value co-creation behaviors and subjective well-being.

Theoretical foundation

Bitner (1992) coins servicescape framework and posits that consumers’ cognitive and emotional responses can be aroused by physical servicescape, which drives their approach behaviors toward that servicescape. Servicescape dimensions include physical stimuli, layout and sign, symbol and atmosphere and human variables (Turley & Milliman, 2000; Harris & Ezeh, 2008). Research argues that more attention should be paid to human variables and its
relation to consumer internal response and thus their behaviors (Rosenbaum, 2008). Research on TSR further reinforces the importance of better understanding the role of the servicescape in enhancing consumer well-being (Johnstone & Conroy 2008). To respond to this call, this study draws on intercustomer social support and perceived community partners’ commitment (i.e., human interaction variables) into the existing servicescape in order to investigate the role of community-based servicescape on consumer well-being.

**Hypothesis development**

Turley and Milliman (2000) posit that physical stimuli can be classified as micro (e.g. photo frame in the servicescape) and macro (e.g. surrounding scenery of a shopping mall). To a community-based servicescape, macro physical servicescape elements may be more essential in better understanding of how consumers develop a sense of attachment to the servicescape. Meanwhile, Rosenbaum (2006) argues that place attachment can be derived from special affection or a memorial experience between the personal and physical environment. Thus, we propose that:

**H1:** Consumer perceived physical servicescape stimuli have a positive relationship with consumer sense of place attachment toward the community-based servicescape.

When employees possess a higher level of commitment, they tend to better perform their job duties (Wright & Bonett 2002), as well as influence consumer satisfaction (Islam et al., 2014). Research shows that interaction quality between and employee and consumer influenced consumer attachment toward third place. Furthermore, Rosenbaum et al. (2007) demonstrate that consumers who attach to a third place may also express community partners’ (including community residents and service employees) community commitment to the organization and share its values. It is argued that perceived community partners’ commitment may exert predictive power on consumers’ feelings of attachment to the servicescape. Thus, we propose that:

**H2:** Consumers’ perceived community partners’ community commitment has a positive relationship with consumer sense of place attachment.

Service organizations may welcome consumers’ positive responses in the form of not only displaying satisfaction but also voluntarily performing helping behaviors to improve their service performance and quality (Rosenbaum et al. 2007). Mills and Morris (1986) point out that consumers can develop reliance on other consumers for knowledge sharing and skill
delivery so that consumers and service providers both experience less stress and lower costs. Rosenbaum and Massiah (2007) show that consumers who received emotional and instrumental social support tended act voluntary and become highly attached to a store. Rosenbaum (2008) posits that this form of voluntary performance can be considered as intercustomer social support. Rosenbaum (2008) later discover a friendly and enjoyable intercustomer relationship adds value for consumers that can enhance their place attachment. Hence, we propose that:

**H3**: Consumer perceived intercustomer social support has a positive relationship with consumer sense of place attachment.

Johnstone and Conroy (2008) argue that co-creation behaviors should include consumer helping, citizenship, and various other voluntarily behaviors. The literature also indicate that consumers’ sense of place attachment induces higher levels revisit intentions (Kyle et al. 2003), word-of-mouth (Simpson & Siguaw 2008), consumer loyalty (Alexandris et al., 2006). Since consumer engagement in a service firm is found as a key driving force on subsequent loyalty (Bowden 2009), it is logical to argue that place attachment may influence consumer value co-creation behaviors toward a place. Therefore, we propose that:

**H4**: Consumers’ sense of place attachment t has a positive relationship with consumer value co-creation behaviors.

Williams and Vaske (2003) emphasized that places are not merely geographic settings, but are dynamic contexts of social interaction and memory. A study shows that subjects with strong affective attachments are also the most sensitive to the social environment (Kyle et al. 2004). Steverink and Lindenberg (2006) predict that the satisfaction of social needs and social lives have a positive relationship to subjective well-being. Debenedetti et al. (2014) demonstrate that the sense of harmony in the place is highly valued in a commercial setting that is perceived as a supportive place that evokes feelings of well-being. Thus, we propose that:

**H5**: Consumer sense of place attachment has a positive relationship with consumer their subjective well-being.

**Data collection and results**
Tamsui community in New Taipei City was chosen as the community-based servicescape for this study, and the consumer who had previously been consumers at and/or experienced in Tamsui was adopted to examine the proposed hypotheses. A pilot test of the questionnaire was conducted through on-site, face-to-face interviews of 32 consumers in Tamsui. Their feedback was utilized to amend the questionnaire. A total of 309 valid surveys were used for further examining the proposed framework using structural equation modelling. The findings indicated a good model fit ($\chi^2$/df = 1.578; GFI=.875, AGFI=.85; NFI=.884; IFI=.954; CFI=.953, RMSEA=.043). Moreover, the results showed that consumers perceived that the physical environment ($\beta = 0.091, t = 2.095, p < 0.05$) had a positive influence on their place attachment toward the Tamui servicescape. The results also showed that the relationship between perceived community partners’ community commitment and place attachment was significant ($\beta = 0.235, t = 3.966, p < 0.001$). The relationship between intercustomer social support and place attachment was significant ($\beta = 0.575, t = 8.806, p < 0.001$). A positive and significant relationship was shown between place attachment and value co-creation behavior ($\beta = 0.964, t = 10.380, p < 0.001$). Finally, place attachment positively influenced subjective well-being ($\beta = 0.523, t = 7.516, p < 0.001$). The examination supported all the hypotheses.

**Discussion and Contributions**

By drawing upon TSR to extend the servicescape framework, this study makes contributions to the pertinent literature. First, this study shows that consumer value co-creation can be promoted when a consumer is volitional in helping other consumers in a commercial setting (Rosenbaum et al. 2007). Second, this study enhances our understanding of the critical role of service employees in the servicescape (Parish, Berry, & Lam 2008), its influence on transformative service design, and finally the effects on consumer value co-creation behaviors and subjective well-being (Rosenbaum et al. 2011). Third, this study demonstrates that physical servicescape elements (i.e., exterior signs, entrances, and exterior display windows) have impacts on consumers’ sense of place attachment, a finding that differs from those of the existing literature. While place dependency, one of the place attachment dimensions, was shown to be more related to the physical elements of a place, place identity (another place attachment dimension) was concluded to have abstractly symbolic personal meanings to a place (Hull, Lam, & Vigo 1994). Therefore, this study shows that the physical servicescape influences both place identity and place dependency. Finally, this paper responds to the call for further research on the effects of consumer place attachment toward a service environment (Debenedetti et al. 2014) by investigating how
consumers attach to a community-based servicescape with the knowledge that commercial settings have become meaningful place to individuals. This study evidences that consumers’ value co-creation behaviors may be activated and their subjective well-being may be enhanced through the development of feelings of attachment toward a community-based servicescape.

References are available upon request.
Service Scent and Sound: Impact of Ambient Environment Cues in Interpersonal Servicescapes

Nicole Hartley (The University of Queensland, Brisbane), Paul Harrison (Deakin University, Melbourne)

Aim

Extant research suggests that ambient servicescape such as audio (music) and olfactory (scent) stimuli can influence consumer perceptions and behaviors, yet, limited research to date has addressed this beyond a retail environment. Further to this, little research has examined the interactive effects of these environmental cues. This study addresses current shortcomings in this field by exploring the perceptual and behavioural effects of both music and scent (as ambient environment cues) within an interpersonal service setting.

Relevance and Contribution

Several dimensions of the environment have been identified in the extant literature. Whilst these are often inspected independently in published research, it is important to recognise that people have a tendency to perceive discrete stimuli holistically (Bell et al., 1978; Holahan, 1982). Therefore it is highly likely that employees and consumers will do the same when it comes to evaluating the dimensions of a service environment. Bitner (1992) identified ambient conditions as a salient dimension of servicescape. Ambient conditions refer to background characteristics of the environment (e.g. temperature, sound, lighting and scent) that utilise the “five senses” to influence human perceptions and responses to the environment (Baker, 1987; Davis, 1984). The current study focuses on the effects for two of these ambient conditions, namely scent and music.

Previous research within the field of ambient environmental cues has predominately been conducted within retail contexts. The present study aims to provide more clarifying insight regarding the nature of ambient scents on consumer responses, particularly within interpersonal service environments. As such, this field study makes a unique contribution by examining the individual and combined effects of music and scent within an interpersonal servicescape setting.
Theoretical Foundation and Research Questions

Ambient scent

Morrin and Ratneshwar (2000, p. 67) define ambient scent as “the scent that is not emanating from a particular object but is present in the environment”. Though scent is considered one of the most affordable variables to manipulate in an environment’s ambient conditions, it is one of the least utilised. Explicitly, the aspects of visual stimuli have received the most attention in the literature and service industries (Kerfoot et al., 2003), closely succeeding music. Focus on other sensory stimuli, such as haptic, olfactory and other components of auditory stimuli is less apparent within extant literature. However, several calls for more detailed research on olfactory cues in the context of retail environments (e.g. Spangenberg et al. 1996; Wakefield and Blodgett 1996; Bone and Ellen, 1999) have been responded to (e.g Davies et al., 2003; Parsons, 2009; Gulas and Bloch, 1995; Bouzaabia, 2014; Chebat et al., 2009; Mattila and Wirtz, 2001). Dissimilarly, studies conducted within service contexts generally feature less abundantly, possibly due to easier replication of retail- compared to service settings in laboratory environments, alongside opportunities arising from simpler means of data collection (e.g. approaching shoppers in a mall setting), for instance cost savings and improved time efficiency. Furthermore, only a proportion of these studies examined interpersonal services, and even fewer still carried out field studies on private or profit-based establishments, such as the nature of the current study.

Music

Within service environments, customers can be exposed to various stimuli, all of which potentially affect consumer attitudes and buying behaviours. According to Milliman (1982; 1986) background music is one of the most economically deployable and influential of a multitude of environmental elements. Research conducted over the years provides some empirical evidence of the positive benefits regarding background music in service settings (e.g. Milliman, 1986; Herrington, 1996), although the majority of papers tend to focus on retail store environments whilst withholding the aspect of store customer service.

Nevertheless, a general review of the literature reveals several interesting findings. For example, Yalch and Spangenberg’s research (1990) yielded comparable results. They
conducted a field experiment to determine the relationship between music type (i.e. foreground versus background) and in store shopping behaviour. Foreground music was reportedly more liked than background music and found to result in a higher level of perceived arousal, although similarly arousal was not found to be a direct predictor of effect money and time spent in store.

**Interactive effect of ambient scent and music**

There currently exists a paucity of research which examines the interactive effects of both ambient scent and music as environmental cues. To date, such studies have been limited to retail settings whereby Mattila and Wirtz (2001) identified the arousing qualities (high versus low arousal) of ambient scent and music cues resulted in higher levels of approach behaviours, impulse buying and satisfaction than mismatched conditions. More specifically, slow-tempo music (low arousal music) paired with a relaxing lavender ambient scent (low arousal scent), and fast-tempo music (high arousal music) paired with an invigorating grapefruit scent (high arousal scent) were found to yield a significant interaction effect. Further, Spangenberg and colleagues (2005) also reported that an ambient Christmas scent in the presence of Christmas themed music (as compared to no scent and Christmas music) led to more favourable attitudes, stronger intention to visit the store, greater pleasure, greater arousal, greater dominance and a more favourable evaluation of the retail environment.

The theoretical mechanism underlying most of the published research on the effects of retail atmospherics on consumer behaviour is the stimulus-organism-response (S-O-R) paradigm, originally used in environmental psychology (Mehrabian and Russell, 1974). This approach posits that the environment is a stimulus (S), containing signals that influence the internal emotions and cognitions of its subjects (O), which subsequently generate either approach or avoidance behaviours (Mehrabian and Russell, 1974; Russell and Pratt, 1980).

In an attempt to integrate theories, such as the S-O-R paradigm, and empirical findings from diverse disciplines into a single services framework, Bitner (1992) devised a typology of service organisations to complement the proposed “servicescape” conceptual framework. Interpersonal services are categorised by the inclusion of both customer and employee presence and their joint performance of actions in the servicescape. In contrast to self-service
(customer only) and remote service (employee only) typologies, it is postulated that special consideration should be given to the environmental dimensions of an interpersonal service scape (e.g. hotels, restaurants, hospitals, banks and airlines) in order to boost the quality of social interactions. More briefly, Bennett and Bennett (1970, p. 18) assert that “all social interaction is affected by the physical container in which it occurs.” Empirical studies support this notion (e.g. Holahan, 1982), wherein behaviours such as small group interaction, participation, friendship formation and withdrawal have all been shown to be affected by environmental conditions.

Recognising a distinct lack of empirical research which addresses the role of ambient environmental cues in service settings, this current study sought to address two research questions. Firstly, and in line with previous research conducted in retail settings, this research sought to examine the existence of the direct (and combined) effect of music and scent on consumer emotions, store environment evaluations and approach/avoidance behaviours within an interpersonal servicescape setting.

Secondly, and in response to much of the literature in services marketing, this research sought to further examine the direct and combined effect of music and scent on consumer perceptions of service quality (specifically related to the service provider-customer interaction experience). Service quality is a long established measure of customer perceptions that has been utilised quite prevalently in interpersonal service contexts (Parasuraman, Zeithaml and Berry, 1985). This is considered a valuable extension to the work that has been conducted in retail contexts.

**Design/Methodology/Approach**

A 2 (scent vs. no scent) x 2 (music vs. no music) experimental design was adopted in the real world setting of a well-known Australian bank. Bank customers were surveyed upon leaving four independent branches. Data collection was staggered across days of the week and time of the day. Over a two week period each branch changed their ambient environment to reflect one of four experimental conditions 1) control condition (no scent or music in branch), 2) scent condition (use of scent only in branch), 3) music condition (use of music only in branch) and 4) scent and music condition (scent and music both present in branch).
Bank customers were asked to report store evaluations, ambient cue evaluations, emotive responses, behavioural responses (approach/avoidance), service quality perceptions and general demographic information.

**Findings**

A total of 129 bank consumers were surveyed, with 127 included in the final data analysis. The break down of respondents across the four (4) conditions were as follows: Control condition = 40; Scent condition = 27; Music condition = 39; and Scent & Music condition = 23. Variance across the 4 conditions was attributed to store visitation numbers. Respondents’ age ranged from 18 to 75+ years, with the majority of respondents aged 25-54 and a gender split of 57% (n=72) males and 43% (n=55) females.

A series of ANOVAs were conducted across the conditions to test for the main and interactive effects of scent and music on each of the dependent variables.

Results showed that the presence of music alone did not have a significant effect on the emotive responses of customers. Notable differences were however identified between the control condition and the combined impact of scent and music condition specifically in relation to pleasure and also between the scent condition and the combined scent and music condition specifically in relation to mood.

In relation to store environment perceptions, customers noted a significant difference between the control condition (no ambient cues) and the scent condition and the control condition and the scent and music condition.

Surprisingly, in relation to approach/avoidance behaviours, significant differences were only highlighted in relation to approach behaviours which encompass intentions such as browsing further banking services, recommending the branch and enjoying visiting the branch. More surprising were the non significant differences between all 4 conditions in relation to the service quality items.

The results pertaining to a lack of significant music perceptions across the four conditions can be partially contributed to the low music perception scores identified in relation to the familiarity (M = 3.51), likability (M = 2.21) and appropriateness (M = 2.20) of the music (all rated on a Likert scale of 1 (low) to 7 (high)). Conversely, significant differences were identified between the four conditions in relation to scent perceptions with significantly large
differences noted for, scent appropriateness (eta = 0.11, p = 0.02), scent strength (eta = 0.11, p = 0.02) and pleasantness (eta = 0.10, p = 0.02).

Further analysis that sought to examine the stimulus-organism-response (S-O-R) paradigm explored the moderating effect of emotion on the relationship between ambient cues and approach/avoidance behaviours, did not reveal any significant relationships.

**Discussion & Conclusion**

This study addresses current shortcomings in the literature by exploring the perceptual and behavioural effects of both music and scent (as ambient environment cues) within an interpersonal service setting. Interpersonal servicescapes have received limited attention in the literature, despite the significance of these service environments in shaping consumer experiences and behaviour. The results of this study provide valuable insights into the salience of ambient environmental cues in contexts outside of consumer retail settings.

In particular, customer emotions such as enhance pleasure and mood evaluations were more favourable when music and scent are both present in store. Similarly the combined effect of music and scent is linked to higher store environment perceptions. Finally, significant effects were found for consumer approach behaviours. Subsequently, these findings offer support for an environmental psychology perspective of ambient effects.

Interestingly, no significant effects were found for service quality outcomes which denotes more complex and cognitively driven processes drive these evaluations.

From a practitioner perspective, this research makes a unique contribution to how branch managers can enhance the customer experience by customising the ambient servicescape features of their branches, specifically in relation to the interactive effect of both scent and music. This is significant finding given the nuance of scent and music cues in settings such as banking. The expectations about the impact of these ambient cues should however not be overstated, nor be used as a proxy for service provider-customer experience.
References


The Dark Side of Service Interactions: Insights on Customer Anger

Alexander Henkel (Maastricht University), Karen Niven (Manchester Business School), Jos Lemmink (Maastricht University), Christina Jerger (Catholic University of Eichstaett-Ingolstadt), Jochen Wirtz (National University of Singapore), Janet R. McColl-Kennedy (The University of Queensland), Michael Brady (Florida State University), Paul Patterson (UNSW Australia), Daniel Altman (Technion, Israel Institute of Technology), Dorit Treister (University of British Columbia), Arie Eisenman (Galilee Medical Center), Dalit Lev-arey (Tel Aviv-Yaffo Academic College), Anat Rafaeli (Technion, Israel Institute of Technology), Yakir Rosenfeld (Technion, Israel Institute of Technology), Chen Shapira (Carmel Medical Center), Sara Solomon (Tel Aviv-Yaffo Academic College)

Customer anger poses severe threats to employee well-being and constitutes a challenge for service managers. Yet research on the motives, mechanisms, and implications of customer anger in service interactions is scant; this session will report on new findings, including effects of customer emotion on employee behavior, rewards for customer anger by customer service employees, and means for curtailing customer anger. The special session will include a multidisciplinary perspective on customer emotion in service interactions, with an emphasis on negative emotion expressions. The session will be chaired by a leading expert on customer anger in a service context, Prof. Anat Rafaeli. Opened by a practitioner’s perspective on the importance of customer emotion, it will commence with four research projects.

The importance of studying customer emotion will be discussed in a presentation of LivePerson Inc., an organization that provides a platform for chat (text-based) interactions between customers and brands. With 18,000 business customers (brands) the organization facilitates 30M chats per month between customers and organizations. The large chat corpus enables the organization to unobtrusively analyze customer emotions in chat interactions. A home-grown sentiment engine quantifies customers emotions using Natural Language Processing (NLP) techniques into Meaningful Connection Scores (MCS) for business customers. The talk will illustrate the business potential of positive emotion metrics as the latter drive loyalty, growth and customer experience.
The second presentation builds on the introduction of LivePerson and examines chat data concerning the impact of emotions expressed by customers on agent behavior, as evident in agent response time, and the impact of system operation features, such as load and wait time on customer emotions. The research findings show that (a) employees respond more quickly to customers who express positive emotion; (b) customer negative emotion increases agent response time, and hence increases customer wait; (c) number of customer words increases employee response time if and only when customers express emotion (either positive or negative), with no effect of the number of customer words on employee responses when customer text has no emotion.

The third presentation investigates when service employees reward customer anger and suggests customer status and service culture as boundary conditions. The field experiment in fast-food restaurants (n=80 role-played angry complaints) revealed that employees’ emotional and behavioral responses depend on service culture and customer status. Employees in a weak service culture expressed more anger and were less likely to offer restitution to low status customers (compared to high status customers). In a strong service culture, employee responses were independent of customer status and converged at a professional level.

A fourth presentation concludes the session by examining customer hostility in a hospital emergency department. It identifies correlates of such hostility (anxiety, sense of injustice, perceived wait time), and shows that providing information to people can moderate it (especially technically useful or general information provided to people individually). Other types of information and public dissemination through public posters are not effective in moderating customer hostility.
The Dark Side of Service Interactions: Insights on Customer Anger

Session Chair: Anat Rafaeli

Presentation 1:

Naama Tepper (presenting)
Data Scientist
LivePerson
naamat@liveperson.com

Michael Natapov (not attending)
Data Scientist
LivePerson
michaelna@liveperson.com

Neta Barkai (not attending)
Senior Data Scientist
LivePerson
netab@liveperson.com

Shlomo Lahav (not attending)
Chief Scientist
LivePerson
shlomol@liveperson.com

Presentation 2:

Daniel Altman (presenting)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
altmandaniel1@gmail.com

Doron Cohen (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
doronco30@gmail.com

Anat Rafaeli (attending)
Professor in Organizational Behavior
Technion, Israel Institute of Technology
anatr@ie.technion.ac.il

Naama Tepper (attending)
Data Scientist
LivePerson
naamat@liveperson.com

Galit Yom-Tov (not attending)
Lecturer
Technion, Israel Institute of Technology
gality@tx.technion.ac.il

Shelly Ashtar (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
shellyashtar@gmail.com

Galia Bar (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
bargalia1@gmail.com

David Spivak (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
davidspivak2@gmail.com
Monika Westphal (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
monika.westphal92@gmail.com

Hilla Zucker (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
hillazucker@gmail.com

Presentation 3:

Christina Jerger (presenting)
Ph.D. Candidate in Marketing
Catholic University of Eichstaett-Ingolstadt
christina.jerger@ku-eichstaett.de

Jochen Wirtz (attending)
Professor of Marketing
National University of Singapore

Presentation 4*

Daniel Altman (attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
altmandaniel1@gmail.com

Dorit Efrat Treister (not attending)
Post-Doctoral Fellow in Organizational Behavior
University of British Columbia
dorit.efrat@gmail.com

Arie Eisenman (not attending)
Internal Emergency Department Manager
Galilee Medical Center
ArieE@gmc.gov.il

Dalit Lev-Arey (not attending)
Lecturer in Organizational Behavior
Tel Aviv-Yaffo Academic College
dalitlevarey@gmail.com

Anat Rafaeli (Presenting)
Professor in Organizational Behavior
Technion, Israel Institute of Technology
anatr@ie.technion.ac.il

Yakir Rosenfeld (not attending)
MSc Student in Organizational Behavior
Technion, Israel Institute of Technology
yakir.rosenfeld@gmail.com

Chen Shapira (not attending)
Manager
Carmel Medical Center
ChenSh2@clalit.org.il

Sara Solomon (not attending)
M.A student in Occupational Psychology
Tel Aviv-Yaffo Academic College
sarahsol345@gmail.com

*All authors contributed equally and are listed in an alphabetical order.
3.4 Customer Experience I

How Contextual Variables Moderate The Antecedents Of Customer Satisfaction With The Service Experience In Different Retail Channels

*Ruth Bolton* (Arizona State University), *Anders Gustafsson* (University of Karlstad), *Crina Tarasi* (Central Michigan University), *Lars Witell* (University of Karlstad)

Service firms are increasingly focused on understanding the customer journey – that is, a customers’ entire experience with a firm -- in order to better manage customer relationships. In a world characterized by global competition, companies such as Starbucks, IKEA and McDonalds bring their service brand concepts to many different countries and cultures using multiple market channels in the process. This poses a great challenge for companies attempting to re-create an excellent service experience across different cultural contexts – which requires customization to different markets while preserving the essential characteristics of the service brand.

Moreover, retailers face significant challenges in delivering consistently excellent service experiences across different channels, such as store, catalog, Internet and telephone. How do retailers achieve “seamless” service that is consistent and integrative across diverse channels – yet, at the same time, customized to fit with diverse customer shopping goals in different channels? These challenges are exacerbated when firms operate in many countries and cultures. Hence, how does a global retailer execute one service brand promise through a multi-channel strategy? These managerial questions are exceptionally challenging in the modern digitally-enabled marketplace, in which customers can carry out same activities (browsing, searching, and purchasing) within and across multiple channels – sometimes even simultaneously.

The globalization of markets has stimulated marketers to pay increasing attention to the challenges and opportunities of synchronizing multiple retail channels (Reinartz et al 2011). Multi-channel retailing enhances the portfolio of service offerings provided to the consumer
and, consequently, is a useful tool in building consumer loyalty to a retailer (Wallace, Giese and Johnson 2005). Studying a representative sample of USA consumers, Noble, Griffith and Weinberger (2003) found that brick and mortar, website and catalog channels were differentially effective in delivering value – where value was derived from obtaining information, comparing prices, assortment seeking and possession. These findings help explain why some channels are strong at customer acquisition but weak at customer retention or vice versa – where the strength of a channel depends on the characteristics of the channel, consumer, product and service (Birgelen, de Jong and de Ruyter 2006; Dong, Swain and Berger 2007). They also show how retailers can customize the channel experience to consumer needs and preferences (Godfrey, Seiders and Voss 2011).

Despite these recent insights into multi-channel service management, there is much that we do not know. Prior studies of traditional and online retail channels have typically modeled how consumers’ satisfaction with their retail shopping experience depends on their expectations and perceptions of service quality, service convenience, price fairness and other variables – following the classic expectancy-disconfirmation paradigm (Oliver 1990). This paper extends this research stream by investigating how contextual variables moderate the effects of these drivers of customer satisfaction. Contextual variables include market factors (market size, growth rate, disposable income, culture, internet penetration), brand factors (brand equity, product satisfaction, price fairness, competitive strength), channel factors (traditional, web or catalog, attractiveness, informative-ness, navigability, channel size), and segmentation variables (loyalty program membership, household size, demographics).

Specifically, we address two research questions: (1) What aspects of the service experience influence consumer satisfaction with the service experience in a given channel – when consumers may have different shopping goals? (2) How does the importance of these factors differ across contexts, including across different retail channels (traditional, web and catalog) and different shopping goals: browsing, searching, or buying. We believe that -- even if the “ingredients” of the service experience are somewhat the same across retail channels (e.g., providing ideas, appealing products, service convenience, minimal waiting time) – how they should be combined to create an excellent service experience will be different across consumer purchase contexts (i.e., channels and goals). Service firms are challenged: to figure
There is considerable prior research about the antecedents of consumer satisfaction with retail experiences in traditional bricks and mortar stores -- and (to a lesser extent) in online stores. Most early retailing studies considered classic customer satisfaction ingredients, such as disconfirmation, perceptions of channel experiences (e.g., helpful staff), price fairness, and atmospherics. Recent studies have expanded this set of antecedents to consider experiential attributes of online stores: website design, efficiency, system availability, fulfillment/reliability, privacy/security and customer service (Wolfinbarger & Gilly 2003; Parasuraman, Zeithaml and Malhotra 2005). These attributes are sometimes grouped, more generally, into dimensions of service quality or service convenience (e.g., Seiders et al 2002). In addition, studies of catalog shopping tend to consider a slightly different set of characteristics. However, there is no comprehensive and integrated model of the antecedents of consumer satisfaction with the retail channel experience across channels, goals, countries and cultures. This gap is especially critical in the modern marketplace, where retailers are competing to attract customers with “omni-channel” marketing or creating a seamless shopping experience.

In this study, we develop a model that posits that a consumer has an overall evaluation of a service brand and updates it based on his/her subjective evaluation of his/her experience in a channel. This paper develops a theory-based model of how contextual variables moderate the effects of service quality, convenience and other antecedents on customer satisfaction with the shopping experience in a given channel. It is important to note that our conceptual model considers many moderating effects, which are captured in a non-linear model. This approach is consistent with prior theoretical work suggesting that there is a non-linear relationship between satisfaction and its antecedents, where the effect of experiential attributes may depend on moderator variables that describe the consumers’ consumption context (Bolton and Myers 2003; Finn 2012; Mittal and Kamakura 2001; Mittal, Kamakura and Govid 2004; Oliver 1999; Ter Hofstede, Steenkamp & Wedel 1999; Bolton, Tarasi, Gustafsson and Walker 2013).
Our empirical work analyzes 1.2 million customer records of a global retailer operating more than 400 stores -- plus Internet, catalog and telephone channels -- in more than 40 countries. We develop and estimate a model of customer satisfaction with the shopping experience in two stages. In the first stage, we estimate an equation to describe the antecedents of customer satisfaction with the shopping experience -- with a separate equation for each channel in each market. In the second stage, we develop and estimate a model of how customers’ importance weights for specific satisfaction drivers (e.g., service quality dimensions) vary across equations depending on the service/shopping context, channel and market. Most empirical research suggests that elasticity estimates (or response function coefficients) are not especially sensitive to differences in functional form (Bolton 1989; Tellis 1988; You, Vadakkepatt and Joshi 2015). Hence, our two-stage approach -- whereby elasticity estimates are generated and then used as dependent variables in a second stage model -- is robust.

The results of this study show that contextual variables play a significant and substantial role in explaining differences in how consumers form judgments about their service experiences -- especially markets and channels. Our presentation will focus on describing how market factors (market size, growth rate, disposable income, culture, internet penetration), brand factors (brand equity, product satisfaction, price fairness, competitive strength), channel factors (traditional, web or catalog, attractiveness, informative-ness, navigability, channel size), and segmentation variables (loyalty program membership, household size, demographics) influence consumer satisfaction with the retail channel experience.

The goal of this study is to improve managers’ and researchers’ understanding of multi-channel service management in the global marketplace. From a theoretical standpoint, this work provides a deeper understanding of how consumer satisfaction judgments regarding service experiences are formed within and across different contexts. In particular, our study highlights the importance of understanding market, brand and channel characteristics -- as well as consumers’ shopping processes. From a practical standpoint, our findings provide insights for service managers concerning how to allocate their effort across channels and markets to maximally increase customer engagement and satisfaction with the shopping
experience. It can help answer questions such as the following: In which markets must the global retailer adapt to country-specific conditions? Are there situations where the global retailer’s brand has a competitive advantage? Are there factors that the retailer can influence during the shopping experience? Are there situations where the retailer must customize the shopping experience or allow for more flexibility? Are there opportunities for better management of the customer portfolio?

Key Words: Customer Experience in Services; Internationalization in Services; Mobile Services
Revisiting Customer Value Creation Behavior: Does Culture Matter?

Taeshik Gong (Hanyang University ERICA)

Although prior research conceptually establishes two distinct forms of customer value creation behavior – customer participation (in-role) behavior and customer citizenship (extra-role) behavior – many scholars fail to distinguish between these two types of behavior. Rather, they tend to focus on only one aspect of customer value creation behavior or simply remain unaware that customer value creation behavior can take varied forms. While one potential explanation is that customers’ collectivist beliefs may influence the incidence of customer value creation behavior, little research has directly examined the effect of a central cultural value orientation – individualism or collectivism – on customer value creation behavior. However, Moorman and Blakely (1995) argue that collectivists view customary extra-role behavior as part of their in-role behavior, thus raising the question of whether extra-role behavior could in fact exist for collectivists. In a similar manner, Podsakoff, MacKenzie, Paine, and Bachrach (2000) assert that cultural value orientation may affect the strength of the relationship between customer value creation behavior (both in-role and extra-role behaviors) and its consequences. Thus, they encourage research to specifically test the effects of cultural differences on the relationships between customer value creation behavior and its effects.

Against this background, the present paper examines the effect of one type of cultural value, individualism versus collectivism, on the relationship between customer value creation behavior and its outcomes, such as employee satisfaction, employee performance, and ultimately sales performance. Through this examination, the current research aims to empirically offer support for two distinct types of customer value creation behavior – customer participation behavior and customer citizenship behavior.

Theory and hypotheses

Distinction between customer participation behavior and customer citizenship behavior

Customer participation behavior encompasses the activities necessary for successful value creation, whereas customer citizenship behavior entails voluntary action that provides extraordinary value to the firm but is not required for successful value creation. This study argues that customer participation behavior and customer citizenship behavior rest on different theoretical foundations. More specifically, customer participation behavior is related
to the customer’s organizational socialization, whereas customer citizenship behavior is based on social exchange. Empirical research also supports a distinction between customer participation behavior and customer citizenship behavior. For instance, factor analysis shows that perceptions of customer participation behavior and customer citizenship behavior load on separate factors, which is consistent with the view that customer participation behavior and customer citizenship behavior are distinct constructs. Other research shows that the two types of customer value creation behavior are related to different predictors. Whereas required customer participation behavior is predicted by customer socialization, voluntary customer citizenship behavior is predicted by customer satisfaction, which is a proxy for the quality of social exchange.

Cultural effect on customer value creation behavior

A collectivistic (versus an individualistic) value orientation reflects a condition in which individuals would consider their personal interests to be less important than the interests of a group. Collectivists greatly value membership in a group, focus more on the group’s social system than on themselves, and look out for the well-being of the group at the expense of their own personal interests. A collectivist value orientation is more likely to encourage behaviors that benefit the group and to view these behaviors as normative. Because of these characteristics, customer citizenship behavior is more common in individuals who have a collectivist value orientation, and collectivists are more likely to perceive customer citizenship behavior as a required part of their tasks just like customer participation behavior. Given that customer citizenship behavior supports the well-being of the collective and since customer citizenship behavior requires setting aside self-interest, customers who have more collectivist tendencies would view customer citizenship behavior as part of their task – that is, as in-role rather than extra-role activity.

In contrast, individualists tend to act according their own discretion. Customers who have individualistic tendencies will devote more time and effort to value creation and are willing to exert additional effort to ensure the value creation is done well. For an individualist, the distinction between customer participation and customer citizenship behavior is very clear and the resulting effects of each are obvious. Meanwhile, prior research firmly establishes that customer participation behavior and customer citizenship behavior are positively related to employee satisfaction, employee performance, and sales performance. Thus:
Hypothesis 1a: For customers with an individualistic value orientation, the effect of customer citizenship behavior on employee satisfaction is stronger than the effect of customer participation behavior.

Hypothesis 1b: For customers with an individualistic value orientation, the effect of customer citizenship behavior on employee performance is stronger than the effect of customer participation behavior.

Hypothesis 1c: For customers with an individualistic value orientation, the effect of customer citizenship behavior on sales performance is stronger than the effect of customer participation behavior.

Hypothesis 2a: For customers with a collectivist value orientation, there is no difference in the effect of customer citizenship behavior and the effect of customer participation behavior on employee satisfaction.

Hypothesis 2b: For customers with a collectivist value orientation, there is no difference in the effect of customer citizenship behavior and the effect of customer participation behavior on employee performance.

Hypothesis 2c: For customers with a collectivist value orientation, there is no difference in the effect of customer citizenship behavior and the effect of customer participation behavior on sales performance.

Method

Participants and procedures

The sample comprised customers, employees, and managers from one of the largest independent beauty salon chains worldwide and came from salons in the UK and South Korea. These countries were selected as representing individualistic and collectivistic cultures respectively. The beauty salon context was appropriate because the high level of employee–customer interaction facilitated the testing of the hypotheses. The senior manager of the beauty salon gave permission to conduct the survey with customers, employees such as beauticians, and sales managers. Customers were approached immediately after the beauty
services had been completed and asked to complete a questionnaire that included measures of their level of both customer participation behavior and customer citizenship behavior. After that, the beauticians were approached and asked to fill out the survey regarding the extent to which they were satisfied with their customers. Next, the immediate managers measured the beauticians’ job performance. Finally, customer transaction data from the beauty salon chain was matched to the survey data, based on each customer’s loyalty program identification number. Altogether, 115 and 108 matched customer–employee–sales manager triads resulted for the UK and South Korea, respectively. The cultural values of individual respondents rather than those of the individual countries (i.e., the UK and South Korea) were the unit of analysis because respondents’ cultural values might vary across countries and this approach avoids the ecological fallacy of using national generalizations to explain individual behaviors.

Discussion

The findings of this research show that customer cultural value orientation such as individualism or collectivism could affect the impact of customer participation behavior and customer citizenship behavior on aspects such as employee satisfaction, employee performance, and sales performance. As expected, in the case of an individualistic value orientation, the relationship between customer citizenship behavior and its effects is stronger than customer participation behavior and its effects. However, in the case of a collectivist value orientation, the relationship between customer citizenship behavior and its effects is not stronger than customer participation behavior and its effects. The results clearly show that customer participation behavior and customer citizenship behavior have different impacts if customer cultural value orientation is considered. These findings are significant because they highlight why researchers should distinguish customer participation behavior from customer citizenship behavior. Firms that operate in a global context might want to manage their customers’ value creation behavior according to the nature of the country’s in-role (participation) and extra-role (citizenship) characteristics. For instance, in the Western culture, which is characterized as having an individual value orientation, managers might want to focus more on customer citizenship behavior than on customer participation behavior, emphasizing social exchange relationships with their customers instead of economic exchange relationships. More specifically, they might want to foster customers’ deep commitment, trust, and relationship satisfaction. More recently, scholars have been interested in customer–firm identification and customer–employee identification. However, in the Eastern culture, which
is characterized as having a collectivist value orientation, managers might want to focus on customer participation behavior and customer citizenship behavior with equal strength. They have to understand the mechanisms through which these two types of customer behavior work, and they need to invest resources equally to foster these two types of customer behavior to fully realize the potential of customer value creation behavior. In sum, managers must realize that their choice of tactics for rewarding, motivating, and compensating customer value creation behavior should consider customers’ cultural value orientation.
The Synergistic Impact of Multi-Units Service Touchpoints on Word-of-Mouth, Satisfaction and Repurchase Intentions

Jean Boisvert (American University of Sharjah)

Introduction

Firms must address the operational challenges of safeguarding and providing specific services to customers by creating a service culture that welcomes and assists the customer during the sale but also in follow-up activities so that they can stay in touch with customer needs (Grönroos, 1984). In this context of retail landscapes, firms with geographically dispersed multi-unit service touchpoints (e.g. dealerships and service call centers) must maximize the synergy between them in order to maintain service consistency (Murray and Evans, 2013; Garvin and Levesque, 2008). They must also carefully select the type of satisfaction measures (Malthouse et al., 2004).

Despite major theoretical and managerial implications, little is known about the concerted efforts between geographically dispersed multi-units service touchpoints (i.e. at time of purchase, at delivery time, after-sale service and call centers) and the impact on consumer word-of-mouth and product satisfaction (see Banerjee, 2014). The goal of this study is to explore the extent to which geographically scattered multi-units service touchpoints impact customer-based retail outcomes. Thus, by modelling and empirically testing those key relationships, our paper attempts to break new grounds in the service literature and move it a step forward by a better understanding of the dynamics behind dispersed multi-units service touchpoints.

Theoretical Foundations and Contributions

It has been established that the marketing concept elevates the customer to the forefront of an organization’s focus (Christian, 1958; Drucker, 1985; Levitt, 1960). It is also unequivocal that any firm with retail operations has to plan and provide acceptable level of service to consumers (Lovelock, 2000). Though the concept of service quality has been largely covered
in the literature, most research emphases on antecedents (Kang and James, 2004; Parasuraman et al. 1991), but also on the extent to which how a single service unit (e.g. the role of call centers) performs during service recovery within a firm’s service offering see Kasabov and da Cunha, 2014, Dean, 2007).

From a marketing point of view, increased levels of functional service quality are seen as driving customer satisfaction (Bitner et al., 1990), where technical service quality is set up to meet acceptable minimums. From an operations standpoint, the focus is to deliver high levels of technical quality meeting specific and objective services standards (Johnston, 2005; Tsikriktsis and Heineke, 2004).

In contrast, organizations have created direct and indirect channels i.e. manage the channels internally (e.g. sales teams and retail branches or outsource operations management to other organizations, such as customer-contact centers (Payne and Frow 2004) in order to be cost-effective. For example, a manufacturer of motorized products relies mostly on their geographically dispersed dealership retail network on the delivery of service but also on their own call centers. Often, these call centers are ran separately from other retail touchpoints which warrants the need for a better integration.

From a customer’s point of view, the synergy between multiple service touchpoints facilitates service delivery which in return reflects the service quality they receive (Banerjee, 2014). It is thus crucial to integrate and monitor those multiple service touchpoints in order to get a seamless customer experience delivered within and across channels (Sousa and Voss 2006). Two dimensions of integration quality with associated service delivery have been proposed: a) channel-service configuration and b) integrated interactions (Banerjee (2014).

Because of the lack of joined efforts observed across service touchpoints, researchers often draw different conclusions leading to conflicting advice. At the same time, practitioners who design service delivery strategies also tend to develop conflicting strategies. In this context, because store managers inherently controls how the firm is represented to the customer at the point of delivery, they are also required to establish trade-offs in order to achieve both firm and customer objectives (Bateson, 1990). However, little empirical evidence exists regarding the effectiveness of dealership service touchpoints (i.e. at time of
purchase, at time of delivery, and after-sale) in conjunction with call centers on the impact on word-of-mouth and product satisfaction. We thus proposed and test the following hypotheses:

**H1**: the *at time of purchase* service touchpoint will positively impact word-of-mouth toward the dealership and product/brand satisfaction.

**H2**: the *at delivery time* service touchpoint will positively impact word-of-mouth toward the dealership and product/brand satisfaction.

**H3**: the *after-sale* service touchpoint will positively impact word-of-mouth toward the dealership and product/brand satisfaction.

**H4**: the call center touchpoint will positively impact product/brand satisfaction and repurchase intentions.

**H5**: The synergistic effects of multiple service touchpoints will positively impact repurchase intentions.

**Conceptual Framework**

The structural equation path model tested in the current study is based on two types of multi-units service touchpoints (i.e. dealerships and call centers). Two service factors used as independent variables were included in the model. The first (second-order) factor is based on a three-phase service touchpoints handled by the dealerships (i.e. at time of purchase, at delivery, and after-sale). The second factor is defined as the satisfaction with service call centers. The model is illustrated in Figure 1.
In addition, the three factors measured as the dependent variables are: a) word-of-mouth recommendations (dealer), b) vehicle/brand satisfaction and, c) repurchase intentions.

**Figure 1:** Conceptual framework

Method and Data Collection

This research is based on an America-wide mail survey with U.S. owners of leisure motorized products. The sample frame was based on a list of owners provided by a U.S. manufacturer of leisure motorized vehicles covering geographically dispersed areas where the products are sold. Respondents were recruited through email followed by a mail-out because of the length of the questionnaire (Boisvert, 2012).

From the initial sample of 5000 respondents who responded to the larger survey, 955 completed questionnaires were retained because participants fit the criteria of having been in
contact with both the dealership three-step service processes and call centers during the year. As mentioned in Section 3, the hypotheses were tested using structural equation path modelling.

**Summary of Results**

The first three hypotheses predicted that each of the three of the dealership service touchpoints (H1 = at time of purchase, H2 = at delivery time and H3 = after-sale) will positively impact word-of-mouth and product satisfaction. Results show that the regression model also explained a significant proportion of variance in dealer satisfaction scores, adjusted $R^2 = .719$, $F (3, 954) = 815.72$, $p < .001$.

More specifically, hypotheses H1, H2 and H3 predicted that satisfaction at each service touchpoint (i.e. at time-of-purchase, delivery time and after-sale) will positively impact dealer word-of-mouth recommendations and brand satisfaction scores. Results show that for both dealer WOM recommendations ($\beta = .339$, $t = 14.69$, $p < .001$ / $\beta = .158$, $t = 6.87$, $p < .001$ / $\beta = .480$, $t = 20.81$, $p < .001$) and product satisfaction ($\beta = .123$, $t = 3.22$, $p < .001$ / $\beta = .218$, $t = 5.72$, $p < .001$ / $\beta = .219$, $t = 5.73$, $p < .001$) the regression scores are all significant. H1, H2 and H3 are thus supported.

The fourth hypothesis (H4) predicted that the call center rating factor will positively impact brand satisfaction and repurchase intentions toward the brand. Concurrently, H5 predicted that the synergistic effect of multiple service touchpoints will positively impact word-of-mouth and vehicle satisfaction. To test these hypotheses, two structural equation path models were developed.
The first the SEM model tested the impact of the second-order dealership 3-dimension factor service touchpoints in synergy with the call center factor on dealership word-of-mouth recommendations, brand satisfaction and repurchase intentions. Table 1 shows that the fit indices (CFI = 0.96, NNFI = 0.95, IFI = 0.96, SRMR = 0.048, and RMSEA = 0.066) suggest a good model fit (Hair et al. 2009; Sharma et al. 2005). H4 and H5 are thus supported.

As a manipulation check, we ran a second SEM model without the effect of the call centers. As expected, key indices ($\chi^2/df = 7.49$, SRMR = 0.122 and RMSEA = 0.095) suggest a poor model fit (Hair et al. 2009; Sharma et al. 2005).

**Conclusions**

Our study argues that measuring service quality in isolation (e.g. single-unit service touchpoint) has its limitations. The goal of this study was thus to explore the extent to which geographically scattered multi-units service touchpoints impact customer-based retail outcomes. With the use of structural equation modelling, we empirically tested those key relationships and found that the existing synergy between different types of service touchpoints (e.g. dealerships and call centers) must be considered as a whole in the context of a manufacturer’s retail operations in order to enhance the service offered to consumers. Our paper breaks new grounds in the service literature by moving it a step forward in the knowledge related to the dynamics behind geographically dispersed multi-units service touchpoints.

**References** (not calculated in the word count)


Transformative Service Practices – An Ethnography in Eldercare

Catharina von Koskull (University of Vaasa), Per Skålén (University of Karlstad), Henna Syrjälä (University of Vaasa)

Introduction - Transformative Service Research (TSR) is considered to be among the most important priorities of service research (Ostrom et al., 2015). TSR is defined as “…service research that centers on creating uplifting changes and improvements in the well-being of both individuals and communities” (Anderson 2010, p. 9). TSR is still in its infancy and in need of further research (Anderson and Ostrom, 2015). This paper contributes to TSR by drawing on an ethnographic study of an elderly care center. Elderly care is devoted to sustaining the well-being of clients who require help with the activities of daily living. This transformative service is becoming increasingly important due to demographic challenges pertaining to the dramatic increase in the number of elderly in the developed countries. We focus on the interaction between employees and clients in an eldercare setting. In particular we examine the interactional practices that contribute to well-being of clients but also of employees. Although these practices between human beings quite obviously include a wide variety of emotions, the role of emotions is only limitedly focused on in prior transformative service literature. The aim of this paper is to substantiate the notion of transformative service practices; to identify different types of transformative eldercare practices, and to highlight the role of emotions within, and well-being effects of, these practices.

Theory - The paper contributes to transformative service research by drawing on practice theory which is an approach for analyzing organization of everyday life through various practices that constitute social reality. Practices can be conceived of as the “building blocks” of the social, enacted by people in order to act and to make sense of other people’s actions (Schatzki 1996). Schau, Muñiz, and Arnould (2009) integrate practice theory in marketing. They argue that that practices have a common anatomy comprising three elements: (1)...

---

2 For example, the fastest growing age group in these countries includes those most likely to need care by others; people aged 80 and older (OECD Labour force and Demographics Database; United Nations, 2002).
procedures - explicit rules, principles, precepts, and instructions, called “discursive knowledge”; (2) understandings - knowledge of what to say and do, skills and projects, or know-how and (3) engagements - ends and purposes that are emotionally charged insofar as people are committed to them” (p. 31). Previous service research has drawn on this practice anatomy to understand how value is co-created and to understand why value co-creation fails (Echeverri and Skålén 2011; Skålén et al 2015). We build on this work to: 1. Identify transformative eldercare practices, that is the practices aiming at sustaining the well-being of elderly, 2. Understand how the elements of transformative eldercare practices are interrelated to create well-being, 3. Highlight in particular the role of emotions (i.e. engagements) in these practices. In this way, we contribute by revealing the particular importance of emotional engagements in transformative eldercare practices, and thereby focus on their role in creating well-being in interactive service processes.

**Methodology** - To produce contextually grounded insights empirical material was collected during an eight months long ethnographic study at an elder care institution. As suggested in ethnography (e.g. van Maanen, 2011) and in line with recommendations by practice theory scholars (Echeverri and Skålén, 2011) the main data collection method was participant observation, in this case “lengthy participant observation” (van Maanen, 2011, p. 219). This immersive sort of fieldwork enabled us to identify transformative care service practices and to understand how they influence well-being. In addition to participant observations and informal discussions, systematic interviews of eleven service employees were conducted. Pictures of observed daily activities and interactions were used during these interviews. The usage of pictures supported the production of rich and fine-grained data on the transformative service practices. In particular these facilitated the disclosure of the employee’s tacit knowledge, understandings and engagements embedded in the everyday performed supportive practices.

**Findings** - We identified several transformative care service practices (for example, the daily physical exercise-, personal hygiene- and eating practices). We suggest that these practices are generic to institutionalized eldercare service, but also may be extended or transferred to other contexts. We reveal how the procedures, understandings and engagements of these practices are interrelated to produce well-being for both clients and employees. Our findings suggests that the emotional, or engagement, element of practices is particularly important in
the creation of well-being as this govern the other elements of practices, i.e., the procedures/rules and the understandings/knowledge in this context.

**Implications** – The present study contributes by developing the notion of transformative service practices, which is a contribution to TSR. It also contributes by detailing how transformative eldercare service practices drive well-being. Furthermore, the paper contributes to the integration of service research and practice theory and provides suggestion for how practice theory may be used in future service research.

**Research limitations/implications** – The ethnographic research methodology such as the one in this paper has certain limitations that should be taken into account. The reliability and generalizability of ethnography as a process of emergent and inductive analysis has been criticized (Aull-Davies, 2005). Particularly, the role of the researcher and the open-ended character of the analysis process have been heavily debated. However, our study leans on the view in which neutrality and objectivity are not only unrealistic values, but also impossible as goals of qualitative and especially ethnographic research (Lumsden, 2013). There are “no shortcuts, no ways to ‘learn the ropes’ without being there” (van Maanen, 2011, p.219) in the field. The ethnographic methodology is time-consuming and the generated extensive amount of qualitative material must be processed in order to produce trustworthy *emic* perspective of the field. Indeed, an overriding strength with ethnography is to position individuals in a specific social setting, placing them in a context where action takes place. Hence, to further our knowledge and develop theory on transformative service practice we call for more grounded – in – context – ethnographies.

**Key words** - eldercare, service, practice, interaction, emotion, ethnography
References


How to Enhance Citizenship and Reduce Dysfunctional Patient Behavior During Service Interaction

Gertrud Schmitz (Universität Duisburg-Essen), Jennifer Lerch (University of Duisburg-Essen), Marion Büttgen (Universität Hohenheim), Zelal Ates (Université de Liége)

Introduction

Patients are widely acknowledged as indispensable co-creators of value in the healthcare context. Accordingly, the examination of different types, drivers and outcomes of patients’ value co-creation activities has emerged as key service research priority. Thereby, most prior research on value co-creation has been conducted in specific health care contexts. Surprisingly, research concerning value co-creation behaviors of inpatients in the clinic context as one specific and important health care context is relatively sparse (Sweeney et al. (2015)). Moreover, studies focus on mandatory inpatient participation behaviors during the health care service encounter with physicians as one specific category of value co-creation behavior (Gallan et al. (2013)).

As research concerning different types of value co-creation behaviors in other specific health care contexts has shown, patients do not only show mandatory, but also different kinds of voluntary behaviors (McColl-Kennedy et al. (2012); Sweeney et al. (2015); Verleye et al. (2014)). Thus, inpatients may also perform different kinds of such extra-role citizenship behaviors benefiting the service provider in some way. On the contrary, research in professional service contexts demonstrates that co-creation behavior of customers may not always be effective (Greer (2015)). Therefore, dysfunctional patient behavior, defined as any patient behavior that obstructs the service provider from co-creating value, may also be an issue in the clinic context, where patients are in an anxiety-producing situation in which they are confronted with uncertainty and risk (Berry/Bendapudi (2007); Gallan et al. (2013)). Thus, the emotional state of inpatients is assumed to have a potential critical influence on the dysfunctional as well as on the citizenship behavior (Yi/Gong (2008)). Moreover, patient citizenship and dysfunctional behaviors may emerge in different forms and can also occur simultaneously (Garma/Bove (2011); Yi/Gong (2013)).

In the clinic context, inpatients may show these forms of behavior especially during service interactions with nurses due to the nature, duration and intensity of the interpersonal relationship between patients and nurses. The role of the nurse as health care provider differs
from the role of physicians: Nurses see fewer patients and spend more time with each patient (Crossan/Robb (1998)). Thus, they seem to be able to develop closer interpersonal relationships based on communication (Seiders et al. (2015)) and observable actions (Bettencourt/Brown (1997); Martinez-Gonzalez et al. (2014)), which may have an impact on patient citizenship as well as dysfunctional behaviors.

Notwithstanding the widespread occurrence of dysfunctional and citizenship behavior of patients, there is a lack of research concerning these extreme forms of inpatient participation behavior towards the nurse during service interactions. Due to this research gap, little is known about the different forms and outcomes of citizenship and dysfunctional patient behavior as well as about opportunities for nurses to influence these different forms of patient behavior during service interactions.

**Contribution**

The purpose of this study is to explore how and why inpatients participate in citizenship and dysfunctional behavior during service interactions with nurses and to assess effects of these behaviors on perceived service quality. We contribute to research on patient citizenship and dysfunctional behavior in health care services during service interaction with nurses by (1) identifying different forms of patient citizenship and dysfunctional behaviors during service interactions with nurses; (2) demonstrating direct as well as indirect effects – emerging through positive and negative patient emotions - of the perceived interpersonal relationship on different forms of interactive patient citizenship and dysfunctional behaviors; (3) showing, how different forms of interactive patient citizenship and dysfunctional behaviors influence perceived service quality and (4) providing empirical evidence that patients’ perceptions of the communication and interactive citizenship behavior of nurses affect the interpersonal relationship.

**Study 1: Exploratory analysis of interactive patient citizenship and dysfunctional behavior**

To identify the different forms of interactive patient citizenship and dysfunctional behavior we started with a literature review and conducted a qualitative study in four hospitals comprising 17 interviews with inpatients and 26 nurses. To ensure a comprehensive analysis,
all interviews were recorded and transcribed. The analysis followed a combination of conventional content analysis and directed content analysis (Hsieh/Shannon (2005); Mayring (2000)) using the qualitative data analysis software MAXQDA 11. Based on previous research concerning different forms of customer citizenship (Garma/Bove (2011)) and dysfunctional behavior (Greer (2015)), we found support for the following six forms of interactive patient citizenship and five forms of interactive dysfunctional patient behavior:

Interactive Patient Citizenship Behavior (IPCB)

1) Support through direct actions
2) Support through information
3) Support through patience and understanding
4) Support through positive word of mouth
5) Support through individual encouragement
6) Support through personal appreciation

Interactive Dysfunctional Patient Behavior (IDPB)

1) Refusal to cooperate
2) Verbal abuse
3) Negative word of mouth
4) Physical aggression
5) Sexual harassment

Conceptual framework

Drawing on social exchange theory and affect theory of social exchange, we provide a framework and hypotheses about the antecedents and effects of the interpersonal relationship on the different forms of interactive patient citizenship and dysfunctional behaviors. Social exchange theory states that social exchange involves a series of interactions that generate
obligations (Emerson (1976)). These interactions are usually seen as interdependent and contingent on the actions of another person (Blau (1964)). In this context, the best known underlying exchange rule is the expectation of reciprocity (Cropanzano/Mitchell (2005)). Thus, we assume that patients’ perceptions of the interpersonal relationship will have a direct positive/negative effect on the different forms of interactive patient citizenship/dysfunctional behaviors. Moreover, we propose that patient perceived communication as well as the perceived citizenship behavior of nurses will have a positive effect on the interpersonal relationship. According to affect theory of social exchange, exchange outcomes produce positive or negative feelings (Lawler (2001)). Therefore, we hypothesize that the interpersonal relationship has a positive/negative influence on positive/negative emotions. Moreover, affect theory of social exchange holds that social exchanges are driven by emotions. Thus, we assume that patients’ positive/negative emotions have an influence on the different forms of patient citizenship and dysfunctional behaviors. This means that the relationship effects on the different forms of interactive patient citizenship and dysfunctional behavior will be mediated by positive and negative emotions. Finally, in accordance with previous research concerning the outcomes of citizenship/dysfunctional behaviors in other service contexts (Yi/Gong (2006)), we propose that the different forms will increase/decrease perceived service quality.

**Study 2: Methodology and Findings**

In order to test the hypotheses we conducted a quantitative study using a standardized questionnaire. Based on the literature review and the qualitative study, established scales for the measurement of the constructs were identified, adjusted for the context or new scales were developed. We gathered data in four hospitals. 929 patients staying in hospital were asked to participate in the study. It was emphasized that the participation was voluntary and anonymous and that the data was analyzed by extern researches. In total, 456 patients participated (response rate of 49 %) and 404 questionnaires were usable for the analysis. 51% of the respondents were male. Further approximately 6% were younger than 30 years, 25% between 30 and 49 years, 43% between 50 and 70 years and 24% over 70 years.

We used Partial Least Squares (PLS) to evaluate the measures and to estimate the structural equation model. The measures employed in our study performed well as the values of the established psychometric criteria exceed the standards given in literature. The structural
model was tested for each form of the identified citizenship and dysfunctional behaviors (see for a similar model and hypotheses testing Verleye et al. (2014)).

Results reveal that the interpersonal relationship is a strong predictor for patient citizenship behaviors, as we found a positive direct effect on all six identified forms. On the contrary, the perceived interpersonal relationship is less important concerning dysfunctional patient behaviors, as it only has a direct effect on negative word of mouth and thus on one identified form. Additionally, the interpersonal relationship has a positive influence on patients´ positive emotions and a negative influence on patient´s negative emotions. Furthermore, patients´ positive emotions have a positive influence only on three of the six forms of patient citizenship behavior. Therefore, the perceived interpersonal relationship doesn´t show indirect effects on all forms of IPCB. On the contrary, all six forms of IDPB are influenced by negative emotions, whereby the interpersonal relationship has an indirect effect through negative emotions. Furthermore, all six forms of IPCB have a positive effect on patient perceived service quality, whereas the different forms of IDPB do not have an impact on patient perceived service quality. Finally, perceived communication and interactive nurse citizenship behavior are strong predictors for the perceived interpersonal relationship.

**Conclusion**

Our results strengthen the high relevance of positive interpersonal relationships for interactive citizenship behaviors of inpatients: Nurses are able to stimulate patient citizenship behavior directly, which in turn has an impact on perceived service quality. On the contrary, the interpersonal relationship provides lesser chances to influence interactive dysfunctional behavior of inpatients. Summarizing, this study shows that various opportunities exist to encourage patient citizenship behaviors in service interactions, while preventing dysfunctional customer behaviors is a big challenge for nurses. This leads to several implications for the management of service interactions in the nursing context, which will be shown in the presentation. For example, in order to establish strong interpersonal relationships, nurses need to have special abilities and motivations as well as enough time for communication and interactive citizenship behavior.
References


Quality improvements and care procurement. 
Friends or foes?

Sara Dahlin (Chalmers University of Technology), Carolina Camén (CTF, Service Research Center, Karlstad University), Henrik Eriksson (Chalmers University of Technology)

Introduction

The concept of quality improvement and improvement science has recently emerged to provide a framework for practice and research focused on healthcare quality\(^1\). The body of ‘improvement science’ is influenced by theories from Edwards Deming’s views and has a strong patient-oriented approach. Batalden and Davidoff show this through a formula explaining knowledge systems needed in healthcare, see figure 1. It describes that measured performance improvement (3) is a result from using generalizable scientific knowledge (1) planned in an evidence-based way (4) while taking the context of the local care settings into account (2) followed by that plan being executed in such a way that change is happening (5)\(^2\):

\[
\text{(1)} \quad \text{Generalizable scientific knowledge} + \text{Particular context} \rightarrow \text{Measured performance} \\
\text{(2)} \quad \text{(4)} \quad \text{(5)}
\]

Figure 1. Formula of how to gain improvement in healthcare through the use of knowledge systems\(^2\).

Although the law requires care providers to have a management system for systematic quality work\(^3\), this alone might not be enough to secure good quality outcomes since it can be described and acted upon in very different ways. Detailed contracts between the procurer and the supplier may partly safeguard the level of quality but the degree of details is often provided at the expense of flexibility and ability to act in a customer-oriented way\(^4\). This poses a challenge for purchaser designing contracts with the aim to encourage quality improvements. To make things even more complicated, service quality, and quality improvement, is also difficult to predefine since service is delivered in a dynamic and interactive processes, together with the receiver\(^5,6\). Instead some pose that a well-developed
collaborative relationship between care procurer and care suppliers is needed where good care is viewed as the result of co-production.

Another prerequisite for quality improvement is a developed performance measurement system. Blomqvist and Winblad find however that the performance evaluation of quality of contracted care suppliers as unsystematic. The possibility to a larger extent include quality measurements in the procurement has also been stressed by Bergman. One opportunity could be to use quality registers in the procurement, which is a subset of clinical registers consisting of key clinical information from individual healthcare encounters, and from that drive quality improvement. The execution of procurement is influenced by the law to a large extent and heavily under pressure from the European and national legal frameworks, while quality improvements on the other hand has a different origin and logic. We explore how to include quality improvement in the procurement process, and to better understand how compatible the quality improvements and procurement are. Still missing is knowledge on how quality improvement is manifested and can be enhanced in this context. Therefore, the purpose is to study how quality improvements are manifested and identify successful strategies to incorporate quality improvement in the procurement process.

Methodology

We have chosen to focus on procured elderly care in Sweden. Elderly care both in Sweden and many other countries is increasingly handled by private care providers, in contrast to state or municipality-driven care. In Sweden, the private care providers stand for 20 per cent of the total elderly care and the increase has mainly been handled through the public procurement process. We also view it as a key advantage to use the Swedish case as our point of departure since the presence of quality measurements is well-developed in an international comparison.

Procurement documents for elderly residential care, spread over Sweden and over time, were selected from Visma Opic Upphandlingskoll, a database continuously collecting all procurement cases in Sweden. Procurement published during 2013-01-01 to 2015-06-01 were selected. This search rendered 445 hits. A preview of randomly selected procurement regarding these elderly care settings showed that there is a huge variety of criteria and demands rendering difficulties to compare these with each other. Thus, this study focuses on the relatively homogenous group of retirement homes whereas hits within other areas such as home care service or care homes for other than elderly were excluded, as well as cancelled
procurement. Framework agreements were also excluded since it differs a lot in demands compared to full service management. After this selection, 77 procurement for in total 87 retirement homes were listed.

In a pre-study, 20 procurement documents, including relevant attachments as well as question and answer documents, were studied and compared in detail using the qualitative software NVivo. Special attention was given to facets concerning quality improvement, in order to identify relevant criteria. At the same time, a more general view was taken to include (i) connections between quality and the juridical requirements and (ii) other quality criteria that are relevant for the contextual understanding, which may or may not be shared by most procurement. After identification of relevant quality improvement criteria, the procurement were assessed according to four different levels, ranging from no or weak connection to very clear connection to the criterion. Assessment of procurement were made by pre-defining the different levels, reading the documents in detail and cross-check using key words search. To allow comparison between procurement and criteria respectively, percentage of maximum possible scores were calculated.

**Results**

Eleven criteria were identified as highlighting quality improvement in the procurement; internal follow-up, external follow-up, assessment model, incentives, quality registry, aim of continuous improvement, cooperation, competence development, evidence-based knowledge, evidence-based models and innovation.

Further, by evaluating each procurement within the eleven criteria on a scale from one (weak connection) to four (very strong connection), differences between the procurement were highlighted. A few procurement stood out, having mainly a very high or a low total percentage of maximal score. The average score was 59% (Range between 39% and 86%). Focusing on each criterion, some criteria have a higher percentage score; such as internal follow-up (74%), cooperation (71%), use of quality registry (68%) and quality improvement aim (71%) while others have a relatively low percentage, such as care provider being up to date with evidence/research (46%), procurer’s use of evidence-based methods (39%), innovation (43%) and use of incentives (45%). Good examples in the procurement (4 points) can be found for most criteria, including the criteria with lower overall percentage.
Conclusion and Discussion

The results of the procurement assessment highlight three aspects of quality improvement. First, it identifies eleven areas of quality improvement represented in procurement. Second, although performance measurements by providers has been identified as a being unsystematic, this seem not to be the main weakness in the procurement documents. The criteria connected to performance measures, i.e. internal and external follow-up as well as use of quality registry have scored relatively high. Some procurement have achieved a broader and deeper focus on QI, within some or most criteria and can thus be seen as good examples. Third, some areas of QI seem to be less developed than other, such as innovation, use if incentives, well-developed assessment models and focus on evidence-based knowledge for both care provider and procurer. By following the quality improvement framework by Batalden and Davidoff, it can be concluded that all criteria are important, using incentives is for example important when driving change. Focus for improvement of future procurement would preferably be on the less developed aspects, without dropping other criteria. Additionally, with innovation being widely discussed in procurement settings, it is interesting to see that there is a large possibility for improvement also within the field of social care.

Although quality improvement is present in social care procurement today, several examples exist showing possibilities for further development. We argue that by extending focus within identified areas, especially within less used ones, a more explicit quality improvement can be achieved.

Acknowledgement

We gratefully acknowledge the financial support from Forte.
References

3. Law of Health and Medical Care (Hälso- och sjukvårdslagen), SFS 1982:763, 31§.
3.6 Service Relationships

‘Bring Me Sunshine’: Developing a Deeper Understanding of Positive Customer Feedback

**Linda Nasr** (University of Manchester), **Jamie Burton** (University of Manchester), **Thorsten Gruber** (Loughborough University)

**Background**

"Life's too short to be spent having anything but fun,
We can be so content, if we gather little sunbeams."
(Dee and Kent (1966), "Bring me sunshine")

Considerable research has recognized the various advantages of receiving, analyzing, and managing customer feedback (e.g., Ordenes et al., 2014). Within service encounters, customer voice is recognized as a fertile area of research (Ostrom et al., 2015) and the Voice of the Customer (VOC) is being increasingly “listened” to by companies (Jaworski and Kohli, 2006). However, current service research seems to be mostly listening to the negative voices. For decades, driven by the goal to fix problems, service researchers were concerned with negative customer feedback. Thus, the main focus was on topics such as customer complaints, dysfunctional customer behavior, and customer rage.

Although these studies advanced the area of customer feedback management, we propose a complimentary review of customer feedback through the lens of positive psychology. Csikszentmihalyi (2009), one of the co-founders of the positive psychology movement, called for studying symbolic rewards “that express human appreciation in a variety of ways, not just material ways” (p. 208). Unlike social psychologists and organizational behavior theorists, service researchers overlooked human appreciation in their work. Nevertheless, this notion represents a fundamental component of social relationships (Howells and Cumming, 2012), and accordingly has been an essential ingredient of theories about social relationships and reciprocal behaviors across a variety of disciplines (Bartlett and DeSteno, 2006). The lack of research around appreciation within service research is surprising, given that service encounters are, in their essence, social interactions involving service customers and service providers (Solomon et al., 1985) and given that service companies are striving to decrease
stress levels within service encounters (Bailey et al., 2001), strengthen their relationships with customers (Verhoef, 2003), and increase customers’ positive emotions as a way to build positive customer experiences (Gentile et al., 2007).

We suggest that customer feedback is an essential medium for the delivery of customer appreciation and the sharing of positive emotions, which can have important positive implications on customers, front-line employees (FLEs), and companies. Given that most of the customer feedback is delivered in person to FLEs during service encounters (Wirtz et al., 2010), a deeper understanding of positive customer feedback (PCF) from the perspective of both customers and FLEs is needed.

Despite the potential contribution that positive psychology could make, the understanding of the holistic impact of PCF within service research is superficial and requires further exploration. In this respect, a number of research gaps are identified: first, previous research is biased towards negative customer feedback (Erickson and Eckrich, 2001). Only a limited number of studies look at the positive valence of customer feedback (e.g., Kraft and Martin, 2001) while proposing more questions than answers and failing to explain the main elements and characteristics of PCF. Second, although in a recent study, the positive impact of PCF on well-being was established (Nasr et al., 2014), the operationalization of this impact and its importance remain unclear. Third, some previous studies give a fragmented overview of PCF by collecting data from employees and managers and failing to include the customer perspective (e.g., Erickson and Eckrich, 2001). Finally, previous research discusses contrasting and sometimes contradicting impacts of PCF. For example, Nasr et al. (2015) identified possible negative impacts of PCF. Thus, research on PCF fails to give a coherent and in-depth understanding of this important phenomenon.

**Objectives of the research study**

This study aims to fill the identified gaps by investigating customers’ and employees’ perceptions of PCF, its main elements and characteristics, various impacts, and importance for both parties. Therefore, this study helps identifying whether customers’ understanding of what constitutes PCF differs from what contact employees perceive. Moreover, it helps recognize the impacts and importance associated with PCF for both parties involved in the service encounter: customers and FLEs. Accordingly, this study is important in several ways: We
provide an in-depth understanding of the various employee-customer interactions taking place during a service encounter (Gruber et al., 2009) by looking at both FLEs’ and customers’ perspectives of PCF. We also respond to the needs for more studies around the role of positive experiences and positive relationships (Gable and Haidt, 2005) by exploring the overlooked concept of PCF.

**Integrated methodological approach**

Due to the lack of prior in-depth knowledge around PCF, an exploratory approach was selected to gain a deeper understanding of this important topic. We adopted an integrated hybrid methodology consisting of well-established qualitative methods; Laddering (Reynolds and Gutman, 1988) combined with two key elements of the Zaltman Metaphor Elicitation Technique (ZMET) (Zaltman, 1997); the visual projective technique and unstructured in-depth questions. Laddering in combination with the various elements of ZMET allows for the discovery and understanding of deeper connotations that customers and FLEs associate with PCF.

Forty respondents were interviewed: 20 customers and 20 FLEs, following Reynolds et al.’s (2001) advised size of sub-group. Data were analyzed in three stages. First, the interviews were transcribed and content analysis was implemented in order to code the interview transcripts. The transcriptions were analyzed for connected sections of text representing Attributes (A) (Characteristics), Consequences (C) (Impacts) or Values (V) (Importance) (the “ladder” (Reynolds and Gutman 1988)). Stage 2 of the analysis consisted of coding the sequences of A-C-Vs (ladders) aggregated across subjects to generate implication matrices that express the number of associations between the identified of A-C-Vs. Stage 3 consisted of generating 2 Hierarchical Value Maps (HVM) (one per subgroup). Therefore, the output is in the form of visual linkages indicating methodical relationships between A-C-Vs. Each map consists of several nodes, which represent the most mentioned A-C-Vs connected with lines representing the linkages between them.

**Findings and discussion**

A detailed analysis and comparison of the 2 HVMs extends PCF understanding beyond what the current literature shows (i.e. gratitude, compliments) by identifying nine characteristics of
PCF: acknowledgment, connection, cooperation, counsel, encouragement, gifts and tips, gratitude, loyalty, and sensory expressiveness.

In addition, a number of novel positive impacts are identified on both the customers (belongingness, enhance self-image, feeling comfortable, feeling enthusiastic, feeling hopeful, feeling responsible, job satisfaction, learning, managerial reward, motivation, relationship, self-efficacy, spill-over, surprise, and taken seriously) and the FLEs (feeling altruistic, belongingness, enhance self-image, feeling comfortable, feeling enthusiastic, feeling in control, preferential treatment, raised expectations, reduced uncertainty, relationship, and spill-over).

In general, while both customers and FLEs have a similar understanding of the various elements and characteristics of PCF, the importance of the various elements and the subsequent impacts vary between the two groups. In particular, in terms of similarities, both customers and FLEs perceive “acknowledgement” as the most common PCF, while “feeling enthusiastic” is the most common impact on both. Similarly, both groups strive for relationship building through PCF as a way to achieve the important feeling of security. Both dimensions (“feeling enthusiastic” and “relationship building”) enhance the well-being of customers and FLEs. In terms of differences, the major distinction lies in the identified impacts of PCF. While customers tend to feel comfortable, enthusiastic and altruistic when giving PCF, FLEs experience enhanced self-image, self-efficacy and a strong spill-over effect of happiness beyond working hours.

Moreover, this study uncovers the values customers and FLEs associate with PCF through the usage of Schwartz's (1994) Universal Values list. In particular, customers value “Security”. This finding is similar to the study of Kania and Gruber (2013), who found that customers need to feel safe and experience certainty during a service encounter. FLEs strive the most for “Achievement” and “Benevolence”. Achievement is attained by demonstrating competence according to social standards and positive customer feedback contributes to confirming it. Finally, the “Benevolence” value could be explained by the desire to enhance well-being of actors whom staff are in direct contact with, whether family and friends (through the Spillover effect), or customers (through the feeling of responsibility FLEs have towards them).
Furthermore, this study confirms some of the negative impacts on the FLEs (such as: complacent behavior, embarrassment, feeling discomfort, increased workload, internal confrontation and pressure from raised expectations) and introduces novel negative impacts on the customer (such as: pressure and experienced discomfort).

Finally, we also identify and discuss a number of topics needed for deeper understanding of PCF, such as the identification of a mutual mistrust between customers and service organizations and the role of managers in PCF handling.

**Conclusion**

This study makes a contribution to the development of customer feedback research by conceptualizing the overlooked PCF concept. It contributes to a well-rounded understanding by counter-balancing the prevailing focus on negative customer feedback and by proposing a complimentary look at its positive valence. In addition, by comparing customers’ and employees’ perspectives, it is contended that this study has important managerial implications by increasing employees’ and managers’ awareness and understanding of positive customer communications and their potential outcomes, which are crucial for successful employee management, customer relationship building, and service experience enhancement. Finally, we make a novel methodological contribution by employing a “tool-box” of methods consisting of combined structured Laddering interviews and key elements of the Zaltman Metaphor Elicitation Technique (ZMET).

**References**

Available upon request
Examining the Influence of Customers' Perceptions of Goal Attainment and Attractiveness of Alternatives on the Development Positive and Negative Switching Barriers

Mohamed Hassan (Cairo University), Doaa Talaat (Faculty of Commerce, Cairo University)

Extended Abstract

Customer retention has been one of the most critical issues for marketing scholars and professionals (Pick & Eisend, 2014). Achieving 100% satisfaction is not always a feasible objective. Hence, building switching barriers is an important marketing strategy (Jones et al., 2007). The terms "switching barriers" and "switching costs" were used interchangeably (Salem and Chebat, 2013). The term "switching barriers" is adapted in this paper and it is defined as "any factor, which makes it more difficult or costly for consumers to change providers" (Jones et al., 2000: 261). Consistent with prior research (Jones et al., 2007), this paper distinguishes between positive and negative switching barriers.

Research Aims

This paper examines the influence of perceptions of progress towards goal attainment and attractiveness of alternatives on the development of positive and negative switching barriers and in turn, on loyalty/intention.

Theoretical Contribution

Although there is a mounting research on the drivers of "switching barriers," the majority of studies paid a greater attention to customer-focused (e.g. domain expertise) and seller-focused (e.g. seller's relationship investment) (Morgan and Hunt, 1994) drivers than dyadic-focused (e.g. relationship duration) and market-focused (e.g. attractiveness of alternatives) drivers.

Consistent with Service-Dominant Logic, accomplishing consumption goals requires service providers' support to the resource integration role of customers. Unlike other previously studied-dyadic drivers of switching barriers (e.g. relationship duration), perceptions of progress towards the accomplishment of consumption goals reflect the role of both the service provider and customers in the co-creation process. No prior research examined the influence of perceptions of goal attainment on switching barriers.
Further, this paper examines attractiveness of alternatives, as a market-focused driver, of positive and negative switching barriers. Our understanding of these relationships is limited. The role of competition was examined in switching frameworks in terms of heterogeneity (Burnham et al., 2003), scarcity/availability (Fullerton, 2005) and attractiveness of other alternative service providers (Ping, 1993). However, these terms were sometimes overlapped in the extant literature (e.g. attractiveness and scarcity of alternatives) (e.g. Jones et al., 2000). Nevertheless, they showed inconsistent findings. For instance, scarcity of alternatives providers was found to increase continuance commitment (Fullerton, 2005), while the attractiveness of alternatives and continuance commitment, were found unrelated (Bansal et al., 2004). Prior research addressing the relationship between attractiveness of alternatives and switching barriers, did not differentiate between positive and negative switching barriers (e.g. Pick and Eisend, 2014). This paper fills this gap.

**Conceptual Framework**

![Conceptual Framework Diagram](image-url)
**Positive versus Negative Switching Barriers**

Positive switching barriers represent all value-added benefits received beyond the core service, which lost when switching to a new service provider (Jones et al., 2007). They include social loss costs (i.e. lost personal relationships) (Salem and Cehabit, 2014) and lost benefit costs (e.g. special treatment benefits) (Burnham et al., 2003). These barriers are associated with value enhancement aspects of the service (Jones et al., 2007). Negative switching barriers refer to evaluative costs (i.e. time and effort needed to evaluate a new provider) and economic risk costs (i.e. risk of being dissatisfied with services of the new provider) (Jones et al, 2000). They make customers feel hostages in a relationship (Jones et al., 2007). It is well asserted that positive and negative switching barriers have positive effects on repurchase intentions (Bansal and Taylor, 1999).

**Drivers of Switching Barriers**

**Attractiveness of Alternatives**

Customers are expected to be less tolerant to service failures when they have other attractive alternatives (Jones et al., 2000). They may decide to stay with current provider when they fear that new providers would be similar to the current one (Wieringa and Verhoef, 2007). So, they simply save their time and effort and stay in the relationship (Balabanis et al., 2005). Attractiveness of alternatives is expected to reduce switching barriers for two reasons. First, they provide a benchmark to compare what customers receive from their service provider (e.g. benefits) to benefits offered by other alternatives (Pink & Eisend, 2014). Second, high competition levels will motivate various service providers to work on reducing perceptions of switching barriers (e.g. lost benefits) using different marketing strategies.

**H1:** There is a negative association between attractiveness of alternatives and positive switching barriers

**H2:** There is a negative association between attractiveness of alternatives and negative switching barriers
**Perceptions of Goal Attainment**

Goal attainment refers to customers' perceptions of progress towards the achievement of consumption goals (Dallande et al., 2004). Service-Dominant Logic asserts that customers are always integrating resources to accomplish their consumption goals (Vargo and Lusch, 2008). When customers make relationship investment and share common values (e.g. goals) with the service provider, they are likely to feel committed towards the service provider (Morgan and Hunt, 1994). Hennig-Thursu et al. (2001) found weak, but significant, association between students' commitment to their own consumption (i.e. learning) goals and their loyalty intentions towards their universities. Possibly and unlike perceptions of progress towards goal attainment, commitment towards own goals might not be enough to build strong bonds (i.e. positive switching barriers) with a particular service provider because they reflect the dedication of one party (i.e. the customer) to contribute resources to the co-creation process. It is argued that successful progress in attaining one's goal reflects a successful co-creation service experience. Dellande et al. (2004) found that perceptions of progress towards weight loss goals are associated with customer satisfaction. In addition, perceptions of goal attainment are expected to raise negative switching barriers (e.g. evaluative risk) because they are likely to increase uncertainty (Jones et al., 2007) of achieving the same level of success with another service provider.

**H3: There is a positive association between goal attainment and positive switching barriers**

**H4: There is a positive association between goal attainment and negative switching barriers**

**Research Context**

Financial brokerage services were chosen as the research context because they are characterized by high competition (Barroso and Picon, 2012). In such complex services, customers believe that the service provider understands their investment goals (Sharma, 2003). Unlike other financial services (e.g. banking), stock brokerage customers are continually considering their progress towards their investment goals.
Methodology

Fifteen in-depth interviews were conducted with stock traders, customers, and managing directors, to identify switching barriers in this context. The data of the main study was collected by the means of the survey. Measures were adapted from well-established scales in the literature. The questionnaire was pre-tested on a sample of eight customers. Twenty responses were collected from thirteen stock-brokerage companies, using judgmental sample to represent small and large retail investors. Out of 260 responses, 179 were found valid for data analysis. The sample was dominated by males (83%) with an average of seven years stock-trading experience. 62% of the sample were aged above 35 years.

Data Analysis

Measures were subjected to confirmatory factor analysis using PLS approach of the structure equation modeling. The values of AVE and composite reliability were above the recommended thresholds. The square root of the values of AVE was found greater than correlation values of all pairs of variables (Hair et al., 2006).

Table 1: Structural Model

<table>
<thead>
<tr>
<th>Path</th>
<th>Beta</th>
<th>t-value</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness of Alternatives → Loss of benefit</td>
<td>-0.06</td>
<td>0.670</td>
<td><strong>23.6</strong> %</td>
</tr>
<tr>
<td>Goal Attainment → Loss of benefit</td>
<td>0.48*</td>
<td>6.029</td>
<td></td>
</tr>
<tr>
<td>Attractiveness of Alternatives → Social loss costs</td>
<td>-0.07</td>
<td>0.764</td>
<td><strong>15</strong> %</td>
</tr>
<tr>
<td>Goal Attainment → Social loss costs</td>
<td>0.37*</td>
<td>4.738</td>
<td></td>
</tr>
<tr>
<td>Attractiveness of Alternatives → Economic risk costs</td>
<td>-</td>
<td>2.470</td>
<td><strong>13.1</strong> %</td>
</tr>
<tr>
<td>Goal Attainment → Economic risk costs</td>
<td>0.28*</td>
<td>1.837</td>
<td></td>
</tr>
</tbody>
</table>

Note: * indicates statistical significance at the 0.05 level.
<table>
<thead>
<tr>
<th>Relationship</th>
<th>Evaluative costs</th>
<th>Goal Attainment</th>
<th>Loss of benefit</th>
<th>Social loss costs</th>
<th>Economic risk costs</th>
<th>Evaluative costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness of Alternatives → Evaluative costs</td>
<td>0.21*</td>
<td>-</td>
<td>1.677</td>
<td>12.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal Attainment → Evaluative costs</td>
<td>0.19*</td>
<td>0.19</td>
<td>2.178</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of benefit → Loyalty intentions</td>
<td>0.36*</td>
<td>*</td>
<td>3.725</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social loss costs → Loyalty intentions</td>
<td>0.11</td>
<td>1.000</td>
<td>30.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic risk costs → Loyalty intentions</td>
<td>0.03</td>
<td>0.387</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluative costs → Loyalty intentions</td>
<td>0.19*</td>
<td>*</td>
<td>2.178</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Findings**

A striking finding in this study relates to the influence of perceptions of goal attainment on positive switching barriers (to a greater extent) and negative switching barriers (to a lesser extent). This paper demonstrates the importance of perceptions of goal attainment, which is a product of co-creation process between the customer and the service provider. No prior study examined perceptions of goal attainment as a driver of switching barriers. Further, perceptions of attractiveness of alternatives were found to reduce different aspects of negative, but not positive, switching barriers. These findings demonstrate the importance of positive over negative switching barriers because, unlike negative barriers (e.g. compensating customers for any financial losses or termination fees), positive switching barriers (e.g. personal relationships) cannot be imitated by the competition (Woisetschlager et al., 2011). Financial brokerage managers need to use different approaches (e.g. dashboards) to visualize customers’ progress in attaining their investment goals to strengthen positive and negative switching barriers.

**Research Limitations**

The cross-sectional nature of the study may not support causality. The sample was dominated by males and conducted in the Egyptian brokerage market, which may set limitations on generalizations of the findings. Future research may need to extend the research findings to other contexts.
References


Storytelling is an ancient form of communication that evokes response in people of all ages and cultural backgrounds. For most of human history, stories have been how information, knowledge and wisdom were shared. Within modern service organizations, storytelling represents a powerful means to convey important messages to service customers, service employees and communities. Stories about brand images, product features, and company values are used to train employees, educate customers, and build community relations.

To learn more about the art of storytelling, we interviewed Irish storytellers (seanchaí in Irish or shanachie in the English spelling). We present the results of qualitative interviews with 38 storytellers in Ireland. Almost 70% have a storytelling background because of a family member engaged in storytelling or a family tradition of attending storytelling events. The others got into storytelling because they liked telling stories, jokes, etc. and liked being the center of attention. From these early influences, these interviewees developed their interest in becoming storytellers and practiced telling stories to their friends.

Based on these interviews, our presentation examines key aspects of storytelling and how they could be used in several service contexts:

**Training**

None of the storytellers had taken a formal course in storytelling. Instead their training was very much experiential learning. In some ways, it was like schools of acting. So, they observed and listened to experienced storytellers. They also talked to them at length about the art of storytelling.

**Story Structure**

Story structure was very important to all of them. Every story has a beginning, a middle and an end. Each part is vital. The start at the beginning is especially vital. In their view, there are only a couple of minutes to win the audiences’ interest.

**Story Selection**
Story selection is a little bit like strategy. The storytellers were all very conscious of their listeners and what they would love to hear. They tried to balance audience interests with their own interests e.g. history, mythology, folklore, ghost stories, people’s pastimes (i.e. hurling and football). They emphasized that you can't bring authenticity to a story, unless you "lived" it yourself with the necessary passion and feeling. They pointed out that audiences, particularly children, would see through a fake performer very quickly.

**Rehearsal**

They all rehearsed their stories and after a performance adapted stories where necessary, even to the point of dropping a story altogether. So, customer feedback is very important.

**Story Techniques**

Several very interesting points about the storyteller’s appearance, demeanor, and actions were made. Many spoke about ending with a crescendo and, if possible, surprises or what happened after that. The storytellers emphasized their desire to always know how the audience were enjoying or involved in the story.

To keep the attention of the audiences the storytellers looked around the room at the audience, rather than focusing on just one section of the audience. They asked general questions to maintain involvement, i.e. "and guess what happened then" or "should Geraldine trust him with her secret." For certain themes they said that it might be appropriate to look over the audience and into the distance. In addition, they spoke about tone of voice, pace, accents, etc.

**Lessons for Service Managers**

The last part of our presentation suggests ways that service managers can use storytelling skills in sales training, training front of house staff, corporate storytelling, and brand stories.
Stress Out and Carry On: How Consumer Appraisals of Service Innovation Help Improve Service Relationships

Robert Ciuchita (Maastricht University), Dominik Mahr (Maastricht University), Gaby Odekerken-Schröder (Maastricht University)

Research questions and conceptual model

Innovation in services, especially in digital environments, is disrupting traditional markets and business models (Barrett et al. 2015), as examples of companies such as Amazon, Facebook, Uber or Airbnb can attest to. Nevertheless, while radical innovation receives substantial coverage in the popular press, incremental innovation should not be ignored as most of the times it brings more substantial contributions to the firm revenue (Berry et al. 2006). Some market analysts even go as far as to claim that incremental innovation (i.e., improvements to existing services) is the more important form of innovation (BCG 2010). In this paper we focus on incremental service innovation in a digital environment that affects the consumer experience by bringing changes to the service interface and / or by adding new functionalities. We therefore define incremental service innovation as a service update introduced by a company, which is outside the consumer’s control and that affects the way the consumer interacts with the service. Continuous incremental innovation (i.e., frequent service updates) is especially important in digital environments for service providers to keep up with consumer expectations, maintain consumer relationships and stay competitive.

Consumers using digital services are faced with multiple service updates each month, with most of these changes being outside their control (i.e., consumers have to embrace the updates to continue using the services in the long run). While they might be positive, these changes tax consumer resources, as they have to cope and learn how to use the updated services (Moeller et al. 2013). This raises the question of how these incremental service innovations affect the relationships consumers have with the providers introducing them. From a managerial point of view, service providers who have to introduce incremental service innovation to stay competitive need to understand what type of consumer resources or
strategies they should foster, or they should mitigate so as to keep their consumers satisfied and committed to the relationship (Hennig-Thurau, Gwinner and Gremler 2002).

To answer these questions we look into (1) how consumers perceive the changes stemming from an incremental innovation initiated by a service provider, (2) how consumers deal with these changes and (3) how the changes affect the overall relationship with the service provider. We employ the cognitive adaptation theory (CAT) mechanisms of search for meaning, regaining mastery and enhancement (Taylor 1983) as the overarching theoretical lens to understand how consumers evaluate and respond to changes in the relationship with service providers caused by the introduction of incremental innovation. Consequently, we operationalize these mechanisms with elements of stress theory (e.g., cognitive appraisal, coping), relationship management (e.g., passion) and innovation adoption (e.g., achievement). Figure 1 provides an overview of our conceptual model.

![Conceptual model](image)

**Method and Data**

300 consumers took part in our field experiment and were randomly split into two groups, one focusing on the digital socialization service Facebook and another on the digital learning service Blackboard. Participants in each group had to think of a recent incremental innovation for the service of focus: the update from the classic to the timeline version of Facebook and the update from version 8 to version 9 of Blackboard respectively. Both
updates were introduced roughly at the same point in time and both added new options and functionalities to the service, while also bringing significant layout changes. Moreover, in both cases the update was imposed by the service provider; though a period of adjustment was offered in each case, the updated version became default soon afterwards. Participants in each group had to fill-out a survey in which they were reminded of the service update and were then asked to complete the same set of closed questions relating to how they made sense of the update (cognitive appraisal), how they attempted to regain mastery (the coping strategies they used and the coping resources they developed), how the managed to enhance their relationship, as well as their own service usage due to the update and finally the quality of the relationship with the service.

Summary of Findings

Our results obtained from a system of seemingly unrelated regressions (SUR) (Zellner 1962) show that appraising the service innovation as a threat or a challenge positively affects the employment of problem-focused, social support and emotion-focused coping strategies. However, only when participants appraise the service innovation as a challenge do they also build coping resources (i.e., self-efficacy with using the updated service). Nevertheless, out of the three types of coping strategies only emotion-focused coping exhibits a negative effect on self-efficacy. Furthermore, we see that social support coping and self-efficacy help enhance the relationship by making participants passionate about the updated service. On a cognitive level, more self-efficacy also leads to increased feelings of achievement, but so does the employment of emotion-focused coping strategies. In terms of the relationship quality variables, our results show that participants more passionate about the service innovation are more satisfied with and more committed to the service in general, while participants with a higher sense of personal achievement are more satisfied with the service in general. None of the enhancement constructs directly influences the extent to which participants trust the service in general. This might be explained by the difficulties consumers have trusting online service providers (Aguirre et al. 2015).

Key Contributions

This study holds several contributions. First, we enrich service innovation literature (e.g., Berry et al. 2010) by conceptualizing service innovation as a stressor that can be evaluated as either something to be feared or to be pursued. In line with recent calls for research our conceptualization helps identify drivers of sustained innovation (i.e., coping
strategies and resources) in a constantly changing technological environment (Ostrom et al. 2015). Second, we contribute to literature on stress stemming from consumption (e.g., Duhachek 2005) by introducing and conceptualizing CAT mechanisms to explain how consumers deal with stressors stemming from service innovation. Our results show that (1) consumers search for meaning when faced with service innovation, (2) try to regain mastery by employing coping strategies and building situation-specific coping resources (i.e., self-efficacy) and (3) can develop passion in the relationship or enhance their own performance (i.e., achievement). Third, we advance relationship management literature (e.g., Palmatier et al. 2006) by showing the interplay between enhancement stemming from stressor appraisal and employing coping strategies and building coping resources and relational outcomes. We show that both affective, as well as cognitive enhancement with the service innovation can make consumers more satisfied with the service in general, while only affective enhancement with the service innovation positively affects commitment to the service in general.

Managerial Implications

Our results also provide insights for service providers in the digital environment that have to introduce innovations to meet social, technological and legal developments. We show that if managers want their consumers to perceive enhancements of the relationship or of their individual performance, they should foster situation-specific self-efficacy. Framing the service innovation as a challenge from which consumers can benefit will help build this coping resource. Hence, service providers could offer tutorials with each new service update explaining why the change was necessary and how it improves the service experience. Moreover, such tutorials should walk the consumers through any new features and provide advice on how to overcome them. We also show that the more consumers are passionate about the service innovation the more satisfied they are with the service in general and the more committed they stay. Therefore, aside from helping consumers build coping resources, service providers should also foster consumer social support coping. Managers could achieve the latter by enabling user-to-user communication and sharing when an innovation is introduced (e.g., by encouraging consumers to share the fact that they are using the updated version within their social network).
References


How Can We Design Forced Self-Service Technology Options To Ensure Perceived Service Value?

Amanda Beatson (Queensland University of Technology), Dominique A. Greer (Queensland University of Technology)

Introduction

Advances in technology are increasing the prevalence of self-service technologies (SST) in organisations. SST is used when consumers deliver the service themselves rather than relying on a staff member to do it for them. Examples of SST include ATMs, self-service kiosks, self-service ticketing booths and automated check-outs. Investigations of SST adoption and usage have largely presumed that consumers have a choice in whether they use self-service technologies or face-to-face options (i.e., where the service is delivered by staff). In practice, however, organisations are often removing face-to-face options and are forcing consumers to use self-service options (Reinders, Frambach, Kleijnen, 2015). This is evident in airport check-ins and train station ticketing. We also see reductions in face-to-face services at supermarkets and in discount department stores, as well as fee increases for face-to-face service delivery in some service industries, such as banking, which makes face-to-face service less desirable.

To date, there appears to be only four empirical studies investigating the phenomenon of forced in situ SST usage (i.e., Reinders, et al., 2015; Reinders, Dabholkar and Frambach, 2008; Liu, 2012; White, Breazeale and Collier, 2012). As many organisations are shifting toward forced SST usage, we need a much greater understanding of this, specifically what impact does removing consumers' decisional control and forcing them to use self-service have on perceptions of service value? How are consumers likely to respond to this? What impact will other consumers have on consumers’ confidence to use the self-service? This study answers the call for further research into forced self-service usage (Reinders et al., 2008 and White et al., 2012), the impact of social presence on customer’s experiences with self-service (Collier and Kimes 2013) and self-service task complexity (Reinders, et al. 2015). Therefore the objective of this study is to assess the impact of social density and task complexity when consumers are forced to use self-service technologies.
Conceptual foundations

SST as a delivery mode has grown rapidly in recent years and research suggests that consumers like choice when it comes to service delivery. When SST has been available as a service delivery mode it has typically been as an option for consumers. Consumers have been free to select either SST or the more traditional face to face service delivery mode. Implementation of successful SST is costly both financially and time wise. To make the implementation of SST work for the organisation and to receive benefits such as financial savings, reduced staffing and increased accessibility of their service, organisations must ensure consumers use SST and intend to use it again in the future (Scherer, Wünderlich and von Wangenheim, 2015).

One of the ways organisations are ensuring the success of their SST is to reduce the traditional staffed face to face service and increase the resources supporting SST. This then forces consumers to use the SST as they have no other option available to them. While this reduced decisional control (Hui and Bateson, 1991) may be successful for the organisation, we are unsure of this on the consumer’s evaluation of the organisation. We saw this with banks by increasing fees of accessing face to face banking options via teller services but consumers could still make a choice – just not an equal choice (Harrison, Onyia and Tagg, 2014). This choice is being removed altogether though with the removal of face to face service delivery options (Reinders et al. 2015). Previous research suggests that consumers like choice when it comes to service delivery (Meuter, Bitner, Ostrom and Brown, 2005). They like to be free to choose their service method. While the introduction of SST to complement face to face service may increase overall perceptions of value, removing choice and removing the face to face option may alter perceptions of service value.

This highlights the key challenges organisations are facing about how to introduce forced SST usage in public consumption areas and under these conditions, what is the best way to ensure perceived service value (which is a strategic goal of organisations) (Sweeney and Soutar, 2001). When consumers perceive high levels of value they are more likely to have a positive disposition toward the organisation and continue to use the organisation.
In publically consumed SSTs, environment and task complexity are likely to impact consumers’ evaluations of the SST experience (Collier, Sherrell, Babakus, and Blakeney Horky, 2014). Knowledge about how consumers react to SSTs under differing environmental conditions is largely unknown particularly when the element of service delivery choice is removed. While SST research has previously suggested that consumers often like to use SSTs when in crowded environments as a way of saving time (Gelderman, Paul and van Diemen, 2011) this presumes customers are free to use or not use the SST. Other research highlights the perceived pressure consumers feel from others around them when they are using SSTs publically (Collier et al. 2014).

This notion of perceived crowding is known as social density. When consumers are surrounded by others it can increase their stress levels. Non-interactive social presence of strangers can induce stress (Argo et al. 2005) which is likely to reduce cognitive abilities required to complete tasks (Gelbrich and Sattler 2014). Research shows that in traditional shopping contexts when consumers perceive the situation as too crowded it can decrease their shopping satisfaction (Machleit et al. 2000). When consumers are being forced to use SST they may already be under increased cognitive pressure. By then increasing the social density (perceived crowding) this may further compound the negative perceptions of service value.

To add further pressure to consumers using SSTs publically is the perceived task complexity of using the SST. As organisations are asking consumers to do more and more via SSTs (e.g. at airports we now check ourselves in, scan our passports, select seats, organise our travelling parties, and check in our bags) the level of task complexity increases which decreases consumers’ willingness to use the SST (Wang, Harris and Patterson, 2012). But what if we have no choice? How does this impact our perceptions of service value? It is likely that perceived task complexity will have an effect on service value (Zigurs and Buckland, 1998). Qualitative research has shown that task complexity is likely to affect consumers’ choice of using SST (Wang et al. 2012). When consumers believe a service transaction is complex they are unlikely to choose the SST option. This suggests that if organisations are forcing consumers to use SST options by removing the face to face options, the perception of task complexity is likely to impact the perception of service value derived from the transaction.
That is, the higher the level of perceived task complexity, the lower the level of perceived service value when the consumer is forced to use the SST.

**Method**

Using scenario based experiments we assess these impacts in two different contexts: an airline context (Context A) and a movie context (Context B). Surveys 1A and B (identical experimental designs in two different contexts) use scenarios to examine whether perceived choice/decisional control and social density affect perceived service value. These studies aim to answer the following research questions:

RQ1: How does the forced use of SST affect perceived service value?

RQ2: How does social density affect perceived service value when consumers are forced to use SST?

Surveys 2A and B (identical experimental designs in two different contexts) use scenarios to examine whether perceived choice/decisional control and task complexity affect perceived service value. These studies aim to answer the following research question:

RQ3: How does task complexity affect perceived service value when consumers are forced to use SST?

Finally, Surveys 3A and B (identical experimental designs in two different contexts) examine the interactions between perceived choice/decisional control, social density, and task complexity. These studies aim to answer the following research question:

RQ4: Do social density and task complexity interact to affect perceived service value when consumers are forced to use SST?

Respondents are supplied with written hypothetical scenarios about using SST under different conditions. Respondents are asked about their perceptions of these scenarios. 200
respondents are surveyed with approximately 30 in each condition across two different contexts (SST movie ticketing and airline check in). These two contexts have been selected due to their public consumption and kiosk style delivery mode with multiple kiosks). Results are analysed using Analysis of Variance (ANOVAS) and Analysis of Covariance (ANCOVAS).

**Expected Findings and Implications**

Organisations realise that SST systems are only worth the investment if consumers utilise them (Rosenbaum and Wong, 2015) and as a result many organisations are shifting consumers to this delivery mode either by making the face to face option less desirable such as through increased fees or they are removing this option entirely (Reinders et al. 2015). To minimise potential negative impacts from this forced option, organisations need to identify conditions under which SST is perceived more favourably. This research goes some way toward doing this with the outcome being better knowledge of social density and task complexity on SST value. This will enable organisations to better design service systems and spatial presentation of SST options (e.g., how can SSTs be displayed in such a way in the servicescape so that consumers do not feel the physical presence of others through social density?). In addition to organisational benefits the results from this study also contribute specifically to the literature on forced SST usage and to SST and service value more generally.
References


Nonownership-Dominant Logic? The Effect of Consumers’ Intellectual Ability on Preference for Nonownership Adoption

Kristina Wittkowski (Aalto University School of Business), Jaakko Aspara (Hanken School of Economics)

Introduction
The use of nonownership services has become a popular mode of consumption in recent years. Indeed, some consumers may increasingly choose nonownership as an alternative mode to gain access to the same physical goods as others do through owning them (Bardhi and Eckhardt, 2012). Nonownership services are defined as services in which “customers acquire some property rights to an asset and are offered a certain degree of freedom in using this asset for a specified period while the burdens of ownership remain with the owner” (Wittkowski et al., 2013, p. 172). Several different forms of nonownership consumption exist, including market-mediated (e.g., leasing a car) and sharing-based (e.g., borrowing a car from a peer) non-ownership forms.

The growing economic relevance of nonownership services underline the need for a better understanding of consumers who may prefer such consumption modes. Prior studies note that consumers generally engage in nonownership rather than ownership-based consumption when they can this way—from a utilitarian theory perspective—minimize the ownership-related costs while maximizing the benefits of the consumption of the good (e.g., Hennig-Thurau et al., 2007). However, no studies exist, to our knowledge, that would investigate whether consumers of different characteristics (i.e., consumer heterogeneity) may, in fact, differentially evaluate such utilitarian costs and benefits—and therefore have different preferences for nonownership vs. ownership-based consumption. Yet, fundamental psychology literature points out that the consumers’ cognitive characteristics and abilities, especially, will tend to shape their subjective views and rationing of the utilitarian costs and benefits of different behaviors (Baron, 2005).

Against this backdrop, the present research intends to answer the following research question: Does a consumer’s general cognitive ability (i.e., intelligence) influence the likelihood that he prefers and engages in nonownership modes of consumption? To study the question, we analyze data on car ownership and non-ownership of approximately 200,000 Finnish consumers, and link these data to the cognitive test data of the same consumers. With our study, we contribute to several streams of literature. First, we extend literature on
nonownership consumption aiming to characterize customers preferring nonownership over ownership consumption (e.g., Lamberton and Rose, 2012), by showing that next to attitudinal factors (e.g., trend orientation, convenience orientation; Moeller and Wittkowski, 2010), consumers’ cognitive abilities are a significant driver of nonownership behavior. Second, the study contributes to general consumer research on consumer intelligence by showing that beyond generic behavioral tendencies such as information processing style and self-control (e.g., Burroughs and Mick, 2004), intelligence also affects consumers’ specific choices of modes of consumption. Third, and finally, our study also ushers in a previously unstudied variable—general intelligence—to the growing body of consumer research interested in innate factors influencing consumption choices (e.g., Aspara and van den Bergh, 2014).

**Theoretical Background**

As to the broader theoretical background, we base our behavioral assumptions on expected utility theory (Bernoulli, 1954). According to this theory, individuals choose between alternatives by comparing their expected utility values. Utility is the level of net value or satisfaction that the consumption of a good, or consumption activity, yields. From a utility perspective, the consumer chooses the alternative that she anticipates to yield the highest net value—i.e., the lowest costs relative to highest benefits.

In the context of ownership vs. nonownership, both of these alternatives enable approximately the same benefits of product use to the consumer. Indeed, through nonownership (e.g., leasing), the consumer obtains largely the same benefits of using the product, as through owning the product. On the cost side, there is, however, more variation based on ownership status. Namely, in nonownership consumption, many of the longer-term costs ownership, such as maintenance or repair responsibilities, do not burden the nonowning user of the product (but rest with its legal owner) (Moeller and Wittkowski, 2010, Schaefers et al., 2015).

What role do consumers’ individual cognitive abilities play here, in evaluating the costs and benefits of nonownership vs. ownership? Notably, psychology literature suggests that a higher level of cognitive ability, in terms of intelligence, is associated with individuals’ better ability to discern the long-term benefits and costs of behaviors (Shamosh et al., 2008). When making the decision as to whether to consume through nonownership or ownership, therefore, higher intelligence may allow the consumer to better recognize that the long-term benefits of nonownership, are approximately the same as in the ownership alternative, but that the long-term costs are higher in the ownership mode. Thus, we expect that ceteris paribus,
intelligence correlates with greater preference for different nonownership modes of consumption, over ownership ones:

**H1:** Consumer intelligence has a positive effect on the likelihood to gain access to a product through market-mediated nonownership, rather than ownership.

**H2:** Consumer intelligence has a positive effect on the likelihood to gain access to a product through sharing-based nonownership, rather than ownership.

In addition to the basic modes of nonownership above, there are other forms of ownership that involve some degree of—even if not full—ownership of the product. Especially, through co-ownership of a product, consumers can distribute the ownership responsibilities and costs among several parties, again reducing the long-term costs of owning the product (while presumably obtaining the same benefits). A somewhat opposite alternative to this is to be the sole owner of an object, but letting another person being the primary user. In this situation, the consumer is responsible for most long-term costs of ownership, or even more (because use of the product by other person[s] may increase its maintenance need), while not necessarily obtaining all benefits (due to limited availability of the product use for oneself). Regarding the role of consumer intelligence vis-à-vis these alternatives, we anticipate similarly as above, that higher intelligence allows the consumer to better recognize and weigh these long-term costs vs. benefits. Thus, as further hypotheses, we propose:

**H3:** Consumer intelligence has a positive effect on the likelihood to co-own a product.

**H4:** Consumer intelligence has a negative effect on the likelihood to have other consumer(s) as user(s) of a product one solely owns.

**Method, Results and Conclusion**

Our data includes new cars (n = 34,294) registered to a sample of approximately 200,000 Finnish male consumers living in and around Helsinki in 2007–11. The main predictor variable is the individual’s intelligence score, obtained from the Finnish Defense Forces. We focus on a numeric intelligence score, as the ability to evaluate the long-term costs and benefits is most likely to be related to numeric intelligence (rather than e.g., verbal intelligence).

To test the hypotheses, we estimate a generalized logit choice model, wherein the outcome choice variable is the individual’s registered ownership vs. non-ownership status of cars: (1) sole owner (i.e., being primary owner&user of the car), (2) co-owner (i.e., another owner registered for the car besides focal individual), (3) owner-non-primary-user (i.e.,
owning the car, but having another person as the primary user), (4) non-owner-primary-user (i.e., not owning the car, but being its registered primary user), or (5) lessee (i.e., the ownership/use status being registered as leasing). We control for the individual’s age, income, household size, and work travel costs, as well as the size of the car and the year of the registration.

The results reveal that the consumer’s intelligence score has a significant positive effect on the likelihood that he leases his car, compared with the reference choice of being the sole owner ($\beta = .104$, s.e. = .026, $p < .001$). Thus, H1 is supported. Testing H2, intelligence has a positive effect on the likelihood that the individual is the primary user of a car owned by another individual ($\beta = .035$, s.e. = .016, $p < .03$). Thus, we find support for H2. Intelligence also has a highly significant positive effect on the likelihood that the individual is co-owner of the car ($\beta = .178$, s.e. = .015, $p < .001$). Thus, H3 is also supported. In contrast, we find no significant effect on the likelihood that individual is the primary owner of the car but has another person as its primary user ($\beta = -.012$, s.e. = .017, $p > .9$). Thus, H4 is not supported.

In summary, we find that consumer intelligence correlates with the likelihood to use nonownership options as alternative modes of consumption to sole ownership. Also, the results suggest that intelligence correlates with choice to alleviate the burdens of ownership with others through co-owning. Our study has several managerial implications. First, given the high correlation between education and intellectual ability (Rindermann, 2008), it may be worthwhile for nonownership service providers to focus on consumers of higher education as the main target group. Second, as intelligence also correlates with consumers’ preference for co-ownership, it is opportune for service providers to develop new kinds of brokerage platforms and services to facilitate (higher educated) consumers’ seeking and finding of co-ownership partners among their peers. Third, if targeting consumers of lower intelligence/education, service-providers should provide easy-to-understand information to demonstrate that nonownership allows access to the benefits of the product, while most of the long-term costs/burdens of ownership remain with the owner.
References


How Does Service Climate Affect Employee Performance? Is Internal Service Quality the Missing Link?

Chaktin Fung (VSL Hong Kong Limited), Piyush Sharma (Curtin University)

Introduction

Prior research lacks a consensus about how service climate and internal service quality interact with each other or affect employee performance and most studies in this area use monocultural business-to-consumers (B2C) settings. We address these gaps by hypothesizing internal service quality as a mediator between service climate and employee performance and two personal cultural orientations (independence and interdependence) as contrasting moderators of this mediating relationship. We found support for all our hypotheses using a study with 353 employees from 18 branch offices (in 14 countries) of a multinational business-to-business (B2B) civil engineering firm. Besides clarifying the conceptual linkages among service climate, internal service quality and employee performance, we also underscore the important role of cultural factors in building a service climate for the managers in multinational service firms.

Theoretical Background and Hypotheses

Service Climate

Schneider et al. (1998; p. 151) describe service climate as the “employee perceptions of the practices, procedures, and behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality”. More recently, Schneider et al. (2006) define it as simply “the degree to which management emphasizes service quality in all of its activities”. Ehrhart et al. (2011) show that service climate at ‘branch-level’ has a direct impact on external service quality but the quality of service received from ‘corporate’ functions strengthens the motivational impact of service climate on the delivery of a ‘good’ (or bad) external service quality. In other words, service climate and internal service quality jointly
affect external service quality but more empirical work may be needed to validate these findings (Ehrhart et al. 2011).

**Internal Service Quality (ISQ)**

Heskett et al. (1994; p.174) describe internal service quality as the “quality of work life itself”, “a visible expression of an organization’s culture, one influenced in important ways by leadership” and the trigger for a series of actions (service-profit chain) that result in profitability for a service firm. Early research used the popular SERVQUAL model to measure ISQ (e.g., Edvardsson et al. 1997; Frost and Kumar 2000; Kang et al. 2002; Young and Varble 1997) and replicated its original five dimensions (reliability, assurance, tangibles, empathy, responsiveness) but others found new dimensions, such as flexibility, confidentiality, professionalism and preparedness (Reynoso and Moores 1995) or credibility, competence, courtesy, understanding and access (Brooks et al. 1999; Lings and Brooks 1998). Recent efforts have led to more complex scales such as the internal service barometer (ISB) with twelve dimensions (Bruhn 2003) or an eighteen dimensions scale based on Chinese subcultures (Jeng and Kuo 2012).

**Service Climate and Internal Service Quality**

From the definition of service climate, it is not clear if internal service quality may lead to the development of service climate or vice versa (Schneider et al. 1998; p.151). Some studies show that internal service helps build service climate over time (Schneider et al. 1998) but others argue that internal service quality moderates the effect of service climate on external service quality (Ehrhart et al. 2011). We use a cross-sectional view to posit that, good service climate would encourage employees to provide good quality of service to each other that would lead to a higher level of overall internal service quality (Mokhtaran et al. 2015). Hence,

**H1:** Service climate has a positive effect on internal service quality.
Employee Performance (EP)

Past research on service-profit chain framework shows a positive effect of internal service quality on employee satisfaction and satisfied employees perform better in their jobs and provide a superior quality of service (Chiang and Wu 2014; Nazeer et al. 2014). We argue that internal service quality would also have a significant direct effect on employee performance because a higher level of internal service quality would make their jobs easier and allow them to deliver a higher quality of service. Therefore,

H2: Internal service quality has a positive effect on employee performance.

Mediating Role of Internal Service Quality

Ehrhart et al. (2011) shows that internal service quality moderates the effect of service climate on external service quality. We extend this line of research to argue that all organizations have an existing service climate (good or bad, weak or strong) that would affect the employees’ attitudes and behaviors towards their internal customers as reflected by internal service quality, which in turn would affect their performance. Hence, we posit a mediating role of internal service quality as follows:

H3: Internal service quality mediates the positive effect of service climate on employee performance.

Moderating Role of Personal Cultural Orientations

Prior research on service climate generally ignores the role of national or individual cultural factors (Schneider et al. 2013). We argue that employees with higher levels of independence are more likely to be self-driven and less likely to rely on support from their organizations in terms of policies, practices or leadership; hence the presence or absence of a good service climate would make no significant effect on their perceived internal service quality. Therefore,

H4: The positive effects of a) service climate on internal service quality and b) internal service quality on employee performance, would be stronger (weaker) for employees with lower (higher) levels of independence.
We also argue that employees with high interdependence are more likely to depend upon their organization and colleagues for support and guidance in order to perform their duties, hence service climate may have a stronger impact on internal service quality for such employees. Moreover, in a high service climate, employees with high interdependence may be more eager to help each other and thus provide a higher level of internal service quality due to their collectivistic tendency of giving priority to the goals of the in-group rather than their own individual goals. Therefore,

**H5:** The positive effects of a) service climate on internal service quality and b) internal service quality on employee performance, would be stronger (weaker) for employees with higher (lower) levels of interdependence.

**Methodology**

We used a survey of employees in a multinational civil engineering firm to test our hypotheses. We avoided common method bias by collecting data on service climate and internal service quality from the employees and their performance evaluation from their supervisors. Our final sample has 353 employees representing 19 nationalities working in 18 branch offices in 14 countries. We adapt well-established scales, including six-item global (GSC) and composite (CSC) service climate scales (Schneider et al. 1998), 12-item internal service quality (ISQ) scale (Bruhn 2003), five-item independence (IND) and interdependence (INT) scales (Sharma 2010), four-item in-role (IRB) and extra-role behaviors (ERB) scales and a single-item scale for overall employee performance (OEP), all adapted from Werner (1994). We also included demographic variables (gender, education, tenure, job role, experience, job role, operating unit and nationality of respondents) and four more control variables (country of birth, years outside country of birth, total years of working experience and overseas experience).

**Data Analysis and Results**

We used confirmatory factor analysis to ensure that all our scales show high reliability and validity (convergent and discriminant). Next, we tested our structural model using the recommended approach (Iacobucci et al. 2007; p.153). The model shows a good fit ($\chi^2 = 334.09, df = 186, \chi^2/df = 1.79, CFI = .98, NFI = .96, RMSEA = .037, SRMR = .048$) with significant path coefficients from service climate to internal service quality (H1: $\beta = .68, p <$
.001) and internal service quality to employee service performance (H2: $\beta = .22$, $p < .01$), supporting H1 and H2. The non-significant direct path from service climate to employee performance ($\beta = .08$, $p > .31$) and significant z-statistic ($z = 2.65$, $p < .01$) show a complete mediation (Iacobucci et al. 2007). Thus, H3 is also supported. We also found support for H4 and H5 using the moderated mediation analysis (Preacher et al. 2007) with significant effects of the interaction terms, $SC \ast IND$ (H4a: $\beta = -.16$, $p < .01$) and $SC \ast INT$ (H4b: $\beta = .15$, $p < .01$) on internal service quality, and $IND \ast ISQ$ (H5a: $\beta = -.21$, $p < .01$) and $INT \ast ISQ$ (H5b: $\beta = .17$, $p < .01$) on employee service performance.

**Discussion and Contribution**

In this paper we combine two research streams - service climate (Ehrhart et al. 2011; Schneider et al. 1998; 2009) and internal service quality (Bruhn 2003; Johnston 2008; Kang et al. 2002; Nazeer et al. 2014), to demonstrate that service climate has a direct impact on internal service quality from a cross-sectional perspective. We also extend the service profit chain model by adding service climate as an antecedent of internal service quality, an idea that is hinted by not explicitly stated by Heskett et al. (1994).

We also show that internal service quality partially mediates the impact of service climate on employee performance to highlight its important role in realizing the benefit of service climate in large service organizations. Finally, we provide possibly the first evidence about the impact of cultural differences on internal service encounters.

**Note:** References available upon request.
Commercial Friendships between Gay Sales Associates and Straight Female Customers

Mark Rosenbaum (Northern Illinois University & Externado University), Rebekah Russell-Bennett (Queensland University of Technology), Judy Drennan (Queensland University of Technology)

Within the services marketing discipline, the concept of relationship marketing is sacrosanct; an established philosophy of doing business (Zeithaml et al., 2013) that offers customers benefits that often exceed an organization’s commercial intentions. Indeed, one may consider relationship marketing as a unique paradigm which encompasses explorations into commercial-based friendships (Price and Arnould, 1999; Rosenbaum, 2009) and customer comfort (Spake et al., 2003; Lloyd and Luk, 2011). Extant research findings inextricably link together customer comfort with managerially relevant outcomes including customer satisfaction, trust, commitment, meaningful social interactions between service providers and their customers, and ultimately, sales and profitability (Spake et al., 2003).

To date, service researchers have explored feelings of customer comfort in generalized terms, primarily by exploring feelings of comfort between and among customers and service providers in an array various service settings, such as hair salons (Price and Arnould, 1999), online communities, retail stores, casual restaurants, diners and gyms (Fournier and Lee, 2009; Lloyd and Luk, 2011; Rosenbaum, 2006). Although this research is valid, it fails to consider that certain customers may be more inclined to form meaningful relationships with their service providers, and that these inclinations may encourage relationships to quickly move along a continuum from strangers to friends (Johnson and Seines, 2004). We posit here that in many service exchanges, especially those in specialty and luxury retailing, straight women may actively seek out gay males associates due to an desire to obtain feelings of comfort during these exchanges.
Popular culture is replete with examples of meaningful relationships that often form between straight woman and gay men. For example, television shows, including Sex & the City, Ugly Betty, and Will and Grace, and movies, have highlighted unique relationships between gay men and straight women. However, until very recently, marketing researchers have ignored the impact of gay male-straight female friendships in service settings, despite having knowledge that many luxury and specialty retailers, such as Victoria’s Secret and Crate and Barrel, often employ egregious gender division practices by placing gay men and women in frontline roles (Williams and Connell, 2010). Although theoretical reasoning for these hiring practices is absent from the social sciences, Rosenbaum et al. (2015) drew upon extant theories in sociology, psychology, and evolutionary biology to put forth a conceptual model which proposes that gay (male) sales associates may be particularly attuned for providing their straight female customers with feelings of comfort, which yields feelings of trust and ultimately, sales (Spake et al., 2003).

Rather than being a relationship that emerges due to customer and service provider familiarity or time, Rosenbaum et al.’s (2015) proposed theoretical framework suggests that commercial friendships often emerge between straight women and gay sales associates in service settings due to the completely platonic nature of the relationship. Without a sexual interest, both gay associates and their straight female customers may let their guards down, be themselves, and share their feelings openly; thus, encouraging relationships to move quickly from strangers to partners. Further, given that sexual competition often exists between females, many female customers may view advice provided to them by gay men as being more truthful and less judgmental than advise provided to them by straight female associates (Peretz, 1995). That is, the lack of sexual interest and competition between gay men and straight females lends itself to a healthy and positive relationship, that results in emotional compatibility and comfort in service settings.

Although these aforementioned contentions are valid, the goal of this presentation is to provide descriptive evidence regarding the unique commercial friendships that exist between gay associates and straight females in retail settings. Data for this study derive from 50 interviews that were conducted in major urban areas of Australia (25) and the Midwestern United States (25) with a variety of female informants. Female informants ranged in age from
18 to 70 years of age. The informants were asked a series of in-depth, open-ended questions which asked them to discuss times in which they were served by a gay sales associate, how they knew a sales associate was gay, how the gay sales associate made the informant feel, and why they would choose, or not choose, a gay sales associate in various retailing areas, including cosmetics, accessories, apparel, shoes, and home décor, and perceived differences between gay and female associates in these aforementioned departments. By using qualitative data analysis (Miles and Huberman, 1994), we reduced the descriptive data by finding themes, clusters, and patterns in the data, to ultimately generate a display of data that organizes, compresses, and assembles information.

*Discovering the gay sales associate.* Interestingly, although social scientist know a great deal about the benefits that straight females receive from their gay friends, we know considerably less regarding how females recognize gay men. Our findings reveal that the majority of females decipher gay sales associates by their appearance; namely gay men being well-dressed and groomed well. The next common methods for deciphering gay men were by the way gay sales associates used their hands and their tone of voice. Although it is indeed plausible for female customers to make mistakes, they tend to rely on their internal inclinations to decipher gay sales associates. It is worth noting here that no informant ever said that a gay associated simply “came out” and verbally acknowledged his homosexuality to her during a service exchange. Thus, straight females are relying on gay cues to formulate opinions about their sexual orientation.

*Discovery then comfort.* When asked about how working with a gay sales associate made them feel, the majority of informants, 35/50, used the term comfortable, while the next most widely used terms were “trust” and “genuine interest in helping me,” respectively. Other informants noted that the gay sales associates would not be motivated to sell them inappropriate merchandise. In other words, the lack of sexual interest between gay men and straight females results in them feeling a sense of true comfort and perceiving the advice of gay men as being more trustworthy compared to other female sales associates.
Department analysis. When we asked informants about their choosing of gay men in various departments, unique benefits offered by gay men arose in the interviews. In terms of cosmetics, many women stated that gay men would be more honest and have better taste than female associates. The female informants discussed that female sales associates are often standoffish and judgmental, whereas gay associated are honest and excited about selling products.

Over ¼ of the 50 women said that they would choose a gay associate in apparel as his opinion would be more honest than that from a female associate. Other informants remarked that gay men would have a better sense of style, offer a different perspective, and be more up-to-date with trends compared to female associates.

In the shoe department, the female informants were more inclined to believe that gay sales associates would be more willing to spend more time with them compared to female associates and to offer them better fashionable options than their female counterparts.

Lastly, within the home décor department, the informants were more likely to choose gay sales associates, compared to female associates, due to beliefs that gay men have better taste than female associates, and that they are more up-to-date with trends.

Proposed framework: Gay Sales Associate – Straight Female Relations in Retailing Settings

<table>
<thead>
<tr>
<th>Gay male cues</th>
<th>Interpreted by Straight Females</th>
<th>Results in behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appearance-Clothing</td>
<td>Customer Comfort</td>
<td>Sales</td>
</tr>
<tr>
<td>Appearance-Grooming</td>
<td>Trust</td>
<td>Time spent in setting</td>
</tr>
<tr>
<td>Tone of Voice</td>
<td>Style Knowledge</td>
<td>Social Interaction</td>
</tr>
<tr>
<td>Hand Gestures</td>
<td>Willingness to help</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Desire to sell</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
By following the tenets of qualitative descriptive analysis (Miles and Huberman, 1994), we propose an original framework that illustrates how straight females decipher potential gay sales associates, their attitudes regarding working with gay associates in luxury and specialty settings, and resultant outcomes. Indeed, the framework illustrates reasons why gay sales associates often have an advantage compared to other sales associates in retail settings, which are primarily patronized by females. It is worth nothing here that the proposed framework may also explain why some heterosexual men, and other women, may avoid working with gay associates. That is, it is likely that many consumers interpret gay cues, such as appearance, tone of voice, and hand gestures, and, rather than interpret these as positive stimuli, they may see these cues as negative stimuli that results in avoidance.

Researchers are encouraged to explore how heterosexual males interact with gay males in service settings, especially in settings that may require intimacy or touch, such as the selling of apparel. Other researchers may explore the extent to which service providers displaying gay cues outside of retail, for example, in banking, insurance, and health care, may result in heterosexual consumers purposefully avoiding the service provider or organization. This research would then link the proposed framework to our knowledge of service discrimination. Overall, this research offers new insights, current and future, regarding the nature of service relationships when there is a lack of romantic interest or sexual competition between gay service providers and their straight female customers.
Do Customer Discounts Affect Frontline Employees?

Cord-Christian Troebs (WHU - Otto Beisheim School of Management), Tillmann Wagner (WHU - Otto Beisheim School of Management)

Introduction

The deployment of customer discounts represents a common pricing strategy across service industries. Service discounts may take different forms such as distinct promotional campaigns (e.g., “weekend special”) or periodically recurring reduced rates (e.g., “happy hour” in a hospitality setting). Discounts may serve various strategic purposes for service firms including reducing operational overcapacities, acquiring new customers, or stimulating the introduction of service innovations. While service discounts are predominantly initiated on a management level, frontline employees must handle and carry out the application of discounts in service encounters.

A substantial body of literature continues to explore the multifaceted effects of price discounts upon consumers (e.g., Aydinli et al. 2014, Argo & Main 2008). While many studies underline the existence of positive persuasion effects as desired by firms (e.g., Mulhern & Leone 1990), some evidence suggests that discounts may likewise exhibit an undesired destructive potential. Specifically, consumers may develop a sense of stigmatization and maintain feelings of psychological self-devaluation when being offered or choosing to accept discounts (e.g., Tepper 1994). Against this comprehensive body of work, however, it remains unclear if and how discounts have an impact not only upon consumers but on frontline employees as well. We suggest that customer discounts may elicit distinct psychological and behavioral responses in frontline employees for two reasons. First, previous research suggests that organizational communication efforts targeted at customers tend to be perceived likewise by a firm’s employees as a secondary audience, thereby frequently causing negative psychological reactions surrounding the execution of their professional roles within the organization (Wolfinbarger Celsi & Gilly 2010, Hughes 2013). Second, since discounts can lead to customers’ experience of personal devaluation (Tepper 1994), employees facilitating a service for a reduced price may maintain not only similar but amplified devaluation impressions due to their active involvement in the value creation process.

A negative impact of discounts on frontline employees would create a dilemma for service firms, putting into perspective the pronounced effectiveness of the promotional strategy against the backdrop of undesired intra-organizational consequences including
service delivery. Investigating the impact of customer discounts on frontline employees appears to be a relevant research endeavor for the service academy and for contemporary services management alike: Evidence for such unique effects would enhance our understanding of the multifaceted behavioral impact of price discounts, explaining how the psychological perspective of employees is shaped and how this might affect their behaviors during the service delivery process. This enhanced understanding would, in turn, enable firms to weigh in such internal consequences of discounts in their decision-making processes and to deploy effective counter efforts for otherwise negative consequences.

This research takes first steps towards investigating the impact of customer discounts on frontline employees. Our conceptual framework depicts employees’ experienced task significance and perceived appreciation by the firm as psychological mechanisms, and models work meaningfulness, job satisfaction, service performance intentions, and inclinations to demonstrate incivility as ultimate dependent variables. Our key theoretical frameworks include the Sisyphus effect coined by behavioral economists Ariely et al. (2008), as well as labeling theory (Lemert 1951) consulted from social psychological research. Findings of an initial behavioral experiment with service employees (n = 101) are presented. Evidence demonstrates that customer discounts lead to the psychological outcomes of reduced task significance, perceived appreciation, work motivation, and job satisfaction. Behavioral effects indicate reduced service performance intentions as well as an increased inclination of incivility toward customers. Evidence for the mediating nature of task significance and appreciation is presented. In the sequel, we provide an abbreviated overview of our theoretical background including hypotheses and summarize the design and discussed outcomes of our first experiment.

**Theoretical Background and Hypotheses**

Our theoretical framework and development of hypotheses is presented in two steps. First, we theorize about the negative psychological impact of customer discounts on frontline employees. Second, we outline that customer discounts may cause frontline employees to label customers and provide lower customer treatments.

Discounts do not only represent a reduction of the standard rate and, therefore, a deviation from the valid reference price (Mazumdar et al. 2005), in a metaphorical sense, price discounts may imply a disutility of effort, since frontline employees still render the same performance as for the regular price. For the rationale discussed in the sequel, this may
represent a psychological equivalent to a perceived devaluation of their work. In this research, we build on research by Ariely et al. (2008) who investigate the interrelation between experienced meaning and work productivity. The authors suggest that meaning derives from the link between work and an experienced purpose, even though the purpose might be insignificant for frontline employees’ goals in an objective sense. Furthermore, when such a link might be severed, work might become alienating or even demeaning to the individual (Ariely et al. 2008). Thus, we hypothesize that a reduction of the reference price diminishes frontline employees perceived task significance:

H$_{1a}$: Customer discounts reduce frontline employees’ perceived task significance.

We next consult labeling theory to suggest a stigmatization process that might emanate from frontline employees toward customers. Labeling is a selective attribution of a person to properties that is often discrediting (Goffman 1963). As such, labels typically activate a set of cognitions and related affect about a group and impose it on the individual (Ashforth & Humphrey 1997, Plangger et al. 2013). Labeling theory supports our research by proposing that customer discounts prompt frontline employees to psychologically assign a certain label such as bargain hunters. These labels often arouse negative emotions and motivate frontline employees to demonstrate behaviors driven by affect (Ashforth & Humphrey 1997). We thus anticipate that discounts elicit the following psychological and behavioral responses:

H$_{1b}$: Customer discounts reduce frontline employees’ perceived appreciation.

H$_{1c}$: Customer discounts increase frontline employees’ inclination of incivility toward customers.

Since Grant (2008) found a causal relationship of task significance on job performance and Frey et al. (2013) a causal relationship of perceived appreciation on employee project satisfaction, we expect both to have the same effects on related dependent variables of our framework, without hypothesizing such relationships explicitly. It has been demonstrated that task significance is related to positive employee outcomes (Grant 2008) and emphasized that perceived appreciation represents one of the most powerful motivators for an employee’s satisfaction (Frey et al. 2013). On this basis of previous research, we propose the following mediating effect:
H2: Customer discounts reduce frontline employees’ perceived work meaningfulness, job satisfaction, and service performance intentions, and increase frontline employees’ inclination of incivility toward customers through a) reduced task significance and b) reduced perceived appreciation by the firm.

Methodology

We conducted an initial experimental study to investigate the causality between customer discounts and behavioral frontline employee outcomes. The experiment was conducted online on Amazon’s Mechanical Turk. We manipulated the redemption of a discount (discount vs. no discount) in a scenario-based experimental setting. The scenario required participants to imagine themselves as a receptionist in a fictional hotel while a customer checks-in who takes advantage of a discount. After presenting the scenario and the manipulations, our subjects completed a questionnaire containing the measures and manipulation checks. The final sample consisted of 101 participants with professional experience as frontline service employees. We used multi-item measures for all latent variables. Manipulation checks and measurement properties were supportive. To assess our anticipated effects, we conducted a series of analysis of variance (ANOVA). Supporting H1a, H1b, and H1c, we found statistically significant differences between the treatment and control groups for the following variables: task significance ($M_{\text{discount}} = 5.65$, $SD = 1.19$ vs. $M_{\text{no\,-\,discount}} = 6.10$, $SD = 1.01$, $F(1,99) = 4.988$, $p < .05$), appreciation by the firm ($M_{\text{discount}} = 4.89$, $SD = 1.48$ vs. $M_{\text{no\,-\,discount}} = 5.43$, $SD = 1.19$, $F(1,99) = 4.045$, $p < .05$), and incivility toward the customer ($M_{\text{discount}} = 1.89$, $SD = 1.23$ vs. $M_{\text{no\,-\,discount}} = 1.38$, $SD = 0.80$, $F(1,99) = 6.306$, $p < .05$). In addition, we conducted a mediational analysis (Preacher & Hayes 2004) using the bootstrapping method (10,000 estimates) to examine whether perceived appreciation and task significance mediate the effects of frontline employee outcomes. The results support H2 and revealed that an indirect effect of customer discounts on work meaningfulness, job satisfaction and service performance exists, facilitated by the two mechanisms.

Discussion
In our experiment, we found initial evidence that frontline employees dealing with discounts perceive lower task significance (H$_{1a}$), feel less appreciated by the firm (H$_{1b}$), and may exhibit an inclination to demonstrate uncivil behaviors toward customers (H$_{1c}$). Task significance and appreciation by the firm were found to mediate the impact on ultimate outcomes such as work meaningfulness, service performance, and job satisfaction (H$_{2}$). The present work represents a first step toward a better understanding of how customer discounts may impact frontline employees and shape their behaviors in both service delivery processes and organizational members. We also wish to introduce the psychological consequences of customer discounts as well as their underlying mechanisms as avenues of contemporary services research that are relevant for scholarship and managerial application alike.
References


The Impact of Company Response Time on Post-Purchase Customer Satisfaction on Social Media

Doga Istanbulluoglu (University of Birmingham)

This study investigates the influence of the online response time on customer satisfaction. Previous research has shown that major social media channels Facebook and Twitter are used extensively for customer complaints (Jansen et al., 2009; Dekay, 2012). However, it is not known how companies should respond to online consumer complaints on social media. The findings of this study will shed light on consumers’ expectations in terms of online response time on these channels and the relationship between response time and post-purchase satisfaction. It is anticipated that this will aid the companies in defining company policies on online complaint handling situations.

Service failures might result in consumer complaining which in return provides an opportunity for companies to correct the problem. Blodgett and Anderson (2000) found that successful complaint handling increases the chances of repurchase behaviour and positive word-of-mouth by formerly unsatisfied customers. Hence, effective complaint management by companies enables them to maintain customer satisfaction in a number of ways, such as efficient customer feedback and reducing negative word-of-mouth. However, the question arises as to how effective offline complaint handling procedures become when they are transferred to online environments. This is expected to be different in social media, which is much more dynamic, open to the public, fast-paced and mostly synchronous. Research shows companies are more likely to respond to online complaints than traditional ones (Gulas and Larsen, 2012). However, Einwiller and Steilen (2015) found that when large companies respond to consumer complaints online, they usually employ the following strategies: transferring the customers to another department or communication channel, and asking for further information. These strategies are not always appreciated and even sometimes interpreted as shunting by customers (Einwiller and Steilen, 2015).

This study investigates one of the critical aspects of online complaint handling: response time. Response time is defined as the time passed from the date the complaint was received to the
date the complaint file was closed (Gilly and Gelb, 1982). In the online context, it is more appropriate to use this term to state the time passed from the point the consumer posted the complaint to the point a conclusive reply by the company was received. Early research identified average response time following consumer complaints through postal mail as 21.6 days (Martin and Smart, 1988) and through emails as 6 days (Strauss and Hill, 2001). However, communication on social media is faster, easier and more convenient compared to both traditional channels and email. Therefore, it is hypothesised that customers expect quicker responses from the companies on social media as it is a much more dynamic communication channel.

**H1: Customers expect response time on social media to be quicker than response time on traditional channels.**

Research showed that consumers’ overall satisfaction is directly related to the response time both offline (Hart et al., 1990; Clark et al., 1992) and online such as email communications (Mattila and Mount, 2003). However, the effects of response time on social media are not yet known. Since Mattila and Mount (2003:135) said “satisfaction with the problem handling and repurchase intentions are directly related to the time taken to respond”, the following is hypothesised about first and conclusive responses from the companies.

**H2a: A quicker (actual) first response on social media will result in higher satisfaction with complaint handling**

**H2b: A quicker (actual) conclusive response on social media will result in higher satisfaction with complaint handling**

Consumers complain for a variety of reasons and with a variety of objectives including redress seeking, warning the public, educating others, or venting (Day et al., 1981). These objectives to complain were also identified on social media. When consumers’ objectives are to seek direct solutions and redress, they prefer real-time interaction with companies such as phone or face-to-face conversations, whereas they prefer indirect channels such as complaint letters and emails if they do not seek for an immediate solution (Mattila and Wirtz, 2004). Research by Clark (1992) and Gilly and Gelb (1982) found that if the company provides redress as a response to complaint, customer satisfaction improves regardless of response time, but consumers complaining for purposes other than redress (i.e. public complaining) expect shorter response times. Hence, the following is hypothesised.
H3a: A quicker (actual) first response on social media will result in higher satisfaction with complaint handling among customers who complain publicly than customers who seek redress.

H3b: A quicker (actual) conclusive response on social media will result in higher satisfaction with complaint handling among customers who complain publicly than customers who seek redress.

The methodology consists of a self-completion survey. Thirty brands were selected using Social Brands 100 report (Headstream, 2013), which lists retail, travel and financial services among the industries that use social media most effectively. The author observed Facebook and Twitter accounts of these brands to identify consumers who complained on these pages. Consumers who received a reply from the company then were contacted and asked to complete the survey. A total of 452 respondents completed the survey. Partially completed surveys were removed and the final number of surveys is 421 (Facebook=222, Twitter=199).

A paired t-test was conducted to test H1. Participants’ expected response time on social media was found to be significantly lower (between 1 and 3 hours) than expected response time on offline channels, supporting H1. Two one-way between-groups ANCOVAs were conducted to compare the effect of response time on satisfaction with complaint handling: one for first response (H2a) and one for conclusive response (H2b). Problem severity, satisfaction with outcome of the complaint and expectations of response time were used as covariates in the analysis. Effect of the response time on satisfaction is found to be significantly different for both first response and conclusive response supporting both H2a and H2b. This shows both quicker first response and quicker conclusive response results in higher satisfaction with complaint handling on social media. Finally, two two-way between-groups ANCOVAs were conducted to assess the impact of response time on satisfaction for consumers seeking redress and consumers who complain publicly (H3a and H3b). F-tests for response time on satisfaction and complaining objectives were found to be not significant. This suggests no significant difference in the effect of response time on satisfaction with complaint handling for redress seeking and publicly complaining customers. Hence, H3 and H4 are rejected.

Effective complaint handling increases the satisfaction with complaint handling and response speed is one of the key factors of successful complaint handling (Blodgett et al., 1997). As predicted, consumers expect quicker response from companies on social media, suggesting that companies need to adjust their complaint handling strategies when they transform these to
social media. Additionally, findings of this study suggest that response time influences consumers’ satisfaction with online complaint handling, but objectives of the complaint does not. In offline complaint handling situations, quicker response increases satisfaction only for consumers who do not seek redress and does not influence satisfaction for consumers who do seek redress (Gilly and Gelb, 1982). On the contrary, quicker response after an online complaint increases satisfaction regardless of the objective. This could be explained with consumers’ changing perceptions regarding pace of communication and services as a result of recent developments in the technology and online communication channels. Consumers might expect quicker solutions to their problems believing it is easier for companies to provide redress through these channels. Additionally, it is found that two covariates, problem severity and satisfaction with the outcome of the complaint, influenced post-complaint satisfaction whereas expectations about response time failed to affect satisfaction. Hence, this study contributes to the literature showing that online complaints require a speedy attention which rectifies the problem and provides redress, where necessary.
References


Justice Based Failure Classification Framework for Online Retailers

Cansu Yıldırım (Department of Maritime Business Administration, Maritime Faculty, Dokuz Eylül University), Birce Dobrucalı (Izmir University of Economics), Bengü Oflac (Izmir University of Economics)

Theoretical Background

Service failure refers to a real or perceived service related problem with the service providing organization (Maxham, 2001). Shostack (1985) suggests that customer’s perception acts as a base point in the determination of a failure, even if the service has been performed properly by the service providing organization. Similarly, Hoffman and Bateson (1997) define service failure as the service performance that cannot meet customer’s expectations.

Production and delivery processes of services, involving various interactions with customers and/or the coordination of diverse service providers (Vázquez-Casielles et al., 2007), are highly dependent on factors that cannot be controlled by the organization. Hence, eliminating all failures within a service encounter is considered as impossible. As such, previous literature generally lists two main types of failure: process and outcome failures (Bitner et al., 1990; Hoffman et al., 1995; Keaveney, 1995; Smith and Bolton, 2002). The outcome dimension involves what customers receive from the core service, whereas the process dimension covers the manner in which service is being delivered (Parasuraman et al., 1985; Gröroos, 1988; Smith et al., 1999; Smith and Bolton, 2002).

Organizations are in struggle for minimizing service failures as much as possible since service failures may have unfavorable results such as customer switching behavior (Keaveney, 1995), dissatisfied customers (Kelley et al., 1994), negative word-of-mouth behavior (Bailey, 1994; Mattila, 2001), and decreased profit ratios caused by spending more fund for replacing switched customers with new customers (Reichheld, 1996). However, as service failures are inevitable, organizations need to take corrective actions, which are referred as service recovery, in order to prevent these negative outcomes.

From a theoretical perspective, Justice Theory has captured great attention since it is a useful theoretical perspective for investigating service recovery following service failures (McColl-Kennedy and Sparks, 2003). Theory states that individuals weigh the inputs (e.g. economic costs, time, energy, etc.) against the outcomes (Adams, 1963). Although the theory
is generally used for service recovery attempts, herein this study provides a service failure classification generated from this theoretical perspective.

In case of a failure, customers weigh inputs and outputs and perceive an unequal balance between those. Therefore, it can be stated that companies may not be capable of providing just/fair experience in terms of three perspectives namely, distributive, procedural, and interactional justice. Distributive Justice refers to the fairness of distribution of resources, in other words, what customers receive as an outcome (Deutsch, 1975; Ha and Jang, 2009). Procedural Justice covers perceived fairness of procedures and criteria used to attain recovery outcomes (Blodgett et al., 1997), by also including structural procedures needed. Interactional Justice refers to the manner the organization captures during the failure (Blodgett et al., 1993), and includes aspects such as respect, sensitivity, and behavioral patterns (Ha&Jang, 2009). With this perspective, this study aims to categorize the service failures faced in multichannel private sale and discount e-tail industry according to Justice Theory dimensions.

Methodology

As service encounter hosts numerous examples of failures, service failure and recovery have been popular concepts in service literature. The majority of the studies focus on industries such as hospitality and tourism, logistics, and retail. However, with the invention of internet, online perspective has gained importance, and thus companies have started online sales of their products. In terms of online sales, retail industry (e-tailing), has become one of the most common research areas since it provides an opportunity for growth through multichannel private sale and discount sites which are online marketplaces, requiring membership, and offering various special discounts and campaigns to their members from several brands. For instance, according to TUBISAD’s (2014) report on e-commerce in Turkey, multichannel private sale and discount sites’ annual growth is 10% with endorsement of 1.5 billion Turkish Liras. Another reason for the interest in e-tailing is its unfavorable consequences in case of failures such as negative word-of-mouth, negative publicity and brand image, and decrease in profits (Bailey, 1994; Reichheld, 1996; Mattila, 2001).

The objective of this study is to categorize the service failures faced in multichannel private sale and discount e-tail industry, through concentrating on two diverse online retail stores, namely; Markafoni and Morhipo, operating in Turkey. The two online retailers are selected as a result of a prior study. 15 individuals are asked to name the online retail stores they use most, and order deliveries in a private university’s logistics center has been observed.
Moreover, these four online retailers are among the first 150 web-sites people visit most in Turkey.

In order to achieve these objectives, critical incident technique has been employed. Since it is difficult and could raise ethical questions to collect details of incidents as they happen through, for instance, interviews, critical incidents have been gathered from an online Turkish complaint web-site (sikayetvar.com). The web-site is an online platform which gives customers an opportunity to raise complaints about a specific company. Thus, this web-site provides real life events which enables observing direct human behavior (Flanagan, 1954). Furthermore, using these incidents eliminates possibility of recall bias, and re-interpretations of the situation.

Despite the fact that the number of critical incidents required to make an analysis is a general problem, Flanagan (1954) reports that 50 or 100 incidents are satisfactory. In regard to this, present study collected 200 complaints for each company.

For the data analysis, the suggestions of Strauss and Corbin (1990) have been followed. Firstly, an axial coding has been done by writing a code for each sentence and/or incident. Later, a selective coding phase has been conducted by comparing and grouping the data in order to discover similarities and differences. The coding process has been conducted simultaneously by three researchers. Thus, in order to increase validity and trustworthiness of the study, triangulation was used as proposed by several researchers (e.g. Shenton, 2004). Triangulation may be done through several approaches; of those the paper selects triangulation between researchers. This increases the robustness of the results since triangulation between researchers’ produce exchange of viewpoints which leads diverse perspectives in the data analysis, and results with many possible explanations of findings (Maylor and Blackmon, 2005). Furthermore, during the data analysis, theoretical triangulation has been done by utilizing multiple perspectives for interpreting a single set of data (Decrop, 1999). A continuous triangulation across incidents, researchers’ interpretations, and the existing literature has been conducted in order to guarantee an accurate analysis.

**Preliminary Findings**

---


4 The related data is gathered between 14 April 2015 and 9 June 2015. Sikayetvar.com is a user-generated web-site, and thus it is like a living organism. This shows that, the data (the number of complaints) could change within time since customers may choose to delete their complaints or may have more complaints in time.
An analysis of incidents was conducted in order to categorize service failures faced in multichannel private sale and discount e-tail industry. The preliminary findings demonstrated customers’ complaints are concentrated on three main themes, Distributive Injustice, Procedural Injustice and Interactional Injustice.

**Distributive Injustice**

Distributive Injustice, like Distributive Justice, is the most tangible factor of injustice (Chebat and Slusarczyk, 2005). According to the results, from a service failure aspect, customer may perceive an unfair experience due to three reasons which are all related to the output (i.e. actual product). Firstly, customers generally complain when the core product is flawed, stained and/or defective.

C.: “...I opened the package of the shoes that I bought relishingly when I come home. While I was examining the shoes, I saw that the needlework is not right. It was very devastating to see the shoes that bought eagerly but could not wear once, as defected.”

Another reason for the complaints is regarding the delivery of a different product. This may include delivering a different color, size or brand of the required product. This may also include performing the delivery with a missing product or a missing piece of a product.

M.: “I ordered a goose feather duvet. They sent me another brand instead of Othello.”

U.: “I ordered the good as green and small sized, what I get is a red medium sized one. I require a replacement as soon as possible!”

Lastly, customers complain regarding the delivery of a fake product or a product of poor quality.

B.: “They said the product is % 100 original, and I trusted them. But I was wrong. I ordered Burberry Classic Man 100 ml EDT. The product that I got has nothing similar to the original one. I have been using this perfume for six years, so I think I cannot be wrong. The odor lasts just for half an hour and has an intense caustic alcohol odor that you may find in 5 Turkish Lira perfumes.”

M.: “I bought a blender for my marriage portion and paid nearly 200 Turkish Liras. After using it just for one minute, the engine has broken down. There cannot be such a sleazy product.”
Procedural Injustice

Procedural Injustice is related with flaws of the procedures which are used to reach the outcomes. According to the results, procedural injustice may be divided into two sub-categories: Post-Transaction and Transaction Elements.

Procedural Injustice – Post Transaction Elements

Customers generally experience an injustice when the money they paid is not repaid to them when they sent the product back or when the order is cancelled due to, for instance, a stock-out.

M. (Male): “After returning the product, they said they made the refund on May 26, 2015. Today is June 8, 2015 and I cannot see the refund on my credit card.”

Procedural Injustice – Transaction Elements

These are about the systematic or procedural errors that occur in transaction processes. These web-sites requires membership, offers special discounts and campaigns to their members, and gives points which can be used instead of money. Thus, customers experience injustice if they cannot use these offers during transaction.

A. (Female): “...We cannot use Hopi’s (kind of points that the site offers and can be used instead of money) that we won. We can choose the Hopi from the campaigns option, but when it comes to spend it, the system does not allow. What difference does it make to win Hopi’s if I cannot use them?”
References


‘Could They Have Done Better?’ Examining Customer Responses to Online Service Failure and Recovery Through Counterfactual Reasoning

Jaywant Singh (Kingston University London, UK), Benedetta Crisafulli (Cranfield University, United Kingdom)

Introduction

Advancements in information technology have changed the way services are delivered. Services can nowadays be provided over long distances, without the physical presence of consumers and employees (Schumann et al., 2012). Consumers transfer money, undertake courses and consultations online. During 2009-2013, the number of consumers registered for Internet banking increased by 19.4 per cent and users of Internet banking through a mobile phone increased by 34 per cent (Key Note, 2015). Nonetheless, organisations are not immune from experiencing failures with online services and consequent dissatisfied customers (Singh and Crisafulli, 2015). When online services fail, organisations endeavour to deliver recovery. Extant research suggests that fair (or just) recovery such as apology, compensation and timely problem resolution, are effective at restoring customer satisfaction and at encouraging repatronage (e.g., Smith et al., 1999; Chebat and Slusarczyk, 2005; Roschk and Kaiser, 2013; Crisafulli and Singh, 2016). Notwithstanding, there is also evidence that service recovery can lead to double deviations, whereby both the service and recovery fail (e.g., Holloway and Beatty, 2003; Joireman et al., 2013). A critical question for theory and practice is, therefore, why seemingly effective recovery strategies by service companies are perceived as unsatisfactory by customers.

The present study argues that comparison-invoking thoughts triggered by service failures (known as ‘counterfactuals’) determine (internal) expectations about service recovery. Research on counterfactuals such as ‘could’ or ‘should’ stems from the norm theory arguing that individuals, by nature, constantly strive to understand the causes of negative events (e.g., Festinger, 1954; Kahneman and Miller, 1986). Counterfactual thinking is a pervasive feature of human consciousness, entailing cognitive processes of ‘looking back at events and thinking how things could have turned out differently’ (Krishnamurthy and Sivaraman, 2002, p. 650). Counterfactuals are often triggered by negative, emotion-laden events, and can impact individuals’ actions (Roese, 1997; Folger and Kass, 2000). Service failure and unsatisfactory recovery typify negative situations that can trigger counterfactuals, wherein customers tend to
compare organisational recovery efforts. Counterfactuals, therefore, may illuminate why recovery strategies are ineffective. McColl-Kennedy and Sparks (2003) suggest that, when evaluating service failure and recovery encounters, consumers compare how they were treated against expectations of how they should/could have been treated (i.e. counterfactuals). Customers are dissatisfied when recovery is perceived to be misaligned with counterfactuals.

In service recovery research only two studies have investigated counterfactuals (e.g., McColl-Kennedy and Sparks, 2003; McColl-Kennedy et al., 2011). Of the two, McColl-Kennedy and Sparks (2003) is a conceptual study, whereas McColl-Kennedy et al. (2011) investigate how counterfactuals explain customer anger following service failures. The above study considers counterfactuals triggered by the failure, not by recovery efforts. This study posits that counterfactuals triggered by recovery are intrinsically linked to the actions the service provider ‘could or should have’ undertaken in handling the failure. Given the above background, this study attempts to understand, (1) the impact of differential levels of recovery fairness in triggering counterfactuals, and (2) how counterfactuals influence the perceived efficacy of recovery encounters, satisfaction and positive word of mouth (PWOM) intentions.

**Theoretical Background and Hypotheses Development**

Customer satisfaction and post-recovery behaviour are influenced by perceived fairness of recovery. Extant research focuses on customer perceived fairness of recovery outcome (distributive justice), process (procedural justice) and interaction (interactional justice) (Adams, 1965; Thibaut and Walker, 1975; Bies and Moag, 1986). McColl-Kennedy and Sparks (2003) argue that customers (cognitively) contrast what is perceived as fair with alternative realities depicting more positive outcomes. Customers specifically think of what could or should have been done differently during the recovery encounter. Counterfactuals help customers to attribute reasons for (un)satisfactory service recovery. This study posits that, following online service failures, customers who perceive low recovery fairness are inclined to engage in counterfactual thinking more than those who perceive high recovery fairness. Thus:

**H1-H3:** Following online service failures, customers who perceive low distributive/procedural/interactional fairness of recovery will consider
counterfactuals more than customers who perceive high distributive/procedural/interactional fairness of recovery.

Consideration of better alternative outcomes elicits feelings of deprivation and resentment, especially if negative events are perceived as unjustified (Roese, 1994; Kray et al., 2010). Further, counterfactuals are generated in an effort to improve their status and to gain control over future events (Markman et al., 1995). By identifying a resolution to the problem, individuals perceive greater control over future events. Therefore, counterfactuals shape how individuals feel and behave following negative events such as service failures and unsatisfactory recovery. In a recovery situation, low recovery fairness is likely to trigger counterfactuals depicting alternative actions the firm could/should have undertaken in order to manage service online recovery effectively. Whilst leading to increased perceived control (preparative function of counterfactuals), counterfactuals depict better outcomes and thus make customers feel even worse about the online failure (affective function of counterfactuals), thereby influencing their satisfaction and behavioural intentions. Hence:

\[ H4-H5: \] Following online service failures, customers who consider counterfactuals will feel dissatisfied with the recovery encounter and will show lower intentions to spread PWOM more than those who do not consider counterfactuals.

The hypothesised relationships are presented in Figure 1.

Methodology

The study employed a scenario-based experiment. This method enables to capture customer perceptions towards naturally occurring events such as service failures, avoids recall bias, and is widely used in prior research (e.g., Smith et al., 1999; Wirtz and McColl-Kennedy, 2010; Van Vaerenberg et al., 2012). The scenarios depicted a customer experience of online service failure and recovery with a bank. In the scenarios, three forms of recovery fairness were manipulated at two levels, high and low, resulting in six experimental conditions. Consistent with a between-subjects design, each respondent was randomly assigned to one experimental condition. Data were collected by using a self-completion questionnaire distributed via Qualtrics. The pilot study confirmed that scenarios were realistic, and the manipulations functioned as anticipated (n=40). Established scales were adapted to measure the research constructs: ten items from del Río-Lanza et al. (2009) for distributive,
procedural and interactional justice, six items from McColl-Kennedy et al. (2011) for sins of omissions (counterfactuals), three items from del Río-Lanza et al. (2009) for satisfaction with recovery, and two items from Maxham and Netemeyer (2002) for PWOM. All measures had a reflective specification. A convenience sample of UK consumers using banking services was selected. Overall, 130 valid responses were obtained (ca. 22 respondents per experimental condition).

**Analysis And Results**

Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis was employed, using SmartPLS 3.0 software (Ringle et al., 2014). A dummy variable approach was followed (Bagozzi and Yi, 1989). Dummy variables were created for high and low justice (the ‘low’ condition set as reference level). The dummy variables functioned as single-item constructs and the paths from the dummy variables to the latent (multi-item) dependent variable reflected the difference in the means of the latent variable. Measurement and structural models were assessed in sequence (Hair et al., 2014). Composite reliability and item loadings were above 0.7, thus confirming the internal consistency of the scales and item reliability (Henseler et al., 2009). Further, all constructs showed Average Variance Extracted (AVE) exceeding 0.5, confirming convergent validity (Chin, 1998). Discriminant validity was established as the squared correlations of a construct’s AVE were higher than their bivariate correlations with other constructs (Fornell and Larcker, 1981). A bootstrap resampling procedure using 1,000 sub-samples was followed (Hair et al., 2014). As illustrated in Table 1, the model showed high predictive accuracy (R-square values between 0.55 and 0.66). The path coefficients were in the hypothesised direction and significant at 5% and 1% significance levels.

**Conclusions, Implications and Further Research**
This study examines the role of counterfactuals in shaping customer perceived efficacy of organisational recovery efforts, post-recovery satisfaction and PWOM intentions. The study shows that low fairness related to recovery compensation, procedures and interaction triggers counterfactuals more than high fairness of recovery (H1-H3 supported). Consideration of counterfactuals, in turn, lowers satisfaction with recovery and PWOM intent (H4-H5 supported).

The study makes two novel theoretical contributions. This is the first study that considers counterfactuals related to service recovery. Notably, the study establishes that counterfactuals set expectations, against which actual organisational recovery efforts are evaluated. Counterfactuals, therefore, influence the perceived efficacy of recovery, post-recovery satisfaction and PWOM intentions. Further, the study adds to research on counterfactual thinking by demonstrating that counterfactuals are an important psychological process underlying customer responses to online service failure and recovery encounters. Hence, future studies should not only consider perceived justice but also counterfactuals triggered by recovery. From a managerial perspective, results indicate that low fairness of recovery triggers counterfactuals, which in turn make customers see recovery efforts in a negative light. Service managers are recommended to address counterfactuals when designing compensation policies, procedures and training programmes for employees handling online service failures.

Future research could consider how the dimensions of counterfactuals, such as direction and structure (Roese, 1994), differentially impact customer post-recovery attitudes and behaviour. Moreover, customers often experience multiple failures within the same service encounter, and such failures vary in severity level – these aspects represent another avenue for research.
References


Key Note (2015) Internet, Mobile and Telephone Banking. Available at: https://www.keynote.co.uk/ (Accessed: 29 October 2015)


Retrieved from http://www.smartpls.com


**Figure 1:** Conceptual framework

![Conceptual framework diagram](image)

**Table 1:** Measurement model results

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Predictors</th>
<th>$R^2$</th>
<th>Path coefficients (t-values)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoO</td>
<td>Dummy 1 - DJ</td>
<td>0.65</td>
<td>0.806(26.70)***</td>
</tr>
<tr>
<td></td>
<td>Dummy 2 - PJ</td>
<td></td>
<td>0.808(27.11)***</td>
</tr>
<tr>
<td></td>
<td>Dummy 3 - IJ</td>
<td></td>
<td>0.807(28.65)***</td>
</tr>
<tr>
<td>Satisfaction with recovery</td>
<td>SoO</td>
<td>0.66</td>
<td>-0.863(15.58)***</td>
</tr>
<tr>
<td>PWOM intent</td>
<td>SoO</td>
<td>0.55</td>
<td>-0.929(18.72)***</td>
</tr>
</tbody>
</table>

**Note:** DJ=Distributive Justice, PJ=Procedural Justice, IJ=Interactional Justice, SoO=Sins of Omission
Money Matters: Consumer Financial Well Being Today and Tomorrow

Consumers’ financial well-being is a critical outcome of consumer decision making with implications for Transformative Service Research. According to the Consumer Financial Protection Bureau, consumer financial well-being is defined as having financial security and financial freedom of choice, in the present and in the future. Consumers can experience financial well-being—or a lack of it—regardless of income. It’s a highly personal state, not fully described by objective financial measures. Studying financial well-being addresses Mary Jo Bitners’ call to explore new relevant substantive topic areas and new dependent variables\(^5\). It also relates to the service research priorities as identified by Ostrom et al. (2015) where the outcome priorities contain “improving well-being through transformative services”.

Financial well-being is relevant for consumers at virtually all life stages. For instance, student loan debt is at an all-time high, and consequently, spending and saving habits of millennial consumers are of substantial interest to financial institutions and policy makers. Also, research shows that the majority of people around the world do little to plan for retirement. Financial advisors, educators, and policy makers are searching for ways to people develop positive financial habits to improve their financial well-being in the short and long-run. However, they are facing the challenge that many people are not actively engaged in their financial planning.

In this special session, we will shed more light on the underlying reasons for this inactivity as well as possible interventions that help to improve financial planning. The presentations will focus on both, financial decisions related to the short-to-medium term (i.e. positive and negative financial behaviors exhibited by millennial consumers) and financial decisions for the long term (i.e. retirement planning).

---

\(^5\) [http://www.slideshare.net/AMADocSIG/coming-up-with-relevant-research-ideas-mary-jo-bitner](http://www.slideshare.net/AMADocSIG/coming-up-with-relevant-research-ideas-mary-jo-bitner)
**Presentation 1:** Let's Talk Money: The Role of Personal, Social, and Message Factors on Consumers' Financial Well Being
Shashi Matta, The Ohio State University, matta.6@osu.edu
Jens Hogreve, Catholic University of Eichstaett-Ingolstadt, jens.hogreve@ku.de

**Presentation 2:** Activating Pension Plan Participants - The Retirement Belief Model
Wiebke Eberhardt, Maastricht University, w.eberhardt@maastrichtuniversity.nl
Elisabeth Brüggen, Maastricht University, e.bruggen@maastrichtuniversity.nl
Thomas Post Maastricht University, t.post@maastrichtuniversity.nl

**Presentation 3:** Neuromarketing: how does our brain react on pension communication
Joyce Vonken, APG, joyce.vonken@apg.nl

**Discussion:**
Elisabeth Brüggen, Maastricht University, e.bruggen@maastrichtuniversity.nl
Introduction
The key resources in professional services, such as management consulting, is expertise and knowledge (Engvall & Kipping, 2002; Anand et. al., 2007). Constant developing and renewing these resources by developing knowledge-based structures is essential for the firms to remain innovative and successful (Anand et al., 2007). Past research indicates that collaboration and co-creation with external actors is pivotal for such development: in professional service firms, value creation occurs by virtue of a collaborative problem solving process where the service provider contributes their expertise to the customer’s value process, but at the same time, gain resources from the customers that facilitate learning in the professional service firm (Aarikka-Stenroos & Jaakkola, 2012).

Despite these insights, many extant studies focusing on co-creation tend to discuss co-creation on a rather abstract level (Gummesson, 2008: Vargo et. al., 2008). Although there are studies focusing on, for example, client-consultant interaction (e.g. Nikolova et. al., 2009; Sieg et. al., 2012), value co-creation in professional services (Aarikka-Stenroos & Jaakkola, 2012), and managing professional service relationships (e.g. Hirvonen & Helander, 2001), there is a need to focus more precisely on the practices of co-creation in order to understand how expertise development through resource integration actually occurs. The existing literature addressing resource development in service firms tends to highlight the development of specific service innovations, but apart from few exceptions (e.g. Fosstenløkken et. al., 2003; Anand et. al., 2007), extant studies seldom address the development of the resource base in professional service firms. Moreover, recent service literature highlights the importance of understanding not only dyadic interactions but co-creation in networks or service systems consisting of various stakeholders (Vargo et. al., 2008).
To address this gap, this study explores how professional service firms develop their knowledge and expertise resources through co-creation within business service networks. We draw on a rich case study of “Learning Camps”, which represent a novel approach for professional service providers to exchange and develop resources with various actors. A learning camp is a business community comprising of consultants/business developers, researchers and firms from various industries, with the objective of building new type of mode for collaboration in business development based on co-creation collaboration and learning between several different types of actors. This work-in-progress paper reports preliminary findings of this research project.

**Theoretical foundations**

Literature on professional services (e.g. Aarikka-Stenroos & Jaakkola, 2012), service dominant (S-D) logic (Vargo & Lusch, 2004) and practice approach (Whittington, 2006) form the conceptual basis for this study. Professional service firms are a growing sector in modern economies (von Nordenflycht, 2006). For example consultancy services for business management have been increasing during the last decade: companies that face structural changes require support from experts in order to for example re-evaluate their business focus and differentiate themselves from competitors (Finnish Standard Association SFS). Additionally, focusing on core competences increases the demand for external advice in renewing activities and developing businesses (Hirvonen & Helander, 2001).

A key concept for this study is operant resources – i.e. skills, expertise and knowledge – that can be applied to other resources to transform them, hence representing a source of key competitive advantage for firms (Vargo et al., 2008). Resources do not create value as themselves, but only during the process when they are integrated and put to use (Lusch et. al., 2010). Both customer and service provider bring their resources to this co-creation, and both parties benefit in the form of resource renewal. We adopt a practice perspective to study how the renewal and development of operant resources takes place in professional service firms and their network of stakeholders. Resources can be considered the building blocks of the social that practices integrate into service (Skålen et. al., 2015; Ballantyne et. al. 2011; Echeverri & Skålen, 2011; Grönroos, 2011).
In the focus of this study is the design and implementation of series of Learning Camps, which serve as a platform for coaching with learning and change at its core (Cox et. al., 2010). During the Learning Camps leaders and managers submit issues from their practice to conversation, aiming to explore and bring those issues forward with the help of a business developer and representatives of the participating companies. The idea is not to offer ready-made solutions, but to foster learning and change (de Haan et. al., 2011). The rationale for such platforms is the observation that firms need help in identifying and developing the leadership talent needed for growth and expansion, but conventional management development does not always deliver the expected outcomes (cf. Berg & Karlsen, 2012). The learning and expertise development could be facilitated by creating, managing and harnessing the potential of learning communities (Wenger, 1998), bound together by common interests or practices and integrated through rich communication about those interests (Fleck, 2012). Independent, or private, policy research organizations such as think tanks functioning to benefit not one industry sector or single firm, but industries and companies more broadly (Stone, 2004) can be seen as learning communities.

**Methodology**

This paper present a rich case study (Yin, 2009) of a business network. We study a Finnish business community founded by regional development organization, university of applied sciences and a local unit of Finnish University. Our data collection started when the community was founded in 2014, enabling us to study the whole process of developing and establishing this operation mode. Through the community, the development organization (i.e. a professional service firm) aims at supporting firms operating in various industries in situations which call for business renewal through strategic changes, and where business and research expertise is called for. The community involves new ways of collaborating with companies, networking and co-creation taking place through experiments, as well as events and development programs. One part of these is the development of workshops called Learning Camps as a platform for learning and co-creation focusing on various themes, like for example lean management.

The data for this article is collected from process where three Learning Camps are planned, conducted and evaluated in collaboration between members of the business community and five
local companies from different industries. The first Learning Camp was organized in June 2015, second in November 2015, and the third is yet to come.

We employ various types of data collection. First, we observed the Learning Camps that were also video recorded. During the learning camps a researcher was also present making field notes and observing the activities such as facilitation of the camps and interaction between business developers and representatives of the companies. For this paper the facilitating consultants/business developers will also be interviewed in order to highlight their insights and experiences during the process. Their experiences are also discussed during the meetings between the members of the business community. We also conduct interviews in the participating companies before the camps, in between and after them. Currently 10 interviews have been conducted, and the total amount of company interviews will be 20. All interviews have been recorded and transcribed.

**Preliminary findings**

This is a work in process study, in which the co-creation practices of Learning Camp collaboration between business developers, researchers and businesses will be identified. Learning camps provide platform for co-creation and facilitate learning. Through learning camps professional service providers get feedback from the participating companies and are thus able to assess and develop their facilitation skills and participatory methods. Interaction is essential for learning to take place. Learning Camps as co-creation platforms are not about knowledge transfer, rather they are about reciprocal new knowledge creation.

Professional service providers acquire knowledge for developing their strategic thinking, customer relationships and service development. These insight help to develop both the Learning Camp collaboration model and their business more broadly. The knowledge and skills that the members of participating companies have are significant in working with the chosen theme during the camps, but also for the development of the Learning Camps as platform for co-creation between developers/consultants and businesses. Our findings explicate also the perceived benefits for professional service providers of engaging into co-creation in Learning Camps, as well as the challenges that professional service firms face in the development of new operating model between consultants, researchers and companies.
Discussion and conclusions

This research will contribute to the literature on professional services and also on co-creation in a network context. Our study extends knowledge on co-creation with service provider and customer stakeholders and also on the development of the resource base in professional service firms, especially in terms of the practices of development and renewal of operant resources taking place through co-creation in business-to-business networks. The research will also provide practical implications both to development, organization and implementation of co-creation especially in professional services, and implications that co-creation has for developing expert work.
References


Flexibility is generally considered an important driver of customer-perceived value (Lapierre, 2000). In contemporary business environments where the rapid development of new technologies, globalization, and an upheaval in industrial markets have led to increased uncertainty for firms acting in these markets (Sanchez, 1995, Hitt, Keats & DeMarie, 1998), this appears even more pertinent. Further, it is even more relevant for firms that strive to reposition themselves as part of their customers’ businesses (Normann, 2001). Although flexibility may seem like a natural part of service activities, the service literature is rather vague about this notion. For the most part, prior studies merely note that flexibility is important in a service context, with unsubstantiated claims such as “a degree of flexibility, after all, is central to good service” (Lovelock, 1993, p. 46) or “whereas typical manufacturing values often focus on efficiency, economies of scale, and the notion that variety and flexibility are costly, service-oriented values centre on innovation, customization, and the view that flexibility and variety create profits” (Gebauer, Fleisch & Friedli, 2005, p. 21). Indeed, there is an emerging body of research focusing on how flexibility can contribute to customer’s value creation (e.g., Hansen, Samuelsen & Silseth, 2008, Brozovic, Nordin & Kindström, 2016), but no one takes this issue as far as we attempt to do in this article by conceptualizing the “spineless organization”. A spineless organization is here defined as an organizational unit that always puts the customer's needs at the centre and is able to meet them rapidly and efficiently regardless of what they are about and whether they were expected or not.

The essence of a spineless organization can be illustrated with a quote from our research project: “We do whatever the customer wants us to. We are completely spineless”. This is how a manager from a Northern European firm providing services of operations, maintenance, IT, construction, installation, and repair in several business sectors summarized the business philosophy of the firm. This firm wants to relieve their customers and enable them to focus on their core business, slavishly following their instructions.
The extreme form of organization that is conceptualized in this article also stands in contrast to some voices in the literature pointing out to disadvantages of being overly customer-responsive. For example, Storbacka and Lehtinen (2000) warned about excessive customer focus and too eager adaptation to customers’ wishes. They claim that exaggerated adaptation to customers’ processes can negatively influence planning and increase risk for confusion. Furthermore, even the proponents of customer focus and service orientation remind about the negative sides of customer responsiveness and service relationships (see, e.g., Grayson and Ambler, 1999; Grönroos, 2015, pp. 282-283). In general, over-responsiveness can damage a firm just as seriously as lack of flexibility (Tan and Zang, 2009) and cause a firm to lose its focus (Das and Elango, 1995).

Given these alleged benefits and drawbacks of flexibility, we pose the question how flexible an organization can be, i.e. what is the most extreme form of service organization? By answering this question and conceptualizing such extremely flexible service organizations using the metaphor “spineless organizations” we expand the knowledge about how flexibility can contribute to value creation and the conditions and limitations of this form of behaviour.

To this aim, we draw mainly on two streams of the literature. Firstly, we base or conceptualization on suggestions and empirical results in the literature on flexibility (e.g., Sanchez, 1997, Ivens, 2005, Javalgi, Whipple, Ghosh & Young, 2005, Matthyssens, Pauwels & Vandenbempt, 2005, Gurau, 2009, Combe, Rudd, Leeflang & Greenley, 2012). This is supplemented with ideas from the service literature, and most importantly on articles focusing on service logic (Grönroos, 2011, Grönroos & Ravald, 2011), service-dominant logic (Vargo & Lusch, 2004), and customer dominant logic (Heinonen, Strandvik & Voima, 2013). By integrating the ideas from these research streams with empirical observations from a multi-year research project focusing on flexibility in industrial service companies, several conclusions can be drawn. We deliberately extrapolate these conclusions to their extreme and illustrate them with examples of flexible behaviour to clearly conceptualize spineless organizations.

More specifically, we describe and give examples of how such organizations act and discuss the benefits and drawbacks of such behaviour. One of the obvious characteristics and benefits is that they can handle any kind of external change at any time, for instance changes in customer needs, market changes, and technological changes. Some of the drawbacks are that they do not have any
solid core competence, except for the willingness and ability to do anything for any customer. This may lead to alienation within the company and possibly also a strange and vague brand image. It may also lead to a lack of radical and truly unique innovations, since spineless organizations merely follow.

Take the example of the various mercenary companies producing apps for giants such as Apple. These are generally not thinkers but doers who respond to the production orders by their large customers. Spineless organizations are typically just that, i.e. doers rather than thinkers. Metaphorically speaking, they have outsourced the brain and merely serve as very flexible legs and hands for their thinking partners. However, as such they do possess certain knowledge advantages over their customers, especially in relation to how the work if performed. While the thinking partners provide direction to the nimble spineless suppliers, spineless organizations are much more skilful than the customers they serve. These and other conclusions are summarized in the form of propositions and several suggestions for more research are presented.
References


Service experience co-creation in professional business services: implications for empirical research

Johanna Still (Oulu Business School, University of Oulu), Hanna Komulainen (Oulu Business School, University of Oulu)

Introduction

Service experience co-creation is a topical theme in contemporary marketing research (Jaakkola et al. 2015), and understanding customer’s experiences has been acknowledged as one of the most important current research priorities (MSI Research Priorities 2014). This theme is closely related to the widespread discussion about value co-creation, represented by e.g. service-dominant (S-D) logic (Vargo and Lusch 2004) and service logic (Grönroos 2008), where value is said to emerge from interaction between e.g. customers and suppliers (Aarikka-Stenroos & Jaakkola, 2012) or a wider system of actors (Carù & Cova 2015). Even though experience has been on the research agenda ever since Holbrook and Hirschman (1982), and it is widely acknowledged that “all value is by definition co-created through experience” (Shau in Jaakkola et al. 2015, p. 194), until now less emphasis has been given on the experiences that constitute value. Hence, there is a call for an enhanced understanding of experience as a deeply inter-related counterpart of value, and especially of the phenomenon of service experience co-creation (Jaakkola et al. 2015).

Despite the growing amount of studies on service experience co-creation, there are research gaps that require further investigation. For example, studies have focused on customer experiences from consumer perspective, whereas the other part of the relationship, service provider, as well as business relationships have gained less attention (e.g. Helkkula 2011). Also, extant research approaches service experience co-creation from a wider service ecosystem level (Vargo & Lusch 2015), which has increased current understanding of the elements that influence experience (Akaka et al. 2015). However, as pointed out by e.g. Grönroos and Voima (2013), there is still a need to pay attention also to the “basic unit” of everyday business relationships, i.e. dyadic relationship between service provider and customer. Finally, due to the wide variety of perspectives, concepts and definitions related to service experience (e.g. Helkkula 2011) and its
co-creation (Jaakkola et al. 2015), it is difficult to understand the concepts in practice. This is also the starting point of this study.

Consequently, the purpose of the present study is to understand what service experience co-creation means in practice and what the concepts with which to conduct empirical research are. Our research aims to fill in the research gaps indicated by Jaakkola et al. (2015), by exploring service experience co-creation in unexplored business contexts with qualitative methods. We focus on dyadic relationship between business service providers and business customers in professional service context. It is seen as a growing and important field of business where the role of experience is particularly essential (e.g. Verhoef et al. 2009). This paper is the first step in our study and presents a conceptual framework for forthcoming empirical investigations in the fields of advertising, healthcare and finance industries. The framework is created through a literature review of the extant research. Our research questions are: How does the existing literature define service experience? How does the existing literature define service experience co-creation? What are the concepts best suited to gain empirical understanding of service experience co-creation in professional business service context?

In the following sections this extended abstract offers a summarized overview at the theoretical background of service experience co-creation, the conceptual framework, as well as the methodological choices and suggestions for upcoming empirical studies.

**Theoretical foundations for service experience co-creation in professional business services**

Professional business services base on specific expert skills and capabilities of service providers (Von Nordenflycht 2010), who diagnose and solve customer-specific problems or needs based on information the customers provide them (Aarikka-Stenroos & Jaakkola 2012). Relationship between service providers and customers is argued to be highly interactive (Muller & Zenker 2001). Professional business services are also characterized by information asymmetry between the provider and the customer, and both intangibility and ambiguity regarding client needs, problem-solving process, and the results (Aarikka-Stenroos & Jaakkola 2012). Hence, it can be argued that they are context- and case-specific.
What is purposeful for the use of this study is, then, to understand what is meant by service experience co-creation in professional business service context. Starting with the concept of service experience, three main approaches towards it can be identified from current research: process-based, outcome-based and phenomenological (Helkkula 2011). Firstly, the *process-based characterizations* regard service experience to be embedded in the service process (e.g. Edvardsson et al. 2005). Secondly, in *outcome-based characterizations* regard service experience to be a measurable attribute of a service (e.g. Verhoef et al. 2009).

We argue that the third approach, *phenomenological characterizations* is best suited for professional business service context, as it regards service experience to be a subjective, event- and context-specific (Helkkula 2011), but being at the same also relational and social (Jakkola et al. 2015). Such experience can be e.g. perception, imagination, thought, emotion, desire, volition and action (Smith 2007). Consequently, we will adapt a work-in-progress definition for service experience that is created by Jaakkola et al. (2015 p. 186) by integrating predominant phenomenological approaches: “*Service experience is an actor’s subjective response to or interpretation of the elements of the service, emerging during the process of purchase and/or use, or through imagination or memory.*”

Moving on conceptualizing co-creation of service experience in professional business services, extant marketing literature describes co-creation to be joint creation of offerings or value, which takes place through the exchange and integration of resources (Jaakkola 2015). The concept of interaction plays a significant role, as it is regarded to be a mandatory antecedent for co-creation of value (e.g. Vargo and Lusch 2008) as well as experience (e.g. Ramaswamy 2011). Grönroos (2011, p. 244) describes interaction as “mutual or reciprocal action where two or more parties have an effect upon one another”. As stated before, in professional business services the role of interaction in problem-solving activities is especially prevalent (Aarikka-Stenroos & Jaakkola 2012).

In their study, Jaakkola et al. (2015) integrated the work of prevalent service approaches, i.e. S-D logic, service logic, service management, consumer culture theory and service innovation and
design, to create a definition for service experience co-creation. The viewpoints of the first three approaches are especially relevant for professional business services: S-D logic (e.g. Vargo and Lusch 2008) and service logic (e.g. Grönroos 2008) highlight the context-specific, subjective yet social nature of experience (Jaakkola et al. 2015), and service management (Kandampully in Jaakkola et al. 2015) focuses on the relationships between service providers and customers. Overall, Jaakkola et al. (2015, p. 193) defined service experience co-creation as follows (emphasis added):

*Service experience co-creation occurs when interpersonal interaction with other actors in or beyond the service setting influences an actor’s subjective response to or interpretation of the elements of the service. Service experience co-creation may encompass lived or imaginary experiences in the past, present, or future, and may occur in interaction between the customer and service provider(s), other customers and/or other actors.*”

Basing on the chosen definitions, then, we have created a work-in-progress framework (Figure 1) that includes the key concepts to be understood when exploring service experience co-creation in professional business services. Notably, even though the selected definitions do offer us useful views for understanding the phenomenon in practice, they still lack concrete elements (labelled in grey boxes in Figure 1) that would help researchers and practitioners to understand and study service experience co-creation in practice. In other words, in order to understand service experience co-creation in professional business services, one should know which elements in interaction, service, actors, and context in and beyond the service setting influence it. This calls for exploratory empirical research, which aims to define what these elements would be.
Figure 1. Work-in-progress framework for creating empirical understanding of service experience co-creation from the viewpoint of a dyadic relationship in professional business services.

**Methodology**

As indicated, a qualitative exploratory case study will be conducted (Denzin & Lincoln 2000; Yin 2009) to contribute to holistic understanding (Eriksson & Kovalainen 2008) of a complex and context-based phenomenon (Bonoma 1985) of service experience co-creation. In the following phase of the research we will present a multiple case study exploring how co-creation of service experiences happens in practice in different empirical contexts, namely advertising industry, financial services and healthcare industry. The all represent professional B2B services that are undergoing major changes as digital technologies are changing the ways service experiences are co-created between the service providers and their customers. Data collection
will be conducted by using different qualitative methods such as narrative interviews, observation and group discussions.

Conclusions

This conceptual paper has explored how the existing literature has defined service experience, how service experience co-creation has been defined and what are the concepts best suited to create empirical understanding of service experience co-creation in professional business service context. The suggested framework directs empirical research that will be conducted in the next phase of this research. It proposes that empirical studies needs to explore the elements of which the service, interaction, service setting and a wider ecosystem of service experience co-creation consist of. It also gives other researchers important implications on which aspects to focus on when conducting empirical research on service experience co-creation.
References
4.3 Big Data - Smart Services

Internet of Everything? A Matter of Innovating as a Texture of Practices

Cristina Mele (University of Naples Federico II), Tiziana Russo Spena (University of Naples Federico II), Valeria Improta (University of Naples Federico II), Marco Tregua (University of Naples Federico II), Mariarosaria Coppola (University of Naples Federico II)

Introduction

In the recent years the possibility to connect smart devices as computers, smartphones and tablet has been growing. The emergent literature labels these connections as “Internet of Things” (IoT), the networked connections between objects that can receive and send data (Ashton, 1999; Wigmore, 2014).

Although less of the one per cent of things in the world is connected, this percentage is increasing and will increase in the future. As the number of connected humans and non-humans grows, IoT is evolving into a new realm labelled Internet of Everything (IoE), which can connect the entire unconnected (Cisco 2012). IoE is becoming a new social reality in which it is possible to connect people, process, data and things. The IoE allows widening the Internet of Things towards The Internet of Peoples through Internet of Services.

“The Internet of Everything is changing how people and things connect, how we collect and harness data, and how they all work together to enable intelligent processes” (Cisco, 2013).

In this context the real innovation is not the new device but the new service provision for people. Main fields of application for the IoE regard several industries from retailing to manufacturing, from private to public industry. In particular, in the healthcare sector, wearable devices allow to offer an increased service provision for users as sensors which monitor blood pressure or vital parameters.

Recent studies on this topic come mainly from information systems, medical and engineering fields in which the main focus is on the technologies development that enables the connections between various actors. There is a need instead to consider the impact that new technologies,
networked connected devices and connections have on the social dimension and how ways of doing are changing.

This paper aims to understand how the practices are changing and new connections in actions are emerging thanks to the Internet of Everything. We carry out an empirical research on multiple actors (i.e. users, doctors, community, companies, etc.) in the healthcare market.

**Literature review**

**Internet of Thing and of Everything**

Studies on Internet of Everything are in its infancy, while there is a growing literature on the Internet of Things; however it is mainly on technical aspects (Yan, Zhang, Yang, & Ning, 2008). The Oxford Dictionary (2012) offers a definition of IoT, as "a proposed development of the Internet in which everyday objects have network connectivity, allowing them to send and receive data". These connections regard not only devices as computers, smart phones and tablet but a wide variety of devices such as optical lens with microchips able to test and monitor glucose level through tears and send information about it to specialists, chips on animals to study their habitat or migration behaviors, sensors that monitor and send information about climate or pollution conditions, automobiles with sensors able to capture malfunctioning or sensors connected to traffic sensors and parking sensors (Abdelwahab et al., 2014; Kopetz, 2011). These devices collect, monitor and share useful data thanks to technologies able to connect themselves to Internet and each other.

The societal impacts of such application are rarely recognized (Vermesan and Fries, 2011; Greengard 2015) and not yet investigated in terms of new social practices.

**A Practice-based approach to Innovation**

A ‘practice-based approach’ is a broad term that encompasses many different research fields (Gherardi, 2006), unified by the common premise that social reality is fundamentally composed of practices (Schatzki, 2001). Rather than viewing the social world as external to human agents, this approach views it as being produced and reproduced through everyday actions. ‘Practices’ are understood to be constitutive of the socio-material world (Orlikowsky, 2002), in which human agency is not only shaped by but also produces, reinforces and changes structural
conditions in a recursive process of reproduction and transformation. Moving innovation into the realm of practice means going from the outcome to the process (Mele et al, 2014; Mele and Russo Spena, 2015): from innovation as a new artefact to innovating as a set of co-creation practices performed by people who merge knowledge, actions, tools, languages and artefacts to create something new and better. Innovating is not only an economic process but a social process of construction by a group of actors. In this view, innovation occurs at the interplay of different practices or connections in actions (Gherardi, 2012).

**Methodology**

Close to the relativist epistemology, our study is the outcome of a contextual knowledge. We carried out an empirical research in the Healthcare. We investigated a multiple actors context with users, doctors, hospitals, communities and other partners.

We followed Gherardi and Nicolini (2006, p. xviii), who suggest that “the methodological principle of ‘follows the practices’ acquires concrete meaning when the researcher observes a situated practice and moves up from it to the institutional order or moves down from it to the individual-in-situation or in other words, when she/he explores ‘a connective web’” (see also Nicolini, Gherardi & Yanow, 2003). Consistent with Carlile (2002), we studied how the Internet of Everything impacts on practices in Healthcare through an analysis of who actors are, activities they perform, how they interact with other market actors, what resources they use and how they integrate resources to reach their aims.

**Case studies**

The analyzed new practices concerned the new use of wearable products allowing new service innovation for users, doctors and hospitals.

The wearable products are built on new technology for healthcare professionals to be able to keep tabs on the vital information of their patients. They can help to keeping track of heart rate, breathing, temperature, steps, and even detects body position in case if a person has fallen. These devices give the possibility to doctors not only to have a snapshot of the patient health but, through biosensors, receive data that continuously track comprehensive vital signs and biometrics. Moreover, all the data could be saved in customizable and scalable cloud and may
also be used for storage of historical data or to perform analytics, or the platform can be integrated to transmit data directly.

Other wearables are examples how technologies are changing practices in medical clinics. One of these is Augmedix based on the smart glass (Google Glass) connectable with every kind of devices have an internet connection. The Glass is embedded with software able to enter patient information into an electronic chart and understands nonverbal communication since Glass includes video. Moreover, the Glass can be used during the surgeon because it is able to transmit to the doctor images from scans plus live images simultaneously. Through Augmedix it is possible to send the audio-video feed from Google Glass during each patient visit; the doctors could enter patient notes directly while he/she visits him/her; the doctors at the end of the day, can review and make any necessary edits before clicking submit and save notes in the HER. In addition, Augmedix could offer personalized service for doctors, in fact it stores specialty, practice style, and clinical cadence, to merge seamlessly with personal workflow.

The service experience concerning wearables and new health practices is spreading out also through some platforms. For examples Pazienti.org and Patient Opinion are platforms allowing conversations between patients and health services and patients and patients. Each member can write his/her story about his/her experience in health care service, Patient opinion through the web platform send the story to health service staff and learners, that give response. Furthermore Patienti.it allows people to contact specialists, buy treatments or tests and find answers to their questions about health, everything through an online platform.

**Conclusion**

In the investigated cases innovation emerges as constantly co-constructed by the activities of all participating in social & technological interactions to support relationships in respective alignment of aims meanings and practices. New devices are not a technological improvement but they spur changing in the practices. The Internet of Everything impacts on the social side of community allowing also the evolution of social arrangements and institutional structures.

We address the Internet of Everything as a strong enabler of innovating-in-practices. The term ‘innovating’, rather than ‘innovation’, reflects the dynamic aspect of the phenomenon. In this view innovating not simply as an outcome but as something actors do: a practice in terms of a collective doing that connects knowledgeable actors. We emphasize the social connections
occurring among a group of actors—individuals, collectivity and organizations—that integrate an array of resources (e.g., tools, knowledge, images, material objects), as well as the contexts in which knowledge creation and sharing take specific forms for innovation to occur. The practices are viewed as connections, sustained by an ongoing series of relationships in actions—that is, connections in actions, involving both humans and non-humans elements. Innovating is thus conceptualized as a texture of socio-material practices that seamlessly interweaves relationships and actions. It is a social emergent process in which a collective doing activates and connects distributed knowledge in and between social actors (Nicolini, 2011; Gherardi, 2012).
References


Overcoming Barriers to Smart Services

Pekka Töytäri (Aalto University School of Science), Ville Eloranta (Aalto University School of Science), Maximilian Klein (University of St. Gallen), Sebastian Biehl (University of St. Gallen), Risto Rajala (Aalto University School of Science)

Extended abstract

Smart services have potential to improve differentiation, value creation and profitability for industrial firms and their customers. The digitalization of industrial operations improves efficiency of existing services, enables new services, and influence service delivery.

However, implementing the change toward smart service provision is challenging. The industrial companies lack capabilities and resources, and face institutionalized beliefs and attitudes impeding the transformation.

Research has studied the service infusion of industrial offerings, but few studies have explored the impact of digitalization on service offering and service provision.

The present study explores the barriers to adopting smart services. The study is implemented as a multi-case study among five globally operating industrial companies, which have already significant investments in smart services.

We find internal barriers, capability gaps, and external barriers to smart services. The study contributes to the institutional change, and supports managers in their efforts to infuse smart services in their offering portfolio.

Introduction

Theoretical background

Smart services

Industrial services and the exchange relationship governing the service provision are often classified as maintaining (product) functionality, ensuring operational availability, maintaining
and improving performance, integrating processes, and operating production (E.g., Turunen & Toivonen, 2011). Each of these service categories is affected by digitalization. Smart industrial services (E.g., Kagerman, Helbig, Hellinger, & Wahlster, 2013) are services that are enabled and influenced by information that different industrial devices and processes generate, store and transmit to enable efficient operation, optimization, analysis, integration and similar digitally-enabled business functions.

**Barriers to change**

Overtime, organizations build culture, identity, and beliefs, which generally improve their exploitation efficiency in stable market conditions. Thornton, Ocacio, & Lounsbury (2012) define institutional logic as socially constructed sets of material practices, assumptions, values, and beliefs that shape cognition and behaviour. Institutional logics serve as the interpretation schema for organizational actors and guide the beliefs, attitudes, decisions, and actions of individual actors. A change in the logic depends on the endorsement of the new scheme of reasoning by the stakeholders involved in the exchange (c.f., Pfeffer & Salancik 2003; Scott 2013). In the case of smart services, the change requires overcoming the identified barriers to arrive at a new identity and logic supporting the new business logic involving smart services.

**Methodology**

The research was conducted as a multi-case study among five globally operating European industrial and technology companies, investigating the unfolding of the value-based pricing logic within its real-life context. The phenomenon qualifies as contemporary and evolving, hence justifying an exploratory approach. The unit of analysis is the infusion of the smart services within organizations. We investigate the factors that affect the implementation of the smart services.

**Findings**

We identify seventeen barriers to adoption of the smart services, classified as internal barriers, capability gaps, and external barriers. The internal barriers relate to the unwillingness to organizational change, capability gaps represent the capabilities and resources needed to
successfully provide smart services, and the external barriers relate to the receptivity of the customers and wider industrial network for the smart services. The identified barriers are briefly discussed below.

**Internal barriers**

**Management culture**: The existing sales and management culture often favors and rewards short-term achievements of product-based offering. Smart services represent complicated and difficult-to-evaluate offerings, for which the sales cycles and long and outcomes risky.

**Identity**: Majority of the managers interviewed perceived their company as a “product company”. Their established business and past success is based on products. The established product-based business is mature and commoditized, featuring competitive procurement, re-purchases, and high buyer power. The customer-facing personnel identify themselves as component suppliers, and find it difficult to change. “Selling services is much different than selling products [...] You must be present in a completely different way and continuously verify realized value.” (Manager, customer value assessment). “We all (salespeople) are hired to sell products not services.” (Account Manager).

**Industry logic**: The pervasive digitalization of industrial operations likely influences the existing roles, division of responsibilities, and generally the business networks. As the

**Capability gaps**

**Inability to provide smart services**: technical immaturity or out-dated technology of the existing fleet and incomplete infrastructure are among the key reason preventing the case companies from providing smart services.

**Access to influence**: The existing customer relationships may not serve the new purposes well. Generally, selling innovative new offerings requires access to influential and visionary decision makers. The existing business contacts of the case companies are often build to procurement units.

**Structure and management**: The internal IT systems, management systems, incentives, and organizational structures are optimized for the product-based business. The existing infrastructure has been built over time to serve the existing business logic. As the requirements
of the smart services provision and the needed capabilities and practices are significantly
different, the existing structures do not serve the emerging logic well.

**Lack of resources:** the case companies often lack the necessary financial resources to implement
the infrastructure for smart services.

**Insufficient information on installed base:** The case companies often have a significant
installed based, but seldom sufficient and applicable installed base information to efficiently
leverage their installed base asset.

**Cost-Benefit of installed base modernization:** Many of the case companies have built their
installed base over time, and need to maintain outdated equipment. In many cases the cost of
upgrading the installed base to support the smart services is prohibitively high.

**Unclear legal status of the information:** Not surprisingly, the use of the industrial data
represent significant challenges.

**Ineffective communication of value:** A major capability gap for the case companies relate to
their readiness to identify, quantify, and communicate the (tangible) benefits of smart services to
their customers.

**Inability to build value propositions:** As a pre-requisite for value communication, the
companies face challenges in actually understanding what is valuable for their customers and
building value propositions accordingly. This gap impedes identification of potential business
opportunities and assessing the value of business opportunities.

**External barriers**

**Fear of sharing:** smart services generally require a long-term orientation to customer
relationships, higher level of trust and openness. However, often the existing relationships favour
short-term wins, high buyer-power, and fear of sharing anything that could lead to a loss of
perceived competitive advantage and pricing power.

**Buying culture:** Smart services represent a high-value offering with potential for improved
profits for all stakeholders. Smart service provision also requires a significant upfront investment
from the supplier company, hence requiring higher profitability to compensate for the
investment. However, cost-based pricing and aggressive bargaining often dominate the industrial buying culture. The value focus of the smart services is often not aligned with the price focus of the industrial buying.

**Reputation and brand image**: For many of the case companies their existing brand as a product company, as well as their reputation as service provider represent a significant perception barrier to overcome.

**Unwillingness to outsource**: Service provision most of often involves change in the organizational boundaries: the customer outsources a business function to the supplier. Customers are often unwilling to give up resources and capabilities, fearing future loss of competitive advantage, unhealthy dependence, and similar consequences.

**Non-matching solution visions**: Perhaps relating to the inability to build value propositions, customers and service suppliers often have deviating views on solution scope. What represents an undividable bundle of activities, capabilities and resources for a customer, may include undesirable demands for the service provider.

**Discussion**

Our study investigates the emerging smart service business offering among five globally operating industrial and technology companies. We identified three internal barriers, nine capability gaps, and five external barriers to efficient adoption of smart services within the industry. Our findings illustrate the impact of digitalization on industrial services, and contribute to the discussion of increasing information intensity of industrial operations, service infusion, and institutional change. For practicing managers the implications are rather straightforward: to harness the potential of smart services, the managers need to engage in sensegiving to overcome the prevailing beliefs and rules, build new capabilities and implement the internal change, and influence the prevailing (outdated) perceptions among their customers to increase receptivity.
REFERENCES


Customer Approach to the Use of Big Data: Wearables for Service

Apramey Dube (Hanken School of Economics), Anu Helkkula (Hanken School of Economics)

Introduction

Traditionally, customer data has been used in marketing research to investigate and measure customers’ attitude, evaluation and purchase behavior in markets (Rust et al., 2004). Collected using various market research techniques this type of ‘small data’, however, has been purposively generated by marketers for analysis of various customer variables.

In recent years, the amount of data has exploded into Big Data, which has been fueled by the expansion of smart-devices, such as smartphones (Dube and Helkkula, 2015). The rapid expansion in data generation refers to both the size and speed of data generation in electronic formats (Versace, 2014). Customer generated data, such as social media posts, videos and photos form a large component of Big Data. Despite the expansion of customer generated data, the use of Big Data in service and research has been largely provider dominant in nature. Little is known about the customer approach towards the use of Big Data in service.

Thus, the purpose of this paper is to investigate the customer approach towards the use of Big Data for service. Specifically, we address the following research question:

**RQ:** In what ways customers would like Big Data to be used for customer value creation in service?

Theoretical background

Use of electronic data is an established field of research in marketing. Customer data, such as point-of-sale analytics in the retail sector, clicks on websites, and, recently, social media engagement data in the form of likes, comments and shares are used extensively to investigate customer attitude and behavior (Seider et al., 2005; Aguirre et al., 2015; Chen et al., 2011). In recent years, customers are themselves generating large amounts of data through their everyday interactions with technology and smart devices, such as smartphones. Labeled as Big Data, this
has recently been acknowledged as a rich source of customer information (Mahr and Wetzels, 2015). Lately, several companies, such as Amazon and Netflix, have been analyzing and using Big Data to develop tailored offerings for their customers (Milian, 2014; Simon, 2014).

Big Data is different in four ways from the conventional ‘small data’ (Gartner, 2015). First, Big Data is characterized by large ‘volumes’ of data that is many orders higher than conventional small data. For example Facebook analyzes 500 TB ($10^{14}$ bytes of data) everyday (Big Data) as compared to the data size of a DVD (1 GB or $10^9$ bytes) (Kern, 2012). Second, the ‘velocity’ of Big Data generation is much higher as compared to small data. For example a smart car generates every second tremendous amounts of data through its 100s of sensors. Third, the ‘variety’ of Big Data is much more diverse than small data. Big Data is characterized by unstructured and often customer-generated data such as posts, videos, photos, sensor data and user content. This is in contrast to the structured small data that is largely generated purposively in the form of account transactions and spreadsheets. Fourth, owing to this unstructured form of Big Data, the ‘veracity’ or uncertainty of Big Data is higher as compared to the conventional small data (IBM, 2015).

For this study, we employ wearables as our research context. In the latest service research priorities proposed by Ostrom et al. (2015) service research on the use of wearables is accorded high priority. Wearable perform various service tasks; they are smart-devices that customers can wear on their body (Wünderlich, 2015). They have in-built sensors that monitor several body measurements, such as location, distance, movement, temperature, skin conductivity and pulse rate. Through these measurements, wearables generate Big Data and offer service to customers in the form of tracking daily exercise routine and scheduling work tasks (Pocock, 2014). A popular example of a wearable is smart watches (e.g. Apple smart watch) that customers can wear on their wrists and pair up with their smartphones.

**Method**

We conducted an explorative study with 22 respondents on the development and use of wearables. The respondents narrated their desired imaginary experiences from wearables based on (a) the type of Big Data a specific wearable may generate, and, (b) can be used by service
providers for customer value creation. In this study, we used Event Based Narrative Inquiry Technique (EBNIT) proposed by Helkkula and Pihlström (2010) for eliciting respondents’ imaginary experiences. EBNIT is a narrative projective technique that uses metaphors for eliciting customers’ imaginary experiences. We asked the respondents to write auto-narratives in diaries about (a) a desired wearable, (b) the needs that such a wearable would address, (c) the type of sensors the wearable would have, (d) the type of Big Data the wearable would generate, and, (e) the ways in which respondents think such data could be used by service providers to facilitate value creation for them. In order to trigger the desired imaginary experiences we used the metaphor of a magic wand, where the respondents would imagine having a magic wand that could develop any desired wearable.

The respondents included equal number of men and women and were working professionals primarily in the field of service and marketing management.

Findings

Our findings show that customers were able to imagine desired experiences from wearables, and in turn were able to conceptualize future wearables and their intended service. In particular, customers were able to a) conceptualize the type of wearable, b) the body part where the wearable would be worn, c) the in-built sensors in the wearable, d) the type of Big Data the wearable would generate, and e) the ways in which wearable-generated Big Data can facilitate customer value creation through service. In this customer generated use of Big Data approach, customers’ personal contexts are the primary platform on which customers desire to co-create value with wearable service.

As customers are creating the data, the respondents told that they would like to have an interactive relationship with the wearable. For example, respondents wished to use wearables that are in the form of a smart shoe-sole that sends them calming and encouraging voice messages in earphones whenever they feel stressed. Furthermore, customers imagined this stress measurement data, as Big Data, to be used in the development of motivational pod-casts that can be broadcasted to them through their smartphones.
Discussion

Previous service research has largely focused on small data in service. Conventional marketing models, such as segmentation, targeting and positioning rely on small customer data that has been collected for understanding the market dynamics (Rust and Chung, 2006).

Recently, the rapid expansion of data generation has given rise to Big Data. The CEO of electronic data giant Google, Eric Schmidt, claimed in 2010 that every two days people create as much data as they have done from the beginning of time until 2003 (Siegler, 2010). A large proportion of this data is customer generated such as through the use of wearables in everyday lives as well as in specific service settings, for example in healthcare services (Sultan, 2015). This use, however, is restricted to the service provider perspective.

Our findings show that there are considerable differences between the customer approach and the service providers’ approach in using Big Data for service. The service providers’ approach to the use of Big Data is focused on the technical aspects of data collection and data analysis. Thus, we contribute to the customer approach of the use of Big Data. This is one of the first studies in service research to investigate customer approach on use of Big Data in service. While the provider approach to Big Data is technology focused, the customer approach to the use of Big Data is focused on the ways Big Data is used for developing service that customers experience as valuable in their daily lives. This is especially relevant for customer generated Big Data that forms the biggest proportion of Big Data globally. Therefore the customer approach in use of Big Data should be emphasized in research and by service providers.

Table 1 shows the differences between provider approach and customer approach to the use of Big Data.

Future research

In this study we have highlighted the differences in customer and service provider approaches to the use of Big Data for service. Our research context is wearables as Big Data generator devices. We recommend future research to specifically explore other customer contexts, such as social
media engagements, online retail and C2C commerce as sources of Big Data for integrating the customer perspective in service activities for customer value creation.

**Table 2:** Differences between provider dominant approach and customer dominant approach in the use of Big Data for service

<table>
<thead>
<tr>
<th></th>
<th>Provider dominant approach</th>
<th>Customer dominant approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Generation</td>
<td>Focus on volume and sources of Big Data</td>
<td>Focus on interactions with Big Data generation devices/technology in customers’ daily lives</td>
</tr>
<tr>
<td>2. Sources</td>
<td>Focus on structured and unstructured mass sources of Big Data</td>
<td>Focus on sensors and the customer information recorded in generation of Big Data</td>
</tr>
<tr>
<td>3. Use</td>
<td>Technical analysis for description and prediction of customer behavior</td>
<td>Focus on the use of Big Data for facilitating customer value creation through service</td>
</tr>
</tbody>
</table>
References


Siegler, M. (2010), ” Eric Schmidt: Every 2 days we create as much information as we did up to 2003”, available at: http://techcrunch.com/2010/08/04/schmidt-data/ (accessed on 8 September 2015)


4.4 Customer Engagement

When Engagement Leads to Intensity: An Exploratory Study on the Nature of Cocreation Intensity

Matthew Alexander (University of Strathclyde, Glasgow, UK), Heiner Evanschitzky (Aston Triangle), Nancy Wünderlich (University of Paderborn)

Introduction

Services marketing has long recognized the important role played by the consumer within the service encounter as an active participant and collaborator (Schneider & Bowen, 1995). In today’s rapidly developing markets the boundaries between the firm and consumer are increasingly blurred and closer, in-depth interactions make consumers an important resource of the firm (Chan et al., 2010; Ritzer & Jurgenson, 2010). This evolving perspective on the exchange process and consumer role therein, is generally understood as cocreation, whose importance is underpinned by its status as a research priority for the Science of Service (Ostrom et al., 2010; 2015) and the Marketing Science Institute (MSI).

The need for empirical research on cocreation is highlighted by several authors (e.g., Grönroos & Voima, 2012); including a need to understand appropriate conditions for cocreation (Gustafsson, A. in Ostrom et al., 2010), and to develop appropriate management techniques (Bolton, R. in Ostrom et al., 2010). So far research has looked at the role of the consumer in the cocreation encounter (Bitner et al., 1997) and the activities consumers can take on during the cocreation process (McColl-Kennedy et al., 2012; Sweeney et al., 2015), but no known study has explored whether the consumers’ activities are perceived as more or less intense and whether this intensity perception might help to explain why some consumers are willing to cocreate while others do not (McColl-Kennedy et al., 2012). Thus, our research questions are:

1) What is the nature of co-creation intensity?

2) Which factors influence customers’ perception of co-creation intensity?
Theoretical Foundations

Since the late 1970’s research into customer participation has been dominated by three streams which consider: an economic rationale of customer participation, (Mills & Morris, 1986); research on the use of management-like techniques (Bendapudi & Leone, 2003); and the motivation to participate (Meuter et al., 2000). Such is the predominance of these streams that new terms have entered the lexicon like co-producer, prosumer and working consumer. Consumers are seen as ‘Directed Self-Producers’ and as ‘Collaborative Co-Producers’ (Dujarier, 2014): crowd sourced generators of content at little or no cost. All these ‘customer as worker’ settings suggest an environment increasingly dependent on the endeavours of consumers, making them endogenous to the firm.

Cocreated encounters will place differential levels of demands on consumers and require various types of engagement behavior. Dependent on the cocreation context, the encounters are more or less ‘intense’ from the consumer’s perspective. This is what we see as cocreation intensity. To explore we draw on literature on engagement of employees in their work. Based on role theory Kahn (1990) defines ‘engagement at work’ as the “harnessing of organizational members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, emotionally, and mentally during role performances” (p. 694). He conceptualized engagement as the employment and expression of one's preferred self in task behaviors, for example by becoming physically involved in tasks, cognitively vigilant or empathically connected to others (Schaufeli, 2013). We use the three-dimensional engagement approach to explore the level of cocreation engagement and, ergo, level of intensity between a firm and customer.

Methodology

We chose in-depth interviews to capture the nature of cocreation intensity and conducted a qualitative interview study with consumers and services providers. We used purposeful sampling for choosing interviewees (Patton 2001) with the goal to form a most diverse sample based on the participants’ age, gender and profession. In sum, we collected 15 interviews (each one lasted
approximately 40 minutes): five interviews with consumers in which we inquire about their recent experiences with cocreation and ten interviews with provider employees including hoteliers, architects and banking industries. We asked the employees about their perspective on customers’ feeling and perceptions during cocreation activities. The interviews were based on a semi-structured interview guide with open-ended questions; they were audio-taped and subsequently translated into verbatim transcripts. We analyzed the interview data by applying a content analysis method that follows Miles and Hubermann’s (1994) approach. Overall, we identified over 600 quotes that refer to perceptions and feelings of cocreation intensity. The quotations relate to four categories: 1) cognitive engagement, 2) emotional engagement, 3) time engagement, and 4) physical engagement.

Discussion

Our analysis shows that cocreation intensity is not a basic perception but instead relates to a consumer’s perceived required engagement involving cognitive, physical, emotional and time resources. Whether a consumer perceives a cocreation activity as highly intense or as low intense is dependent on which type of engagement behavior she or he is required to show as well as on the level of these engagements types and their quantities. Figure 1 shows the types of engagement that jointly form the perception of co-creation intensity.

![Figure 1: Facets of co-creation intensity](image)

We found evidence of the various forms of engagement throughout both sets of interview. Cognitive engagement is the most frequently mentioned type of engagement that influences the intensity perception. It relates to activities such as thinking along, participating in conversations or problem solving together with the provider. A consumer described a medical examination
situation as follows: “[...] during the exam it became quite obvious to me that I have to think along and have to ask the right questions to get my answers .... I cannot go to the doctor and shut off my brain.” A service provider employee underlines the importance of cognitive engagement as follows: “The customer needs to learn how to shop here because we are so different to traditional supermarkets.”

The interviewees mentioned that they have experienced services in which the consumers we required to emotionally engage in the cocreation. It relates to activities such as sharing emotions as a necessary process in the service and to basic emotions that arise during the cocreation. The interviewees mention positive emotions such as joy and negative emotions such as shame, anxiety, sadness or anger. It is important to note that the level of perceived cocreation intensity arises when the consumer needs to suppress negative feelings. A consumer mentioned the increase in intensity: “It was very exhausting for me ... again and again ...because I had to overcome my fears”.

Both, consumers and employees, mentioned engagement behavior of the consumer that include investments of time. Time investments relate to arrival and departure times, waiting times, interaction times, search times or time period of personal contact. As such time investments relate to pre-consumption, consumption and post-consumption phases of a service. Consumers are not often fully aware of the amount of time they have to spent in the cocreation of a service, they often underestimate waiting times which are perceived as unfair and as a massive effort as a consumer states: “Sometime you have to wait up to one and a half hours before they even start to treat you. This is a huge amount of time you have to invest. You do not anticipate this, but sadly, you cannot avoid these waiting times.” Service provider rarely thought about unpleasant waiting times, but considered consumers’ time investments as beneficial for their own business model: “[...] but when the customer does it online then it automatically uploads on to our system and we don’t need to do anything with it at all so it is a massive, massive cost and time saving if nothing else.”

Physical engagement has been mentioned less frequently. It relates to activities such as seeking the service provider’s office, engaging bodily power or giving access to body parts such as in medical exams. Surprisingly, consumers evaluated physical engagement mostly as not very burdensome as one consumer phrased it: “You simply do collaborate, because it helps to save
money, meanwhile you learn something new and you help the service employee, too ...this compensates all the physical effort”.

Conclusion

Cocreation implies mutual dependency as if firms are only creators of propositional value (Lusch & Vargo, 2014) then the consumer is placed ‘squarely within the process of on-going product and service co-creation, [where] the realization of actual use value is dependent upon consumers’ added labor input’ (Zwick et al., 2008). The blurring of the boundaries between firm and customer suggest that cocreation is both context- and intensity-specific. Service contexts vary in the requirements on consumer engagement, the intensity of the experience and, therefore, influence the consumer perception of the co-creation encounter. In this study, we explored the consumer’s perspective on cocreation and show that the concept of cocreation intensity is a complex perception of a consumer’s engagement involving cognitive, physical, emotional and time resources. Cocreation intensity may be evident where consumers cause problems within encounters due to lack of appropriate skills or limited knowledge about the firm and its services. Understanding cocreation intensity will help firms to adapt strategies when customers are involved in collaboration and cocreation. Applying knowledge on the drivers of intensity perception will eventually lead to more pleasurable service encounters. Customer centric firms will need to focus on supporting customers in their cocreation activities; mobilizing and training customers should reduce the intensity of encounters.
References


Going Beyond the Service Exchange: Investigating an Engagement Platform for Customer Learning

Sara Leroi-Werelds (Hasselt University), Sandra Streukens (Hasselt University)

Current technological and competitive conditions require that firms think about new ways to build relationships with their customers. The impact of the technological (r)evolution has been especially profound for services, which have traditionally relied on close contact and personal interactions between customers and employees. Self-service technologies, such as ATMs, online banking, and self-check-in, have dramatically changed the way services are developed, delivered and perceived. As a result, service providers face the challenge to explore new and innovative ways to build relationships with their customers in a mutually beneficial way. In light of this challenge, this paper combines theoretical perspectives on value creation, customer learning, and customer engagement in order to investigate engagement platforms for customer learning. However, in order to effectively use such an engagement platform as a relationship-building marketing instrument, there is a clear need to examine the factors influencing customers’ willingness to join this platform. This is the focus of our study.

Theoretical foundations
Recent advances in marketing and service research indicate the importance of the customer’s role in creating value. The customer integrates resources provided by the firm with other resources and skills he possesses to transform these resources’ potential value into real value or value-in-use (Grönroos & Ravald 2011). This perspective has important implications for understanding customer-firm relationships.

First, customers must acquire the necessary resources, skills, and knowledge to be or become effective resource integrators (Hibbert et al. 2012). As a result, customers look for and use learning resources: They use their own operant (e.g., intelligence) and operand resources (e.g., books), but also the operant (e.g., specialist knowledge) and operand resources (e.g., simulation software) offered by firms and other actors (Hibbert et al. 2012).
Second, the firm has to facilitate the customer’s value creation process (Grönroos & Ravald 2011; Grönroos & Voima 2013). Part of the firm’s facilitating role is to support customer learning. “By offering appropriate learning support, firms can improve customer experiences and build relationships with them. Thus, a firm’s customer learning support is a powerful means by which to differentiate their offering in the marketplace and should be treated strategically” (Hibbert et al. 2012, p. 257).

Third, besides being a value facilitator, the firm can become a value co-creator during direct interactions with the customer (Grönroos & Voima 2013). During these interactions, “the supplier gets opportunities to influence the process of value creation, in the best case enhancing the level of value the customers create out of a service activity or a good” (Grönroos & Ravald 2011, p. 10). Additionally, value co-creation research suggests that the firm has to shift its focus from existing interactions to newly build interaction platforms based on customer experiences (Ramaswamy 2011; Ramaswamy & Gouillart 2010a, 2010b). More specifically, Ramaswamy and colleagues suggest building so-called ‘engagement platforms’ that go beyond the traditional boundaries of the firm and expand stakeholder relationships in order to create new sources of value for all parties involved. This is what Ramaswamy and colleagues call ‘win more-win more’.

Combining these perspectives, we focus on engagement platforms for customer learning. Such engagement platforms (1) go beyond traditional services offered by the firm and focus on the customer experience; (2) support the customer’s value creation process by offering learning resources; (3) offer opportunities for value co-creation during direct interactions between the firm and the customer; (4) create ‘win more-win more’ situations.

An important step in managing such an engagement platform is to convince customers to engage in such a platform. Since such platforms go beyond the traditional services offered by the firm, engaging in such a platform is not mandatory for the customer. Customers can choose whether or not to join the platform and they can engage or disengage whenever they want (Ramaswamy & Gouillart 2010a, 2010b). This is in line with contemporary customer engagement research which examines “customer engagement behaviors through which customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental for transactions, occur in interactions between the focal object and/or other actors, and result from motivational drivers” (Jaakkola & Alexander 2014, p. 248). Additionally, customer learning research (Hibbert
et al. 2012) indicates that customers are in control of their own learning processes and firms can only create learning opportunities which customers can voluntarily use. In general, the service provider invites the customer to join the engagement platform and it is up to the customer to decide whether to accept this invitation or not.

**Conceptual framework**

To investigate customers’ willingness to engage in platforms for customer learning, we discern between an economic and a relational route to engagement (see Figure 1), which is in line with both customer learning research (Hibbert et al. 2012) and customer engagement research (van Doorn et al. 2010).

Figure 1. Conceptual framework
The economic route is based on the costs and benefits of engaging in the platform. According to van Doorn et al. (2012, p. 257), “consumers evaluate the costs and benefits of engaging in specific behaviors”. From a customer learning perspective, Hibbert et al. (2012) mention that customers evaluate how much of their own time and effort they want to invest in learning while anticipating the benefits of doing so. Hence, we investigate the effect of benefits (e.g., better quality) and costs (i.e., time, effort) on willingness to engage.

The relational route is based on the existing customer-firm relationship and includes relationship quality (including trust, affective commitment and satisfaction) and relationship proneness. In general, customers having a better relationship with the organization are more likely to engage.

Notes. + indicates a positive effect; ns indicates non-significance.
From a customer learning perspective, Hibbert et al. (2012) indicate that when customer learning support is provided by the firm, customers reflect on their current relationship with the firm: If customers have a good relationship with the firm they are more willing to learn from the firm. Additionally, we include relationship proneness which is the degree to which a customer prefers to have a close relationship with the firm. According to Mende et al. (2013) this is an important but often neglected construct when investigating relationship marketing initiatives.

Methodology
To test the hypothesized relationships, we examined customers (n = 322) of a financial services provider which currently uses an engagement platform as a relationship-building instrument. This engagement platform goes beyond the traditional financial services offered by the firm and focuses on the customer’s key moments in life (e.g., graduation, marriage, divorce, …). It aims to create ‘win more-win more’ situations since the customer learns from the firm while the firm learns from the customer. Existing validated scales were used to measure the various constructs in our study. PLS-SEM was used to analyze the data.

Findings
Our findings (see Figure 1) show that the relational route outperforms the economic route. More specifically, relationship proneness is the most important factor influencing customers’ willingness to engage in the platform. Furthermore, relationship quality has an indirect effect on willingness to engage via relationship proneness. This indicates that customers already having a good relationship with the firm based on past interactions are more prone to invest in improving the relationship in the future and hence, are more willing to engage in the platform. Regarding the economic route, the expected benefits of engaging in the platform have a significant positive effect on willingness to engage. However, the expected costs do not influence willingness to engage.

Conclusion
Our research aims to contribute to theory as well as practice by empirically investigating and integrating recent advances in the service domain. This study contributes to the research program set by Hibbert et al. (2012). They state that “supporting customer learning is a pressing new challenge for firms that recognize that customers engage in resource integration in the course of their value-creating processes” (Hibbert et al. p.255). By providing new insights in engagement platforms for customers learning, we add to our understanding of creating and managing learning resources for customers.

Additionally, this study contributes to the research agenda set by Brodie et al. (2011) and the research gaps mentioned by van Doorn et al. (2010) concerning the engagement concept. Despite the growing popularity of customer engagement, this topic has not been empirically examined in the context of engagement platforms.

Finally, we believe that this study has important managerial implications, because engagement platforms can be helpful to ‘industrialize’ the scale and scope of customer learning. In addition to financial services, other service industries such as health care, education, or travel agencies can benefit from engagement platforms for customer learning. The findings of our study provide a crucial first step for the effectiveness and the promotion of such platforms.
References
Customer engagement behavior (CEB), which involves those customer behaviors that go beyond transactions (e.g., word-of-mouth), found widespread attention in marketing research during the last years. Thus, CEB becomes increasingly important for the economic success of organizations, as customers tend to interact more intensively with firms and peer-customers. This is especially true for the online environment; particularly, on websites of online retailers, customers exchange consumption experiences. This form of online customer engagement behavior (OCEB), crucially influences buying decisions of other customers (Chevalier and Mayzlin 2006). Hence, researchers show increasing interest in detecting motivating factors of OCEB. Thereby, positive and negative emotions showed to be crucial motivators for OCEB (Hennig-Thurau et al. 2004). Nevertheless, it remains widely unclear how emotions affect OCEB in different product/service categories and how the effects of distinct basic emotions differ with regard to OCEB (e.g., sadness vs. anger).

This paper contributes to this stream of research by (1) developing a text analysis tool that detects distinct basic emotions in reviews, (2) analyzing how specific dimensions (i.e. valence and arousal) of different basic emotions affect their influence on OCEB, and (3) examining how the respective product/service category (i.e. utilitarian vs. hedonic) moderates effects of the different emotions. To test the research hypotheses we analyze 200,000 actual consumer reviews from eight product/service categories.

**Theoretical Background**

In our theoretical development we rely on Plutchik’s (1980) emotional typology, which differentiates eight basic (or primary) emotions (anger, joy, trust, surprise, fear, sadness, disgust and anticipation). To highlight differences of these emotions we categorize them along the dimensions valence and arousal (e.g., Russell 1980). Valence refers to the subjective
pleasantness, while arousal constitutes the intensity of activation (Bagozzi, et al. 1999). Table 1 illustrates the allocation of basic emotions on these dimensions.

<table>
<thead>
<tr>
<th>Valence/Arousal</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>Trust</td>
<td>Joy</td>
</tr>
<tr>
<td>Neutral</td>
<td>Anticipation</td>
<td>Surprise</td>
</tr>
<tr>
<td>Negative</td>
<td>Sadness</td>
<td>Anger, Fear, Disgust</td>
</tr>
</tbody>
</table>

**Conceptual Development**

We assume that the dimensions valence and arousal crucially influence an emotion’s impact on OCEB. With regard to valence, we suggest that positive emotions are more frequently expressed in reviews than negative emotions as the expressions of positive emotions in public are mostly supported. However, negative emotions entail stronger action tendencies (Fredrickson 2001), why we assume that negative emotions cause higher levels of OCEB than positive emotions. Extant research argues that the likelihood of action tendencies resulting in actual behaviors is highly dependent on the arousal level (Chitturi et al. 2008). Hence, we suggest that high-arousal emotions are more frequently expressed and cause higher levels of OCEB than low-arousal emotions.

Combining the assumptions we made above, we suggest that positive high-arousal emotions (i.e. joy) are most frequently expressed in reviews and that negative high-arousal emotions (i.e. anger, disgust, and fear) have the greatest impact on the level of OCEB.

In addition, we assume that the influence of the different basic emotions depends on the respective product category (hedonic vs. utilitarian benefits). While the consumption of hedonic benefits is primarily related to evoking high-arousal emotions, utilitarian benefits primarily
evoke low-arousal emotions (Chitturi et al. 2008). Hence, we expect that high-arousal emotions are more frequently expressed and have a greater impact on OCEB in hedonic categories; low-arousal emotions are expected to be more frequently expressed and have a greater impact on OCEB in utilitarian categories. Table 2 outlines our hypotheses.

**Empirical Analysis**

*Data Collection*

To test our hypotheses we relied on reviews from the website of the online-retailer Amazon.com. Thereby, we focused on those product/service categories that a pre-study unambiguously identified as being primarily utilitarian or hedonic. Our main study focuses on four hedonic (jewelry, movies, music, video games) and four utilitarian (home & kitchen, industrial, office, non-gaming software) categories. Of each category 25,000 reviews were collected, resulting in an overall sample size of 200,000 reviews.

*Measures*

By now different linguistic analysis tools are available. However, none is able to detect (all of the) distinct basic emotions. Therefore, we developed the distinct emotions word count (DEWC), which is a computerized text analysis tool that measures the frequency of Plutchik’s eight different basic emotions in texts. DEWC was developed in a pre-study and tested extensively. Overall, DEWC incorporates 2,176 search terms to identify emotions and negations of emotions. On basis of the DEWC emotion scores we build different emotion composites to test our hypotheses (e.g., positive emotions include joy and trust; see Table 1).

OCEB was operationalized as the length of the respective review (i.e. adjusted word count = overall word count of review - emotion words). Thus, it can be expected that highly engaged customers (positively or negatively) invest more time to prepare extensive reviews. To provide a stronger test of our hypotheses we controlled for reviewer rating and product price.

*Data Analysis*
We used student-tests to compare mean frequencies of emotions in reviews. The effect of emotions on OCEB was estimated using OLS regressions. Thereby, we rely on unstandardized regression coefficients, as these indicate to which extent one emotion word affects the adjusted word count in absolute numbers. Data analysis supports most of our hypotheses. Table 2 sums up the results.

**Table 2: Results of Data Analysis/Hypotheses Test**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Results</th>
<th>Supported ?</th>
</tr>
</thead>
</table>
| H1a: Positive emotions are more frequently expressed in reviews than neutral or negative emotions. | **Frequencies:**  
Positive: M=2.79  
Neutral: M=0.20  
Negative: M=0.58 | Yes |
| H1b: Negative emotions have a greater impact on OCEB than positive or neutral emotions. | **Effect on OCEB:**  
Positive: b=11.78, p<0.001  
Neutral: b=23.55, p<0.001  
Negative: b=29.83, p<0.001 | Yes |
| H2a: High-arousal emotions are more frequently expressed in reviews than low-arousal emotions. | **Frequencies:**  
High-arousal: M=2.64  
Low-arousal: M=0.92 | Yes |
| H2b: High-arousal emotions have a greater impact on OCEB than low-arousal emotions. | **Effect on OCEB:**  
High-arousal: b=19.17, p<.001  
Low-arousal: b= 11.59, p<.001 | Yes |
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Frequencies</th>
<th>Effect on OCEB</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3a: Positive high-arousal emotions (i.e. joy) are the emotions that are most frequently expressed in reviews.</td>
<td></td>
<td>Positive, high-arousal: highest frequency with $M=2.22$</td>
<td></td>
</tr>
<tr>
<td>H3b: Negative high-arousal emotions (i.e. anger, disgust, and fear) have the greatest impact on OCEB.</td>
<td></td>
<td>Negative, high-arousal: highest impact with $b=31.90, p&lt;0.001$</td>
<td></td>
</tr>
<tr>
<td>Hypothesis 4: High-arousal emotions are more frequently expressed in reviews (H4a) and have a greater impact on customer engagement (H4b) in categories in hedonic than in utilitarian product/service categories.</td>
<td></td>
<td>Frequency of high-arousal emotions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hedonic: $M=2.92$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Utilitarian: $M=2.37$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Effect of high-arousal emotions on OCEB</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hedonic: $b=20.10, p&lt;.001$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Utilitarian: $b=18.25, p&lt;.001$</td>
<td></td>
</tr>
<tr>
<td>Hypothesis 5: Low-arousal emotions are more frequently expressed in reviews (H5a) and have a greater impact on customer engagement (H5b) in categories in utilitarian than in hedonic product/service categories.</td>
<td></td>
<td>Frequency of low-arousal emotions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hedonic: $M=1.05$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Utilitarian: $M=0.79$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Effect of low-arousal emotions on OCEB</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hedonic: $b=12.36, p&lt;.001$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Utilitarian: $b=11.74, p&lt;.001$</td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

Discussion and Implications

Our analysis reveals novel insights into the role emotions play in creating OCEB. First, results show that positive emotions are expressed clearly more often in reviews than negative or neutral emotions. Accordingly, OCEB is mostly caused by positive emotional consumption experiences. We explain this finding with the notion that nowadays average product/service quality is in most cases rather high; therefore, consumers predominantly experience positive emotions. However, the effect of negative emotions on OCEB is stronger than for positive or neutral emotions. Thus, customers that experience negative consumption emotions tend to show very high levels of OCEB that is likely targeted against the producer. Second, results show that high-arousal emotions are expressed more often and have greater effects on OCEB than low-arousal emotions. High-arousal emotions evoke a stronger activation which motivates individuals to react to the stimulus that caused the emotion (Bagozzi, et al.1999). Third, differentiating basic emotions with regard to both dimensions—valence and arousal—sheds more light on the relationships. Results show that the positive high-arousal emotion joy is by far the emotion that is most frequently expressed in consumer reviews. Joy also has the greatest impact on OCEB among positive emotions, but its effect is comparatively low compared to negative and neutral emotions. An additional analysis shows that anger, anticipation (that signals interest), and fear have the greatest effects on OCEB.

Overall, our results suggest that companies that want to foster (positive) OCEB should aim at creating interesting and joyful experiences for consumers. Evoking feelings of trust can create long-lasting relationships, but unlikely creates high levels of OCEB. Fostering OCEB with interesting, joyful experiences for consumers works particularly well in hedonic product categories. Instead, consumption experiences that cause anger and fear create intensive negative OCEB. It can be assumed that such high levels of OCEB can hardly be reached with positive consumption emotions.

Limitations

First, we can only analyze those customers who wrote reviews. Thus, in every of the analyzed cases the customers showed at least a small level of OCEB. Second, we looked at two of the
central dimensions on which emotions can be categorized. However, there is a wide variety of other dimension. Third, this research is based on a sample of reviews of the US site of Amazon. Future research should test the relationship with reviews from other sources and other countries.
4.5 Service Analytics

Understanding Why Customers Choose an Institution for Their Loans: An Application of the Wallet Allocation Rule

Lerzan Aksoy (Fordham University), Timothy Keiningham (Rockbridge Associates), Alexander Buoye (Fordham University), Joan Ball (St. John's University)

Managers and researchers have espoused the importance of customer satisfaction to long-term success of financial services firms since at least the early 1990s. Yet, despite the lack of market success resulting from industry initiatives designed to foster customer satisfaction and mixed evidence of consistent links between satisfaction and customer behavior (Keiningham and Vavra, 2001), financial institutions still invest time and resources to measure and manage customer satisfaction levels. This continued focus on customer satisfaction by financial institutions is supported by extant scientific research that overwhelmingly finds a positive relationship between satisfaction and a host of positive outcomes for businesses (for a comprehensive review, see Oliver, 2010). Nonetheless, satisfaction (as traditionally measured and managed) has been shown to be a poor predictor of the share of deposits that customers allocate to the financial institutions with which they hold deposits.

Researchers have recently discovered that the primary issue in linking satisfaction (and other perceptual metrics) to share of deposits is not with satisfaction per se, but rather with how satisfaction is measured and analyzed. Specifically, these researchers posit that a lack of competitive context is a primary limitation in traditional satisfaction measurement. In contrast, the use of relative “ranked” satisfaction in conjunction with the application of the Wallet Allocation Rule (Keiningham et al., 2011; Keiningham et al., 2015) has been shown to strongly link satisfaction to share of deposits (Aksoy, 2014; Keiningham et al., 2016). As a result, relative satisfaction—in combination with other power laws based upon the Zipf distribution (Zipf, 1935) such as the Wallet Allocation Rule—has provided financial institution managers and researchers with much better insight into how customers divide their deposits among competing institutions.

While this is clearly helpful to financial decision makers in some contexts, it does not offer much help in understanding what drives customers’ selection of a financial institution for
loans. That is because the selection of a loan provider is typically a “winner take all” scenario—only the borrower’s first choice institution receives the loan. As loans represent the primary financial assets for banks and credit unions, and therefore the primary generator of an institution’s profits, financial institution managers would benefit from greater understanding of the factors that cause borrowers to select a particular institution over competitors for their loans.

This research contributes to financial service research and practice by investigating an alternative use of the Wallet Allocation Rule as a means of estimating the distance between various attributes borrowers considered salient in their selection of a loan provider. Specifically, we explore whether or not the Wallet Allocation Rule (WAR) approach (typically used to link relative overall satisfaction to share of category spending) can be used to gain an understanding of relative attribute importance in winner-take-all category purchase decisions (see Keiningham et al, 2015 for a thorough theoretical and practical overview of the WAR). In the case of this investigation, WAR was used to estimate the relative importance of various attributes borrowers indicated were important when selecting a loan provider among competitors.

This research is part of a large scale investigation of borrowers regarding their selection of a credit union or bank for one of seven different types of loans: 1) first mortgage (Aksoy, 2015a), 2) refinanced mortgage (Aksoy, 2015b), 3) second mortgage (Aksoy, 2015c), 4) home equity line of credit (HELOC) (Aksoy, 2015d), 5) new auto loan (Aksoy, 2015e), 6) used auto loan (Aksoy, 2015f), and 7) personal loan (Aksoy, 2015g). To demonstrate the process without adding undue complexity, this investigation, which was undertaken in mid-2014 in collaboration with nine US credit unions of varying size across the US were recruited with the help of the Filene Research Institute, focuses on one of these loan types: first mortgages. The nine participating credit unions sent an e-mail survey introduction to their member base. In total, 642 members responded to questions regarding the selection of an institution for their first mortgage.

Respondents were 56 percent male and 44 percent female. They were well represented across age ranges (26 percent 18-34, 51 percent 35-54, 23 percent 55 and older). The majority of respondents (64 percent) took out multiple loans in the past 3 years (i.e. 36 percent one loan, 34 percent two loans, 20 percent three loans, 7 percent four loans, and 3 percent five or more loans). The majority of respondents (61%) considered only one provider for their first mortgage, 21% considered 2, 14% considered 3, and less than 5% considered 4 or more. As would be expected,
however, all respondents used only one financial institution for their first mortgage. The mean value of a mortgage for respondents in this investigation was approximately $290,000.

Respondents were asked questions to ascertain the different institutions involved at various stages of the purchase funnel. Given the properties of loan acquisition and this investigation in particular, the components of the purchase funnel investigated were consideration, loan application, loan approval, selection of institution. In addition, respondents were provided with a set of 32 attributes believed to be relevant to borrowers’ decisions to select a loan provider. Wallet Allocation Rule analysis was then conducted to measure the relative importance of the selected variables within and across the financial institutions that were part of the borrowers’ consideration set.

Wallet Allocation Rule analysis revealed stark differences in the importance of factors in the selection of a bank or a credit union (CU) for first mortgages, suggesting that WAR analysis is a useful tool for understanding the relative importance of various attributes in the selection of one loan provider (or brand) over another. Consistent with most credit unions’ strategies to focus on member experience, the most important reason members chose the credit union was their perceived relationship to the institution (specifically, “had an existing financial relationship with provider other than the loan in question (e.g., other currently held account)).” By contrast, this attribute was only ninth in importance in the selection of a bank.

After price, the second most important issue in the selection of a bank was the perceived ability of the institution to offer loan types that best met members’ needs (specifically, “mortgage type that best met my needs (FHA loan, VA Loan, Jumbo Loan, etc.)).” This issue did not make the top ten in CU members’ decisions to use the focal credit union.

The third most important issue impacting members’ decisions to choose a bank were recommendations from mortgage brokers. This issue dropped to seventh in importance in the selection of the focal credit union.

Clearly, insights such as these can provide marketers with a strategic roadmap to help guide their efforts to effectively position themselves across customer segments relative to their competitors. For instance, credit unions might supplement current and already successful efforts to build and sustain member relationships with new initiatives designed to combat borrower perceptions that banks provide loan offer types that more effectively meet their needs. CU marketers might also use this information as an impetus to develop and maintain stronger
relationships with mortgage brokers in their efforts to attract new borrowers and even the playing field with their competitors.

As such, this research provides a significant contribution to both the banking literature and the scientific literature in general by providing a more user-friendly and scientifically tested analysis tool to measure relative importance distances of ranked data. Additionally, this research provides additional evidence for the usefulness of Wallet Allocation Rule analysis to better understand relative customer satisfaction and its implications for consumer behavior and service marketing. Finally, these findings offer compelling evidence that the Wallet Allocation Rule can be used to gauge the relative importance of ranked attributes (in addition to its use as a means of estimating customers’ share of category spending).
REFERENCES


Understanding How Self-Service Technology Affects Customer Citizenship Behaviours

Amanda Beatson (Queensland University of Technology), Udo Gottlieb (Queensland University of Technology)

Introduction & literature review

Organisations are increasingly identifying ways they can be more competitive in the marketplace. One of these developments has been the growth of self-service technology (SST) applications. SSTs have enabled organisations to shift the responsibility of service delivery from the service employee to the customer (Collier and Sherrell 2010). Examples of SSTs can include self-check outs in supermarkets, airline check-in kiosks, or ATMs. This rise in technology in the service encounter has enabled organisations to capitalise on increased efficiency, lower costs, increase customer control and add consistency to service delivery (Collier and Sherrell 2010). By expanding the participation of customers in service creation, organisations are using customers as ‘partial employees’ to deliver services once delivered by front line service staff (Bowen and Schneider 1985).

Customer participation in service creation may include in-role and/or extra role-behaviours. While in-role behaviours are those tasks required for completing service delivery and are often thought of as co-production behaviours (Groth 2005), extra-role behaviours are those behaviours over and above service delivery (Bove, Pervan, Beatty and Shiu, 2009). Extra-role behaviours (often termed customer citizenship behaviours) are voluntary, helpful behaviours directed toward the organisation thus enhancing its effectiveness, and above those required for delivery of the core service (Gilde, Pace, Pervan and Strong 2011) i.e., referrals and positive word-of-mouth (Bove et al. 2009; Rosenbaum and Massiah 2007). One strategy organisations are pursuing currently is the move to shift customers from full service to SST by limiting full service delivery options or making these options unattractive through such avenues as increased costs or reduced availability (Liu 2012). The potential impact of this shift on customer evaluations and attitudes toward the organisation is largely unknown (Liu 2012). An additional gap in the literature is the impact of SSTs on customers’ extra-role behaviours (Anaza 2014; Bove et al. 2009)
Interest in extra-role behaviours has increased recently as connections have been identified between these constructive behaviours and overall organisational performance (Anaza 2014; Bartikowski and Walsh 2011; Bove et al. 2009; Yi, Gong and Lee 2013). With this knowledge, there have been calls to expand research into extra-role behaviours specifically focusing on customer citizenship (Anaza and Zhao 2013; Balaji 2014). While partial exploration of these behavioural antecedents has been conducted (Garma and Bove 2011) this research is largely conducted in face-to-face contexts where service staff deliver services to customers.

Except online-based studies (Anaza 2014; Anaza and Zhao 2013; Groth 2005; Lai and Chen 2008; Ng and Matanda 2009) we know little about the impact of customers delivering services themselves using SST on the customers’ likelihood of displaying extra-role behaviours. While these studies have been insightful, limiting research to only online-based contexts reduces the utility and generalisability of the research beyond this context as identified in other self-service technology studies (Forbes 2008; Lin and Hsieh 2011). Lin and Hsieh (2011) observe that SSTs differ from both replacements for face to face service delivery and Internet based services and there is a need for generalised SSTs research. One exception to this is Reinders, Frambuch, Kleijnen (2015) who included investigation of forced SST use on the likelihood of word of mouth behaviours.

The term customer citizenship behaviour as a synonym for extra-role behaviour is adapted from organisational citizenship behaviour (Bove et al. 2009). Bettencourt (1997) considers only behaviour directed to the organisation, whereas later studies widen the recipients to include organisation, employee and/or other customers (Bove et al. 2009). This study takes the view of the latter research; however it maintains that the focus must be behaviours which enhance organisational performance and success (Bove et al. 2009). Therefore we define customer citizenship behaviours as those “voluntary behaviours outside of the customer’s required role for service delivery, which aim to provide help and assistance, and are conducive to effective organisational functioning” (Bove et al, p.699).

There have been different dimensions identified as contributing to customer citizenship behaviour. Over the years, Bettencourt (1997), Groth (2005), Bove et al. (2009), Anaza (2014) and Curth, Uhrich and Benkenstein (2014) appear to conceptualise similar dimensions for the customer citizenship behaviour construct. Although not consistent in their terminology they
distinguish between organisation-directed and customer-directed customer citizenship behaviours. This current study captures this dual conceptualisation. Also, most of the customer citizenship behaviour research is investigated through the lens of social exchange theory in a similar manner to organisational citizenship behaviour (Anaza and Zhao 2013). In keeping with the majority of this past research we use the theory of social exchange (Blau 1964) to underpin our work and incorporate the norm of reciprocity (Gouldner 1960).

Considering these issues, this study aims to examine a model of customer citizenship behaviour across SST contexts. Specifically this study investigates antecedents for customer citizenship behaviours when SSTs are used to deliver the service. By understanding these antecedents organisations are able to ensure they provide the foundations for this positive extra-role behaviour.

Hypotheses development and conceptual model

The study’s conceptual model is portrayed in Figure 1. In keeping with previous customer citizenship behaviour research incorporating service staff it posits that customer satisfaction influences affective customer commitment and customer loyalty which in turn influence customer citizenship behaviours. SST service quality is also believed to impact customer satisfaction directly. These customer citizenship behaviours are captured as organisation-directed and customer-directed.

As organisations move more toward co-production with customers’ delivering services themselves using SSTs, assessing the quality of this delivery mode and its impact on satisfaction is imperative (Lin and Hsieh 2011). Also, perceived organisational support for customers captures how customers believe the organisation values their contributions and cares about their well-being (Eisenberger, Hutchison, Huntington and Sowa 1986; Yi and Gong 2009). Therefore, we propose:

H1: SST service quality will have a direct positive impact on overall customer satisfaction.

H2: Overall customer satisfaction will have a positive impact on perceived organisational support for customers.
Perceived organisational support for customers is likely to result in increased affective commitment from the customer toward the organisation (Bettencourt 1997). With this in mind the following hypothesis is presented:

H3: Perceived organisational support for customers will have a positive impact on affective customer commitment.

When a customer is satisfied overall with the experiences they have with the organisation they are more likely to have an emotional bond with that organisation (Yi and Gong 2008). Furthermore, research supports a link between customer satisfaction and customer loyalty in a range of contexts including service delivery by service staff and SST delivered services (Cronin and Taylor 1992, Orel and Kara 2014). This gives rise to the following hypotheses:

H4: Overall customer satisfaction will have a positive impact on affective customer commitment.

H5: Overall customer satisfaction will have a positive impact on customer loyalty.

Customer commitment is a key determinant in customer loyalty (Beatty and Kahle 1988). When customers feel positive emotional attachment to an organisation they are more likely to want to return to that organisation (Evanschitzky et al. 2012). We hypothesise:

H6: Affective customer commitment will have a positive impact on customer loyalty.

The relationship for customer satisfaction and customer citizenship behaviours is realised in social exchange theory and has been demonstrated in the organisational citizenship behaviour literature (Groth 2005). Furthermore, social exchange theory also endorses customer commitment leading to customer citizenship behaviours (Yi and Gong 2008). We therefore propose that:

H7: Overall customer satisfaction will have a positive impact on customer citizenship behaviours.

H8: Affective customer commitment will have a positive impact on customer citizenship behaviours.
Finally, previous studies investigating customer loyalty and constructs synonymous with customer citizenship behaviour (such as customer organizational citizenship behaviour (Bove et al. 2009)) have identified varying support for the impact of loyalty on customer citizenship behaviour. Despite some conflicting results we are proposing:

H9: Customer loyalty will have a positive impact on customer citizenship behaviours.

Methodology & expected findings

A survey using pre-existing scales is used to investigate these hypotheses. Captured within these hypotheses will also be the identified dimensions of customer citizenship behaviours as identified in the literature (feedback, advocacy, helping and tolerance). Respondents are directed to complete the survey within one of three industries; hotels, supermarkets, banks to increase generalisability. Respondents are screened to determine their usage of self-service in the identified industry prior to survey completion. These three industry contexts are selected to show a range including service and product dominant; extended and shorter service encounters; traditionally high contact and low contact; lower and higher visit frequency; and public and private consumption.

We know that service staff play a substantial role in the likelihood of positive extra-role behaviours, so by removing staff and making the customer the partial employee; can we still achieve customer citizenship behaviours? The results from this study will shed light on this question across a range of industries with specific investigation into the types of citizenship behaviours demonstrated by customers when interacting with self-service technology. Results will help organisations better communicate with customers and encourage organisations to focus on mechanisms to ensure they are able to reproduce the positive extra-role behaviours regardless of service delivery mode.
Figure 1. Proposed Research Model

Perceived organisational support for customers

Overall Customer satisfaction

SST Service Quality

Affective Customer commitment

Customer loyalty

Customer Citizenship Behaviours
- Feedback
- Advocacy
- Helping
- Tolerance
References


Exploring the Embedded Business Offering – The Case of Activity Trackers

Michaela Lipkin (Hanken School of Economics), Kristina Heinonen (Hanken School of Economics), Tore Strandvik (Hanken School of Economics)

Background: An increasing number of service scholars (e.g., Baron and Harris, 2010; Heinonen et al., 2010; Heinonen and Strandvik, 2015) have stressed the need to examine “how customers embed service in their processes” (Heinonen and Strandvik, 2015, p. 1), rather than how firms perform and provide service. Similarly, Strandvik et al. (2012, p. 133) note that it “is not only a question of how the supplier performs, but also rather a questions of how the offering fits into and becomes embedded in the customer’s activities and tasks and fulfill goals as experiences by the customer. To date, however, little research focuses on studying the customer and business offerings from this perspective. In line with this notion, Wünderlich et al. (2015, p. 2) also encourage service researchers to “explore in depth what “perceived embeddeness” is, how to define it and how we can measure it”. We thus acknowledge the need to develop a more in-depth understanding of embeddedness, and study how a particular business offering becomes integrated into the customer’s life.

Aim and research questions: This paper aims to explore the “embedded business offering” by (1) characterizing and defining “embeddedness” and (2) qualitatively illustrating different degrees of such embeddedness (i.e. more or less integrated business offerings).

The paper thus aims to answer the following research questions: (1) What does embeddedness of a business offering denote? (2) What makes customers embed business offerings at varying degrees into their daily lives?

Theoretical background: We draw from the innovation adoption Rogers’ (1962; 2003) literature and Customer-dominant logic (CDL) (Heinonen et al., 2010; Heinonen and Strandvik, 2015) to first develop a theoretical understanding of embeddedness, before moving on to
empirically illustrate different degrees of embeddedness.

The adoption literature (Rogers, 1962; 2003) has traditionally focused on what makes a customer adopt some specific technological innovation. The central idea is that some customers are more open to adaptation than others. Albeit this literature stream does not to focus much on long-term integration, i.e. how well the offering becomes integrated into the customer’s life over time, we posit that it provides a good starting point to develop a more rigorous understanding of embeddedness, by highlighting factors that make customers try out a new business offering in the first place.

Within the service literature researchers have also touched upon the subject of embeddedness, but applied a more long-term perspective. Especially CDL (Heinonen et al., 2010) argues that we should move beyond merely examining interactions during touch points, to explore how companies and their business offerings are present and become integrated into the customer’s daily life over time. As Heinonen and Strandvik (2015, p. 478) posit, the “offering becomes what the customer gets out of the connection with the provider”. First, this means that the customer, rather than the firm, characterizes the business offering. Thus, one business offering has potential to become many things for different customers, with some customers integrating the offering into their daily lives, whereas others only use the service sporadically, or do not even try it out once. This also means that the offering will become embedded in the customer’s daily life at varying degrees.

Based on this rationale, we initially conceptualize embeddedness as how integrated the business offering becomes in the customer’s daily life over time.

**Method:** To further illustrate varying degrees of such embeddedness, we present an empirical study on the topic.

The chosen context for the study is a business offering, which we characterize as an “activity tracker”. This activity tracker, packaged as a mobile application or a sports watch, helps customers in tracking their running, walking and other similar activities over time.
We collected the data in two phases. The first phase entailed in-depth personal semi-structured interviews and the second phase self-reported diaries. Also other service researches (e.g., Fliess et al., 2014) have used similar methods to gain in-depth insights into a studied phenomenon or concept. In both phases we continued to collect data until we reached a saturation point (Glaser and Strauss, 1967). The data from the first phase consists of altogether 28 interviews conducted among customers using an activity tracker during their runs. The data from the second phase consists of altogether 10 diaries conducted among customers using an activity tracker during their runs.

**Findings and discussion:** The findings further illustrate how embeddedness refers to how integrated a business offerings becomes in a customer’s life, and how customers integrate business offerings into their daily lives at varying levels based on how well the offering matches the customer’s activities and goals. As such, the business offerings are present in different ways in customers’ lives, thus resulting in varying levels of “embeddedness”.

When customers experience high levels of embeddedness, the business offering often reflects activities and goals that the customer values highly and wants to engage in. For example, customers who are very keen on running or engaged with following up on one’s performance through quantified-self data, reported that the activity tracker was very integrated into their daily lives. Many stated that they basically could not live without this “personalized coach” tracker. When customers experienced low levels of embeddedness, on the other hand, the business offering often reflected that something was lacking for the customer, i.e. that there was a mismatch between the customer’s personal activities and goals, and the offering in question. For example, many customers who realized that their friends were not using the same tracker, also gradually stopped using it themselves, which resulted in low levels of embeddedness.

**Contribution and conclusion:** This study contributes to service and marketing literature in general, and CDL in particular, with a characterization and definition of “embeddedness”, and an empirical illustration of how business offerings become embedded at varying degrees in customers’ daily lives.
We posit that this study is very timely and relevant; especially since customers have become increasingly demanding and more empowered than ever before (Heinonen, 2014), which further makes it imperative to not only focus on the core service encounter, but also acknowledge what goes on in the customer’s life, and how the firm may also be present in the customer’s activities and experiences beyond direct interactions.

Managers may use these insights to evaluate how they can become more present in their customers’ lives.
References:


Join a Service Bundle or Stay outside a Bundle: Implications for Consumers and Firms

Chatura Ranaweera (Wilfrid Laurier University), Heikki Karjaluoto (University of Jyväskylä)

Introduction

Service bundles are ubiquitous in many major industries that display imperfectly competitive market characteristics, including telecommunications, financial services, healthcare, and information services. In such industries, bundling is a popular strategy employed by many firms. Bundling is generally defined as the sale of two or more separate products or services in one package. Despite the prevalence of service bundles, our understanding of how they impact customer response to service firms is limited. In this study, we investigate the effects of being inside or outside a service bundle on customer perceptions, attitudes, and Word of Mouth (WOM) displayed towards service providers.

Recent research has looked at service bundling mostly in technology product-service combinations. Although the focus on bundling in the literature has been intermittent, we also note an underlying theme to the research: The theme underlying this research domain appears to be about how bundles can be designed and offered to create best value to customers so that it has a positive impact on customer satisfaction, service quality and financial performance of firms. Despite the enormous potential of bundles in offering value to customers, and thereby increasing profit potential for the firms, the research on service bundles is surprisingly sparse. The current research aims to extend this line of investigation. But in contrast to prior research, we look at how two distinct types of value customers derive from bundles affect both customer attitudes and generation of word of mouth.

This research study has a few main aims: We first test an attitudinal model of how risk impacts attitudes, and the mechanisms through which risk impacts attitude. This is important because risk is fundamental to an investigation of bundles. Secondly, and more critically, the study
investigates how these relationships are affected by the presence or absence of service bundles in a technology service setting. Thirdly, it aims to establish how the two most commonly associated value perceptions of service bundles; specifically, functional value and price value affect the generation of WOM about a service provider, and the mechanisms through which such effects take place. Finally, the study addresses how these latter linkages are affected by the presence or absence of service bundles.

Overall, we combine prospect theory and the related mental accounting framework that has been used in prior behavioral research on bundling with attitude theory to conceptualize the role played by bundles in customer relationships, and to develop the hypotheses. Given the under-researched nature of the topic, we also acknowledge a certain exploratory element to the study, and thus, focus on both the nature of the relationships as well as the variance explained in the key constructs. Prospect theory and the related theory of mental accounting are well-established theories in the behavioral stream. Prior research has identified how these theories are central to behavioral research on bundling. In prospect theory, outcomes are framed as gains or losses, and consumer response to outcomes so framed is assessed. Mental accounting suggests that people perceive multiple gains as more rewarding and multiple losses and more punishing that singles gains or losses of the same value. Using these theories we develop a set of hypotheses predicting how service bundles affect customer attitudes and subsequent behaviors.

The hypotheses are tested using an empirical sample of 1152 mobile telecommunication customers, with pre-defined subsets of customers from both inside and outside bundles, enabling multi-group structural equation analysis of the data. We also estimated the model with two control variables that might impact the main outcome variable of the research, positive WOM intentions. As control variables we included relationship age and average monthly bill to broadly account for the nature of the consumer’s relationship with the service provider (long term vs short term) and their involvement with the service. All the study constructs were measured with established and validated scales. Although the multi-group analytical approach minimizes the effects of common method variance bias that is common in cross sectional survey based studies that use single respondent, self-reported data, we used both procedural as well as post hoc tests to further minimize and test for and confirm the absence of such effects that could confound the findings.
Results:

Customers inside bundles relative to those outside clearly distinguish between functional value and price value in forming attitudes as well as in providing WOM.

- For those outside bundles the effect of risk on attitude was fully mediated by functional value and price value, whereas there is partial mediation for those inside a bundle. This indicates that those outside bundles evaluate the risk-attitude relationship entirely from the perspective of value received, whereas those inside do so, only to a lesser extent.

- Given that risk is more salient for those outside bundles, we expected the total influence of perceived risk on attitude to be stronger for those outside a bundle relative to those inside. However we found no differences between the groups, raising questions about the risk reduction potential of bundles.

- The total influence of functional value on positive WOM intentions was stronger for those inside a bundle than those outside. Therefore, being in a bundle increases the effect of functional value on WOM. These results illustrate that increased functionality resulting from service bundles plays a key role in expressing behavioral loyalty to the service provider through WOM. Where there is greater functionality, the ones inside the bundle see even greater value and give more WOM. Results also indicate that risk is not just about price, it is about functionality too. Customers see risk in the type of features they get—likely due to the complexity of the technology, novelty, etc. Given the origins of the prospect theory in behavioral economics, it is natural that the theory deals with price value. However, we illustrate how the prospect theory has broader applications for bundling, and that it can also apply to functional value.

- Contrastingly, the total influence of price value on positive WOM intentions was weaker for those inside a bundle arrangement than those outside a bundle arrangement. Therefore, being outside a bundle increases the effect of price value on WOM. That is because counter to some popular perceptions, those outside are more price sensitive and so, for that group, where they see high price value, it leads to greater WOM.
**Contribution:**

In this research, we address some novel research questions with major implications on industry practices. Bundling is known to be a way of reducing risks. Yet, the act of bundling itself is known to entail greater ambiguity for the customers when evaluating the service. If so, can an act that leads to greater customer ambiguity really help in reducing the consequences of risk? Our results indicated that despite the presumed benefits of bundles to the customer in managing risk, the answer is negative. We use the prospect theory and the mental accounting theory, two interrelated theoretical frameworks that are associated with risk and value perceptions in addressing this question. We also extend the use of these theories that have been used predominantly in the context of price value in the prior literature, to functional value. Moreover, we also extend the conceptual framework to capture WOM intentions by combining the aforementioned theories together with key principles from the customer-service provider relationships literature. In doing so, we also show how being in a bundle or outside a bundle can have contrasting impacts on attitude towards the service provider, relative to impacts on WOM intentions, by virtue of the relationship orientation projected by bundles.

**Managerial implications:**

Customers inside bundles vis-à-vis those outside clearly distinguish between functional value and price value in forming attitudes as well as in providing WOM, highlighting that firm strategies aimed at generating WOM need to target those inside bundles differently from those outside. Bundles may help the purchase decision itself. However, due to their inherent ambiguity in terms of the value derived, they still lead to negative post purchase evaluations of the service. This suggests that service firms need to take proactive measures to demonstrate value to customers who are in bundles. Educating customers about how to assess the value they derive from the service, especially in terms of functionality, and thereby minimizing the ambiguity is an important first step. What is recommended therefore is reduced complexity of bundle features and bundle pricing. This may go against current practices in many service industries such as telecommunications and financial services, of deliberately increasing the complexity of their service offerings. However, while such practices have flourished in the context of high switching costs and non-competitive environments, with increasing competition in many markets, firms
that differentiate themselves through reduced complexity and ambiguity are likely to gain a competitive edge.
Conceptual Model: The effects of service bundling on customer perceptions, attitudes and behaviors
How do Gamified Mobile Apps Influence Customer Value, Satisfaction and Behavioural Intentions to Cease Smoking?

Rory Mulcahy (Queensland University of Technology), Rebekah Russell-Bennett (Queensland University of Technology), Kerri-ann Kuhn (Queensland University of Technology), Nadia Zainuddin (University of Wollongong)

Introduction

Providing customers greater value through technological and mobile services has been an evolving topic in the services marketing literature (Gummerus et al., 2011; Pihlström et al., 2008; van Riel et al., 2005). In particular, there is growth in the development of mobile phone applications (apps) as part of the service mix for transformative service programs, such as mental health and wellbeing (Schuster, et al. 2013), as well as smoking (Abroms et al., 2013). However, what is yet to be explained is the influence of the relatively new phenomenon of “gamification” (the use of game like design features) in these apps on key service outcomes, such as customer value, satisfaction and behavioural intentions. The current research seeks to address this gap in the context of mobile apps designed to encourage smoking cessation.

Experiential Value

Experiential value, defined as the “interactive, relativistic, preference experience” (Holbrook, 2006, p.715) is at the heart of services marketing and exchanges with consumers (French and Lefebvre, 2012), as it helps explain why consumers use a service (Cronin Jr et al., 2000). The experiential perspective to value tends to investigate the value experience (Heinonen and Strandvik, 2009; Gummerus and Pihlström, 2011) and takes into account modern, interactive and service-orientated exchanges (Lin et al., 2005; Mayr & Zins, 2012). Investigations of experiential value in service experiences (Wu and Liang, 2009), mobile services (Gummerus and Pihlström, 2011) and experiences with using other technological marketing tools, such as retail websites (Mathwick et al., 2001) show experiential value creation to be important. Consumers seek services that provide experiential value and such value can influence attitudes, satisfaction, behavioural intentions and behaviours both pre- and post-purchase (Mathwick et al., 2001; Sweeney and Soutar, 2001; Zainuddin et al., 2013).
However, while experiential value has been well researched in commercial marketing, research concerning experiential customer value in transformative health services is presently lacking. Where it has been conducted, the focus has been on traditional, face-to-face health services (e.g., Zainuddin, 2013; Zainuddin et al., 2013), not mobile service apps, which have seen significant growth. Further, a growing trend is the use of gamification in these apps as a means to engage users and offer a personalised service, but there is an absence of empirical work which explores the impact on experiential value creation and the resulting influence on key service marketing outcomes, such as satisfaction and behaviour.

**Gamification**

is attracting the attention of services marketers as a means to potentially increase customer interaction with mobile health services apps and deliver additional forms of experiential value. Gamification offers this potential through the use of motivating features and game-like design techniques, such as personalised feedback, scoreboards, badges, levels, challenges, social support and avatars (Harwood et al., 2015; Muntean, 2011) to improve the user experience of interactive systems. Unlike a game, which has a complex system of rules and series of tasks that guide players through a process to master those rules on an electronic platform (Domínguez et al., 2013), gamification employs ‘gameful’ design in contexts not restricted by electronic platforms and beyond entertainment (Zichermann et al., 2011).

Scholarly investigations in commercial contexts have demonstrated the experiential value created by online games and m-games (Okazaki, 2008), as well as m-services (Gummerus & Pihlström, 2011; Pihlström & Brush, 2008; van Riel & Pura, 2005). Further, there is evidence that experiential value can be delivered by social marketing m-games that attempt to encourage behaviour change in health and well-being contexts (Mulcahy, et al., 2015a). These studies provide a basis for understanding customer value in gamified mobile health services apps.

**Desired Outcomes (Satisfaction and Behavioural Intentions)**

Previous research in mobile services has shown experiential value influences desired outcomes, such as satisfaction and behavioural intentions (Lin et al., 2006). These are often key goals of services marketing programs. However, what is not known is how experiential value potentially
derived from a gamified mobile health services app influences satisfaction and in turn, behavioural intention to perform a health behaviour.

Method

We sought to investigate how gamified mobile apps influence experiential value, satisfaction and behavioural intention to perform a health behaviour. Mobile services apps targeting smoking cessation were selected as the context for our study, owing to the importance of this health behaviour and increased use of apps in this context by services marketers (Abroms, et al., 2013). Two freely available “quit smoking” mobile apps were selected, which have game applications and use gamification to assist smokers cease smoking: My Quit Buddy (targeted to the general population of smokers) and Quit for You Quit for Two (targeted at women who are pregnant or planning to become pregnant).

Participants were recruited from a commercial online consumer panel provider and invited to use one of the two mobile apps, as well as complete two online surveys. The target population for this research was 18-35 year old smokers, as this is the age group targeted by the apps. A quantitative approach was employed, whereby participants initially completed a screening survey with demographic, gameplay and smoking behavior questions to determine eligibility for participation and group allocation (e.g., only women who were planning to have children were allocated to the Quit for You Quit for Two app). Participants then downloaded and used their allocated app for two weeks, followed by completion of a second survey, which included measures for the constructs of interest and questions to verify app usage. A total of 221 respondents completed all phases of this research (My Quit Buddy app N=113; Quit for You Quit for Two app N=108).

Following app usage, participants were questioned about gamified features, experiential value, satisfaction and behavioural intention via the online survey. Building on the work of Mulcahy et al. (2015a) concerning social marketing m-games, five gamified features were examined: character (i.e. character, avatar or entity that the player operates), challenge (i.e. tasks and activities), feedback (i.e. winning and losing features, such as losing or accumulating points), virtual training (i.e. representation of real world situations, where behaviour is performed virtually) and behaviour monitoring (i.e. customised tracking of a user’s behaviour). Value
frameworks presented by Sweeney and Soutar (2001) and Mathwick et al. (2001) were considered to identify three value dimensions of relevance to the current research: amusement (i.e. the amount of fun using the app), information (i.e. facts about how to change behaviour), and distraction (i.e. an activity which distracts the individual from performing an undesired behaviour). For the outcome variables of satisfaction and behavioural intentions, Zainuddin et al.’s (2013) scales was used. Data were analysed via SEM using AMOS.

Results

The measurement model was a good fit with the data 1.84 (CMIN/DF), .06 (RMSEA) and .92 (CFI), which then allowed for subsequent testing of the full structural model. Quantitative testing revealed the structural model also produced a good fit with the data: 1.88 (CMIN/DF), .06 (RMSEA) and .91 (CFI). Based upon the significant relationship thresholds of t-value ≥ 1.96 and p < .05, the output of the structural model revealed support for eleven relationships tested between gamified app features, experiential value, satisfaction and behavioural intention (see Table 1 and Figure 1). Specifically, the gamified features of character, challenge, virtual training and behaviour monitoring influenced amusement, information and distraction value, and these experiential value dimensions in turn influenced satisfaction with the app. Satisfaction influenced behavioural intention to quit smoking.

Table 1: Results

<table>
<thead>
<tr>
<th>Relationship</th>
<th>B</th>
<th>β</th>
<th>S.E</th>
<th>C.R (t)</th>
<th>p.</th>
<th>Supported/Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gamified Design Features and Experiential Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Character to Amusement</td>
<td>.18</td>
<td>.18</td>
<td>.13</td>
<td>1.47</td>
<td>.142</td>
<td>Rejected</td>
</tr>
<tr>
<td>Character to Information</td>
<td>.39</td>
<td>.44</td>
<td>.09</td>
<td>4.13</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Challenge to Amusement</td>
<td>.82</td>
<td>.57</td>
<td>.18</td>
<td>4.52</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Challenge to Distraction</td>
<td>.47</td>
<td>.29</td>
<td>.14</td>
<td>3.23</td>
<td>.001</td>
<td>Supported</td>
</tr>
<tr>
<td>Feedback to Information</td>
<td>-.08</td>
<td>-.04</td>
<td>.11</td>
<td>-.74</td>
<td>.457</td>
<td>Rejected</td>
</tr>
<tr>
<td>Virtual Training to Information</td>
<td>.31</td>
<td>.30</td>
<td>.11</td>
<td>2.65</td>
<td>.008</td>
<td>Supported</td>
</tr>
<tr>
<td>Virtual Training to Distraction</td>
<td>.38</td>
<td>.31</td>
<td>.14</td>
<td>2.59</td>
<td>.008</td>
<td>Supported</td>
</tr>
<tr>
<td>Behaviour Monitoring to</td>
<td>.23</td>
<td>.22</td>
<td>.08</td>
<td>2.65</td>
<td>.009</td>
<td>Supported</td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behaviour Monitoring to</td>
<td>.23</td>
<td>.10</td>
<td>2.26</td>
<td>.02</td>
<td></td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>Experiential Value to Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------------------</td>
<td>--</td>
<td>--</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amusement to Satisfaction</td>
<td>.35</td>
<td>.41</td>
<td>.04</td>
<td>7.10</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Information to Satisfaction</td>
<td>.26</td>
<td>.28</td>
<td>.05</td>
<td>4.53</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Distraction to Satisfaction</td>
<td>.26</td>
<td>.34</td>
<td>.04</td>
<td>6.19</td>
<td>.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Satisfaction with App and Behavioural Intentions to not Smoke</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction to Behavioural Intentions</td>
<td>.40</td>
<td>.54</td>
<td>.06</td>
<td>6.63</td>
</tr>
</tbody>
</table>

Figure 1: Structural Model

*Dashed Lines indicate non-significant relationships*
Discussion

The findings provide important empirical evidence demonstrating the influence of gamification on the creation of experiential value for consumers. This in turn, influences their satisfaction with the technology and users’ behavioural intentions to perform a desired health behaviour. This study provides an important contribution to service marketing research, as these results can inform transformative services marketing strategies about the use and incorporation of experiential value into mobile services. Specifically, amusement value, information value, and distraction value are important value dimensions to be included in the development of m-services and mobile app technologies. In addition, four gamification design features (character, challenge, virtual training, and behaviour monitoring) play an important role in the creation of experiential value for mobile app users. These findings address gaps in the current literature by identifying the important design features to be included in technological services, that influence experiential value, satisfaction, and behavioural intentions for a health or well-being behaviour (Mulcahy et al., 2015; Zainuddin et al., 2013). Additionally, the current study’s findings extend the knowledge base in the transformative service research area by investigating non-traditional interactions between service and consumer entities through mobile platforms and technologies. Much of the existing work in this area is focused on human-to-human contact with service employees, as well as consumer entities and how these impact upon well-being outcomes (Anderson et al., 2013; Rosenbaum et al., 2013; Zainuddin et al., 2011). The current study demonstrates the relevance of electronic and mobile technologies in transformative service provision. The use of virtual or electronic forms of transformative services, such as mobile apps, allow organisations, particularly those reliant on charitable donation or public sector funding, to provide a personalised service experiences to users. These personalised service experiences have the capacity to improve well-being and can overcome the challenges associated with face-to-face service delivery, such as recruiting/retaining volunteer service providers and the cost implications of inter-personal service delivery (Russell-Bennett et al., 2013).
References


m-Health Fitness and Wellness Wearables: Investigating how consumers embrace new ways to monitor and manage their health

Sven Tuzovic (Queensland University of Technology), Volker Kuppelwieser (NEOMA Business School)

Introduction

Over the last few years, a new movement called “self-tracking” or “self-quantifying” has been emerging: measuring your everyday physiological activities (e.g. distance walked or run), calorie consumption, sleep and heart rate to improve your quality of life (The Economist 2012). The “Quantified Self” movement has been fueled by a number of new wearable devices (wristbands, smartwatches, or wearable bio-monitors) as well as apps and platforms for exchanging health and fitness data (Ranck 2012). The main sector of self-tracking is considered to be health and fitness applications (Bildl 2014). Health-tracking wearables generated more than $1.6 billion in sales in 2013, a number projected to rise to $5 billion by 2016 (Dwoskin and Walker 2014).

There are two main kinds of healthcare wearable devices (Gao et al. 2015). The first category is medical devices which are generally designed for certain disease such as diabetes and cancer. The second category is fitness wearable devices (e.g. Fitbit, Jawbone) which help users to track and monitor their daily fitness conditions such as steps, distance, calories burned, sleep and diet.

While technology adoption has been studied in many ways, including healthcare applications, Gao et al. (2015) argue that an integrated framework is needed that can comprehensively explain individual’s adoption of wearable devices in healthcare. Yet, so far, there is a wide gap in academic research with a notable exception of the recent study by Gao et al. (2015). The purpose of this study is to develop an integrated framework to investigate (1) the antecedents of consumers’ attitude to adopt and utilize fitness wearable devices and (2) the effects on health and well-being. Guided by a transformative service research perspective (Ostrom et al. 2014), this study draws on technology acceptance models, privacy calculus theory, principles of gamification as well as literature related to well-being, physical health and preventive health behavior to develop the conceptual framework. In order to test our hypotheses, we conducted two studies: one among users of fitness trackers and the other one among non-users. In the following we only focus on the study of users. Contributions will be relevant to consumer behavior and services marketing researchers who investigate wearable technology.
adoption in healthcare.

**Conceptual Framework**

Previous research on health information technology (HIT) acceptance has applied the main technology acceptance models such as technology acceptance model (TAM) (Davis 1989), theory of planned behavior (TPB) (Schifter and Ajzen 1985), and unified theory of acceptance and use of technology (UTAUT) (Venkatesh et al. 2003). Over the last two decades, there has been substantial empirical support in favor of TAM (Venkatesh and Bala 2008). With respect to the relationship between the various constructs, perceived usefulness and ease of use affects a consumer’s attitude, the behavioral intention to use a technology and the actual use of the technology. Several researchers have expanded the original TAM and added additional constructs such as trust, security, confidentiality, privacy and enjoyment. Some studies have revised the health behavior models such as protection motivation theory (PMT), health behavior model (HBM) and subjective utility theory (SEU) to explain individual’s adoption of HIT from a healthcare perspective (e.g., Terrizzi et al. 2012); however, many of these studies focus on health professionals and employees (see the overview by Ahlan 2014).

Given that healthcare wearable devices are an application of an emerging consumer technology in healthcare, Gao et al. (2015) suggest that technology, healthcare and privacy perspectives should be considered to examine user’s decisions to adopt these devices. Furthermore, based on gamification literature and social influence in technology adoption, reciprocal benefits and recognition appear to be relevant in this context. Thus, we posit that a consumer’s attitude towards fitness wearables is influenced by four factors: *technology acceptance* (ease of use, perceived usefulness, subjective norms, hedonic motivation, value), *concerns about access to shared information* (confidentiality, privacy), *personal health-related factors* (health motivation, health consciousness, health status) and *extended social influence factors* (recognition and reciprocal benefits). One’s attitude towards fitness trackers is positively related to the adoption of fitness trackers as well as health-related outcomes (see Figure 1).
Research Methodology

All measurement items were drawn and modified from validated instruments from past literature to fit the healthcare wearable device context (similar Gao et al. 2015). Unless otherwise noted, all measures use 7-point Likert scales with anchors ranged from “strongly disagree” to “strongly agree”. The questionnaire was pretested among 17 graduate students of a Master of Science in Marketing Research program which lead to some minor modifications including the formatting of the questionnaire. Data was then collected in the U.S. using a Qualtrics panel with quotas for gender, age and region. After checking the data of the soft launch (n=60), data collection continued over one week. The final sample size consisted of 389 users (53% females and 47% males). The majority were 25-34 years old (29%), followed by 18-24 and 35-44 years (each 19%). 7% were 65 and older.
Discussion

Due to the deadline of the abstract submission, no results can be reported so far. We intend to employ structural equation modeling to analyze our research model and test our hypotheses. However, the proposed study is expected to contribute to both academia and managers. First, the results will contribute to the wide body of TAM literature, in particular the emerging field of wearable technology acceptance. We extend Gao’s et al. (2015) approach to merge several theoretical models to provide a holistic view of how individuals adopt and utilize fitness tracking devices. Second, the study will contribute to the growing field of transformative service research (Ostrom et al. 2014; Rosenbaum 2015), i.e. how can wearable technology improve an individual’s well-being and reduce the costs of today’s healthcare system.

Our findings also provide practical implications for various stakeholders such as employers and wellness program managers, healthcare providers and insurance firms and societies at large. First, these wearable innovations have begun to disrupt traditional health and wellness product manufacturers. Second, they redefine relationships between consumers and their care providers as hospital, physicians and insurance firms consider these devices for patients. Third, companies concerned with rising costs of healthcare increasingly adopt wearable fitness trackers as part of their workplace wellness programs to increase employee well-being (Everett 2015). For example, companies are giving free Fitbits to employees to encourage them to get fit (Davis 2015). Our model provides a first step to understand consumers’ adoption process of fitness wearables and effects on managing their own health.
References


Service at the Base of the Pyramid to Connect, Empower, and Train

*Steven Rayburn (Texas State University)*

This project focuses on service efforts in the slums of Nairobi that connect, empower, and train community leaders to instigate and stimulate economic growth and well-being uplift for both individuals and their communities. Using Self-Determination Theory (SDT) to interpret the data, this project exposes “what works” in service aimed at community development at the Base of the Pyramid (BOP).

**Service at the BOP**

Service research and service researchers are uniquely poised to help in the continuing battle against consumer constraint, oppression, and poverty throughout the world. Service research has been called to focus on poverty and related issues (Gebauer & Reynosa 2013; Bitner & Brown 2008). A movement is underway, the Transformative Service Research (TSR) movement, pushing for a move away from the almost exclusive focus on the most developed economies to explore the applicability of service theory and to understand service in practice across all service contexts (Anderson et. al., 2012). Within these requests there is a focus on understanding the potential and actual impact of service delivery, interactions, and practitioners on consumer constraint.

Many of these service practitioners are social entrepreneurs, mission-based organizations, and NGOs. Understanding what these organizations do right and how is limited. Research is needed to understand what mechanisms employed see success, what is marginal, and what is working against alleviating poverty and oppression. Many of these organizations pursue community development programs that are empowering and participatory (Bradshaw 2007). In marketing and other fields, community action research (Ozanne & Anderson 2010) relies on community members as active participants in research and instigators of changes needed to help the community. Consumers and communities have resources for the uplift of themselves and their community. Identifying resources and engaging the community in its improvement is likely the best direct approach to poverty alleviation. This is a micro approach, but it is effective. This
research explores these approaches in action; it offers understanding of how these are working to create uplifting change in Nairobi’s poorest communities.

**Methodology**

This research is a collaborative effort with a community service organization in Nairobi, Kenya. The service organization works as a training and support organization for community leaders and small business operators. The stated goal is to empower and teach leaders in the community to take action and instigate change. The organization conducts leadership training and support, asset and resource mapping, small business support, and resource matching.

Data were collected during fieldwork in four of Nairobi’s poorest communities – Kibera, Huruma, Kangemi, and Kawangware. Access was facilitated through the director of the service organization and his connection with leaders in these communities. Four “meetings” (focus groups) were held with community leaders who have participated in leadership or entrepreneurship training. Depth-interviews were conducted with four community leaders and four service providers. A total of 104 individuals, 16 women, participated. Two formal observations were made of training classes; one leadership and one entrepreneurship. To accommodate data collection and to further immerse into the community; five days were spent walking, and occasionally riding, in the communities with leaders while engaged in talk and observation of these leaders at work. Data were recorded and transcribed when possible. Extensive field notes were completed during and after meetings and days spent in the communities, particularly when recording was not possible. Data was analyzed and coded to using a variant of the grounded theory approach to allow themes and connections among themes to emerge (Straus & Corbin 1990).

**Discussion**

Themes from the data are interpreted and organized in light of Self-Determination Theory (Deci & Ryan 2000). SDT posits three psychological nutriments are needed for optimal human functioning and well-being – relatedness, autonomy, and competence. Relatedness refers to individuals’ meaningful relationships and connections in the community; autonomy reflects individuals’ self-determined functioning; and competency pertains to individuals’ understanding and mastery within their domain. Individuals are connected to others, they are in control of their lives, and they can affect their community. Building these personal resources reflects how the service organization does community development.
Making Connections. The service organization connects people; it gets people with complementary resources together. Along with empowering and building competence they encourage individuals to get out, engage their community, share stories, and take action. “After I shared my story, the people started sharing their stories…[it was] real healing” (Sharon – pastor). This resulted in Sharon being embraced by her community and approached to start a support organization for people who have experienced abuse. Helen describes it as “we used to start above, giving orders…now we are sitting with the people.” Elizabeth adds “I gather them in groups, I talk to them, I equip them with the knowledge [they can do something]” (Elizabeth – pastor, widow support group leader). These connections result in people coming together to address their own problems.

Beyond this type of connecting, the organization connects internal ideas to internal and external resources. Multiple individuals spoke of how the director had taken their idea and introduced them to resources outside of their immediate circle. In some cases this was across communities; in others it was across the world. In one group a pastor had started a small savings group, another community leader asked her to teach his group how to do the same. The service organization’s function of bringing people together facilitates theses exchanges.

Promoting Autonomy. The organization promotes a climate of empowerment within the training it coordinates. In observation, it was common to hear ‘you can do this’ during training and to see participants step up to the challenge. Individuals who had been part of prior training came together to speak of their new lives. “We can start from down, and grow…” (Simone - community leader). “Even if we are poor, we can do something” (Augustine – community leader, activist). These individuals had moved from being leaders of small, insulated groups to coordinators of larger, inclusive initiatives. They had taken ownership of community problems and of their ability to make a difference. For example, Sharon said, “I could do something, I told church ‘I am going to do something’” and she started a savings circle, bought a school, and went back to school. A couple years earlier she was pastoring a small group of relatively isolated individuals. Now she is head matron of a school of over thirty children.

Building Competence. Training by the service organization takes many forms. Within the process of empowering individuals, the organization teaches that each person, and especially several together, can make the change they wish to see. During one training on budget allocation within a small business a participant spoke up: “I thought we were broke, we are spending too
much” (John – water company owner). He immediately saw how he, and his associates, could take a very small amount of their incomes, pool it, save it, and protect against future economic uncertainties. Immediately John had a plan and he saw how it would change his and his business partners’ futures. This feeling of being able to affect change was summarized: “let us see what we can do in our society so we can bring change in our society for the better (Mbolo – community leader).

Facilitating Change. These efforts of connecting people, promoting empowerment, and building competence have changed these communities. The results are captured at the individual level; Sal found a young “thug” and taught him to cook and mentored him into a career as a caterer and businessman. It is captured at the community level; three slum schools have opened and over one hundred children are attending as a result of the connecting, empowering, and training of one service organization.

Moving Forward
This is a micro approach to community development as service. It is working. Better understanding the nuances making this happen is an imperative. More research is needed to see how these service practices work in other impoverished and oppressed contexts. From this and additional research, service practitioners can learn to reproduce the effects where needed and scale them where possible.
References


Bradshaw, T.K. (2007) “Theories of Poverty and Anti-Poverty Programs in Community Development;” *Community Development;* 38/1; p7-25


Gebauer, H. & Reynosa (2013) "An Agenda for Service Research as the Base of the Pyramid;" *Journal of Service Management;* 24/5; p482-502


Smart Service System in Developing Countries: Looking for a Conceptualization

Angela Carida (University Magna Graecia of Catanzaro), Tiziana Russo Spena (University of Naples Federico II), Maria Colurcio (University Magna Graecia of Catanzaro)

Introduction
During the last years the service system concept has emerged as topic of growing interest among practitioners and scholars (Spohrer and Maglio, 2010; Barile and Polese, 2010). New technologies are key element in service systems and recently smart technologies have been seen having potential to realize a greater value from service system (Maglio and Spohrer 2013). They allow networked connections among people, processes, data, and things and advance interactions at multiple levels (Barile and Polese, 2010; Maglio and Spohrer (2013). Thus the smart environment is recognized as the best approach to improve the system effectiveness (Barile and Polese, 2010; Maglio and Spohrer 2013; Maglio, 2014) and innovation by enhancing the quality of life in a sustainable manner (Barile and Polese, 2010 p.33).
This awareness increases the global demand for smart service systems, which are able to sustain systematic and sustainable service innovation particularly in complex environments (Barile and Polese, 2010; IfM, IBM, 2008; Basole and Rouse, 2008; Demirkan et al., 2008).
For example economies of emerging countries open ups many new questions about smart systems and service innovation (Carlborg et al., 2013). Many of the principles of service innovation originate from scholars who refer their analysis and studies to well-established countries (Ostrom et al., 2015; Reynoso et al., 2015; Carlborg et al., 2013), and however such principles look useful to be applied across different countries and regions. Against, service innovation and value co-creation process have been recognized to be greatly influenced by contextual factors as well, including the diversity of resources, knowledge, networks of relationships (Chandler and Vargo 2011) and social structure (e.g., institutions) (Edvardsson et al, 2011). For example, services in developing countries are less sophisticated than in the developed ones, as local context can be characterized by a lack of landline telecommunications and poor financial infrastructure (Ostrom et al., 2015). Furthermore, the main goal of service innovation in emerging economies relates more benefits to society, than just economic goals (Wittel et al., 2015). Accordingly, many authors (Reynoso et al., 2015; Phills et
al., 2008) refer to service innovations in emerging economies as social innovations, which occur by engaging the whole community for providing novel solutions, with long-lasting value primarily for the entire society than private individuals. Hence, conceptualizing and operationalizing service system in the same manner we would do in a developed economy country need questioning.

However, despite the increasing relevance of service innovation in the research agenda on emerging countries, the academic discussions is limited so far and overlook the ability of technologies (e.g. China and India) to create new services and innovations (Markides, 2012). Scholars ask for broadening and investigating service innovation and its sub-topic within the context of the emerging economies (Ostrom et al., 2015 p. 148). Reynoso et al. (2015) call for researches on service ecosystems and networks to understand how to involve the entire actor’s network to create innovatively inclusive service ecosystems in emerging economies that benefit the economy overall.

Drawing from an S-D logic service ecosystems approach (Vargo and Lusch, 2008, 2011, this research aims to provide insights into service innovation in emerging economies by refining the concept on smart services applied to cities (e.g smart city) through the analysis of the specific urban and social context of Curitiba in Brazil.

**Methodology** – We adopted an abductive research approach (Dubois and Gadde, 2002) aiming to match theory and reality through an iterative process of systematic combinations and inference (Dubois and Gadde, 2002). It is particularly useful for pursuing theory development, as refining existing theories, rather than inventing entirely new ones (van Echtel et al., 2008). According to this approach, we outlined the main issues covered by studies on service ecosystem and we adopted the case study method (Yin, 2009) to illustrate how service innovation takes place in complex service systems and networks, such as the smart service ecosystem in emerging economies.

**Case background** -
The case we focused on is the urban context of Curitiba, the capital city of Parana State in Southern Brazil. In 1967 Curitiba started the Smart City Program with a multiple focus on economy, environment, people, mobility and governance (Ojo et al., 2014). It has all the features
of a smart city even if is not focused just on technologies; it is livable, green, and inclusive and it is a driver of economic growth creating jobs for the common people (e.g. poor people have opportunities of free internet connectivity pro poor housing and recreation facilities, homeless people collect recyclable trash in public areas and exchange it for public services, youth are co-responsible for the maintenance of parks through ad hoc programs, etc.).

The main actors orchestrating the smart program were the city major and the Institute of Research and Urban Planning of Curitiba – IPPUC, that acts as a think tank for the city. The IPPUC is a smart lab for finding creative, integrated solutions to urban planning problems. In almost 50 years, it ensured the continuity and political, economic, and social success of the program. Citizens and other key stakeholder propose new ideas through collaborative and iterative processes. Both objective and subjective criteria were taken into account for the selection and the development of new projects. Firsts relate their design simplicity and their easily quickly and the inexpensive implementation, second relate the projects ability to support the human interactions, the preservation and promotion of the natural landscape and of the cultural heritage, and the development of underutilized or ignored areas.

**Findings**

This work conceptualizes service innovation in the context of emerging economy. Service innovation takes place in a complex social context that is service ecosystems shaped by technology as means to develop services suitable to the context in which they are used. Technology is not simply an infrastructural resource that improves the connections in the smart service systems. It can be seen as cross-cutting resources because it is interrelated with each of the other resources and have the potential to influence almost every aspect of service innovation by creating both new service provision and consumption practices.

In the emerging economy a smart service ecosystem is not simply an intelligent or digital service systems, it is an inclusive context using technology and innovative, creative and low-cost solutions to increase social inclusion and hinder poverty and deprivation. The smart service ecosystem focal point is to do more by doing less, as it enables the matching between the best possible quality of life with the lowest possible use of resources. Technology allows the creation of both new resources and new social practices. These practices are rooted on the co-commitment and on engagement of multiple actors and community at whole
in sustaining and promoting innovation. Promoting changes in emerging economies deal more
with the enactment, sharing and integration of wider social- mechanisms (meanings, values,
beliefs and rules) that influence the diffusion of new practices as emergent outcome of
innovation activities.

The study showed that Curitiba is an eco-system based on mechanisms of continuous learning
process and on resource integration. These mechanisms work not as isolated actions but as a
process of practices institutionalization, that creates new smart citizens as empowered actors.

**Contribution**

This work contributes theoretically and practically in many ways. It investigates the topic of
service innovation, within and through the context of smart cities, which represent a key theme
overall for the emerging countries. This research addresses one of the most important research
priorities in service research, that is the understanding of how service innovation takes place in
complex service systems and networks (Lusch and Nambisan, 2015), as those featured the
emerging economies, and providing some evidences on how to design and deliver sustainable
and viable service system (Ostrom et al., 2015). Furthermore, it provides a holistic and integrated
conceptualization of smart city toward perspective as smart service eco-system that is a practice
which continually reproduces service systems to enhance the sustainability of territories. Finally,
it offers relevant insights for institutions, companies, citizens, etc. who are challenged by the
need to design innovative and livable urban context.

**Originality/value** – This work understands and explains how differences in service ecosystems
across countries, such as the emerging ones, affect the design and delivery of services. It
addresses the issue of smart service that is relevant in urban contexts, as they implement changes
that will positively enhance the lives of people in developing countries.

**Further research**

The main limitation of the study depend both on the single case study which doesn’t allow the
generalization of the results and on the case study we chose as Curitiba is an excellence
(although not the only one) within the developing countries landscape. Further research should
address to the analysis to enlarge the investigation in order to set practices for the development and the management of smart service innovation in service ecosystem of developing countries.

**Key words:** service eco-system perspective, smart service, developing countries, service research priorities
Customer experience has become a key focus of service research and practice (McColl-Kennedy et al., 2015). It has been defined as “the internal and subjective response customers have to any direct or indirect contact with a company” (Meyer and Schwager, 2007) and research has emphasized the need to broaden the concept of customer experience to adopt a holistic perspective (Berry et al., 2002; Verhoef et al., 2009). This perspective is mostly a unidirectional and organizational one, that sees firms as providing experiences for the customer, and customers as passive recipients (McColl-Kennedy et al., 2015). Still, many times the service is not an end in itself, but an enabler of broader customer activity. For example, a mortgage service is instrumental for the customer activity of buying a house. In this context, focusing on the experience with a company may limit the range of inputs for managing and creating new services, because insights may be missed on the overall goals, activities and needs behind the service usage.

Service research has identified this experiential challenge. From a service-dominant logic perspective, the traditional dyadic relationship between customer and service provider has changed towards a dynamic perspective, where value is co-created by a network of interwoven actors that collaborate and integrate resources (Lusch et al., 2007; Vargo and Lusch, 2011, 2015). A customer-dominant logic has also been suggested, where the focus is not on the creation of services that customers prefer, but on services that help customers achieve their goals (Heinonen et al., 2010). Further research conceptualized customer activity as a behavior that creates value for the customer and added that a focus on customer activity allows companies to understand their role in the various activities performed by the customer (Mickelsson, 2013).

A focus on customer activity is unbounded by a specific service provider. It broadens the view beyond the service experience (the interaction with the service), to understand the customer value constellation experience (how the customer builds his/her experience beyond the interaction with the service provider. From an activity-centric perspective, companies enable
specific activities in a larger customer journey. This view builds on Activity Theory, a cross-disciplinary framework for studying different forms of human practices (Kaptelinin and Nardi, 2006; Kuutti, 1996). Several fields advocate a focus on activities as the unit of analysis. Interaction design makes the case for activity-centered design, or usage-centered design (Constantine et al., 2003, 2003; Kuutti, 1996; Norman, 2005). From management authors suggest the focus on the customer job (Ulwick and Bettencourt, 2008). In service research, service design, the field dedicated to bring innovative fields to life (Ostrom et al., 2010; Sangiorgi, 2009), has also introduced activities in its methods. Multilevel service design is a service design method that starts the design process by analyzing the overall customer activity and the constellation of service offerings that support it (Patrício et al., 2011). Customer Experience Modeling is another method for the design of services that systematizes customer experience information, focusing on customer activities and their surrounding context (Teixeira et al., 2012). Still, while research from several fields has emphasized the benefits of following an activity-centric perspective, and customer activity has been conceptualized, this perspective has yet to be reflected in the design and management of services. Also, service design methods have used activities as a component of their process. However, the importance and impact for service design and management of following an activity-centric perspective has not been discussed.

In this work, we present two qualitative studies that adopt an activity-centric perspective. These studies were developed in the healthcare industry, which is an appropriate setting, since it provides complex context, where networks of actors interact to co-create value, while also answering to identified service research priorities (Ostrom et al., 2015). Data collection was done through semi-structured interviews and relevant literature regarding interviewing was reviewed to avoid common pitfalls and obtain the desired data (Charmaz, 2006; Fontana and James, 2000; Myers and Newman, 2007). Sampling proceeded on theoretical grounds, meaning that data was collected until concepts were adequately developed and consistent, i.e. when theoretical saturation was achieved (Corbin and Strauss, 1990). Concerning data analysis, each interview was literally transcribed and coded segment-by-segment in NVIVO 8 (QSR, 2009). Analysis begun after the first data was collected so that it could guide future data collection (Corbin and Strauss, 1990).

By adopting an activity centric perspective we look beyond the specific service and discover why the customer uses it in the first place. We are also able to uncover the different roles the
customer assumes throughout the customer journey. This creates the opportunity to design services that are not generically concerned with what the customer needs, but adapted to what the customer needs to perform an activity.

The first study focused on designing a service to share medical data across healthcare institutions. It involved 37 in-depth interviews that analyzed healthcare professional’s activities, such as diagnosis, treatment or prescription. We realized that the customer experience with Electronic Health Records (EHR) varied substantially according to different activities performed. For example, the EHR was considered invaluable for regular diagnosis in an emergency service, but in life-or-death situations, the EHR was useless, as there was no time to search for information. As such, features like a summary of patient health data were designed to support diagnosis in regular settings, instead of supporting critical situations.

The second study was focused on improving skin cancer prevention and follow-up procedures. It involved 20 in-depth interviews with skin cancer patients and dermatologists. Focusing on an activity-centric perspective led to a shift from a dyadic understanding of the role played by patient and dermatologist, to a broader understanding involving the patient healthcare network. This included the primary care physician who assumes a very important moderating role, and the patient family that is also quite important for initial screening of skin problems. In the end, the service was extended to support the work of the primary care physician in doing a first assessment of the situation and providing a more complete account to the dermatologist, through high-quality dermatoscopic photos of moles.

Overall, our findings show that an activity-centric perspective broadens the scope of customer experience, changing the point-of-view from the firm to the customer. This perspective provides new insights and opportunities to enable value co-creation, thus also positively impacting service innovation (Ordanini and Parasuraman, 2011). This activity-centric perspective is even more relevant in complex services with networks of actors that interact and assume various roles, since an activity-centric perspective can leverage these interactions to enable new and innovative configuration of service resources.
References


QSR (2009) *NVivo qualitative data analysis software Version 8*.


The Role of Institutional-Based Trust in Service Ecosystems

David Sörhammar (Uppsala universitet), Jimmie G. Röndell (Mälardalen University)

When integrating resources, is it better if the co-creating actors have the same skills, knowledge and resources, or complementary? Judging from current societal developments of specialization; the more unique knowledge that is integrated, the better the perceived outcome. The same reasoning can be found in Service-Dominant (SD) logic, in that co-creating a service offering (e.g., value proposition) involves a multitude of actors - what can be considered a service ecosystem (Lusch & Vargo, 2014) - that together combine unique resources. As actors have different skills and knowledge and might even be in different types of industries, it could be assumed that actors within the ecosystem conduct business based on different institutional logics. Some actors might collaborate based on an economic logic, other’s with an humanitarian, or environmental logic. We argue that potential conflicts in goals and institutional logics among actors, has not been thoroughly addressed within service ecosystems literature.

This paper will critically examine the SD logic established assumption of the shared institutional arrangements (e.g., institutional logics) within service ecosystems. In this regard, we will challenge Vargo and Lusch (2015) widely accepted definition of service ecosystems as “relatively self-contained, self-adjusting system[s] of resource-integrating actors that are connected by shared institutional arrangements and mutual value creation through service exchange” (Vargo & Lusch, 2015, p. 6). We argue that research based on this definition provides an over-simplified view, largely because it doesn’t take into account actors different conflicting institutional arrangements within the service system and ignores critical factors such as trust and network relationship dynamics. Instead this paper proposes that the definition of a service ecosystem need to acknowledge and incorporate the notion of institutional-based trust. We argue that the ‘glue that binds’ the system together is institutional-based trust, that emerges through
the activities of resource integration and specifically through learning about, rather than unifying, the actors institutional logics.

This paper thereby offers an enhanced understanding regarding the role of institutional-based trust within service ecosystems when co-creating mutually beneficial value propositions.

**Value proposition**
S-D logic’s definition of value proposition put focus on the process rather than the offering as an output, as all actors’ activities are potential inputs for other actors’ value creation. This view consequently embraces both the co-creating systematic nature of value creation and the more strategic co-production aspects of forming value propositions. Described in SD logic terms, value propositions are dynamically formed through the integration of competencies and capabilities within a network of multiple resource integrating actors, including the focal firm (Lusch and Webster, 2011). Accordingly, value propositions play an important role in a service ecosystem, signalling those resource integrating and sharing relationships that are likely to promote the well-being of the ecosystem (Frow et al, 2014). In order to co-create a value proposition, actors in a service ecosystem need to integrate each other's resources by identifying and assessing the potential service of these resources, by applying situated knowledge and competencies to generate value from available capabilities. In this paper, the process of forming mutually beneficial value propositions is argued to involve two distinct, but intertwined aspects; *resource integration* and *institutional-based trust*.

**Resource integration**
Prahalad and Ramaswamy (2004) argue that value creation is dependent on a network of actors working together in order to generate value propositions. Value creation does not take place in isolation, so for value to emerge an actor need to combine its resources with other actors’ competencies and capabilities (Lindgreen, Hingley, Grant and Morgan, 2012). This process of resource integration is however not without friction as the assessment of resources is related to the actors’ specific goals and interests as well as being influenced by the different institutional logics of the actors (Vargo and Lusch, 2015) such as contextual norms and practices (Kowalkowski et al., 2012). As the outcome of a co-creative process cannot be predicted the
element of trust between the actors becomes essential when integrating resources. As no single actor in the service ecosystem has full information, actors must trust the other actors’ that their resources are compatible and relevant for mutually beneficial value propositions.

**Institutional based trust**

Trust has during the years been defined in numerous ways. Broadly, three different characteristics of trust can be distinguished, inter-personal trust (e.g., Mayer and Davis, 1995), inter-organisational trust (e.g., Zaheer, McEvily, and Perrone, 1998), herein most essential, institution-based trust (e.g., Luo, 2002; Zucker, 1986). Zucker’s defines institutional-based trust as “a set of expectations shared by all those involved in an exchange”(1986:54). Institution-based trust thus relates to expectations of actor specific capabilities such as integrity, expertise and intentions (e.g., Pavlou, 2002). Trust is gained through resource integrating activities in which actors learn about each other’s institutions, thereby identifying the intersecting and overlapping overall goals of the process.

**Method**

To contextualize the importance of institutional-based trust when co-creating a value proposition in a service ecosystem, an empirical study of the process of creating a TV show - a reality show focusing on clothes-design - with the incorporation of branded content is used. Branded content is the extension of product placement, which means that the advertised product or service is involved in the actual content, and contributing to the storyline of the show as part of the manuscript (Sawyer, 2006). The idea is to incorporate products without them being portrayed as forced upon the viewer (Thomas and Kohli, 2011).

In order to observe the phenomenon closely and to be able to receive information from all relevant representatives involved, a single case study (Eisenhardt and Graebner, 2007) with nine key informants within four different types of international and national organizations; Broadcaster, Advertiser, Media Agency, and Production Company. Also extensive use of secondary data (screening of video material of the TV show, press releases, newspaper articles, company websites, and annual reports) in order to triangulate data and strengthen its validity (Saunders, Lewis, and Thornhill, 2009).
**Findings and discussion**

The case offers opportunities to ascertaining patterns of a co-creating process by dissecting the formation of a value proposition into processual aspects. All actors within a service ecosystem display different degrees of absorptive capabilities in terms of their ability to absorb, assess and adapt resources, much due to a lack of understanding the other actors’ institutional logics. Assessments are made in relation to their individual specific goals of interest; guided and shaped by their institutional logic which displayed a different degrees of uncertainty and lack of trust for each other.

Seen from a service ecosystem perspective the study found that institutional-based trust is essential for an efficient process, thereby determining the outcome. In this sense institutional-based trust is not established on the basis of a shared institution, rather due to its absence. It is gained through resource integrating activities in which actors learn about each other’s institutions. The TV-case contextualize that participating actors gain new insights regarding both their own and others’ institutional logics. Being attentive of each actors competences as well as their institutional logic forms a basis for the emergence of trust between the actors’ which is a prerequisite for the process of forming a value proposition. When a beneficiary, who can be any actor within the system, do not understand the institutional logics of the other actors, and subsequently do not perceive potential benefits from interacting, processes within the service ecosystem loses its momentum and collapses. The emergence of institution-based trust thus leads to a stable set of expectations influencing resource integration within the service ecosystem. Stated differently, the ‘glue that binds’ the system together is trust that emerges through the activities of resource integration and specifically through learning about, rather than unifying, the actors institutional logics.

Since fewer resources can be spent on securing the work of others, an actor can leave certain tasks to other actors in the service ecosystem, based on trusting and knowing about their unique competences, capabilities and institutional logics. This notion both resembles Vargo and Lusch (2004) ‘service for service’ view as well as Normann’s (2001) two ways of service, stating that service is either a form of ‘relieving’, doing a task for someone else, or ‘enabling’, making it possible for someone to perform a task more efficiently or effectively (Normann, 2001). Hence,
from a single actor’s perspective, the process of forming a value proposition consists of integrating both your own and others competences as well as developing understanding of and trusting the others institutional logics within the service system. This process facilitates action, either in the form of relieving or enabling each other. Seen from the perspective of a service ecosystem as a whole, actors, as nodes in the system, can be regarded as a division of labor (Coase, 1937), or ‘jobs to be done’ (Silverstein, DeCarlo, and Samuel, 2008), for the co-creation of a value proposition. We argue, institution-based trust within the service ecosystem enables the different interests and institutional logics to be viewed upon as possibilities, instead of conflicting constraints.
The Nature of of Ecosystems’ a Man-Made Service

Helge Löbler (Institute for Service and Relationship Management, University of Leipzig)

Introduction

Service is ubiquitous and it has been defined (among other definitions) as “the application of skills and knowledge for the benefit of another party.” (Vargo, Lusch 2004, 2008). As a basis for Service-Dominant logic (SDL) this definition covers the phenomenon of service as it exists in a manmade or human made world. In line with this is the idea of service science as it “restricts its attention to artificial, in the sense of being real human-made, worlds, and is thus a specialization of systems science” (Spohrer 2009, p. 13).

However service is not only a man-made phenomenon it also exists in the natural world e.g. between organisms of low and high developed species. Firstly service is exchanged between all kingdoms outside the human sphere (Boucher 1985; Douglas 1994, 2010) and secondly service is provided by ecosystems (Boyd, Banzhaf 2007) where ecosystems provide service for humans. Ecosystems service (not to be confused with service ecosystems (Vargo, Lusch 2011) researches the service provided by nature for humans (Boyd, Banzhaf 2007).

This paper provides a theoretical underpinning of service as fundamental phenomenon in the natural and artificial world by offering common ground for natural as well as for artificial service. The article is organized as follows.

The next section 2 identifies four common denominators of man-made and non-man-made service. Section 3 connects service to the law of requisite variety and section 4 shows that all service can be interpreted as an entropy reducing (not rising) process in very general terms.

Common Denominators for Natural and Human (=artificial) Service

An extended review of different streams of literature served for identifying four joint denominators for human and non-human service (as examples serve: (Douglas 2010) for Symbiosis; (Boyd, Banzhaf 2007) for Ecosystems and (Vargo, Lusch 2004, 2008, 2011) and (Maglio, Spohrer 2008) for Human service):
1.1. Resource integration

Getting access to resources is one of the most important reasoning of the evolution of symbiosis and live in general (Kiers, Denison 2008; Kiers et al. 2010). All natural processed are integrating resources without which they wouldn’t be possible (West, S.A., Griffin, A.S. & Gardner, A. 2007; Paszkowski 2006; Noe, R., and P. Hammerstein 1995).

The notion of resource integration as written in FP 9 of Service dominant logic is a fundamental concern (Vargo, Lusch 2004, 2008). All (economic and social) actors are resource integrators. There can’t be an activity without resource integration. (The full paper will discuss here that resources are not but that they become).

**First denominator: Use or integration of resources.** All service can only be performed by use of some kind of resource whether these resources are material (land, seeds, food, etc.) or immaterial (sunlight, information, wind, etc.).

1.2. Transfer and exchange

As mentioned service has become important in the field of biology and ecology (Cushman, J. H., T. G. Whitham 1991; Herre et al. 1999; Yamamura et al. 2004; Ollerton 2006). Although the exchange of service is sometimes still distinguished from the exchange of goods, this distinction is quite similar to the distinction of goods and services associated with the goods-dominant logic (Vargo, Lusch 2004; Vargo, S.L., Lusch, R.F. and Akaka, M.A. 2010) but now can be seen as two forms of service according to the service-dominant logic (Vargo, Lusch 2004, 2008). (In the full paper this is discussed more deeply)

Hence “exchange” is another constituting characteristic of service.

**Second denominator: Transfer/Exchange of resources.** To get these resources an entity has to transfer (or exchange) them with other entities or with its environment.
1.3. Transformation and change

Transformation or change is another denominator of service. Riddle clearly identifies service as activities for change: “Service are activities that produce changes in persons or the goods they possess” (1986). The integration or use of resources “produces” changes in the state of the receiver or his belongings when used. Resources are an “ability to cause desired change” (Vargo, Lusch 2008, p. 7). In the same vein Maglio et al. argue in the realm of human service that “Service systems are value-creation networks composed of people, technology, and organizations. Interventions taken to transform (emphasis by the author) state and coproduce value constitute services.” (Maglio et al. 2006, p. 81). Here the idea of transformation and change is an important part constituting the concept of service in the human world. This was also an emphasis by Hill who took change as the defining characteristic (1977).

In biological and ecological research Douglas (1994, 2010) has summarized the outcomes gained by service and Ollerton (2006) has described the services exchanged in symbiotic relationships. They show that they are all used for changes and/or transformations organisms or other entities like fixation, respiration, degradation, production, protection, removal etc. (Douglas 2010, p. 14). Hence transformation (or change) is a third common denominator.

**Third denominator: Transformation (change) of the receiver’s state by use of resources.** Resources are not integrated (used, consumed) for their own sake but for a transformation in a service receiver’s state whereby the receiver usually (but not always) also transformations (consumes or wear down) the resources.

1.4. Contextuality of value and survival

It is argued that the application of skills and knowledge can “only” offer value proposition but cannot deliver value. Value emerges out of the use in a specific context. (Chandler, Vargo 2011). Hence value is contextual and not a fixed trait of service the application of skills and knowledge. (in the full paper this will be discussed in more detail and also linked to literature on value destruction)
Research on symbiosis analyzing the benefits and harms of symbiotic relationships is aware of the contextuality of these benefits and harms. A “fundamental problem is the variability of real associations, such that benefit is not a fixed trait of some relations but varies with environmental circumstance” (Douglas 2010, p. 6)

**Fourth denominator: Contextuality of value (benefit) of service.** Value or benefit is not inherently a service characteristic. Value can emerge via resource integration depending on the relationship between service receiver and its environment hence value as well as survival is contextual. (e.g. Blaser, Atherton 2004 for Symbiosis; e.g. Turner, Daily 2008; e.g. Chandler, Vargo 2011 for human service).

Finally we define service as an ongoing process of transfer and transformation of resources to reduce or limit rising entropy (see below) of a transforming entity.

**Service and requisite variety**

Service as transfer and transformation can best be represented by Ashby’s model of requisite variety: Ashby’s model contains four elements: Disturbances D, any kind of force for a (potential) change in the state of an actor or his belongings; resources R, any kind of operand or operant resources for transforming the actor’s state or belongings; transformation T of the actor’s state and outcome E of the transformations shown by using a simple example in table 1.

**Table 1: Example**

<table>
<thead>
<tr>
<th>D</th>
<th>T</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>growing hair</td>
<td>a</td>
</tr>
<tr>
<td></td>
<td>hunger</td>
<td>n</td>
</tr>
<tr>
<td></td>
<td>thirst</td>
<td>n</td>
</tr>
</tbody>
</table>

Each transformation requires a set of resources to be integrated to stay in or to reach a specific state. The law of requisite variety adapted to service becomes the law of requisite resources
(and/or transformations): A service receiving entity can only remain in or reach a specific state by use of requisite transformations i.e. services.

**Service and Entropy**

The law of requisite variety has described the variety of disturbances as a challenge for an actor to become or remain in a specific state. However this law only shows where the minimum can be but it does not assure it since H(E) can be larger than this minimum. So we have to look at the entropy of E more closely. Let’s assume we have two services (see table 2) one with R_a = \{r_1, r_2, r_3\} and R_b = \{r_1, r_2, r_4\}. The actor has to deal with three disturbances D = \{d_1, d_2, d_3\} and three outcomes Q = \{a,b,c\} with the following two transformation matrices A and B according to the two service packages:

**Table 2: Two examples**

<table>
<thead>
<tr>
<th></th>
<th>r_1</th>
<th>r_2</th>
<th>r_3</th>
</tr>
</thead>
<tbody>
<tr>
<td>d_1</td>
<td>a</td>
<td>c</td>
<td>a</td>
</tr>
<tr>
<td>d_2</td>
<td>b</td>
<td>a</td>
<td>c</td>
</tr>
<tr>
<td>d_3</td>
<td>c</td>
<td>b</td>
<td>b</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>r_1</th>
<th>r_2</th>
<th>r_4</th>
</tr>
</thead>
<tbody>
<tr>
<td>d_1</td>
<td>a</td>
<td>c</td>
<td>b</td>
</tr>
<tr>
<td>d_2</td>
<td>b</td>
<td>a</td>
<td>c</td>
</tr>
<tr>
<td>d_3</td>
<td>c</td>
<td>b</td>
<td>a</td>
</tr>
</tbody>
</table>

The Entropy of Q, H(Q) is either calculated by the logarithm to the basis \[6\] of the number of outcomes ld(3) = 1.58 (we have three different outcomes \{a,b,c\}) or by using the relative frequencies or values of these outcomes using Shannon’s formula (1948) which was generalized by: H(Q) = \(-\sum_{i=1}^{3} \frac{1}{3} \cdot ld\left(\frac{1}{3}\right)\) = 1.58. It is shown that the entropy of E given D in case A, \(H^A_D(Q) = 1.14\), is smaller than in case B, \(H^B_D(Q) = 1.58\).

---

\[6\] We always use the logarithm to the basis 2 and write ld(x) “logarithmus dualis
The Entropy reflects the dependency of the outcomes from D in case A. The independence reflected in $H(E)$ therefore serves as an indicator for the adequacy of the service provided.

Weights or values and entropy

In the full paper it is shown how entropy is calculated when weights or values are of importance.
References:


Value Co-Destruction: A Service Ecosystem Perspective

Tiziana Russo Spena (Università degli Studi di Napoli Federico II), Mariarosaria Coppola (University of Naples Federico II), Cristi Mele (Università degli Studi di Napoli Federico II), Marco Tregua (Fed), Valeria Improta (University of Naples Federico II)

Introduction

The value creation process is a core topic in marketing; a shift in value conceptualisation has moved from value-in-exchange to value-in-use as a focal concept to be analysed (Vargo and Lusch, 2004; Grönroos, 2008). More recently, value-in-context (Chandler and Vargo, 2011) has been proposed to emphasise that even if value emerges from the use, it is determined in the context of the beneficiary’s life. Using a phenomenological view, some authors defined the value-in-experience (Helkkula et al., 2012), where the unit of value is the subjective experience (Prahalad and Ramaswamy, 2004).

Most of literature mainly focused on the value co-creation process in an “optimistic view of value processes and their outcomes” (Plé and Chumpitaz Cáceres, 2010, p.431), instead the value destruction process has been not investigated enough.

The recent literature on such a topic has analyzed the co-destruction process mainly in a dyadic (firm-consumer) dimension (Smith, 2013) or, in addition, taking into account the networks of the actors (Lefebvre and Plé, 2010). As for value co-creation process (Lusch and Vargo, 2014), the adoption of a broader perspective is required. This paper aims to explore the value destruction phenomenon adopting a service-ecosystem approach to get a deeper understanding of the multidimensional process that frames exchanges and interactions.

We chose to analyze the recent scandal of Volkswagen that has cheated on emission tests bypassing environmental standards. Volkswagen lost around 40% of its market cap in a very short time and this is just one of the effects of what happened. By analysing how the Volkswagen’s practices have affected value creation, we offer a fresh conceptualization of the value co-destruction process.
Theoretical foundations

The concept of co-creation has been introduced by Prahalad and Ramaswamy (2004), which stressed that value is created by customers as active participants and not passive audiences in their consumption experiences. The Service-Dominant logic has developed further the process of value co-creation proposing a shift from an emphasis on goods and services to service, defined as the application of competences for the benefit of another entity or the entity itself (Vargo and Lusch, 2008b). The customer becomes an operant resource (Vargo and Lusch, 2004) and the value is jointly created in interaction, through integration of resources between actors (Gummesson, 2008; Vargo and Lusch, 2008a; Grönroos and Helle, 2010). Value co-creation is thus a collaborative process that occurs in a unique context of multiple exchange relationships (Vargo, Maglio and Akaka 2008), in which firms and customers are both value creators and value beneficiaries (Lusch and Vargo, 2006). Furthermore, most recent contributions highlight A2A interactions in the value co-creation process (Gummesson and Mele, 2010) leading to the introduction of a service-ecosystems perspective (Vargo and Lusch, 2011). This approach allows to emphasize that interactions take place throughout network of firms, customers and different actors embedded with norms and institutions (Edvardsson et al., 2011).

Most of studies investigated the concept of value and the related process of value co-creation by focusing on the positive results of the interaction. According to Lefebvre and Plé (2010), this is due to the service concept being defined as a process for the benefit of an entity.

Firstly Woodruff and Flint (2006) analysed the concept of devaluing, in which customer judgments and evaluations of goods and services become negative with imbalanced results for the systems involved in the process.

Recently a co-destruction process was defined as “an interactional process between service systems that results in a decline in at least one of the systems’ well-being” (Plé & Chumpitaz Cáceres, 2010, p. 431). This process occurs through misuse, an intentional or accidental use of resources by a system that is unexpected by the other service system with which it interacts. Value destruction is caused even by the misalignment of business processes occurring when one actor of a focal relationship failed to adapt his processes with the ones of another actor in an expected manner, leading to value destruction-through-misalignment (Lefebvre and Plé, 2010; Plé & Chumpitaz Cáceres, 2010). Echeverri and Skålén (2011) suggests five interaction value
practices that lead to co-destruction, when there are incongruent elements of value practices, in terms of procedures, understandings, and engagements (Schau et al., 2009).

**Methodology**

This paper is based on a single case study (Siggelkow, 2007): the Volkswagen’s emissions cheating scandal. We collected data through blogs and social media to focus on customers’ reactions online. The analysis of these contents is quite common in marketing literature (Helkkula and Pihlström, 2010; Kozinets et al., 2010), especially because of the direct linkage between narrative and lived experiences, namely the perception arising in customers’ mind and resulting in a dialog in a social context. Moreover, narrative represents an unbiased way to acquire insights from people in an unobtrusive way, leading to the achievement of trusted information, especially when looking at blogs, as they are considered “as a trusted information source” (Brown, Broderick, and Lee, 2007, p. 16). We also investigated other actors involved in the case, such as dealers, media, customer associations, suppliers, opinion leader and institutions, thanks to the collection of data through several secondary sources.

**Findings**

The investigated case is an example of initially (apparent) positive value experiences for actors such as consumers, dealers, suppliers and partners, as long as a different truth arises. These actors manifested three different stages in the value co-destruction process: incredulity, awareness and distrust. Each stage turns in negative the actors’ value experience and thus let emerging rejection and pessimism.

Customers’ sentences highlight their feelings and emotions after knowing how the cars they owned had been claimed as highly polluting. Reactions are mainly based on the expected consequences on their cars, especially if they will be modified to achieve compliance with the international standards about gas emissions. The reasons why cars’ owners are worried depend on both car performances on the road and the economic value their cars will lose after this scandal. However cars’ performances are only one aspect of the negative value experience as most consumers are concerned about the impact on the environment and on people’s health. Thus some customers stated that their choices were also based on their confidence to buy an
environmentally friendly vehicle and they were really worried about driving a vehicle that constantly spewed pollution.

In a similar vein the Volkswagen dealers clearly express their negative feelings against the company. They are divided between those who feel cheated because their expected revenues will reduce and those who are ashamed of the fact that someone could doubt that they don’t know about the fraud. Also the dealers perceive themselves at the real front line of a controversy with the added thankless tasks to have to manage the expectations of car owners figuring out how the Company decides to fix the diesel cars.

In each stage other actors are also involved as information providers, affecting the value process. The notice of scandal has largely impacted and many different actors and their groups become active in taking the matter very seriously. Media, customer associations, opinion leader, institutions have communicated more openly than company has done. As the scandal doesn't involve a safety issue but more a breach of public trust, the impact has spread out quickly and the effects are expected to be longer-lasting.

**Conclusions**

The findings showed that by adopting a service-ecosystem approach to the process of co-destruction more insights are gained. Firm-consumer relationships are embedded in a wider social context that influences and is influenced by the processes put in place by the actors (Edvardsson et al., 2011). The value co-destruction process emerges as the outcome of multiple interactions among the carmaker, the customers, dealers and other actors leading to a failure in the co-creation of expected value (Plé & Chumpitaz Cáceres, 2010). The value supposed to be created in the usage of the car vanished when the truth emerged about gas emissions leading towards higher levels of pollution.

Our study supports some recent works highlighting that purchasing have additional attributes (e.g., social, environmental, political, health, etc.) in addition to their immediate use-value, showing commitment to the purchaser’s values and/or to support changes in market practices. A process of values resonance (Ng et al., 2012) occurs and influences value-in-experience in the double dimension of the individual as well as the social construct.
The adoption of a service ecosystem approach lets emerge the social dimension of value creation or destruction processes. In understanding such processes we have to consider not only where value creation happens (and the current service context), but — in line with Helkkula et al. (2012) — the broader life-world contexts and who is involved in the evaluation. The ‘self’ dimension is linked to the idea of the ‘others’ (or community or society). This is linked to the role of social values in shaping value creation processes and value outcomes.

In line with Nicholls (2002), the paper addresses that there has been a shift from self-centric consumption to values-centric, implying that consumers will seek to satiate values that encompass the self as well as others.
References


**Mobile Ad Effectiveness: Contextual Targeting with Crowdedness**

*Michelle Andrews (TEMPLE UNIVERSITY)*

This research examines the effect of hyper-contextual targeting with physical crowdedness on consumer responses to mobile ads. It leverages rich field data from one of the world’s largest telecom providers who can gauge crowdedness in real-time via the number of active mobile users in subway trains. The telecom provider randomly sent targeted mobile ads to individual users, measured purchase rates, and surveyed purchasers and nonpurchasers. Based on a sample of 14,972 mobile phone users, the results suggest that, counterintuitively, commuters in crowded subway trains are about twice as likely to respond to a mobile offer by making a purchase vis-à-vis those in noncrowded trains. On average, the purchase rates measured 2.1% with fewer than two people per square meter, and increased to 4.3% with five people per square meter, after controlling for peak and off-peak times, weekdays and weekends, mobile use behaviors, and randomly sending mobile ads to commuters. The effects are robust to exploiting sudden variations in crowdedness induced by unanticipated train delays underground and street closures aboveground. Follow-up surveys shed light on the causal mechanism driving this result. A plausible explanation is mobile immersion: As crowding invades one’s physical space, people adaptively turn inwards and become more susceptible to mobile ads. Because crowding is often...
associated with negative emotions such as anxiety and risk-avoidance, the findings reveal an intriguing, positive aspect of crowding: Mobile ads can be a welcome relief in a crowded subway environment. The findings have economic significance because people living in cities commute 48 minutes each way on average, and global mobile ad spending is projected to exceed $100 billion. Marketers may consider the crowdedness of a consumer’s environment as a new way to boost the effectiveness of hyper-contextual mobile advertising.
Understanding and Managing the Customer Experience

Arne De Keyser (EDHEC Business School)

Dissertation Summary

Customer Experience (CX) has become a top priority of business executives worldwide, and is considered to be a key determinant of long-term corporate success. Although research on CX has become commonplace amongst academics and marketing practitioners, the literature remains fragmented and no clear accordance on the meaning and foundations of CX can be found. Researchers and managers are left with almost no guidance as to the true meaning and nature of CX, or even the appropriateness of current best practices for CX management. As a result, there is a growing need for an integrative framework that (i) brings structure and harmony to the field and (ii) serves as a basis to expedite the next generation of knowledge development on CX. The goal of this dissertation, therefore, is to assist scholars and managers in understanding and managing the CX.

Study 1 (“A Framework for Managing and Understanding the Customer Experience”) takes center stage in this dissertation and aims to uncover the grounds of CX (i.e., understanding CX). We develop a generalized theory-based framework that defines, conceptualizes and circumscribes the CX domain. It builds upon interdisciplinary insights from marketing, philosophy, psychology and sociology. Taken together, our framework gives meaning and ‘action’ significance to CX, thereby aiding scholars and managers to enhance their research, daily practices and long-term strategic thinking.

This doctoral thesis, however, is not just theoretical in nature. It is also applicable in practice and can help steer the development of new CX strategies and practices. Therefore, three empirical studies (partially) translate the conceptual framework to real-life applications, providing managerial guidance to better manage the CX. Specifically, this dissertation focuses on three areas of inquiry that are highly important to the practitioner community and in need of an update based on a CX-mindset: (1) Voice-of-the-Customer (VOC) programs, (2) Customer Segmentation and (3) Cross-Cultural Customer Management.

Study 2 (“Perceptions are Relative: An Examination of the Relationship between Relative Satisfaction Metrics and Share of Wallet”) investigates how traditional VoC-programs can be
improved, taking account of competitive influences and the polygamous nature of customer loyalty. More specifically, this study compares multiple methods that allow a relative approach to VoC-measurement and specifically consider the preference (i.e., rank) for a focal company as opposed to its competitors. Using data from 79,543 consumers who provided 258,743 observations regarding the brands that they use (over 650 brands) covering 20 industries from 15 countries, various models such as the Wallet Allocation Rule, Zipf–AE, and Zipf–PM, truncated geometric model, generalization of the Wallet Allocation Rule and hierarchical regression models are compared to each other in terms of performance in predicting share of wallet as the ‘ultimate’ measure of customer loyalty. The results indicate that the relationship between satisfaction and share of wallet is primarily driven by the relative fulfillment customers perceive from the various brands that they use (as gauged by their relative ranked satisfaction level), and not the absolute level of satisfaction (i.e., traditional non-comparative VoC-measurement). In doing so, this study makes a strong case to revise current VoC-measurement and provides practical insight into several easy-to-use approaches that (academic) researchers and managers can apply in order to improve the strength of VoC-programs.

Study 3 ("Multichannel Customer Segmentation: Does the After-Sales Channel Matter? A Replication and Extension") replicates and extends previous research on multichannel customer segmentation (i.e., Konuş, Verhoef and Neslin 2008) by adopting a customer journey perspective. More specifically, this work considers the additional value of taking into account actual channel usage in the information search, purchase and after-sales stages of the customer journey when segmenting the customer base. By including after-sales channel usage in the segmentation scheme, the authors are able to refine the two-stage solution of Konuş, Verhoef and Neslin (2008) and extend the segmentation outcome to six different, meaningful customer segments that all have significant managerial value. Not taking into account after-sales channel usage leads to a sub-optimal solution and equal treatment of customers who differ in their after-sales channel usage, potentially endangering their long-term relationship with the firm. Therefore, this study urges the need to adopt a broader customer segmentation scheme to optimize the CX for different customer groups.

Study 4 ("Customer Intentions to Invoke Service Guarantees: Do Excellence in Service Recovery, Type of Guarantee and Cultural Orientation Matter?") investigates the extent to which customers are inclined to invoke service guarantees after a service failure (i.e., a negative
CX), thereby discriminating between conditional and unconditional guarantees and controlling for the impact of customers’ individualistic versus collectivistic cultural orientation. 171 respondents from 4 continents (spanning 23 countries) were recruited to participate in a quasi-experimental study in a hotel setting. The results indicate that all respondents all very likely to invoke a service guarantee after an unsatisfactory service recovery. However, when they are satisfied with the service recovery, customers report lower invoke intentions, except for collectivistic individuals who are still inclined to invoke an unconditional service guarantee after a satisfactory service recovery. This finding therefore supports an in-group/out-group rationale, whereby collectivists tend to behave more opportunistically towards out-groups than individualistic customers. This study thus highlights the importance of excellence in service recovery, thereby taking into account cultural differences and distinct types of service guarantees with respect to customers’ intentions to invoke service guarantees.

“When Questions Change Consumer Revenge Responses: Studying the Effects of Forms and Content of Questionnaires Over Time”

ABSTRACT

This dissertation challenges the “time heals all wounds” effect in the context of online complaining. First, it examines the effect of mere-measurement—i.e., the effects of asking questions on participants’ responses—on cognitive and emotional variables (associated with the revenge and forgiveness process) over time. Second, it explores this effect by studying the impact of different types (i.e., expressive writings vs. surveys) and contents of questionnaires (i.e., cognitions only, emotions only, both emotions and cognitions) on these variables. Through the use of two longitudinal field experiments, the results demonstrate that the depreciatory effect of time on consumer responses is contingent on: 1) the presence of a mere-measurement effect, 2) the cognitive vs. emotional nature of a given response, 3) the questionnaire type, and 4) the content of the surveys. The authors find that self-expression in a form of expressive writings amplifies consumer revenge responses. On the contrary, answering “multiple surveys about both cognitions and emotions” over time is the most effective design to reduce revenge responses compared to “emotions only”, “cognitions only” surveys, and “only one survey”. Specifically, the catharsis effect is more pronounced for emotions (i.e., anger) vs. cognitions (inference of negative motive).
Keywords: mere-measurement, inferred negative motive, anger, desire for revenge, transgression-related interpersonal motivations (TRIM).
From Customer to Actor Engagement: An Interactive Workshop to Explore Broader Conceptualisations

Rod Brodie (University of Auckland), Linda Hollebeek (University of Auckland/NHH Norwegian School of Economics), Jodie Conduit (University of Adelaide), Elina Jaakkola (University of Turku)

In the last five years customer engagement (CE) and ‘customer engagement behaviours’ alike, have been subject to considerable scholarly inquiry. This research includes work addressing specific conceptual refinements to the engagement concept, its measurement and focal relationships. Specifically, CE has been found to reflect a psychological state, which occurs by virtue of interactive customer experiences with a focal agent/object within specific service relationships (Brodie et al., 2011). As such, CE represents a strategic imperative for superior competitive advantage and profitability, as well as playing a key role in engaging customers for brand advocacy and product development purposes.

Recent observations suggest the existence of broadened managerial interest in engagement; that is, beyond the notion of CE, to include other stakeholders’ engagement. Recent works also emphasise the reciprocal, social and collective nature of engagement and indicate that it contributes to value creation at a systemic level. As such, scholarly interest is emerging in the area of ‘engagement systems’. Consequently, a need for the adoption of a broader perspective on engagement is required taking into account key associated dynamics observed within service systems of actor engagement (AE).

The aim of this session is to bring together academics interested in customer engagement to discuss the challenges and opportunities inherent in this research domain. This interactive session will explore the key dynamics inherent in expanding the conceptual domain of customer engagement (CE) to actor engagement (AE), and the subsequent research potential this creates. At first, the co-chairs will lay the foundation for discussion by outlining their recent work where
they have developed five fundamental propositions to develop a general definition of AE. Following this, an open discussion will be facilitated debating the nuances of actor engagement, exploring the challenges and opportunities associated with this expanded domain of engagement, and discussing the future research opportunities that can be pursued. This enables participants to exchange and co-develop ideas on emerging areas for CE/AE research, and to network with other researchers interested in this topic.

Key topics for discussion may include:

- Where are the conceptual boundaries of engagement?
- What does engagement by actors other than customers mean in practice?
- What is understood to be an ‘engagement system’?
- What challenges are impeding research on customer/actor engagement?
- Where do future research opportunities lie once we adopt a network and/or actor perspective of engagement?
5.2 Service Organisations

Transformative Service Organizations: Moving to Mutualism

Ray Fisk (Texas State University), Linda Nasr (University of Manchester), Andrew Gallan (DePaul University), Sandy Ng (RM), Steven Rayburn (Texas State University), Sanjit Roy (University of We), Roberta Sebastiani (Università Cattolica del Sacro Cuore)

Introduction
Transformative Service Research (TSR) emphasizes the role of services and service systems in affecting the individual and collective well-being (Ostrom et al. 2015). TSR has focused primarily on the micro-level, meaning the interactions among and between customers, service providers, partners, and other customers. To extend TSR further, we propose the concept of a Transformative Service Organization (TSO) to provide a theoretically-driven assessment of what is required for service organizations to truly transform the lives and well-being of their customers, employees, stakeholders, and society.

Theoretical foundations and conceptual framework
We argue that there is a need to refocus and transform service organizations, so they can accelerate and enrich the lives of all the people they touch and impact. Instead of solely focusing on the financial and economic outcomes of service, we advocate the need to consider the well-being outcomes of all entities involved in a service operation. In light of the above, we define the concept of a Transformative Service Organization (TSO), as a service organization that places "mutual well-being" at the core of its business model.

We propose that the extremes of business practice can be represented by a Parasitic Approach (making profits at the expense of customers and stakeholders) and a Mutualistic Approach (creating transformative value with customers and stakeholders). Parasitic organizations are self-focused and are essentially exploitative. Even though their benefits cannot be denied as they are solution oriented and provide employment and economic prosperity, their operation is mainly focused on increasing financial profits. In contrast, mutualistic organizations are system focused and supportive by nature. They aim for symbiotic growth, collaboration, and improved well-
being of all stakeholders. Recent extreme examples of parasitic business activities include Valeant Pharmaceuticals’ predatory pricing strategy and Volkswagen’s deceptive emissions scandal. Mutualistic organizations are exemplified by M-Pesa’s business model focused on enabling people who lack bank accounts to use their phones to save and transfer money, receive pensions, and pay bills; and, Jain Irrigation Systems’ that provides farmers in India with micro-irrigation systems which have improved crop quality and reduced water use.

By urging business leaders to create TSOs, we acknowledge and respect the rights of businesses to seek profit. Profits are required for organizations to expand, invest, and exist but making profits should not be the sole purpose of business. We advocate a tight connection between making profits and improving the well-being of all stakeholders. Truly sustainable profit can be only achieved when it advances mutual well-being. Accordingly, we call for transformative change in conducting business operations by urging organizations to be forces for good. We believe that every organization has the potential to become transformative by abandoning any trace of a “parasitic” mindset and by seeking mutualism with stakeholders.

TSO research is aligned with many related efforts, including Positive Marketing, Conscious Capitalism, Just Capital, and Inclusive Capitalism. Significant differences abound, however. TSOs should not be defined by Corporate Philanthropy. Giving alone is not enough, and giving outside of developed value propositions is not business model transformation. TSOs are also not about Corporate Social Responsibility (CSR). Eliminating waste and efficiency are desirable outcomes, but simply being a responsible corporate citizen may not be a significant driver for interacting with customers and partners in ways that transform lives. TSOs develop business plans and value propositions designed to cocreate value with customers and partners in new and innovative ways. Organizations start becoming transformational when they intentionally engage customers and partners in ways that transform lives. For instance, the impact that Facebook has had on fundraising (e.g., the 2014 Ice Bucket Challenge for ALS) was an unexpected effect that was not part of its intended use.

TSOs actively and strategically engage in value cocreation with customers and partners that transform lives and communities. Cocreated transformative value helps customers fulfill their
potential as human beings in new and innovative ways. Cocreated transformative value goes beyond simple financial value or need fulfillment. “Discovery Insurance, for example, has devised programs that extend the life expectancy of its customers, resulting in lower prices and higher profits” (Porter and Kramer 2015, p. 64). TSOs engage customers and partners deeply such that relationships are transformed. Thus, TSOs can expect to:

1. Create enduring relationships with employees, customers and partners.
2. Increase revenue from customer and partner loyalty.
3. Increase revenue due to brand enhancement.
4. Increase revenue by serving new markets and segments.
5. Enhance reputation and standing in the marketplace.
6. Enhance innovation capacity.
7. Reduce costs due to coproduction efforts from partners and customers.
8. Reduce costs due to customer and partner retention.
9. Reduce costs due to lower recruitment costs.
10. Reduce costs by engaging partners in ways that streamline distribution.
11. Address societal problems. Societal problems “reveal important unmet needs that can be addressed through new or redesigned products. Societal deficits create internal costs that can be reduced by reinventing value chains and strengthening the business environment in the communities in which they operate” (Porter and Kramer 2015, p. 65)

We propose that this change could be achieved by adopting a “transformative design” approach, which enables, encourages, and empowers sustainable improvement, learning, and growth. Burns et al. (2006), in introducing the term “transformation design,” suggest that:

Because organizations now operate in an environment of constant change, the challenge is not how to design a response to a current issue, but how to design a means of continually responding, adapting and innovating. Transformation design seeks to leave behind not only the shape of a new solution, but the tools, skills and organizational capacity for ongoing change (p. 21).
As such, we advocate that becoming a transformative service organization is not a destination or a goal in itself; rather it is a condition that is continuously evolving and moving forward. Moreover, the intrinsic element of coproduction of services and cocreation of value necessitates the simultaneous commitment and development of staff, public, and organization. All stakeholders are responsible for moving the organization along the transformative continuum towards mutualism.

We provide organizations with a route map for transformative change and discuss the implementation of six key transformative elements:

1. The **Development of Transformative Value Propositions**: holistic, mutually beneficial, and transformative in nature.

2. The **Demonstration of Transformative/Servant Leadership**: serving employees to facilitate the serving of customers.

3. The **Transformation of Organizational Culture/Climate**: developing and maintaining a learning culture, and a climate of service.

4. The **Development of Key Dynamic Capabilities**: the acquisition and development of human, interactional, and network resources and capabilities.

5. A **Systems/Networked Mindset**: taking a “Value Constellation” perspective to expand transformational opportunities.

6. **The Alignment of Technology/Infrastructure**: using technology to enable/relieve employees and customers; developing organizational routines that reify transformative practices.

These elements are interconnected and visualized through our proposed TSO Framework (Figure 1). At the core of the framework, cocreated transformative value results from the interaction of customers with frontline employees. Subsequently, the six elements listed above are presented in a braided, circular manner, highlighting their interconnectedness, fluidity, and their impacts on the micro, meso, and macro levels of value cocreation. Of particular importance are transformative value propositions. These mutually beneficial propositions should be at the core of a business model, as they hold the capacity to truly transform a business. As such, they differentiate TSO organizations from regular social marketing concepts (e.g., CSR initiatives, cause marketing and green marketing).
Finally, we acknowledge that adopting a TSO mindset has potential challenges, such as change fatigue, unwanted turnover, uncertain costs of change and potential resistance to change from those entrenched in power. Guidelines are provided for how companies can create and manage sustainable transformative change to become Transformative Service Organizations.

![Figure 1: TSO Framework](image)

**Conclusion**

TSO is the result of our deep and personal conviction that we, as service researchers, should contribute to the well-being of our service research community and society in general, by offering transformative insights to service providers and also, all stakeholders. Given that most of the TSR work to date focuses on the transformative interaction between service and customers, we propose that transformation should start at the core of the organization, represented by the business model and resulting value propositions.
“Doing well by doing good” should be a core value of any transformative organization. Profits should never come before people. Though some companies have already started to adopt a transformative mind-set by adjusting their business model (for example as witnessed by the Fortune magazine list of 50 companies that are doing well by doing good (September 2015 issue), there is ample room to advance the theoretical and practical basis of this new proposed paradigm. This paper enlarges the boundaries of TSR and provides a rich research agenda for service researchers interested in well-being research. Finally, we hope this paper inspires other service academics to advance research on TSOs, and illuminate worthwhile paths for sustainable human well-being.

References
Available upon request
Who Is The Small Business' Supporter?

Tali Seger-Guttmann (Ruppin Academic Center), Shaked Gilboa (Ruppin Academic Center)

Introduction

Previous research has examined the different reasons why customers remain loyal to small businesses. These have mainly been explained by constructs related to the nature of small businesses. No study has linked customers' personality traits and aspects of sociability to their preference for small businesses. Drawing on a preliminary qualitative phase and a quantitative study, the present study categorized small business customers based on their socially related traits.

Literature review

Studies on small businesses have found that their survival depends mainly on two major features: (a) their ability to customize their service to their customers (Adjei, Griffith and Noble, 2009; Coca-Stefaniak, Parker and Rees, 2009); and (b) their positioning as part of the local community (Landry, Arnold and Stark, 2005; Runyan, Huddleston and Swinney, 2007).

Studies have shown that small businesses attract customers because they can offer personal service based on informal communication (Miller, Besser and Malshe, 2007). These findings suggest that loyal customers of small businesses are characterized by sociability needs. As far as we know, no study has examined these characteristics in customers of small businesses. The present study examined which personality characteristics prompt these customers to prefer small businesses over large chains. We examined the personality trait of extroversion, since extroverts enjoy the social game, derive their energy from social interactions, and find it easy and amusing, while low extroverts (e.g., introverts) usually experience strain from having to socially interact with others and often refrain from doing so (Zelinsky, Santoro and Whelan, 2012). Thus, low extroverts may find personal service difficult for them as compared to high extroverts.

Another feature of individuals' sociability is the need for affiliation, which reflects a person's need to be with others. The need for affiliation is defined as a strong desire for warmth and a close relationship with others (Lynn, 2000; Jha, 2010). Social loneliness, on the other hand,
reflects as person's subjective assessment of the absence of a desired level of satisfaction from human relationships. Loneliness refers to a sense of a lack of intimate relationships or a lack of a wider social network (Ditommaso and Spinner, 1997).

This study employed a mixed method design. We first conducted a qualitative study to identify the main experiences of customers of small businesses. This was followed by a quantitative survey. The survey assessed the well-established constructs of trust and commitment to small businesses, and loyalty to small businesses as well as the perceived attributes of small businesses; namely how working hours, easy parking, and/or low prices impact customers' preferences for small businesses. Unlike trust and commitment that reflect social bonding with a business, perceived attributes reflect utilitarian considerations that can motivate loyalty to small businesses. In addition, the survey included measures of extroversion, need for affiliation and social loneliness.

**Methodology**

*Participants and data collection*

**Study I- Qualitative phase** – There were 17 participants (58% males and 42 % females ranging in age from 24 to 69). In-depth interviews were conducted with the participants regarding their reasons for patronizing small businesses and their small business experience. A semi-structured interview protocol with 12 open-ended questions was developed. Interviewees were asked about their experience with small businesses, their opinion about the advantages of small businesses, their perceptions of their interactions with small business owners and communal aspects of small businesses. Each interview was audio-taped and transcribed. We drew on the Grounded Theory approach (Strauss & Corbin, 1998) to analyze the data. Two research assistants worked separately and independently to read, take notes and mark words or sentences according to the codes that emerged from the text.

**Study II - The quantitative phase.** A survey was distributed through an online link to a representative sample of the Israeli population. Two hundred and fifty-five respondents (evenly divided between men and women) filled out the survey.
All the constructs were measured on a Likert scale of 1-7, with 1 = disagree and 7= strongly agree. Trust in the business was measured by five items adapted from Adeji et al. (2009). Commitment to small businesses was measured by four items adapted from Adeji et al. (2009) and Landry et al. (2005). Perceived attributes of small businesses were measured with seven items adapted from Shim and Eastlick (1998) and Landry et al. (2005). Loyalty to small businesses was measured by five items from Yoo and Donthu (2001). Extroversion was measured by eight items adapted from Pervin & John (1999). Loneliness was measured by twenty items adapted from Russell, Peplau & Cutrona (1980). Need for affiliation was measured by five items adapted from McClelland's (1987).

Results

Study I- Two main findings emerged from Study I. The coding revealed that customers were highly aware of the advantages of small businesses, such as the lack of formality, physical proximity, short waiting time and personal attention ("the owner wants to please the customers, not just make money "). In addition, customers who prefer small businesses were characterized by a higher need for sociability; small businesses are seen as fulfilling their emotional needs. They invest time in interpersonal interaction with the business owners, they seek some degree of interpersonal intimacy during their visit. (""It's a place where people met and get to know each other and converse. This is an important social function for me";" The social experience is inseparable from the shopping experience in the store").

By contrast, customers who did not prefer small businesses reported that close contacts small business owners and workers inherent to small businesses is an unnecessary burden and a waste of time ("Chatting is tiring for me. I'd rather buy what I need and go home";" I need to think twice if I want to buy from him. He (the small business owner) always wants to talk to me about my life in general ").

Study II- To test whether small business customers differ in their socially related traits, a segmentation analysis was employed. The constructs of trust and commitment to small businesses, perceived attributes and loyalty served as the bases for the analysis, whereas extroversion, need for affiliation and social loneliness served as descriptives. A two-step cluster analysis was used. This analysis combines the hierarchical analysis method developed by Ward with the non-hierarchical k-means clustering procedure to optimize the cluster solutions. The
analysis produced 2 clusters: Small Business Supporters, who were high on all the four constructs of trust, commitment, perceived attributes and loyalty, and Non-Supporters, who were low on all the four constructs (see table 1). Once we had segmented the respondents based on the small business motivation constructs, we examined in what ways the two groups differed in their extroversion, need for affiliation and social loneliness. T-test analyses showed that Small Business Supporters were high on extroversion and need for affiliation and low in social loneliness (see Table 1).

Table 1: cluster profiles of small business customers

<table>
<thead>
<tr>
<th></th>
<th>Supporters</th>
<th>Non-Supporters</th>
<th>t value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust in small business</td>
<td>5.63</td>
<td>3.75</td>
<td>15.88***</td>
</tr>
<tr>
<td>Commitment to small businesses</td>
<td>5.96</td>
<td>3.98</td>
<td>15.63***</td>
</tr>
<tr>
<td>Perceived attributes of small businesses</td>
<td>5.66</td>
<td>5.26</td>
<td>3.35**</td>
</tr>
<tr>
<td>Loyalty</td>
<td>6.24</td>
<td>4.56</td>
<td>13.79***</td>
</tr>
<tr>
<td>Extroversion</td>
<td>4.47</td>
<td>4.15</td>
<td>2.46*</td>
</tr>
<tr>
<td>Need for affiliation</td>
<td>5.68</td>
<td>5.23</td>
<td>3.26**</td>
</tr>
<tr>
<td>Social loneliness</td>
<td>2.51</td>
<td>3.09</td>
<td>-4.88***</td>
</tr>
</tbody>
</table>

* p<.05, ** p<.01, *** p<.001

Discussion

It is well-known that in the eyes of customers, the advantages of small businesses are mainly their personal service and familiarity (Jamal et al., 2006; Miller et al., 2007). The findings here suggest that these advantages do not influence all customers in the same manner; therefore, the examination of customers' characteristics can shed light on their preferences for small businesses.
The findings indicate that the small business supporters are high on trust in the business and the owners, show higher loyalty to the business and high commitment and prefer the business based on its attributes. This group loyalty to small businesses appears to derive both from socially related features and utilitarian considerations. Further analyses revealed that the typical small business supporter is high on extroversion and the need for affiliation and low on social loneliness.

Overall, this study shows that customers characterized by high sociability are more attracted to small businesses than customers with low sociability. One possible explanation is that small businesses are perceived by these customers as a good opportunity to practice their social skills (extroverts) and to fulfill their need for others. The personal service and informal interactions may be analogous to conversing as a social pastime.

These findings have some practical implications. Small business owners can attract supporters by marketing their businesses as ones that promote familiarity and interpersonal communication. Retaining these customers can be achieved through social gatherings. Small businesses can initiate social events that take place on site and bring together loyal customers to mingle. Another way to retain these customers is through personal contacts during sales or by special offers.
Is your Organization a “Service Hero”?
Development and Validation of an Organizational Service Excellence Scale (OSES)

Matthias Gouthier (University of Koblenz-Landau), Andreas Giese (EBS Business School)

Introduction

Service excellence is the proclaimed objective of many leading service companies such as IKEA (Edvardsson & Enquist, 2011), the Four Seasons Hotels and Resorts (Solnet, Kandampully, & Kralj, 2010), IBM (Ganek & Kloeckner, 2007), the Bank of America, and other American banks (S. Kim & Kleiner, 1996). Besides the mentioned companies, Singapore Airlines is probably the service company most frequently awarded with the achievement of service excellence in the academic literature (e.g., Heracleous & Wirtz, 2010; Heracleous, Wirtz, & Johnston, 2004; Heracleous, Wirtz, & Pangarkar, 2006; Wirtz & Johnston, 2003). However, although service excellence is clearly a key area of interest, academic research in this field has been scant (Johnston, 2004; Leung & Kwong, 2009) and not even a uniform definition of the term has been established (Gouthier, Giese, & Bartl, 2012). Consequently, there is no measurement model to determine the level of service excellence reached by an organization. While recently the development of a measurement instrument has been attempted (e.g., Sekhon, Al-Eisawi, Roy, & Pritchard, 2015; Voon, Abdullah, Lee, & Kueh, 2014), none represents the concept of service excellence as an organizational concept appropriately.

This research endeavor follows the overarching objectives to enable the quantitative research on the practically pressing topic of service excellence and to show the effect of service excellence on behavioral consequences and performance objectives. Hence, we address the following three research objectives: (1) the qualitative verification of the definitions and the understanding of service excellence and its related marketing goals within organizations, (2) the development and the purification of an organizational service excellence scale (OSES) and (3) the initial validation of the scale to demonstrate its reliability and validity.
Literature review on service excellence

The available scholarly literature concerning service excellence is extremely scarce and heterogeneous (Johnston, 2004; Leung & Kwong, 2009). In some research papers, despite the explicit reference to service excellence, no specific definition is provided (Bates, Bates, & Johnston, 2003; Bitner, 1997a, 1997b; Prabhu & Robson, 2000). Service excellence is frequently used in case studies to refer to the specific service of the analyzed organization. Heracleous, Johnston and Wirtz (see e.g. Heracleous & Wirtz, 2010; Wirtz et al., 2008) use the term in various studies to describe the service of Singapore Airlines. Besides, they do not provide an explicit definitions or criteria for their evaluation. Ford, Heaton, & Brown (2001) discuss a variety of organizations they consider to provide service excellence such as Harley-Davidson, Scandinavian Airlines Systems (SAS) and Disney. They also leave it at demonstrating specific examples they believe to show service excellence and refrain from providing an explicit definition. Thomke (2012) discusses dabbawalas, who deliver meals to customers in Mumbai, but also omit any definition of the term. Many authors use the term service excellence simply as a synonym for a particularly high level of service quality (e.g., Hartog & Verburg, 2002; Zeithaml, 2002). In cases, there is also no specific definition for the phase provided by the author and it is only implied that the authors refer to a high degree of service quality. While this usage can be found especially in earlier publications (e.g., Berry, Parasuraman, & Zeithaml, 1994; Jackson & Humble, 1994), this understanding has also pertained in more recent studies (e.g., Wiertz, de Ruyter, Keen, & Streukens, 2004; Yu et al., 2013). Some authors use service excellence to denote another management system. Kumar, Choe, and Venkataramani (2012) use the term to refer to the six-sigma approach and Azhashemi and Ho (1999) as well as Voon, Abdullah, Lee, and Kueh (2014) use the term to describe total quality management (TQM).

Already at the beginning on research of service excellence Cina (1990) as well as Horwitz and Neville (1996) provide explicit definitions of service excellence. They also stress the importance to exceed the expectations of the customers. However, there is no indication that their understanding of service excellence refers to a specific management system. Lytle, Hom, and Mokwa (1998) specify the creation and delivery of service excellence as the objective of the service-orientation of an organization, but they do not give any further information concerning their understanding of the term. Johnston (2004) attempted to obtain an explicit definition for the concept of service excellence. He remarks that while every customer knows clearly, if the
received service was excellent and while such service has a profound behavioral impact on the customer, organizations struggle with its definition and systematic delivery. Due to this reasoning, Johnston (2004) approaches the definition from a customer’s perspective.

Finn (2005) as well as Mittal and Kamakura (2001) are the first to call for a management system to systematically or frequently delight an organization’s customers, they do not specifically refer to it as service excellence. Dobni (2002) as well as Khan and Matlay (2009) consider service excellence to be a management program or managerial initiative, but do not explicitly state the necessity to attempt to achieve customer delight. These perspectives have been brought together in the current distinction by Edvardsson and Enquist (2011) and by Gouthier, Giese, and Bartl (2012). The former state that the concept of service excellence “refers to a provider being […] capable of delivering excellent services that result in customer delight, loyalty, and long-term profitability” (p. 539). Gouthier, Giese, and Bartl (2012) use a similar definition by describing service excellence as “the provision of excellent service quality through a management system, exceeding a customer’s previous expectations, to result in not only customer satisfaction but also customer delight and therefore greater customer loyalty” (p. 448). Similar definitions have been accepted in several other publications by Asif (2014), Asif and Gouthier (2014, 2015), and Sekhon, Al-Eisawi, Roy, & Pritchard (2015), which is why we consider this the modern definition of service excellence.

Scale development

Scale development approach
To obtain a scale to measure service excellence from an organization’s perspective, the procedure for the development of a marketing scale proposed by Churchill (1979) as well as the suggestions for scales in organizational management discussed by Hensley (1999) are followed most closely, with additional measures employed as suggested by other scholars (e.g. J. C. Anderson & Gerbing, 1988; Arnold & Reynolds, 2003; DeVellis, 2011; Netemeyer, Bearden, & Sharma, 2003; Rossiter, 2002; Seiders, Voss, Godfrey, & Grewal, 2007).
The procedural steps followed by the authors is structured along three phases with a total of 11 studies and is summarized in Figure 1. In the following, we focus on an extreme shortened description of the data collection and reliability assessment within phase III.

**Phase I – Validation phase**

**Data collection**

After scale purification and initial refinement, we proceed with scale validation. To confirm the results of the first confirmatory factor analysis with a new, extended set of data and to confirm the reliability, consistency and validity of the results, in the studies 9, 10, and 11 of the third and final research phase, we collect another set of data largely replicating the approach from the exploratory sample. Using an online questionnaire, data is gathered from further CEOs, general managers, or marketing managers of service companies. In sum, we received a total of 221 completed usable questionnaires to achieve a response rate of 10.4%.
Assessment of reliability

As reflective measurement models need to fulfill various quality criteria (Hair et al., 2013), this study has the objective to validate the scale’s reliability. To show indicator reliability, all factor loadings (standardized regression weights) should exceed .70 (Chin, 1998). In our model, factor loadings range from .814 to .948 and, therefore, the threshold is clearly exceeded. To show construct reliability, the coefficient α should exceed .70 (Nunnally & Bernstein, 1994). In our model, coefficients α range from .837 to .926 and, therefore, the threshold is clearly exceeded. Further details on factor loadings and coefficient α can be found in Table 1.
<table>
<thead>
<tr>
<th>1. Service excellence initiation and implementation</th>
<th>( n = 221 )</th>
<th>Coefficient of Reliability: ( \alpha )</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management monitors the implementation of service excellence.</td>
<td>( .924 )</td>
<td>( .932 )</td>
<td></td>
</tr>
<tr>
<td>Management decides for service excellence in the company’s strategy.</td>
<td>( .932 )</td>
<td>( .816 )</td>
<td></td>
</tr>
<tr>
<td>Management regularly re-evaluates the service excellence targets.</td>
<td>( .939 )</td>
<td>( .939 )</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Employee delight and pride</th>
<th>( \alpha = .891 )</th>
<th>( .887 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees are delighted by their own work.</td>
<td>( .887 )</td>
<td></td>
</tr>
<tr>
<td>The employees are delighted by the company.</td>
<td>( .846 )</td>
<td></td>
</tr>
<tr>
<td>The employees feel pride for the company.</td>
<td>( .837 )</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Service excellence resources</th>
<th>( \alpha = .904 )</th>
<th>( .824 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate financial resources and equipment to achieve service excellence are available.</td>
<td>( .824 )</td>
<td></td>
</tr>
<tr>
<td>Adequate intangible resources, such as information about customers and suppliers, to achieve service excellence are available.</td>
<td>( .862 )</td>
<td></td>
</tr>
<tr>
<td>The company ensures the advancement of service excellence for its long-term success as part of the company’s strategy.</td>
<td>( .897 )</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Management of customer experiences</th>
<th>( \alpha = .837 )</th>
<th>( .885 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>The motives of customers to contact the company are collected.</td>
<td>( .885 )</td>
<td></td>
</tr>
<tr>
<td>All customer touch points are identified and mapped.</td>
<td>( .814 )</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Service innovation and exploration</th>
<th>( \alpha = .896 )</th>
<th>( .868 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experimenting is encouraged.</td>
<td>( .868 )</td>
<td></td>
</tr>
<tr>
<td>Creativity is encouraged.</td>
<td>( .936 )</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Measurement of surprise and delight</th>
<th>( \alpha = .926 )</th>
<th>( .933 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>The intensity of positive surprises for the customers is regularly assessed.</td>
<td>( .933 )</td>
<td></td>
</tr>
</tbody>
</table>
The frequency of positive surprises for the customers is regularly assessed.  

The degree of employee delight is regularly assessed.

<table>
<thead>
<tr>
<th>Table 1: Coefficient α and factor loadings (standardized regression weights) of the validation sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>The frequency of positive surprises for the customers is regularly assessed.</td>
</tr>
<tr>
<td>The degree of employee delight is regularly assessed.</td>
</tr>
</tbody>
</table>

**Conclusion and discussion**

Using an elaborate scale development process, we have obtained a six dimensional conceptionalization of service excellence as well as a measurement model to determine an organizations degree of service excellence. We have collected two extensive sets of quantitative data to ensure that the measurement scale represents the conceptualization well. We have used the data during a rigorous assessment of validity and reliability meeting all commonly accepted quality criteria. Therefore, we can be confident that our scale captures the conceptualization adequately. For the emergent scale, we can also show high nomological validity, as all six dimensions significantly correlate with the theoretically associated concepts of customer satisfaction, customer delight, and customer loyalty.
References


5.3 Special Session Service Design for Innovation: Current Challenges and Future research Agenda

Service Design for Innovation: Current Challenges and Future research Agenda

Lia Patricio (INESC TEC and Faculty of Engineering, University of Porto, Portugal), Daniela Sangiorgi (Politecnico di Milano), Bo Edvardsson (CTF, Service Research Center, Karlstad University), Bård Tronvoll (CTF, Service Research Center, Karlstad University), Gaby Odekerken-Schröder (Maastricht University)

Service innovation is a strategic priority for service research and for organizations trying to find new ways of cocreating value with customers and to improve their competitive positioning (Ostrom, Parasuraman et al. 2015). From a service logic perspective, innovative services are not defined in terms of their new features, but in terms of how they change customer thinking, participation, and capabilities to create and realize value (Michel, Brown et al. 2008). Service design is framed as a holistic, multidisciplinary field that helps to innovate services so they are useful, usable and desirable to the customer, and effective, efficient and distinctive to the service provider (Mager and Sung 2011). Service design plays a key role in service innovation, as it brings innovative ideas to life through a design thinking process. It enables service providers to develop scenarios of solutions that do not yet exist and to prototype them. However, service design and service innovation frameworks are still dispersed, lacking integration, systematisation and widespread usage across organisations.

The need for better integration of service design and service innovation processes becomes ever more important as the evolution of the service environment raises new challenges for organisations. First, in spite of the rapid growth of the service design and service innovation areas, there is still lack of integration and systematisation of the frameworks and methods of the two fields. Further integration is needed to evolve service design as an interdisciplinary service research field, and to leverage its impact on service innovation. The second challenge is the more active role customers and other stakeholders play in the design of companies’ solutions and in
co-creating their unique experiences. Organisations need to develop capacity to involve customers in the design of new services, and how to design services for more autonomous experience creation by customers. The third challenge is the increasing complexity of the service environment. Today’s service offerings are enabled by complex service systems, involving configurations of people, processes, technologies, physical evidence and other resources that enable value co-creation. Moreover, the competitive landscape is moving from the organisation’s service system level to the network level, as organisations increasingly form value networks that together offer more complete solutions to their customers and other actors involved.

Based on the literature review and the research developed under the Service Design for Innovation Marie Curie Innovative Training Network, this special session will provide an overview of the challenges of leveraging service design to foster service innovation, focusing on integrating service design and innovation methods and frameworks, involving customers and stakeholders in the design and innovation process, and addressing complex service systems and value networks. This special session will also present a research agenda in the area of service design for innovation, identifying future research directions.
References


5.4 Consumer Misbehavior

What if I Make the Wrong Decision? The Role of Anticipated Regret in Switching Barrier Based Customer Retention

J. Chris Lin (National Taiwan), Haw-Yi Liang (National Taiwan University), Chih-Ying Chu (National Taiwan University)

Introduction

The examination and management of customer switching barriers has been an important issue on customer retention because switching barriers deter defection. Similarly, psychological inhibitors can act as negative drivers to customer defection. However, there has been little research investigating the role of customers’ psychological mechanisms in relation to switching behavior. This study aims to explore such a mechanism by incorporating the mediating and moderating roles of customers’ anticipated regret into existing switching barrier research.

Background

Scholars have indicated that customer retention can be achieved mainly through establishing attitudinal and behavioral loyalty, as well as erecting switching barriers (Jones et al. 2000). Therefore, for service firms, switching barriers (interpersonal relationships, switching costs, and attractiveness of alternatives) represent additional retention strategies beyond the traditional customer satisfaction and loyalty tactics. Such barriers are important because they may foster greater retention, increases strength of engagement in actual behavior and help service firms weather fluctuations in service performance that might otherwise result in defections. Psychological inhibitors can also play a role in defection decisions. Customer decision making often requires individuals to make judgments about what they expect to experience in the future. As people often feel regret when decisions lead to disappointing outcomes, there exists an underlying psychology that consumers will try to avoid options that could possibly generate an unfavorable outcomes in the future. In other words, when considering the aftermath of a decision, a person is likely to be motivated to engage in behaviors that minimize the chances of future regret. In the service context, anticipated regret refers to a
consumer’s active consideration of the regret he/she would feel after dropping a service (Lemon et al. 2002; White et al. 2007).

Whether switching barriers can create disincentives to customer defection depends on the capability of such barriers to create psychological obstacles when consumers make decisions about future use. When a customer perceives that switching barriers could be high, there is a realization that a price must be paid in order to defect. Under such circumstances, customers would experience a simulated regret over the negative result of switching, and this feeling could affects consumer decisions (Lemon et al. 2002). Anticipated future regret is thus an important factor to consider when assessing the impact of switching barriers on customer retention. Such anticipation of negative emotions not only arouses a strong emotional response, but also provides behavioral prescriptions for avoiding negative emotions. While both switching barriers and anticipation of regret have been researched, there has been no attempt to link them together. Extant research on switching barriers tends to focus on the influences on customer retention (e.g. Jones et al. 2000; Patterson and Smith 2003; Sharma and Patterson 2000). Anticipated regret is an important but under-studied driver of consumer behavior that should be taken into consideration by marketers (White et al. 2007). There has yet to emerge a study that integrates customer psychological mechanisms of anticipated regret into existing switching barrier research. Therefore, this study proposes that current research on switching barriers can be enriched by incorporating the mediating and moderating effects of anticipated regret. In addition, as intentions do not always be equated with repurchase behavior (Chandon et al. 2005; Daryanto et al. 2010; Wang et al. 2012), both behavioral intention and actual purchase behavior of customers will be included and examined in this research.

Research Method

We tested our model by surveying customers of a health club with twenty six branches. Lists of customers whose membership will expire in three months were acquired from the health club. We surveyed these selected members and tracked the respondents’ actual purchase behavior (i.e. amount of money spent in membership renewal) before their membership expired. The final sample contained 597 usable responses. The questionnaire was constructed based on the extant literature and interviews with managers and customers. It was pre-tested three times to ensure that questions were understood as intended and to assess the feasibility of the survey approach,
Seven-point Likert scales were used.

Results

We tested our measurement model using LISREL VIII. Confirmatory factor analysis (CFA) was employed as the primary data analysis tool. Results suggested a good overall fit ($\chi^2 = 193.74$, $df = 80$, RMSEA = 0.050, GFI = 0.96, NFI = 0.98, NNFI = 0.99, CFI = 0.99, IFI = 0.99). Reliability estimates were assessed using Cronbach’s coefficient alpha ($\alpha$). All the $\alpha$ values for constructs in our model, surpassed the acceptable level of 0.70, indicating high internal consistency. We assessed convergent validity by first reviewing the t-tests for the factor loadings in the CFA. All factor loadings surpassed twice their standard error and at a $p < .001$ significance level. We then assessed discriminant validity by comparing each pair of constructs using a chi-square test between measures allowing phi ($\Phi$) to vary and then constraining $\Phi$ correlation to unity. Results show chi-square for the unconstrained model to be significantly lower than the constrained model, supporting discriminant validity. Next, we tested whether the correlation for each pair of the constructs was significantly less than one by examining the confidence interval of each correlation estimate. The exclusion of the value one in the confidence interval for each pairwise correlation estimate ($\pm 2$ standard errors) further indicated support for discriminant validity. The above results demonstrated the measures employed in this study possessed adequate construct validity.

The structural model was estimated, producing the following statistics: $\chi^2 = 216.30$, $df = 94$, RMSEA = 0.047, GFI = 0.96, NFI = 0.98, NNFI = 0.99, CFI = 0.99, IFI = 0.99. Results indicated that all hypothesized relationships were statistically significant. Estimated structural coefficients were next examined to evaluate individual hypotheses. As predicted, interpersonal relationships have a significant and positive impact on anticipated regret ($\gamma_{11} = 0.10$, $p < 0.05$) and behavioral intention ($\gamma_{21} = 0.52$, $p < 0.01$). Switching costs also have positive effects on anticipated regret ($\gamma_{12} = 0.68$, $p < 0.01$) and behavioral intention ($\gamma_{22} = 0.29$, $p < 0.01$). Results also showed that attractiveness of alternatives has negative impact on anticipated regret ($\gamma_{23} = -0.14$, $p < 0.01$). In addition, attractiveness of alternatives has negative impact on behavioral intention ($\gamma_{33} = -0.10$, $p < 0.05$). The proposed link of anticipated regret and behavioral intention was also confirmed ($\beta_{21} = 0.14$, $p < 0.01$). Results also support a positive relationship between behavioral intention and actual purchase behavior ($\beta_{32} = 0.54$, $p < 0.01$). In addition, we used
hierarchical moderated regression analysis to test the hypothesized moderating effect of anticipated regret. The relationship between behavioral intentions and actual purchase behavior was statistically significantly strengthened by anticipated regret ($\beta = 0.311, t = 1.998, p < .05$). These results illustrate the importance of switching barriers and anticipated regret in predicting customer retention behavior which leads to actual behavior.

**Discussion**

The current research provides insights into customer expectation of future regret. Results of the current study validate a relationship among switching barriers, anticipated regret, and customer retention, which hitherto has not been empirically or theoretically established. Specifically, our empirical findings show that switching barriers have a significant influence on anticipated regret and behavioral intention. In turn, anticipated regret also has an impact on behavioral intention, which influences actual purchase behavior. This indicates the need to incorporate anticipated regret into switching barriers-customer retention models, and suggests the need to extend existing theories of switching barriers to include more customer psychological mechanisms.

Our results provide a number of managerial implications for service firms. When attempting to influence retention behavior, companies need to consider how marketing might succeed based on how well it prevents certain thoughts from entering the consumer’s mind. The combination of negative emotions and behavioral plans can be particularly effective at inducing consumer intentions. Our results suggest a mechanism by which customers face a decision to continue the service relationship. They evaluate various switching barriers and simulate expected future regret from alternatives to make a decision that results in the least future regret. Consequently, firms should manage to increase customer expectation of future regret through various switching barriers. Building closer interpersonal relationships between customers and service employees, establishing higher switching costs, and providing differentiated services all encourage customers to worry about losing existing social, psychological, temporal, and economic benefits.

The current finding that anticipated regret plays an important role in customer retention represents a valuable marketing opportunity. Marketing managers can benefit from integrating anticipated regret into marketing communications, retention-based marketing, and other
interactions with customers. By making the potential regret salient to customers before decision making, firms may be able to reduce churn rates and get a second chance to regain a customer who otherwise would not have been retained. Marketing strategies should be designed with these ideas in mind. Firms can increase the likelihood of customer retention by encouraging customers to focus on anticipated regret (i.e. the loss of a potential gain) by asking consumers to consider all that they might miss if they switch providers.
1. Introduction

How does an observed instance of incivility between service employees affect the attitudes of customers? Does an observed instance of incivility damage a customer’s attitude towards the service company? There has been a considerable amount of research interest in the field of workplace incivility and the negative consequences that this has for direct and indirect targets within the firm (e.g., Pearson et al., 2001; Penney and Spector, 2005). However, relatively few studies have focused on the impact outside the firm, namely on the customers who witness such acts. In particular, research, so far, has neglected to analyze the effect that such an experience has on the customer’s attitude not only towards the instigator of the incivility, but also towards the firm.

Despite the small number of studies that have investigated the effects of workplace incivility on the customers observing these events, researchers agree that principles of justice are motivating personal actions beyond individual’s self-interest and that justice is a virtue in its own (Folger, 1998). This concept of justice is referred to as deontic justice. It assumes that there are universally-held ethical duties, and that people expect fair conduct from each other (Folger, 2001).

The concept of deontic justice is also used in the literature of social psychology. Researchers in that field developed the idea of the homo moralis, which surpasses the metaphors of the homo economicus and homo socialis (Skitka et al., 2008). Drawing on this deontic view, empirical research provides strong evidence that an observed incivility causes negative emotions (e.g. anger) not only towards the instigator of the incivility, but also towards the firm that the instigator works for (Porath et al., 2011).

In the current research paper, we use the concept of deontic justice to examine the attitudinal consequences of observing incivility. The deontic justice concept has been examined in various
contexts in psychology and business ethics literature, where it has been shown to be relevant in determining the emotional reactions and retaliatory behavior of bystanders (e.g., Kahneman et al., 1986; Turillo et al., 2002). However, research so far has not investigated the impact that a norm transgression, such as observed incivility, has on customer attitude, trust and the perception of service quality. With the current study, we seek to close this research gap.

Consequently, the aims of the current study are (1) to identify whether the relative hierarchical status of the observed individual has an effect on the third party’s perception of deontic justice, and (2) to investigate the impact of observed incivility on customers’ attitudes, that is, on trust and perceived service quality, through the lens of deontic justice.

2. Hypothesis Development

Literature has already stated that in day-to-day business incivility is a downward phenomenon. Furthermore, the target’s reaction to an incivility will vary depending on the relative hierarchical statuses of these two parties, the instigator and the target. This can be accounted for by the fact that people tend to use status as a reference criterion when evaluating the responsibility for a negative event (Porath and Pearson, 2012). Status becomes more important in evaluating ambiguous events, like incivility (Porath et al., 2008). Supervisors are often held to higher standards of professionalism and are expected to act as “role models” for their employees, for whom they are also responsible. Similarly, targets’ perceptions of deontic justice will vary in intensity depending on the service personnel’s relative hierarchical status. Customers, when observing the incivility as third parties, may perceive supervisors not only as role models for the firm’s employees, but also as representatives of the firm as a whole. Thus, we posit:

**H1:** Relative higher status of the instigator of the incivility (vs. lower status of the instigator) negatively affects the third-party’s perception of deontic justice.

Trust is defined in this context as the customer’s expectation that the service provider is acting in a reliable way and is delivering the promised service performance (Mattila and Ro, 2008). Negative events may lead the customer to blame the organization for the problem, thereby damaging customer trust in the firm. Consequently, an observed incivility between service
personnel is likely to affect the trust of the witnessing customer not only towards the uncivil person, but also towards the company. Thus, we hypothesize:

**H2**: Perceived deontic justice has a positive effect on third-party trust towards the instigator of the incivility (H2a) and towards the service providing company (H2b).

It can be assumed that a customer who observes a transgression against the normative standard of fair social interaction - in this case, an incivility between personnel - will use this event as a reference when evaluating the firm’s service performance. Furthermore, the customer will presume that the instigator of the incivility behaves in a similar way when dealing with customers and that he or she might also become a target of such incivility (Skarlicki and Kulik, 2005). Hence, we posit:

**H3**: Perceived deontic justice has a positive impact on the perceived service quality associated with the instigator of the incivility (H3a) and relating to the service providing company (H3b).

3. Research Methodology

We created different scenarios in which the participants are service customers, who observe an incivility either between two co-workers or between a supervisor and an employee. For the incivility, we were drawing on Andersson and Pearson (1999, pp. 454), who define “uncivil behaviors are characteristically rude and discourteous, displaying a lack of regard for others”. A further characteristic of incivility is that the intent to harm is ambiguous and is therefore perceived differently by the instigator of the incivility, the target, and/or the third-party observers. To achieve generalizability of the results, the discussed relationships are analyzed within complex service encounters characterized by a high degree of information asymmetry (i.e., medical service), as well as non-complex service encounters characterized by a comparably lower level of information asymmetry (i.e., restaurant service).

The constructs are measured using a seven-point Likert scale. Respondents were asked to indicate their level of agreement with each statement.

Data were collected by an online-survey in Germany and Switzerland. The resulting sample size consisted of 500 valid questionnaires.
4. Results

We performed an ANOVA in order to identify the influence that the relative hierarchical status of the instigator of the incivility had on the observers’ perception of deontic justice. The results reveal a significant difference in the third parties’ perceptions of deontic justice (mean_{supervisor} = 1.305, mean_{coworker} = 1.438, F(1.498)= 4.060, p= 0.044). This finding therefore supports H1, by indicating that workplace incivility has a stronger negative impact on the observers’ perceptions of deontic justice when the instigator of incivility has a higher status than the target, rather than the same hierarchical status.

To examine the influence of perceived deontic justice on trust and on perceived service quality, we conducted a linear regression analysis. The results indicate that perceived deontic justice has a positive relationship on trust, as well as on perceived service quality, supporting H2a and 3a (see table 1). These findings suggest that incivility has a negative impact on trust and perceived service quality regarding customer’s observations of workplace incivility. Our results also provide strong support for the assumption that the effect of observed incivility does not stop at an inter-personal level, but that consumers’ negative conclusions are subsequently projected onto the service providing company, even though the results are only weakly significant for trust. Thus, H2b and H3b are also supported.

**TABLE 1: Linear Regression Analysis**

<table>
<thead>
<tr>
<th>variables</th>
<th>coefficients</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(β)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust (H2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Deontic Justice -&gt; trust (wrt instigator of incivility)</td>
<td>0.155***</td>
<td>3.509</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>0.087*</td>
<td>1.940</td>
<td>0.053</td>
</tr>
</tbody>
</table>
| b) Deontic Justice -> trust (wrt service providing company) | }
Perceived Service Quality (H3)  

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Deontic Justice -&gt; perceived service quality (wrt instigator of incivility)</td>
<td>0.162***</td>
<td>3.652</td>
<td>0.000</td>
</tr>
<tr>
<td>b) Deontic Justice -&gt; perceived service quality (wrt service providing company)</td>
<td>0.150**</td>
<td>3.393</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Notes: *** p < 0.001; ** p < 0.005, * p < 0.010

5. Conclusion

To the best of our knowledge, the present research paper is the first study that provides an insight into the impact that customers’ witnessing of workplace incivility has on trust and service quality perception through the determinant of perceived deontic justice. However, some limitations have to be acknowledged, and consequently present opportunities for future research. We assessed our model on the basis of one uncivil interaction, which we only adapted slightly for the different scenarios, without taking into account different variations of uncivil interactions as well as prior incidents in the customer-service provider relationship. Furthermore, it can be assumed that cultural influences can elicit differing reactions to observed incivilities. Consequently, we encourage research to validate and extend our findings by investigating the aspects of cultural differences. In the present study, we focused on the impact of deontic justice on attitudes. Future research should therefore explore further consequences of deontic justice and their impact on behavioral intentions.

References

References are available upon request.
Customer Outrage Following Service Failure: A Qualitative Research

Ruby Zhang (Newcastle University Business School, Newcastle University), Markus Blut (Newcastle University Business School, Newcastle University), Klaus Schoefer (Newcastle University Business School, Newcastle University)

Only a small number of studies on customer rage provides comprehensive measures of the customer rage construct and associated behaviours. Addressing this issue, the aim of the present research is to develop a conceptual framework that distinguishes between various customer rage emotions and associated rage behaviours in order to generate new insights into potential intervention strategies. To explore the nature of customer rage emotion and corresponding behaviours, the research uses qualitative in-depth interviews for data collection purpose and thematic approach for data analysis. Results reveal two different types of rage emotions, i.e. impulsive and forethought rage, and four forms of rage behaviours. Additionally, intervention strategies were found to have different effectiveness depending on the time phase when the service provider step in to intervene and the targets which the intervention strategies work on.

Key words: Customer rage; service failure; emotion regulation; intervention strategy

Track: Customer Misbehaviour in Services

Customer rage incidents have been reported more frequently as they become increasingly prevalent in today’s business interactions. Outraged customers experienced unfair treatment and are therefore discussed to be more likely to revenge (Oliver 1996, Roseman et al. 1994). Customer rage refers to extreme anger coupled with the furious emotions that may result in numerous negative consequences through verbal, physical and/or other potentially antisocial behaviours (Surachartkumtonkun et al. 2014).

Recent research investigated the causes and consequences of customer rage. Patterson et al. (2009) indicated that customer rage can follow a dissatisfying service experience. It may also occur because of an emotionally ‘undesirable by-product’ of the organization’s effort to ‘engage the customers’ (Grove et al., 2012). Consequences of customer rage include financial losses, severe psychological hurt of front-line service employees, and social cost for both firms and
customers. Despite the seminal work on customer rage, existing research is still limited with respect to the conceptualization of the construct. We find indication in the literature that different types of rage may exist and that rage represents a multi-dimensional construct. For instance, several terminologies are used synonymously to describe the phenomena of customer rage, customer retaliation, customer revenge, and customer misbehaviour. Also, prior research does not distinguish between customer rage emotion and customer rage behaviour. Kumar et al. (1992) argued that examining a single facet of a multifaceted construct is unlikely to lead to an adequate assessment of the construct or its relationships with other constructs.

Using interview study, this study will contribute to the research of customer rage from three aspects: (1) we revealed two different rage emotions i.e. impulsive and forethought rage; (2) customer rage behaviours were found in four forms; (3) four groups of intervention strategies were found according to the stages and targets they were applied at. The relationships between rage emotion types and rage behaviour forms are hypothesized based on the interview data.
1. Conceptual Model

The research model is presented in Figure 1.

Figure 7 Conceptual Model

1.1 Customer Rage Emotions

Customer rage is defined as extreme anger that becomes furious and intense in response to a service failure or a dissatisfying service recovery experience. It may induce potential harmful expressions in verbal, physical or other forms which are directed towards the company as a whole, some specific employees and/or other customers (Patterson, et al, 2009). It is regarded as an organization- or employee- oriented injurious emotion (Harris, 2013) yet with the possibility to do harm to the surrounding valued customers (Levy, 2007). This research proposes two types of customer rage emotion in the conceptual model, i.e. impulsive rage and forethought rage. *Impulsive rage* refers to the outbursts of the overwhelming anger when provoked. In this condition, people lack proper information processing and effective communication, which may last from several minutes to a few days. *Forethought rage* is the planned and goal-oriented aggressiveness involving rationale and conscious process, which may take time to respond.

Previous psychological studies and customer behaviour literatures provided some supports for this assumption. Psychologically, there are two different stances of two opposing reasoning mechanisms in rage. Fontaine (2007) holds the position that rage is characterized by impulsive...
thinking and lack of planning before action. The result of this type of rage is the uncontrolled hostility and immediate punishment towards the source(s). Contrarily, DiGiuseppe and Tafrate (2003) claimed that rage can be forethought and well planned, some of which can even be designed over long periods. Moreover, dual processing model proposed two rival modes of human thought, i.e. intuition and analytical thinking (Hammond, 1996). Intuitive thought refers to an ineffable and discernible effort which leads to an unstructured answer to a certain problems, whereas analytical thought is deliberate and explicit thinking which results in an accurate and justified solution to the problem (Hammond and Summers, 1972).

1.2 Customer Rage Behaviours

We propose that customer rage behaviours can be classified in a 2 (immediate or delayed) x 2 (controlled or uncontrolled) matrix. This argument is based on a concept of emotion-generative process (Gross, 2001). The conception argues that emotions will unfold over time beginning with the evaluation of emotional cues and subsequently triggering of a coordinated set of responses (i.e. experiential, behavioural and physiological) depending on the way(s) in which the cues are attended. Gross and John (2003) further introduced the emotion regulation strategies by distinguishing modulating effects of the emotions in early and late stages. Here, the antecedent-focused emotion regulation intervenes in the early stage before emotion fully activated when the reappraisal process can effectively control the negative experiential and behavioural responses. The response-focused emotion regulation intervenes late after emotion generated that can only modulate the responses by suppression. Although it delays the behavioural expression, it has no potent effects on reducing the negative emotions, whereas it will lead to even more taxing responses.

Figure 8 Emotion Regulation Process
Further, this research hypothesizes the linkages between the two emotions and four rage behaviours. By nature of the impulsive rage emotion, it may directly lead to the immediate and uncontrolled rage behaviours. Besides, the reappraisal emotional regulation in early stage may generate immediate and controlled responses. Furthermore, the forethought rage emotions will tend to result in delayed responses. When intervening early by reappraisal, the responses can be delayed and controlled while the suppression process in the late stage may induce the delayed but uncontrolled rage behaviours (Figure 3).

![Figure 9 Linkages between Rage Emotions and Rage Behaviours](image)

**1.3 Intervention Strategy**

Previous researchers have suggested intervention strategies towards the rage behaviours (Table 1).
<table>
<thead>
<tr>
<th>Intervention Strategy</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employ employees with personalities and attitudinal characteristics</td>
<td>Harris and Reynolds (2003)</td>
</tr>
<tr>
<td>Alter induction and training procedures and systems to account for customer misbehaviour</td>
<td>Fullerton and Punj (2004)</td>
</tr>
<tr>
<td>Alter employee remuneration and non-financial remuneration</td>
<td>Harris and Reynolds (2003)</td>
</tr>
<tr>
<td></td>
<td>Zourrig et al (2009)</td>
</tr>
<tr>
<td>Recognize the early signs of customer rage intention</td>
<td>Grégoire and Fisher (2008)</td>
</tr>
<tr>
<td>Identify the key role of outraged people</td>
<td>Grégoire and Fisher (2008)</td>
</tr>
<tr>
<td>Deal with the rage according to their different roles of customers</td>
<td>Fisk, et al (2009)</td>
</tr>
<tr>
<td>Redesign the service place</td>
<td>McColl-Kennedy, et al. (2009)</td>
</tr>
<tr>
<td>Improve service stands</td>
<td>Harris and Reynolds (2003)</td>
</tr>
<tr>
<td>Revisit the bases of segmentation</td>
<td>Harris and Reynolds (2013)</td>
</tr>
<tr>
<td></td>
<td>Haithem et al (2009)</td>
</tr>
</tbody>
</table>

Table 3 Summary of Intervention Strategy from Previous Studies

However, in the light of the four types of rage behaviours, this research will study the intervention strategies with two dimensions, i.e. indirect vs. direct and before emotion triggers vs. after emotion triggers. Baron (1983) and Miron (2008) suggested that intensity of negative emotions can be reduced by either direct or indirect interventions. The direct deterrence is to affect the individual’s perception of anger triggers while the indirect deterrence is to distract the individual’s attention from the triggers to something extremely attractive that can make the angry person to feel amused and happy. Meanwhile, Gross and John (2003) argued that the rage emotions can be modulated either early or late as the emotion develops.
2. **Methodology**

The interviews adopted open-ended questions. We selected 12 interviewees randomly through personal contact in the UK, among whom 7 were customers and 5 were frontline employees directly interacting with customers. While interviews with customers focused on their emotional progress asking them to describe the rage emotions and their actions taken to address them, interviews with frontline employees discussed the impact of customer rage behaviours on themselves and their intervention plans to stop them. The interviews lasted between 25 and 60 minutes, which were recorded and transcribed.

3. **Findings and Discussions**

Analysis of the interview data revealed two different rage emotions types. Among the 15 reported customer rage incidents, 7 were reported to result in an impulsive rage emotion while 8 were seen to be forethought rage emotion. Customers with impulsive rage emotion may explode immediately when the customer felt mistreated and usually had a massive outburst without proper control of the expressions. Some interviewees indicated that they were even unaware of their actions. Forethought rage was usually an aggregate result from repeating unfair treatments, which gradually accumulated over time. Once the customers reached the point of rage, they would have already prepared an action plan in mind.

Furthermore, rage behaviours were uncovered in the interviews, including exit, boycott, negative WOM, physical/verbal violence, cost/loss, vindictive complaints and anger spread to other service. Four types of rage behaviours emerged during the interviews, namely (1) delayed and uncontrolled, (2) delayed and controlled, (3) immediate and uncontrolled and (4) immediate and controlled. These rage behaviours were attributed to the four types (Table 2).
The finding of this study also implied the links between rage emotions and the types of rage behaviours. Reflected by the analysis of the interview, impulsive rage is more likely to induce immediate revenge actions (75% of the total cases), whereas forethought rage was closely related to the delayed revenge actions (83% of the total cases). Forethought rage was prone to induce planned and controllable retaliations while impulsive rage had relatively equal impact on controlled and uncontrolled actions (Table 3).

<table>
<thead>
<tr>
<th></th>
<th>Immediate and Uncontrolled</th>
<th>Delayed and Uncontrolled</th>
<th>Immediate and Controlled</th>
<th>Delayed and Controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verbal Violence</td>
<td></td>
<td>Negative Word of Mouth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Violence</td>
<td></td>
<td>Vindictive Complaining</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Immediate and Controlled</th>
<th>Delayed and Controlled</th>
<th>Immediate and Uncontrolled</th>
<th>Delayed and Uncontrolled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exit/Switch to Competitors</td>
<td>25%</td>
<td>0.00%</td>
<td>25%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Physical Violence</td>
<td>58.33%</td>
<td>58.33%</td>
<td>58.33%</td>
<td>58.33%</td>
</tr>
<tr>
<td>Create Financial Loss</td>
<td>25.00%</td>
<td>41.67%</td>
<td>41.67%</td>
<td>41.67%</td>
</tr>
<tr>
<td>Trash</td>
<td>8.33%</td>
<td>8.33%</td>
<td>8.33%</td>
<td>8.33%</td>
</tr>
</tbody>
</table>

Table 4 Four Forms of Rage Behaviours

Finally, intervention strategies were extracted from the interviews falling within four forms considering the time points and objects of the actions (Table 4).

<table>
<thead>
<tr>
<th></th>
<th>Immediate and Uncontrolled</th>
<th>Delayed and Uncontrolled</th>
<th>Immediate and Controlled</th>
<th>Delayed and Controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25%</td>
<td>25.00%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>41.67%</td>
<td>41.67%</td>
<td>33.33%</td>
<td>33.33%</td>
</tr>
<tr>
<td></td>
<td>83%</td>
<td>83%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>25.00%</td>
<td>25.00%</td>
<td>8.33%</td>
<td>8.33%</td>
</tr>
</tbody>
</table>

Table 5 Links between Rage Emotion and Rage Behaviours

Finally, intervention strategies were extracted from the interviews falling within four forms considering the time points and objects of the actions (Table 4).
This research built a framework distinguishing rage emotions from rage behaviours and thereby generated new insights into appropriate intervention strategies. The qualitative study revealed two types of rage emotions from customer perspective which may provoke four forms of retaliatory actions. This study for the first time identified the links between rage emotions and rage behaviours that impulsive rage is responsible for immediate retaliatory actions and that forethought rage may trigger delayed and controlled rage behaviours.

<table>
<thead>
<tr>
<th>Direct and Before Emotion Triggers</th>
<th>Indirect and Before Emotion Triggers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explain Company Policy</td>
<td>Provide Compensation to Relevant Product</td>
</tr>
<tr>
<td>Exchange or Refund</td>
<td>Remain Calm and Polite</td>
</tr>
<tr>
<td>Apologize before Customer Explodes</td>
<td>Report to Supervisor for Authorization</td>
</tr>
<tr>
<td></td>
<td>Provide Extra Service to Distract Customer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct and After Emotion Triggers</th>
<th>Indirect and After Emotion Triggers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give advice</td>
<td>Provide Compensation as Customer Request</td>
</tr>
<tr>
<td>Warn Customer</td>
<td>Report to Supervisor to Control the Situation</td>
</tr>
<tr>
<td>Exchange or Refund</td>
<td>Provide Extra Service to Please Customer</td>
</tr>
<tr>
<td>Apologize after Customer Explodes</td>
<td>Call Security</td>
</tr>
<tr>
<td></td>
<td>Keep Physical Distance</td>
</tr>
<tr>
<td></td>
<td>Have Company Around</td>
</tr>
</tbody>
</table>

Table 6 Intervention Strategies

4. Conclusion

This research built a framework distinguishing rage emotions from rage behaviours and thereby generated new insights into appropriate intervention strategies. The qualitative study revealed two types of rage emotions from customer perspective which may provoke four forms of retaliatory actions. This study for the first time identified the links between rage emotions and rage behaviours that impulsive rage is responsible for immediate retaliatory actions and that forethought rage may trigger delayed and controlled rage behaviours.
Reference:


Huefner, J.C. and Hunt, H.K. (1994) 'Extending the Hirschman model- when voice and exit
don't tell the whole story', Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior, 7(1), pp. 267-270.


Online Public Services Access and the Elderly: Assessing Determinants of Behaviour in the UK and Japan

Bach Q. Ho (Japan Advanced Institute of Science and Technology), Kunio Shirahada (Japan Advanced Institute of Science and Technology), Alan Wilson (University of Strathclyde, Glasgow, UK)

Background

Governments worldwide are seeking to use information technology to improve service delivery and encourage citizen participation (Li and Feeney, 2014). For example, Estonia constructed an advanced governmental information system in order to save an estimated 2% of annual GDP (Anthes, 2015). However, the capability of citizens to access online public services may not be equal even if information technology continues to increase in availability. Governments of developed countries face the challenge brought on by an increasingly aged population of adapting complex technologies for people who may have only a weak capability to access and use the Internet.

There has been little empirical research focused on elderly people as a consumer of online public services, even although elderly people are understood to be less inclined to use such technologies (Heart and Kalderon, 2013). The aim of this study is to identify the factors impacting on online public services usage by elderly people in the UK and Japan. Both the UK and Japan have a large population of elderly people and it is often perceived that the Japanese consumers are in love with the latest gadgets whilst British are considered to be more traditional and conservative. However, online public services are potentially more advanced in the UK and there are perceived to be more “silver-surfers” of the web in the UK. This study therefore compares the two countries and investigates the personal and social characteristics of elderly people that impact on their technology readiness (Parasuraman, 2000) and behavioural intention towards online public services.

The present study examines three research questions. Firstly, what are the critical personal factors that impact on the technology readiness of elderly people? Personal factors relate to the capability of elderly people which might affect their attitudes towards online public
services access. Secondly, what are the critical social factors that impact on the technology readiness of elderly people? Elderly people’s attitudes towards social interaction may impact on their willingness to interact through online channels. The third research question explores whether personal or social factors have a greater impact on the technology readiness of elderly people and their behavioural intention towards online public services? Although technology readiness has been recognized as a factor in promoting behavioural intention toward high-tech products or services, the question of the impact of elderly people’s technology readiness on their behavioural intention toward online public services requires exploration.

**Conceptual Development**

There are two fundamental characteristics of elderly people that may impact on their capability and willingness to access online public services. The first relates to the personal characteristics of elderly people such as knowing why and what they can do. The capability to know one-self may be important for technology usage because generally it is not easy to ask a service provider for support to complete online services. Also, confidence and morale in daily life might affect elderly people’s attitudes towards online public services. Therefore, this study focuses on self-knowledge, self-efficacy, and morale as personal factors. The other broad characteristic relates to the social relationships of elderly people. Their attitudes towards social interaction may also impact their confidence in interacting online. An individual’s social interaction can be examined by social inhibition, social support, and social cohesion. This study investigates impacts of both personal and social factors on the technology readiness and behavioural intention of elderly people towards public online services. The conceptual model set out in Figure 1.
Methodology

Data is currently being collected by paper-based questionnaire from over 200 elderly people (aged over 65) in the UK and 200 in Japan. A 41 item scale is used and is measured using a 5-point Likert scale anchored on “Strongly agree” and “Strongly disagree”.

The section on personal factors has 14 items and is composed of integrative self-knowledge, everyday memory self-efficacy, and satisfaction with aging. Ghorbani et al. (2008) argued that integrative self-knowledge is the positive psychology of empowering one-self to understand past behaviour and thinking over time to achieve desired outcomes. This study uses their scale to assess the capability of an individual to fully understand their own thoughts, and actions. Everyday memory self-efficacy relates to the control of personal information and is measured using. The everyday memory self-efficacy scale (EMSES) developed by Ide and Mori (2004) having confidence in one’s ability with memory enhances the self-efficacy of elderly people and it may encourage them to access online public services. As personal confidence to use technology may also be influenced by one’s attitude towards the aging process, this study also considers attitudes of respondents towards their own aging through the Philadelphia geriatric center morale scale (Lawton, 1975).
In relation to social factors, there are 14 items. This study uses social inhibition to assess elderly people’s attitudes toward social interaction. Social inhibition is the subcategory of the Factor Structure and Internal Consistency of the Type D scale 14 (DS14). This scale indicates discomfort and discretion in social interaction (Denollet, 2005). Also, perceived social support and social cohesion are examined to assess the degrees of social support available to the elderly. Perceived social support is referred to as the multidimensional scale of perceived social support (Zimet et al., 1988). This scale measures consciousness of social support from family, friends, and significant others. Sampson et al. (1997) developed the social cohesion scale to describe reliability between neighbourhods.

Scale of technology readiness is measured by the technology readiness index (TRI) by Parasuraman (2000) with 12 items. TRI has four subcategories; Optimism, Innovativeness, Discomfort, and Insecurity. Optimism and innovativeness are the positive drivers of technology readiness. They encourage consumers to use technologies. On the other hand, discomfort and insecurity are the negative drivers of technology readiness (Lin and Hsieh, 2007).

The part of behavioural Intention towards online public services is assessed by questions about the kind of online public services accessed, the likelihood of accessing online public services in the future, and the reasons for liking or disliking online public services. This study also uses age, gender, educational background, family structure, media access, and use of self-service technologies to categorise respondents.

Conclusion

This study proposes a framework which describes the impact of the personal characteristics and social characteristics of elderly people on their capability to access online public services. Governments need to not only adopt technologies for the delivery of public services but also understand the barriers that may exist among elderly people towards the use of such technology. The study also reveals differences in the impact of these characteristics for British versus Japanese elderly people in terms of their capability and willingness to access online public services. The data collection is nearing completion and the key findings will be reported at the conference.
References


Heart, T., & Kalderon, E. (2013). Older adults: Are they ready to adopt health-related ICT?. International Journal of Medical Informatics, 82(11), e209-e231.


Values Based Service Eco-System for a City Region

- Public transit context

Samuel Petros Sebhatu (CTF, Service Research Center, Karlstad University), Bo Enquist (CTF, Service Research Center, Karlstad University)

Purpose:
The aim of this paper is to assess and analyze how sustainable public transit services contribute to building a values based service eco-system for living cities and city regions value network and resource integration/value co-creation, which is embedded on societal and environmental perspectives. The objective is to look deeper on how the two cities in Europe Stockholm and Paris are put together the values based service eco system for escalating cities for people by focusing on societal and environmental issues, which bio-sphere is integrated in the eco-system in the way value is co-created within the service system. The main theoretical and empirical challenges are how to understand public transport as dynamic and transformative values based service eco-system for living city regions, to develop and implement a feasible and proactive tool for changing the mind-set. Service ecosystems need shared institutions (rules) to function effectively and coordinate activities among actors (Lusch and Vargo, 2014). These institutions have to cooperate in service ecosystems based on shared values and shared meanings (Edvardsson and Enquist, 2009). Public Transport as a dynamic and transformative values based service eco-system is about the role of governmental agencies and other stakeholders in the network (Enquist and Johnson, 2013). It also is part of moving towards transformational action from incremental progress for shaping sustainable business in an inclusive way (Williams, 2014).

Theoretical Frame work:
Cities are holistic services (Spohrer 2010) that provide all of the essentials for a modern quality of life (Shirahada and Fisk, 2012). The challenges cities are facing is related to transformation that embedded on mobility, social and environmental perspectives. It is part of the overall Bio-sphere (Rockström and Klum, 2015) of transforming our world in the new sustainability agenda - a plan of action for people, planet and prosperity is the UN Sustainable Development Goals
It seeks for the greatest global challenge and an indispensable requirement for sustainable development. The agenda calls for all countries and all stakeholders, acting in collaborative partnership, will implement this plan (Ibid). Public Transport as a dynamic and transformative (Anderson, 2013) values based service eco-system (Enquist and sebhatu, forthcoming) is fundamentally embed on the role of governmental agencies and other stakeholders in the network (Enquist and Johnson, 2013). Public Transport, today, is built upon transforming proactive city regions by developing sustainable and living cities (Kallidaikurichi and Yuen, 2010), especially in the emerging economies. The transformation has demands an incremental progress towards transformational action (Ostrom, 2014) for shaping an inclusive and sustainable business (Williams, 2014) for living cities. These cities are in transition for a transformative change (Grin et. al. 2010), which is built upon dynamic city networks and open to learn and innovate (Campell, 2012) a resilient infrastructure (Newman, 2010). Living cities have to be resilient to last and respond on crisis for change and build upon consensus around cooperation and partnership (Newman et. al., 2009). The opposite is cities build upon fear which make decisions based on short-term responses and the only driving force is competition (ibid.) However, the main challenge is lies on breaking the norm of using cars in the city (Hajer et al, 2012; Gärling et al, 2013) and to find an alternative discourse for a sustainable living city. However, the challenge is to breaking the norm of using cars in city regions (Hajer et al, 2012; Gärling et al, 2013) and to find an alternative discourse for a sustainable and living city. The main theoretical and empirical challenges are how to understand public transport as dynamic and transformative values based service eco-system for living city regions to develop and implement a feasible and proactive tool for changing the mindset.

**Design/methodology/approach:**

The paper will be of an explorative nature. It is built around three concepts - (i) Values (ii), service eco systems and (iii) transformative service embedded on Societal and environmental perspectives. The paper will illustrates these concepts with two different city region cases from Stockholm - Sweden, and Paris – France. This focuses on describing the values based service eco-system and the challenges of transforming cities and city regions by understanding the role of public transport services from the cities perspective in an international context by embedding social and environmental perspectives. This paper is of an explorative comparative study based on the public transport value networks of these city regions. In this study, we see public transit as
a service eco-system (Lusch and Vargo, 2014) used as a tool for proactive developing of city regions for living cities (Kallidaikurichi and Yuen, 2010). These cities are in transition for a transformative change (Grin et. al. 2010): dynamic city networks, which learn and innovate (Campell, 2012). But, these city regions, today, have big challenges to meet.

**Findings:**
The study will reveal the challenges of transforming urbanized cities, and understanding the role of public transport services and service eco-systems from the cities perspective in an international context by embedding social and environmental perspectives. The challenges of transforming today’s cities, which has created many new opportunities for prosperity through new ways of living and working in urban areas (Florida, 2010). This aims on developing service eco-systems by assessing the micro, meso and macro levels by describing the challenges of transforming cities, and understanding the role of public transport services from the cities perspective in an international context by embedding social and environmental perspectives.

**Research limitations/implications:**
Future research in this area should focus on generalizing the present findings by studying the development and integration of values based service eco system thinking in other empirical settings and conceptualization, for instance resilient cities.

**Originality/value:**
The paper makes an original contribution to the ongoing discussions on service research towards sustainability in services and transformative service in relation to the study of public transit services by explicitly linking the adoption of values based service eco system based on sustainability, and resource integration/value co-creation.

**Article Type:**
Research paper

**Key Words:**
Values- based; service Eco-system; City region; public transit; transformative; sustainability in services; value co-creation
Uncovering Prosocial Identities for Improved Marketing Management

Liliana Bove (The University of Melbourne), Anish Nagpal (The University of Melbourne), Ben Neville (The University of Melbourne), Jill Lei (The University of Melbourne), Danielle Chmielewski-Raimondo (The University of Melbourne)

Introduction:

Prosocial behaviors are voluntary actions intended to benefit others (Eisenberg, Fabes, and Spinrad 2007). These actions of helping, sharing, donating, cooperating, and volunteering (Brief and Motowidlo 1986), are an important element of a sustainable society. Prosocial organizations, however, find it challenging to encourage people to engage and continue in such behaviors (Aaker and Akutsu 2009).

Identity is a helpful lens to understand prosocial behaviour (Belk 1988; Howard 2000; Oyserman 2009a, 2009b; Reed 2004). Studies continue to use a generic or moral identity to distinguish between donors and non-donors (Aquino and Reed 2002; Reed and Aquino 2003; Reed, Aquino, and Levy 2007; Winterich, Mittal, and Ross 2009). However, by definition, identity differs among people, reflecting how people subjectively perceive who they are according to their individual traits, characteristics, and social roles (Belk 1988; Callero 1985; Reed et al. 2012). The supposition of a generic prosocial identity is therefore unlikely to fully capture the variability and nuance of prosocial identities. It also underspecifies the motivations for prosocial behavior, whether altruistic, self-interested, or some combination.

Donating is also characterized as giving (Aaker and Akutsu 2009). Callero (1985) and later Boenigk and Helmig (2013) also operationalize blood donor identity salience in terms of giving (e.g., “Giving is an important part of who I am”). This implies that a prosocial identity is akin to a giver identity. However, “giving a gift” may impose “an obligation of reciprocity” on the receiver (Belk 2010, 718), which seems counter to the one-way implicit nature of most prosocial behavior. Therefore it is unlikely that the gift-giver identity is assumed by all people engaging in prosocial behaviors.

Our study seeks to explore if the gift-giver identity is the only or dominant identity assumed in a prosocial context. We do this by studying blood donation because it entails
significant personal costs to the donor and is not directly rewarded. In addition, blood collection agencies (BCAs) regularly experience supply shortages, urging for an improved understanding of the drivers of donation behavior to design more efficient marketing attraction and retention strategies.

Through in-depth interviews with donors and non-donors and the use of sentiment polarity and amplification analysis of major themes (Pang and Lee 2008) we uncover four donor identities and make a number of contributions. First, in contrast to the generalized notions of identity in extant prosocial research, we discover four distinct blood donation identities. We label these the Community Carer, the Life Saver, the Practical Helper, and the Extraordinaire. We provide a comprehensive profile for each identity based on goal for donating, desire for donation privacy, beliefs of personal costs of donating, and the appeal of rewards and recognition. In doing so, we demonstrate that not all donors are gift-givers (Aaker and Akutsu 2009) and have saving lives as their primary goal (Boenigk and Helmig 2013). Second, we draw parallels between the uncovered donor identities and the discourses on sharing (Belk 2010), gift giving (Belk and Coon 1993; Giesler 2006; Marcoux 2009), consumer involvement (Kassarjian 1981) and the need for uniqueness (Snyder and Fromkin 1981). These theoretical links suggest that the donor identities are likely to be generalizable to other prosocial contexts. Last, we show the potential usefulness of our multiple donor identities when applied to Oyserman’s identity-based motivation (IBM) model (Oyserman, 2009b), as it may help to explain why marketing strategies currently only achieve limited levels of success in the attraction and retention of donors.

Methodology:

As a means to generate and extend knowledge of both the conceptual foundations and the consequences of donor identities, we use an exploratory logic, based on an inductive approach with qualitative enquiry (Miles and Huberman 1994). We recruited 53 blood donors of different ages, gender and stage of the donor career cycle. We analyzed the qualitative data to identify themes and associated categories in the interview transcripts using a general inductive approach (Thomas 2006). Two authors independently coded each interview. Any disagreements were resolved during a coder debriefing session with a third author. Following this, two authors performed a sentiment polarity and amplification classification of the first-order themes for each
individual informant. We considered these themes as either attributes of donor identity or antecedents to or consequences of the donor identity, and looked for distinct patterns of sentiment polarity and amplification that may define a unique donor identity. We used this indirect method to uncover the donor identities because, as Reed et al. (2012, 5) state, “identities can be cued outside of conscious awareness.”

Sentiment polarity classification involved determining whether informants’ text had positive, neutral, or negative sentiment toward the theme in question e.g., privacy of donation. We used the label neutral when the opinion was ambiguous; that is, the sentiment expressed was both positive and negative (Ortigosa-Hernandez et al. 2012). When an informant expressed no opinion on the relevant theme, we simply designated it as missing. Following sentiment polarity classification, we judged the strength or amplification of this sentiment (i.e., high, medium, or low), providing more fine-grained rating information (Pang and Lee 2008).

Findings:

Recognizing that identity is a gestalt of attributes that differentiate it from others (Epp and Price 2008), the sentiment polarity and amplification classification (Pang and Lee 2008) facilitated the uncovering of unique configuration of patterns in dominant four themes. We began with the theme goal for donating, which is a key attribute that anchors the appeal or pursuit of the donor identity. Data analysis reveals that our informants exhibit four key goals for donating blood. These are: (1) to benefit the community or society, (2) to save individual lives, (3) to simply help, and (4) to display a special competence that others do not possess. Using this goal anchor we sought patterns of sentiment polarity and amplification in other key characteristics such as desire for donation privacy, beliefs of personal costs of donating, and the appeal of rewards and recognition. The result was four donor identities labelled: the Community Carer, the Life Saver, the Practical Helper, and the Extraordinaire.

Discussion:

The uncovering of the differing donor identities offers practical implications for the design and implementation of recruitment and retention strategies when applied to Oyserman’s IBM model (Oyserman 2009b). This theoretical model suggests that identities can be
situationally cued outside of conscious awareness and without systematic processing, producing a motivational pull towards identity-congruent procedures and actions. As illustrated in figure 1, procedural readiness involves sensemaking of marketing stimuli and experiences encountered using an identity-congruent mindset. If the sensemaking is congruent with the prosocial identity, then a motivational pull to donate (action readiness) will follow. However, if the sensemaking is incongruent with the prosocial identity, then there is little motivation to act and even if the act is obliged, the act feels wrong and the individual’s well-being is compromised. For example, if an individual held an Extraordinaire prosocial identity, BCA marketing communication suggesting that anyone can donate blood would prevent action readiness, as the action-to donate would not be congruent with attaining desired identity goals of uniqueness, status and prestige. Thus the application of the IBM model allows us to suggest a number of propositions regarding the action readiness of each prosocial identity when faced with congruent marketing stimuli. Some of these are as follows:

P1: Community Carers are action ready to donate when (1) organizational communications advocate sharing resources for a functional donation system

P2: Life Savers are action ready to donate when (1) organizational communications advocate donation as a gift or donors as heroes (2) organization recognizes and rewards donors in conspicuous ways

P3: Practical Helpers are action ready to donate when (1) organizational communications advocate the shortage of the resource and its use (2) organizational communications advocate that everyone has the ability to donate

P4: Extraordinaires are action ready to donate when (1) organizational communications advocate that donors are unique, special or possess a characteristic that is rare (2) organization recognizes and rewards donors in conspicuous ways.
Conclusion:

Our research contributes to the understanding of identity and prosocial behavior in several ways. First, the discovery of the four identities adds to the understanding of the role of self and identity in shaping and predicting prosocial behaviour, beyond what can be gained by a monolithic generic donor or moral identity. Second, the donor identities we found mirror concepts from other discourses such as sharing, gift giving, involvement and uniqueness. This would suggest that the donor identities are likely to be generalizable to prosocial identities. Third, in applying Oyserman’s IBM we demonstrate how a prosocial cue and salient donor identity type will interpret the marketing stimuli of an organization in an identity-congruent manner (procedural readiness), which in turn affects their action readiness to donate. This discovery of multiple prosocial identities sheds light as to why marketing stimuli achieves variance in response, opening up a potentially promising and untapped avenue for the more effective management of donors.
References:


5.6 Designing the Service Recovery

Understanding Customer Journeys via Social Media Dialog: A Service Recovery Case Study.

Szu-Yao Chien (Alliance Manchester Business School, The University of Manchester), Babis Theodoulidis (Alliance Manchester Business School, The University of Manchester), Jamie Burton (Alliance Manchester Business School, The University of Manchester)

Introduction

Dissatisfied customers are no longer silent. The proliferation of social media empowers customers to voice complaints in numerous forms including Tweets, Facebook posts, YouTube videos and blog articles (Grégoire et al., 2015). Social media creates a dynamic complaint handling process, in which customers have a high degree of autonomy and multiple actors are able to participate in the dialog to shape the collective experience (Baird and Parasnis, 2011). This phenomenon weakens companies’ ability to control the management of customer complaints (Grégoire et al., 2015) and directly challenges traditional customer complaint and service recovery theory. Specifically, network actors can actively intervene by correcting misinformation and providing solutions to others’ service problems (Noble et al. 2012). This is conceptualized as customer-to-customer (C2C) recovery (e.g. Nicholls, 2010). C2C recovery challenges the traditional service recovery definition: companies’ action taken to solve service failures encountered by customers (Grönroos, 1988).

This research aims to improve the understanding of customer-to-customer interaction as an influential factor framing customer complaining experience (Noble et al. 2012). Furthermore, prior research on handling complaints focuses on specific service recovery constructs (e.g. Roggeveen et al., 2012), which has limitations in terms of understanding a dynamic service recovery process. To solve this issue, we take a holistic view of the complainer journey by mining social media dialog to uncover the mechanisms of service recovery on social media.
Literature Review

The customer experience literature suggests that customers are actively creating their experiences by choosing and engaging in the service processes (Heinonen et al., 2010). By participating in service recovery (co-recovery), dissatisfied customers can regain post-satisfaction (Dong et al., 2008). In the service recovery process, customers, frontline staff and managers input knowledge, skills and time to co-create value (Edvardsson et al., 2011) creating a service recovery interaction in which the actors are highly engaged. However, the rapidly-developed online platforms empower customers to voice a public complaint (Pfeffer et al., 2014) leading to a transparent service recovery process, in which C2C interactions are taking place simultaneously (Noble et al. 2012). C2C interactions can be seen as value co-creation in the customers’ social context, which is closed to service providers (Grönroos, 2008). C2C value co-creation may also lead to value co-destruction (defined by Plé and Cáceres, 2011) in the interaction between customers and the company and directly influences complainer post-satisfaction. However, previous research ignores the C2C interactions affecting complainer’s post-satisfaction.

Methodology

To understand the dynamic customer journey on social media, we chose a U.K. telecommunications provider’s Twitter platform as the case study. Our data set consisted of the Twitter dialogs between the company and its customers in a half year period. In total, we identified 36,710 valid dialogs out of 312,529 Tweets. To extract the information from the Twitter dialogs, we developed two text mining classifiers through the supervised learning. In supervised learning, the concepts are extracted from previously-labeled “bag-of-words” so that the information categorization can be undertaken accordingly (Radovanović and Ivanović, 2008). Our extraction rules were developed based on ARC model (activities, resources and contexts) proposed by Ordenes et al. (2014). An example of information extraction is provided in Table 1. Text mining is used for exploring the hidden trends, patterns, rules and building models in the unstructured textual data (He et al., 2013). The first classifier was conducted to extract sentiment in the customer Tweets so as to identify customer complaints and successful recovery cases. The second classifier was designed to extract the service recovery activities in the company’s reply.
Tweets. Furthermore, we also identified any C2C interaction cases by examining whether complainers mentioned other Twitter user IDs in the complaining Tweets.
<table>
<thead>
<tr>
<th>Tweet Content</th>
<th>Bag of Words</th>
<th>Assigning Tags</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Tweet</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>@Telecom Company I've had NO 3G or 4G for the past 2 days!! Pissed off! #PLEASEHELP!</td>
<td>NO 3G</td>
<td>Telecom Service Failure</td>
<td>Negative Service Outcomes</td>
</tr>
<tr>
<td></td>
<td>past 2 days</td>
<td>Wait Time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pissed off!</td>
<td>Angry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PLEASEHELP!</td>
<td>Request for Actions</td>
<td></td>
</tr>
</tbody>
</table>

| Company Reply Tweet |  |  |  |
|---------------------|  |  |  |
| @Customer Hi Ben, oh no: (! Sorry about that. If a reboot doesn't help, chat with us here: (weblink) and we'll take a look. | oh no: ( | Showing |  |
| | Sorry about that | Apology |  |
| | reboot chat with us here we'll take a look. | Solution Guide Channel Transferring Promise | Recovery Activity |
| | (weblink) Web link |  | Recovery Resource |

**Table 1.** Text Mining Information Extraction

The results of text mining show good accuracy (83%–90%), which enables us to conduct the process mining to map the customer journey in the complaint handling process. Process mining was used to examine event logs of process execution data (e.g. customer orders in online transaction systems) so as to re-construct real business processes (Tiwari et al, 2008). We created the customer journey event logs by extracting Twitter user ID, timestamp of tweeting, and the activities of complaining, complaint handling and the and post-satisfaction (an outcome of activity only existing in successful recovery cases). As we were interested to uncover the
influential factors in Twitter service recovery, a process mining experiment was undertaken on three Twitter dialog samples with 100%, 10% (similar proportion to the research data set - 10.71% success rate) and 0% successful recovery cases. Each dataset contains 1500 complaint handling cases.

Results and Discussion
A total of 15,945 complaining cases were identified in the text mining process, including 12,934 cases referring to specific service failure contexts (e.g. malfunction, wait time) but 2,911 cases only containing negative emotions. Among the complaining cases, only 1,698 successful recovery cases are found; the success rate accounts for 10.71%. The results are shown in Table 2. In terms of C2C interactions, many Twitter complainers tend to engage other users in a complaint post by mentioning their Twitter user names. In total, there are 4,804 C2C complaint cases identified. Notably, nearly 50% of C2C complaining cases involve names of the company’s competitors. To understand whether C2C interaction is an impactful factor in service recovery outcomes, we run the Pearson chi-square test on the C2C and single complainer service recovery outcomes (see Table 3). However, the result shows no significance with p value =.377., which does not support C2C interactions as a determinant of successful or failed service recovery.
### Table 2. Overall Complaint Frequency Analysis

<table>
<thead>
<tr>
<th></th>
<th>Total Cases</th>
<th>Successful Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>Negative Services</td>
<td>12,934</td>
<td>81.63%</td>
</tr>
<tr>
<td>Negative Emotions</td>
<td>2,911</td>
<td>18.37%</td>
</tr>
<tr>
<td>All Cases</td>
<td>15,845</td>
<td>100%</td>
</tr>
</tbody>
</table>

### A. C2C and Single Complainer Frequency Analysis

<table>
<thead>
<tr>
<th></th>
<th>C2C*</th>
<th>Single Complainer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>All Cases</td>
<td>4,804</td>
<td>30.32%</td>
</tr>
</tbody>
</table>

### B. C2C/single complainer context and recovery outcomes analysis

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Chi-square</th>
<th>Phi Coefficient</th>
<th>df</th>
<th>Asymp Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>15,845</td>
<td>0.7806</td>
<td>-0.007</td>
<td>1</td>
<td>0.3770</td>
</tr>
</tbody>
</table>

* Customer-to-customer interaction column (4,804) also contains 2,361 (49.15%) customer-to-competitor interactions.

### Table 3. C2C Complaint Summary

The process mining results are provided in Figure 1. We find that the company used a standardized recovery approach due to the similar patterns of event sequence found in these three samples. A common trace is “Complaint—Showing Empathy—Solution Guide—Follow up”. The resulting processes indicate that the company tended to show empathy to complainers in the first interaction before providing recovery support. We also compared the differences between the samples. In the 100% successful recovery cases, only one complaint context is identified on the process model while a second complaint context is found in the 10% and 0% successful recovery cases. Another finding is that the recovery process of 100% successful cases is less complex than other two models with fewer recovery activities shown in the process model. In the failed recovery process (also the 10% successful cases), the activities; “actively help”, “apology”
and “creating customers’ expectation for future services” are present but in the 100% successful cases, these three activities are aggregated into clusters in the process model due to low frequency. This indicates that the company makes more efforts to interact with complainers in the failed recovery cases. Therefore, a complicated trace patterns are found in the process models.

Figure 1. Process Discovery Results on the Three Samples

Implication, Limitation and Future Research
The research has three major findings for understanding social media complaint handling. First, C2C interaction is not proven to be a significant factor determining the recovery outcome, be they C2C recovery or C2C value co-destruction. The further research should consider the level of actors’ engagement, and purposes of interactions. Secondly, in successful recovery cases, fewer recovery activities are committed resulting in a simpler customer journey. This raises the issue of the importance of channel empowerment and also confirms the need for a seamless and simple recovery experience. Finally, ‘actively help’ and ‘apology’ are more frequent in the failed service recovery cases than successful cases. It implies that frequently apologizing and offering helps for
a complainer show the company’s incompetent to solve problems, which results in repeated activities. Therefore, companies should record complainers’ channel footprints within integrated systems so as to avoid redundant customer activity traces.
Signaling Firm and Employee Trustworthiness: The Influence of Service Guarantee, Employee Behaviour and Firm Reputation on Customer Trust in Service Recovery

Benedetta Crisafulli (Cranfield University), Jaywant Singh (Kingston University), Francesca Dall’Olmo Riley (Kingston University)

Introduction

Services often fail, and in response, firms can deliver service recovery. Research suggests that perceived fairness (justice) of employee recovery efforts enhances customer satisfaction, trust and repatronage (Tax et al., 1998; Roschk and Kaiser, 2013). Notwithstanding, industry reports indicate that customers are dissatisfied with firms’ recovery efforts, and generating trust is challenging (Ombudsman Services, 2014). For instance, in banking, unsatisfactory recovery is the main reason why customers are reluctant to trust banks (YouGov-Cambridge, 2013). Given that trust is a fundamental component of long-term relationships, understanding how customer trust can be generated through service recovery is important for theory and practice.

This study argues that extant research is limited in scope in that it focuses on perceived justice of employee recovery. In practice, several factors shape customer perceptions of recovery and concurring trust. Whilst employees show empathy, guarantee policies often set recovery compensation and processes, and firm reputation influences perceptions of such policies (Wirtz et al., 2000; Berman and Mathur, 2014). Importantly, at the post-purchase stage, customers perceive risk regarding the advisability of switching and/or the ability of the provider to offer better service (San Martín and Camarero, 2005). Perceived risk is particularly high when services fail. In such instances, reassurance that the provider is trustworthy lowers perceived risk and informs repurchase decisions (Chiou and Droge, 2006). Following service failures, firms may signal their trustworthiness through recovery.

Given the above background, this study investigates how employee behaviour, service guarantee and firm reputation function together in service recovery, influence fairness perceptions, and in turn, trust. Specifically, given customers’ concerns about fairness, firm reputation for fairness is considered. Theoretically grounded in justice (Homans, 1961) and signaling theories (Spence, 1973), the study aims to understand, (1) how service guarantee and
employee behaviour function as signals and influence customer post-recovery trust, and (2) whether the above effect is contingent upon firm reputation for fairness (see Figure 1).

**Theoretical Background and Hypotheses Development**

Two guarantee terms – service guarantee payout (SGP hereafter) and ease of invocation (EoI), and two types of employee behaviour – concern and communication, are examined. SGP denotes the monetary cost the firm incurs when failing to meet the guaranteed standards (McDougall et al., 1998). Research shows that perceived fairness of low price guarantees increases with payout size (Kukar-Kinney et al., 2007). Similarly, high SGP is expected to elicit distributive fairness perceptions. Consistent with equity theory postulating that distributive fairness results when perceived benefits of an exchange are greater than perceived sacrifices (Adams, 1965), high SGP denotes large benefits, is expected to be perceived as equitable, and to elicit distributive fairness.

EoI denotes the complexity of the process of invoking the guarantee. The invocation process is ‘easy’ when no questions are asked, and ‘difficult’ when an explanation, proof of purchase, and claim validity checks are required (Wirtz and Kum, 2004). Consistent with procedural justice theory postulating that timely recovery creates procedural fairness (Thibaut and Walker, 1978), high EoI is expected to lead to timely recovery, and to elicit procedural fairness. Fairness elicited by high SGP and EoI is posited to signal the firm’s trustworthiness, and thus shape post-recovery trust in the firm. Research asserts that service guarantees are meaningful when including high SGP and EoI (Hart, 1988). High SGP and EoI are credible signals that the firm does not engage in opportunistic signaling and is trustworthy (Wirtz and Kum, 2004). Thus:

\[ H1a,b: \text{In service recovery, distributive/procedural fairness elicited by guarantee terms will have a positive impact on customer trust in the firm.} \]

Employee concern and empathy signify respect towards the customer. Explanations denote adequate employee communication. Research shows that employee concern and communication in service recovery elicit interpersonal and informational fairness (Liao, 2007). Consistent with interactional justice theory postulating that empathy enhances individuals’ self-esteem (Bies and Moag, 1986), employee concern and communication are expected to fulfil customers’ needs for self-esteem and to assign blame, and to elicit interpersonal and informational fairness,
respectively. Fairness elicited by high employee concern and communication is posited to signal employee trustworthiness, thus shaping customer post-recovery trust in the employee. High employee concern and communication are credible signals that employees are trained and caring. Formally:

\[ H2_{a,b}: \text{In service recovery, interpersonal/informational fairness elicited by employee behaviour will have a positive impact on customer trust in the employee.} \]

Research provides empirical support for the transference process from trust in the employee to trust in the firm (Doney and Cannon, 1997; Sirdeshmukh et al., 2002). The finding is attributed to the frequency of customer-employee interactions. In recovery encounters, customer-employee interactions occur at multiple stages, for instance, when lodging complaints and claiming the guarantee. Employee behaviour is, therefore, expected to signal the firm’s culture and values. Accordingly, this study postulates a unidirectional transference process from post-recovery trust in the firm to post-recovery trust in the employee. Thus:

\[ H3: \text{In service recovery, customer trust in the employee will have a positive impact on trust in the firm.} \]

Firms use multiple signals concurrently and their interaction influences customer perceptions. For instance, firm reputation (implicit guarantee) is shown to influence customer perceptions of service guarantees (explicit guarantee) when these two signals are used concurrently (Ostrom and Iacobucci, 1998). Wirtz et al. (2000) note that service guarantee enhances quality perceptions for hotels with good, not outstanding, reputation for quality. Consistent with the cue diagnosticity framework (Slovic and Lichtenstein, 1971), highly diagnostic signals (i.e. suggesting one categorization of information) discount the effect of less diagnostic signals. This study investigates the interaction of three signals – service guarantee, employee behaviour and firm reputation for fairness, and posits that firm reputation for fairness (high in diagnosticity) moderates the impact of service guarantee and employee behaviour (low in diagnosticity) on post-recovery trust:

\[ H4_{a,b,c,d}: \text{In service recovery, the effect of perceived fairness elicited by guarantee terms and employee behaviour on post-recovery trust will be weaker (stronger) when firm reputation for fairness is good (poor).} \]
Methodology

The study employed a scenario-based experiment. The method overcomes issues of recall bias associated with survey and critical incident technique (Van Vaerenberg et al., 2012). The scenarios depicted a customer experience of service failure and recovery with a bank. Guarantee terms, employee behaviour and firm reputation were manipulated at high and low levels. Each respondent was randomly assigned to either the ‘high’ or ‘low’ condition. Data were collected using a self-completion questionnaire distributed via Qualtrics. The pilot study confirmed the realism of scenarios, and the validity of manipulations (n=165). Established scales were adapted: ten items from Maxham and Netemeyer (2002) for distributive and procedural fairness, eight items from Colquitt (2001) for interpersonal and informational fairness, four items from Walsh and Beatty (2007) for firm reputation for fairness, and eleven items from Ganesan (1994) for trust. A random sample of UK consumers using banking services was selected from an online panel owned by GMI International. Overall, 314 responses were valid.

Analysis and Results

PLS-SEM was conducted using SmartPLS 3.0 (Ringle et al., 2015). Elicitation tests confirmed that guarantee terms and employee behaviour elicited fairness perceptions. Next, measurement and structural models were assessed in sequence. Composite reliability and item loadings exceeded 0.7, thus confirming the scales’ internal consistency and item reliability (Henseler et al., 2009). All constructs showed Average Variance Extracted (AVE) exceeding 0.7, thus confirming convergent validity (Chin, 1998). The squared correlations of a construct’s AVE were higher than their bivariate correlations with other constructs, thus confirming discriminant validity (Fornell and Larcker’s criterion, 1981). Two models were run (Model A – direct effects model, Model B – interaction effects model, Chin et al., 2003) with bootstrapping procedure set at 500 sub-samples. The models showed high predictive accuracy (R² values between 0.52 and 0.63). The majority of paths were in the hypothesised direction and significant (see Table 1).
Conclusions and Implications

This study examines how fair guarantee terms and employee behaviour influence customer post-recovery trust, and how such effect is contingent upon firm reputation for fairness. Results show that, at the recovery stage, procedural fairness elicited by high EoI enhances customer post-recovery trust in the firm, unlike distributive fairness elicited by high SGP. The effect of high SGP is contingent upon firm reputation for fairness. Interpersonal and informational fairness elicited by high employee concern and communication enhances post-recovery trust in the employee, and in turn, trust in the firm. The effect of high employee communication only is contingent upon firm reputation for fairness.

From a theoretical perspective, this study is the first to consider how employee behaviour, service guarantee and firm reputation function together at the recovery stage. Contributing to justice theory, the study demonstrates that not only employee efforts, but also guarantee policies elicit fairness. Remarkably, the study introduces a novel perspective to service recovery research that considers how policies and employee behaviour function as signals of trustworthiness, and generate customer trust in the firm and the employee. Further, the study offers empirical evidence on the interaction of three signals in service recovery.

From a managerial standpoint, firms should not treat service recovery as a business process, but use it strategically to signal competence and commitment to complaint-handling. Firms should design policies that embed fairness. Specifically, easy procedures of invoking the guarantee enhance customer trust in the firm. Equitable SGP is important for banks with weak reputation. Banks with strong reputation should invest in reputation-building activities and employee training.
References


Figure 1: Conceptual model

Table 1: Results from structural model assessment

<table>
<thead>
<tr>
<th>Hypothesised paths</th>
<th>Model A</th>
<th>Model B</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a DF -&gt; TRU_FIRM</td>
<td>0.106(1.48)</td>
<td>0.114(1.91)**</td>
</tr>
<tr>
<td>H1b PF -&gt; TRU_FIRM</td>
<td>0.326(5.32)***</td>
<td>0.257(4.70)***</td>
</tr>
<tr>
<td>H2a ITF -&gt; TRU_EMPL</td>
<td>0.598(9.24)***</td>
<td>0.573(9.08)***</td>
</tr>
<tr>
<td>H2b IFF -&gt; TRU_EMPL</td>
<td>0.234(3.18)***</td>
<td>0.225(3.03)***</td>
</tr>
<tr>
<td>H3 TRU_EMPL -&gt; TRU_FIRM</td>
<td>0.382(6.33)***</td>
<td>0.301(5.82)***</td>
</tr>
<tr>
<td>H4a DF*FRF -&gt; TRU_FIRM</td>
<td></td>
<td>-0.024(1.98)**</td>
</tr>
<tr>
<td>H4b PF*FRF -&gt; TRU_FIRM</td>
<td></td>
<td>-0.015(1.38)</td>
</tr>
<tr>
<td>H4c ITF*FRF -&gt; TRU_EMPL</td>
<td></td>
<td>0.015(1.57)</td>
</tr>
<tr>
<td>H4d IFF*FRF -&gt; TRU_EMPL</td>
<td></td>
<td>0.023(1.99)**</td>
</tr>
</tbody>
</table>

Note: DJ=Distributive Fairness, PJ=Procedural Fairness, ITJ=Interpersonal Fairness, IFJ=Informational Fairness, FR=Firm Reputation for Fairness, TRU_FIRM=Trust in the firm, TRU_EMPL=Trust in the employee
Recruiting Regulatory Support: Examining When and How Individuals Seek Or Discourage the Involvement of Others in Affect Regulation Following a Negative Service Experience.

Christina Anthony (University of Sydney), Alexander Fedorikhin (Indiana University)

It is not unusual for consumers to experience negative affect following a bad service experience (Baker and Cameron, 1996). Recently, there has been a growing interest in understanding consumers’ needs and desires to engage in affect regulation to control the impact of their emotions on decision-making and behavior (Gross, 1998, 2002; Roese, Summerville, & Fessel, 2007). In particular, extant research has focused on identifying the intrapersonal strategies that individuals may use to regulate their emotions (Gross, 1998; Yi & Baumgartner, 2004). For example, following a negative experience with a rude salesperson, individuals may try to alter the meaning of the event to downgrade its emotional impact (Gross & John, 2003; Lazarus & Folkman, 1984). Also, consumers often seek the benefits of indulgent options (e.g. unhealthy snacks), pleasant aesthetic stimuli, or distracting activities to reduce the experience of negative affect (Andrade, 2005; Duhachek, 2005; Labroo & Mukhopadhyay, 2009; Raghunathan & Corfman, 2004; Tice, Bratslavsky, & Baumeister, 2001; Zillmann, 1988).

However, individuals do not live in isolation. Given our social nature as human beings, we have an insatiable need to share stories of our life events and experiences with others (Janoff-Bulman, 1992). The social sharing of emotion offers an opportunity to gain support from the listener to help cope with a negative situation (Pennebaker, Zech, & Rime, 2001; Rime, 1999; Rime, Mesquita, Philippot, & Boca, 1991; Wetzer, Zeelenberg, & Pieters, 2007; Zech, Rime, & Nils, 2004). As such, rather than bearing the burden of a negative experience alone, people may turn to others for support. But when does it serve to recruit the help of others in emotion regulation rather than brave it alone? And how might the consumer influence the involvement of others in the regulation process?

Little is currently known about how individuals choose between different emotion regulation strategies (Liu, Prati, Perrewe, & Brymer, 2010; Sheppes et al., 2014), or the factors that impact the decision to either seek and welcome regulatory support from others or discourage and reject it in a bid to cope alone. On the one hand, independent attempts to regulate one’s
negative affect consume precious resources (Ochsner & Gross, 2005), but may benefit the individuals, given their personal experiences with regulatory strategies that have proven effective in the past. On the other hand, recruiting the help of others may relieve the burden for the individual, but may come at a cost, since sharing a negative experience reactivates various components of the emotion (Pennebaker, et al., 2001; Zech, et al., 2004), and if the listener does not provide the required support or responds in a discouraging way, the individual may end up feeling even worse.

The goal of the current research is to investigate when and how consumers attempt to involve others to assist them with affect regulation following a negative service experience. In particular, we seek to identify factors that moderate the individuals’ tendency to recruit regulatory support given their perceived ability to self-regulate. Further, we examine how individuals may adjust the degree of expressed emotion (Andrade & Ho, 2009) during a social conversation to encourage or discourage the involvement of the listener in the regulation process. All manipulation checks in all studies were significant and the descriptions are omitted due to space constraints.

In Study 1 (n=44) we use a rude car salesperson scenario to verify that expressing more (less) negative affect during a subsequent social interaction will elicit more (less) emotional support from the listener, which, in turn, will help (not help) the individuals regulate their negative experience. We simply manipulated emotional expression (strong vs. weak) by a consumer who had just had a negative experience with a rude car salesperson. As expected, strong emotional display leads to higher listener responsiveness ($M_{strong} = 68.8$ vs. $M_{weak} = 50.9$; $p < .02$) and listener engagement ($M_{strong} = 68.0$ vs. $M_{weak} = 52.8$; $p < .03$). Having verified that consumers understand that higher levels of emotional display in social interaction means higher listener engagement and responsiveness, in subsequent studies we investigate factors influencing consumers’ emotional display strength to solicit or discourage listener support.

In Study 2 (n=129), we manipulate perceived consumer coping ability (high vs. low) and listener helpfulness (helpful vs. not helpful). We use the same scenario involving a negative incident with a nasty car salesman. The significant perceived coping ability by listener helpfulness interaction ($F(1,125) = 4.12; p < .05$) shows that when perceived coping ability is low, participants are more likely to display stronger negative emotion about the incident during a conversation with a helpful listener than a not helpful one to recruit regulatory
support ($M_{supportive} = 59.39$ vs. $M_{not\ supportive} = 43.95; \ p < .02$). However, when perceived coping ability is high, there is no significant effect of relationship closeness, as no support appears to be required ($M_{supportive} = 46.77$ vs. $M_{not\ supportive} = 49.87; \ p > .1$).

In Study 3 (n=124), we use a rude real estate agent scenario and manipulate emotion transience (fleeting vs. lasting negative affect; Labroo & Mukhopadhyay, 2009) and social distance (close vs. distant friend) and obtain a conceptually similar pattern of results. In this study we also take measures of both emotion felt and emotion displayed and treat this as a within-subject factor. The three-way interaction between emotion transience, social distance and emotion (felt, displayed) was significant ($F (1, 120) = 8.04; \ p < .01$). When participants believe that their negative feelings in response to the incident will last a long time – therefore making self-regulation more challenging – they are more likely to display stronger negative emotions about the incident during a conversation with a close but not a distant friend. In contrast, when negative emotion is believed to be fleeting, participants are less likely to display their negative emotion during the conversation in an effort to discourage the involvement of the listener.

The goal of Study 4 (n=126) is to show that consumers regulate their emotion display even when the coping ability is high. We use the nasty car salesperson scenario and a close friend as a listener in all conditions. We manipulate perceived coping ability (high vs. low) and the opportunity to engage in self-regulation (high vs. low) by informing participants that a choice of indulgent cake is either available or not available for consumption before the discussion of the incident with a close friend. In the low coping condition we replicate previous results regardless of the opportunity. However, in the high perceived coping ability condition, we show that participants are likely to display stronger negative emotion during the conversation when there is a low (compared to high) opportunity to indulge in the cake prior to the conversation. The difference between emotion felt and emotion displayed was 9.05 for high opportunity to self-regulate vs. -4.54 for low opportunity to self-regulate (p<.01)

The goal of Study 5 (n=217) was to demonstrate that even when perceived coping ability is low, consumers can downplay their negative emotions, if they believe that their feelings will be influenced by the listener's response. Hence, we manipulated response dependence (the degree to which people rely on the nature of the listener's response to feel better; Zaki and Williams 2013) and social distance to the listener (close vs. distant friend). In the response dependent conditions we replicated previous results from study 2 showing stronger emotional display to close vs. distant friends. However, as expected in the response independent
conditions those with low perceived coping ability expressed negative emotions to both close and distant friends \((F(1, 211) = 9.74; \ p < .01)\).

The current research provides important new insights into the conditions that encourage individuals to seek or discourage regulatory support from others following a negative service experience. Further, we provide evidence of individuals gaming their emotional display in this pursuit. These findings advance our understanding of how individuals cope with negative experiences through social interactions with others and have significant implications for the study of consumers’ work of mouth following a negative service experience.
References


Rethinking Hospitality

Ritva Höykinpuro (University of Tampere), Mika Yrjölä (University of Tampere)

This study is about hospitality, specifically about perceived hospitality in service spaces with no employees on-site. By service space, we mean the physical setting in which the service takes place. In contrast to a servicescape, the service space concept does not include employees.

In the hotel and tourism industry, hospitality is self-evidently a key concept. While customers choose to dine or overnight in hotels they expect to be served by others. Hence, hospitality as a service is commonly related to service personnel’s inter- and intrapersonal skills. However, in today’s many technology-based service concepts the focus is moving towards other service quality attributes than on service employees’ inter- and intrapersonal skills. New technologies and concepts, such as self-service models, are reducing the need for personnel and increasing the importance of the service space. In some cases, the customer might not interact with a single employee during the whole service encounter. Thus, understanding how the service space itself affects customer perceptions of the service is vital for designing new service concepts that rely less on personnel. Consequently, the purpose of this study is to introduce and explore the concept of face-to-space hospitality.

Surprisingly, the phenomenon of how physical environments influence customers in certain service industries remains understudied, e.g. “dinescapes” in the restaurant industry or “sportscapes” in the sports event industry. Most of the servicescape studies focus on the retailing context and are quantitative in nature (Mari and Poggesi, 2013). This study is positioned within the accommodation industry. However, the tentative contribution of this study is not limited to only accommodation services, like hotels, but also to other fields of service where the space or facility is the core service in a service offering.

Theoretical foundations and conceptual framework

The concept of hospitality is fuzzy at present times as customers are increasingly interacting with technology at the customer/technology interface instead of the traditional customer/employee interface (Bowen, 2015). Traditionally, hospitality is seen to involve only
human interactions, but we advocate for a broader perspective on hospitality. We argue that customers can perceive hospitality even without interacting with service employees. That is, the service space plays a key role in customer perceptions of hospitality.

Theoretically, hospitality can be conceptualized in various ways. Brotherton (1999, p.168) defines hospitality as a "contemporaneous human exchange, which is voluntarily entered into, and designed to enhance the mutual well-being of the parties concerned through the provision of accommodation, and/or food, and/or drink." Thus, hospitality is characterized by being contemporaneous, voluntary, and mutually beneficial for both the host and the guest (Brotherton & Wood, 2000). Further, based on a review of literature on hospitality, Hepple, Kipps and Thomson (1990) identified four characteristics of hospitality. First, hospitality is something that a host confers on a guest who is away from home. Second, hospitality is interactive. It involves a provider and a receiver interacting. Third, hospitality is comprised of both tangible and intangible factors. Fourth, hospitality involves the host providing the guest with security as well as psychological and physiological comfort (Hepple et al., 1990; King, 1995). Fifth, hospitality also involves some degree of order and conformity. For example, certain roles, customs and habits regulate many hospitality exchanges (Brotherton & Wood, 2000). Thus, we aim to introduce a new framework of hospitality, encompassing both the traditional human interaction and the human-space interaction. In this conceptualization the authors identify attributes related to face-to-space hospitality.

The importance of physical spaces (i.e. tangibles, physical cues) has been recognized in research concerning service quality perceptions (e.g. Mei et al., 1999). For instance, previous research shows that service space elements (e.g., indoor temperature, air quality, lighting, and scents) affect customer behavior (Bitner, 1992; Chen et al., 2015). Indeed, hospitality always involves the provision of some physical artefacts such as accommodation, food and drink (Brotherton & Wood, 2000). Tangible factors, such as comfortable furniture, recreational facilities and attractive décor contribute to customer perceptions of hospitality (Hepple et al., 1990). Thus, we argue that such tangible, non-personnel related factors are currently underrepresented in research of hospitality. By focusing on how customers perceive such factors as increasing or decreasing hospitality, research can uncover a broader view of hospitality. Theoretically, we focus the study in the field of study that is called “specificity of servicescapes” by Mari and Pogessi (2015), meaning that we investigate how customers perceive hospitality in a specific service space.
Methodology

Physical surroundings (ambient conditions) are commonly perceived by five senses, specifically by sight. Hence, we ended up using visual methods in the empirical study (e.g. Warren, 2009). Moreover, critical incidents technique is widely used in studies that focus on customers’ perceptions of service attributes, both positive and negative (Gremler, 2004). Further, our view is that perceptions of hospitality are based on perceiving hospitality attributes in service spaces, and those attributes can be captured with intuitively taken pictures (snapshots). With visual critical incidents we aim at illustrating customer perceived specific details in service spaces while experiencing hospitality. Since we integrated visual techniques (pictures) and critical incidents we call the study’s research method visual critical incidents. The empirical data consists of 10 case studies, together 106 images on either positive or negative critical incidents in the accommodation facilities during the customer informants’ stay. The images were complemented with customer comments on the images. Additionally, customer informants told stories about their stay in a hotel related to the images they had taken with their mobile phones. Thus, the empirical data is also narrative in nature, and it is therefore analyzed as narrative data.

Anticipated findings

As preliminary findings, we present face-to-space hospitality and human-space interaction as an alternative way to think and define hospitality. In previous studies the concept of hospitality is mainly based on interpersonal and intrapersonal processes. The findings illustrate that as a matter of fact customers are able to sense hospitality although not interacting with a single service employee on-site. Thus, hospitality, as perceived by customers, can be constructed and influenced by customers interacting with the service space.

Discussion of potential implications

The purpose of this study is to introduce and explore the concept of face-to-space hospitality. The study advocates that customer perceived hospitality is not only related to human interaction but the service space as such can shape the customer experience on hospitality. However, the hospitality that is contributed by service employees although not on-site is somehow present and perceived by customers. For instance cleaning and courtesy that is
delivered by “invisible” or virtual human resources contributes positively to the customer perceived hospitality.

The managerial implications of the study are related to service design, specifically in understanding customer perceptions of hospitality attributes in designing service spaces.
References:


"The play was bad, but I will return!"

Understanding Spectators' Tolerance of Disappointment Through the Overall Evaluation of a Multi-Experiences Cultural Service

Zakia Obaidalahe (IAE Lille)

Introduction
Artistic projects in France are mainly financed by public subsidies. However, the sustainability of these subsidies is linked to higher attendance rates and spectators’ loyalty. The question that managers of cultural organisations ask is how to retain its audience when the cultural product doesn't respond to their expectations or doesn't correspond to their tastes. Indeed, believing the Latin adage "De gustibus et coloribus non est discutandum" (there is no accounting for tastes), the risk of disappointment in the cultural service consumption is inevitable. It seems interesting to study spectators' tolerance of disappointment as an explanatory factor of loyalty.

Cultural service is made up of central service (e.g. performance) and peripheral services (e.g. reception, auditorium, bar, etc.). Its overall evaluation seems a determinant element in understanding the tolerance of disappointment. Empirical studies on the customer experience in their attendance at a theatre focused mainly on the impact of tangible services such as ticket purchase, restoration... (Kotler and Scheff, 1997). Despite the growing research about satisfaction (Garbarino and Johnson, 2001; Voss and Cova, 2006; Bourgeon-Renault, 2009) the emotions experienced in a cultural experience have received scarce attention in the literature. This research aims to contribute to understanding the evaluation process of a multi-experiences cultural service and its impact on tolerance of disappointment.

Theoretical Background
The overall evaluation of a multi-experience service is defined as an assessment of a range of different experiences previously lived and that elicit emotions with different valences (Vary and Kahneman, 1992). Indeed, in a cultural context, a performance is only one component of the cultural service (Love-Lock, 1983). It consists of a central service (the play) and associated or additional peripheral services (Hume and Sullivan Mort, 2008; Kotler and Scheff, 1997). Such service offers representing the overall cultural experience requires overall evaluation. This approach is an overall evaluation of a multi-experiences service was highlighted by the current research in psychology (Zauberman and Ariely, 2000). These
authors emphasized the importance of a global vision in the assessment of multiple experiences as a behavioural predictor.

In the cultural sector, the spectators' assessment may differ on the same show. Kotler and Scheff (1997) suggest cultural, social, psychological and personal factors to explain this discrepancy. However, these explanations focusing on the central service remain insufficient as to the evaluation of a multi-experiences cultural service, as well as spectators’ tolerance of disappointment. Our aim is to study the overall evaluation examining how the different sources of emotions are attributed to this evaluation. We assume that overall evaluation of multi-experiences cultural service help us to better understand the tolerance of disappointment. Recently, the literature has shown that peripheral services may also be a predictor of satisfaction (Hume and Death, 2008) and loyalty (Hume and Sullivan Mort, 2008). However, the contribution of the peripheral services experience in the overall evaluation of cultural service remains unexplored. Based on Service Dominant Logic (SDL) paradigm (Vargo and Lush, 2004), we attempt to demonstrate that the positive experience of peripheral services creates added value and offsets the negative emotions of the performance, thus increasing the tolerance to disappointment. Following Dick and Basu (1994) work on tolerance of dissatisfaction in a commercial sector, as an explanatory factor of true customer's loyalty, the study of tolerance of disappointment in the cultural sector brings an important theoretical contribution. Combining literature and results of the qualitative study (study1) presented in the next section have enabled us to develop hypotheses and a conceptual framework (figure 1).

**Figures 1. Conceptual framework of tolerance to disappointment**
Method
Two empirical studies were conducted. The first is qualitative and concerns the lack of understanding of the overall evaluation of a multi-experiences cultural service and behaviors' tolerance of disappointment. The second is quantitative and aims to test our hypotheses and the conceptual framework. In collaboration with the theatre *La Virgule* in France both studies were conducted on spectators of this theatre.

**Study 1** consists in an exploratory approach. A series of 10 semi-structured interviews following the recommendations of Silverman (2013) are conducted (*M*<sub>age</sub> = 45 years; 7 female; *M*<sub>time</sub> = 1 hour 05). Analysing the transcripts based on open coding helped us to understand how positive and negative emotions are included in the overall evaluation process. We find that, in the case of deception on a central service experience (e.g. performance), most respondents compensate these negative emotions by positive emotions aroused by peripheral services experiences. This compensation is manifested in spectators' overall evaluation process, which explains their behavior of tolerance to disappointment: "*If there are a good atmosphere and other things that I enjoy, I'll still have a good time, so even if the play is bad, it doesn't matter, I will return!*" (IN03). This result supports the premise of Hume, Sullivan Mort (2008) on the role of peripheral services to create value and increase satisfaction.

**Study 2** a sample of 256 spectators were contacted by email using the database of *La Virgule* theatre (62% female; *M*<sub>age</sub> = 37 years). Participants were asked to answer the questions about emotional reactions to the performance and to peripheral services using a Likert scale. Performances emotional reactions were measured by the scale of Boerner et al (2011) consist of three items (Cronbach's Alpha = .828; *M* = 5.90). Peripheral services emotional reactions were measured by four items of scale *Pleasure, Arousal, Dominance* (PAD) of Mehrabian and Russel (1974) (Cronbach's Alpha = .945; SD = 1.37; *M* = 6.56).

Result
In order to test our hypotheses and conceptual framework, we used structural equation modelling to analyse data (AMOS 18). We looked at moderation impact to the relationship
between negative emotions of the play and overall evaluation of a multi-experiences cultural service by positive emotions of peripheral services. We find that this interaction effect is significant. The result demonstrates that a high level of positive emotions of peripheral services impacts positively the overall evaluation when the play experience is negative (cf. figure 2).

![Figure 2 - Interaction between negative emotions of the play and positive emotions of peripheral services](image)

Furthermore, to test the overall model, confirmatory factor analyses using measurements of negative emotion of the play, positive emotion of peripheral services, overall evaluation of a multi-experiences cultural service and tolerance of disappointment presented good indicators and a good model fit. Absolute indicators conform to the standard thresholds: CMIN/DF = 2.352; GFI = .996; AGFI = .945; RMSEA = .073; NFI = 0.988; TLI = .929; CFI = .993. The result shows that both negative emotion of the play and positive emotion of peripheral services impact partially the tolerance of disappointment but impact significantly overall evaluation. Table 1 summarizes measures and supported hypotheses.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Factor loading</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>.144 (p = .006)</td>
<td>Yes</td>
</tr>
<tr>
<td>H2</td>
<td>-.113 (p = .039)</td>
<td>Yes</td>
</tr>
<tr>
<td>H3</td>
<td>.114 (p = .063)</td>
<td>Partially</td>
</tr>
<tr>
<td>H4</td>
<td>.489 (p = .000)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 1 - A summary of results

**Discussion**

This research examining the overall evaluation of a multi-experiences cultural service shows that emotions are a determinant factor to explain tolerance of disappointment. Four hypotheses were confirmed in this setting: H1, H2, H3 and H4. The findings show that high positive emotions of peripheral services can increase overall evaluation of multi-experiences cultural service by damping negative emotions of the play, prior to the manifestation of tolerance of disappointment. Hume and Sullivan Mort (2008) have suggested that, in performing arts, peripheral service quality and the show’s experience quality are direct predictors of value. Our results support this finding and complement it. Indeed, the consumption of cultural products is linked to the tastes of the spectators. The risk of disappointment is then inevitable in this case. Arts managers must seriously account for peripheral services in their strategy (e.g. enhance perception quality, open area of exchange, enhance cosiness, etc.).

**Conclusion**

We conclude that cultural organisation enriching peripheral services experiences can reduce the likelihood of losing part of its audience due to a poor choice of the play. Additional research considering the play type could be interesting to pursue. Our findings contribute to the development of cultural marketing and support the SDL of Vargo and Lush (2004). The findings recommends to managers of cultural organisations to avoid focusing on the show delivery in order to attain an understanding of tolerance of disappointment. Future research could be conducted to measure the impact of tolerance to disappointment on spectators’ loyalty.
References


Towards a Conceptual Framework for Understanding Customer Evaluations of Service Failures within Service Delivery Networks

Chutinida Phalusuk (Newcastle University Business School, Newcastle University), Markus Blut (Newcastle University Business School, Newcastle University), Klaus Schoefer (Newcastle University Business School, Newcastle University), Mitchell Ness (Newcastle University Business School, Newcastle University), Wenjiao Zhang (Newcastle University Business School, Newcastle University)

Introduction

Nowadays, in order to offer the best service to their customers, many companies increasingly rely on cooperating with and/or outsourcing to other firms. This is particularly true for service firms where more and more service providers are operating in service delivery networks (Tax, McCutcheon and Wilkinson, 2013) in order to improve their service performance and also to better fulfill their customers’ needs. In light of the increasing number of firms involved in the delivery of services and the resultant increase in the complexity of service operations within such networks, it is more likely for service failures to occur compared to single service provider delivery scenarios. Given this situation, it is somewhat surprising that extant service research has, by and in large, overlooked the fact that customers may confront failure situations where there are two or more service providers involved (Weber and Sparks, 2004, 2010). Addressing gap within the literature, the present paper synthetizes the available literature (see Table 1) and develops a conceptual framework of customer perceptions of and responses to service failures in service delivery networks. In doing so, the present paper aims to provide answers to the following research questions:

- What factors (or determinants) lead customers to blame a particular business partner?
- How do service failures affect customers’ perceptions of service delivery network members?
- Under what circumstances do customers attribute service failures to other business partners in the service deliver network?

Conceptual Framework and Hypotheses Development

The developed conceptual framework along with its associated hypotheses (as presented in Figure 1) is primarily derived from the available service failure and service network literature and aims to explain service failure phenomena within a service delivery
network (i.e. two or more service providers are involved). The developed framework includes relational as well as network characteristics as moderators of the relationships between various service failure evaluation antecedents and resultant customer (dis)satisfaction.

Weiner (2000) proposes that consumers assess the causes of service delivery problems along three attribution dimensions: locus of causality (who causes the failure), stability (whether the failure is stable or unstable), and controllability (whether the failure could be prevent by the company). Basically, a service failure can lower the level of customer satisfaction and/or produce customer dissatisfaction. This is empirically supported through studies by Iglesias (2009) and Vaerenbergh, et al. (2014) which indicated that there is a negative relationship between some attribution dimensions and customer satisfaction. Therefore, it is reasonable to assume that there will be a positive relationship between each dimension and customer dissatisfaction. Due to the service delivery network characteristics, customers might perceive that each network partner should have the ability to
communicate with each other. Thus, whenever the failure occurs, customers might blame the failure not only to the network partner that initially caused it, but also on other members of the service delivery network. This is in line with a recent call for research examining the effect of network partner performance on focal firm evaluations in the context of service failure (Henneberg, Gruber and Naudé, 2013). “United breaks guitars” is an example that Tripp and Grégoire (2011) as well as Henneberg and colleagues use to reveal that customers are criticizing United Airlines for a service failure which, in fact, was caused by one of its delivery network partners. Thus, there is a possibility that a failure caused by one company can have an effect on another company. Therefore, the hypotheses are predicted as follows:

H1a(b): Controllability/Stability attributions about the failure of Company A (Company B) are positively related to customer dissatisfaction towards Company A (Company B).

H2a(b): Controllability/Stability attributions about the failure of Company A (Company B) are positively related to customer dissatisfaction towards Company B (Company A).

H3(a/b): Controllability/Stability attributions about the failure of Companies A/B are positively related to customer dissatisfaction towards Companies A/B.

“Clarity of Service Failure” might be a useful moderator in case of service failures within service delivery networks. Thus, this moderator will help understand why customers may blame a failure only on a particular network partner rather than on other network member(s). Hence, the following hypotheses are proposed:

H4: Clarity about service failure positively moderates the positive relationship between Controllability/Stability attributions about the failure of Company B and customer dissatisfaction towards Company B; the relationship is stronger for high clarity as compared to low clarity.

H5: Clarity about service failure negatively moderates the positive relationship between Controllability/Stability attributions about the failure of Company A (Companies A/B) and customer dissatisfaction towards Company A (Companies A/B); the relationship is weaker for high clarity as compared to low clarity.

Hess’s (2008) study’s findings suggests that a firm’s reputation moderates the relationship between failure severity and satisfaction, and that customers make lower
controllability and stability attributions towards firms that have a reputation for service quality excellence. In the case of service delivery networks, it can be hypothesized that the network member will be blamed for a service failure, if another service provider in the service delivery network has a good reputation for their service quality. This could be the same in case of customer loyalty where the customers may blame a failure on the service network member that they are not loyal to. Additionally, if the network partner is the customers’ main contact, he/she could be more dissatisfied with it rather than with the other network member(s). All hypotheses related to relational characteristics are developed as follow:

H6: Relational characteristic of Company B (e.g. main contact) positively moderates the positive relationship between Controllability/Stability attributions about the failure of Company B and customer dissatisfaction toward Company B; the relationship is stronger if Company B is the customer’s main contact as compared to Company A being the main contact.

H7: Relational characteristics of Company A (e.g. customer loyalty, good reputation) positively moderate the positive relationship between Controllability/Stability attributions about the failure of Company B and customer dissatisfaction toward Company B; the relationship is stronger for high customer loyalty and good reputation toward Company A as compared to Company B which has less customer loyalty and a bad reputation.

Service industries frequently comprise many service providers from the same as well as from different sectors. For example, Lafferty and Fossen (2001) explained that there are two main collaborating patterns in the tourism industry. “Horizontal integration” refers to parallel combination within each of a tourism’s company (e.g. airline alliance) whereas “Vertical integration” is described as collaboration of firms across different sectors (e.g. between airlines and hotels). From the customers’ perspective, it would be easier for them to identify which company causes a failure in the case of vertical integration since each company has a different expertise. The opposite applies to the case of horizontal integration since each firm is likely to have a similar or perhaps identical expertise. “Centrality” is another relevant network characteristic which describes the significance of central actors for the network (Luthe, Wyss and Schuckert, 2012). It concerns many aspects about the focal firm such as the number of network partners it is connected with (Sparrowe, et al., 2011), the ability to access other members’ resources, how close it is with others and its position within the network (Luthe, Wyss and Schuckert, 2012; Provan, Fish and Sydow, 2007). In the
context of service failure, this may imply that the main company may be blamed due to other network partner’s failure since it is responsible for connecting, communicating and controlling others within a service delivery network. Based on the above discussion, hypotheses are derived as follows:

H8: The network setting in the form of “Horizontal integration” positively moderates the positive relationship between Controllability/Stability attributions about the failure of Companies A/B and customer dissatisfaction toward Companies A/B.; the relationship is stronger for high service similarity of companies in network as compared to low service similarity.

H9: The network setting in the form of “Vertical integration” positively moderates the positive relationship between Controllability/Stability attributions about the failure of Company B and customer dissatisfaction toward Company B.; the relationship is stronger for high service specialty of companies in network as compared to low service specialty.

H10: The network setting in the form of “Centrality” positively moderates the positive relationship between Controllability/Stability attributions about the failure of Company A and customer dissatisfaction toward Company A.; the relationship is stronger for high degree of centrality in network as compared to low degree of centrality.

Conclusions and next steps

The presented conceptual framework concerning customers’ perceptions of and responses to service failures in service delivery networks advances the current body of knowledge on a phenomenon of scholarly and practical relevance. As such, it draws upon available existing theory and empirical evidence to explicitly model the direct and indirect relationship of various, relevant variables and constructs. This, in turn, allows for a subsequent empirical investigation of the conceptual framework as a whole as well as of the associated hypotheses.
References


Relevance of the research topic

An emerging research topic among service scholars is the concept of service ecosystems (SES) (Vargo et al., 2015; Frow et al., 2014; Vargo & Akaka, 2012; Vargo et al., 2008). This approach offers new guidance for researchers and organizations in terms of value co-creation. The SES approach incorporates environmental complexity and dynamics on different aggregation levels such as micro, meso and macro levels (Frow et al., 2014) by considering a multitude of different stakeholders and institutions in value co-creation (Vargo et al., 2015; Frow & Payne, 2011; Lusch & Webster, 2011; Vargo et al., 2008; Prahalad & Ramaswamy, 2004). A SES perspective is valuable for research because it pictures organizational reality by reflecting the rising intricacy in markets through globalization (Krush et al., 2015; Mele et al., 2015) and the interconnectedness of stakeholders (Frow et al., 2014; Frow & Payne, 2011) which is mostly driven by social media and its special characteristics (Driessen et al., 2013; Hennig-Thurau et al., 2013; Hennig-Thurau et al., 2010).

Adopting a SES perspective changes the way of thinking about traditional marketing concepts. For instance, the concept of branding is strongly affected by this paradigm change (Gyrd-Jones & Kornum, 2013). Based on service dominant logic (SDL) (Vargo & Lusch, 2004) as theoretical foundation of SES, the meaning of brands has changed from a mere identifier of products for customers towards a dynamic and social process in which various stakeholders participate (Merz et al., 2009). Accordingly, a multitude of stakeholders create value together with the company and other stakeholders by shaping and using brands (Iglesias et al., 2013; Merz et al., 2009; Vargo et al., 2008). Although the SES notion is well-known in science and brands are considered as essential to companies because “ […] the company is often the brand and the brand is the company […]” (Aggarwal, 2004, p. 88), there is still little research on brand co-creation in SES (Gyrd-Jones & Kornum, 2013). Therefore, our
paper addresses this research gap. Moreover, we introduce the concept of ambidexterity to contribute to the understanding of brand co-creation in SES. Correspondingly, our research question is the following:

“How can ambidexterity contribute to the understanding of brand co-creation in service ecosystems?”

Theoretical foundation and conceptual framework

Our paper is based on three theoretical pillars: First, we introduce the concept of SES. Second, we elaborate on brand co-creation. Third, we discuss the concept of ambidexterity and apply it to brand co-creation in SES.

Service Ecosystems

The term ecosystem is usually used to describe systemic interactions in biological environments with physical and biological elements (Gyrd-Jones & Kornum, 2013). In this realm, essential aspects of ecosystems are ongoing interactions, interdependencies between actors and other entities as well as the adaptation and the evolution of the whole ecosystem (Frow et al., 2014; Gyrd-Jones & Kornum, 2013; Minoja, 2012; Vargo et al., 2008). Vargo & Akaka (2012, p. 207) refer to this metaphor of companies operating as a part of an ecosystem in the context of SDL and develop the concept of SES which is defined as “[...] relatively self-contained, self-adjusting system[s] of resource-integrating actors connected by shared institutional logics and mutual value creation through service exchange [...]”. In SES, all existing social actors integrate resources to co-create value during interactions between companies and stakeholders (Vargo & Lusch, 2008; Vargo & Lusch, 2004). A SES perspective claims that each actor who integrates resources, provides services or creates value, impacts to some extent the system itself and correspondingly has the potential to influence future value co-creation (Wieland et al., 2012). Furthermore, SES are usually divided into micro level (focal actors), meso levels (stakeholder system) and macro levels (the SES itself) (Frow et al., 2014). By using a SES perspective, the interdependencies between those different levels in terms of interactions and resulting value co-creation are explicitly considered (Frow et al., 2014; Mars et al., 2012). Therefore, the concept of SES is an appropriate example of a complex adaptive system (Levin, 1998) which pictures the current reality of organizations in business and society.
Brand co-creation

In line with the development of SDL, the understanding of brands has changed. Brands are co-created and formed within an ecosystem through social interactions among a variety of stakeholders (Merz et al., 2009) which implies interdependent network relationships among those stakeholders. Therefore, the brand is considered a social process (Merz et al., 2009; Muniz Jr & O’guinn, 2001) and the brand is mainly developed in the stakeholders’ minds (Ballantyne & Aitken, 2007). That is, the focus of branding has shifted from companies towards stakeholders (Gyrd-Jones & Kornum, 2013) which are the central actors in SES. In line with that, for instance, Gregory (2007) uses the term negotiated brand to incorporate stakeholder knowledge, actions and engagement into the co-creation process of brands. Nevertheless, only a few papers (Iglesias et al., 2013; Gyrd-Jones & Kornum, 2013; Merz et al., 2009 Gregory, 2007) are addressing the simultaneous influence of numerous stakeholders in the brand co-creation process. Therefore, the crucial question remains how companies can develop and maintain brands in line with interests of multiple actors in SES. We suggest to further elucidate this topic by applying the concept of ambidexterity.

Ambidexterity

Ambidexterity, which usually describes the handling of two mostly diverging activities of exploration and exploitation in organizations (He & Wong, 2004; March, 1991), is a frequently used concept in different scientific disciplines such as strategic management or organizational design (Raisch & Birkinshaw, 2008; March, 1991; Duncan, 1976). Ambidexterity is often considered “[…] an organization’s ability to pursue two disparate things at the same time […]” (Gibson & Birkinshaw, 2004, p. 210). With respect to our further elaborations on branding, we define ambidexterity more precisely as a capability to “[…] explore new possibilities in order to cope with future changes in the business environment and to exploit old certainties to meet today’s business demands […]” (Mom et al., 2007, p. 910). Typical conceptualizations of ambidexterity picture conflicts of exploration and exploitation and provide solutions by separating those two activities into structural or temporal dimensions (Papachroni et al., 2015). However, according to Papachroni et al. (2015), we see exploration and exploitation while referring to paradox theory (Smith et al., 2012; Poole & Van de Ven, 1989) not as antagonists, but rather as interconnected activities a company pursues. Especially in the context of brand co-creation where multiple stakeholders with diverging interests shape brands (Gyrd-Jones & Kornum, 2013; Vallaster & von Wallpach, 2013), a combined dimension of ambidexterity (Cao et al., 2009) is promising
because it is based on the assumption that knowledge and resources are complimentary and therefore exploitation and exploration are two concepts supporting each other.

To apply the concept of ambidexterity to brand co-creation in SES, we first derive special characteristics of SES. Based on that, we show how ambidexterity can be understood in the context of brand co-creation in SES. We assume that brands consist of a brand core which is relatively stable (brand core values) and a brand periphery (brand actors’ values, needs, interests) which is dynamic and frequently adjusted by the interplay between the company and its surrounding SES (Gyrd-Jones & Kornum, 2013). In this realm, we suggest that ambidexterity has the function to consider the brand core and the brand periphery jointly: On the one hand, the brand core formed by means of value co-creation with key stakeholders needs to be developed and maintained. On the other hand, the brand periphery has to be aligned with the requirements of the whole SES (Gyrd-Jones & Kornum, 2013; Kornum & Mühlbacher, 2013) respectively other secondary stakeholders or actors. We suppose that the brand periphery reflects one dimension of ambidexterity with the goal of exploration meaning to “[…] explore new possibilities in order to cope with future changes in the business environment […]” whereas the brand core illustrates the exploitation dimension because brand co-creation with key stakeholders needs ”[…] to exploit old certainties to meet today’s business demands […]” (Mom et al., 2007, p. 910). In line with those elaborations, we propose that ambidexterity contributes to the brand co-creation process by aligning brand core and brand periphery in SES. More precisely, an ambidextrous approach towards brand co-creation serves as mechanism to underscores that exploitation and exploration are crucial for brand co-creation because all kinds of actors (stakeholders, institutions, etc.), their interdependencies and their role in brand co-creation need to be considered jointly in SES.

Conclusion

Our paper intends to show how ambidexterity contributes to the understanding of brand co-creation in the context of SES. Based on literature of SES, brand co-creation and ambidexterity, we contribute to existing research in two ways: First, we advance the understanding of brand co-creation in SES by emphasizing the special characteristics of SES and its meaning in brand co-creation. Second, we apply the concept of ambidexterity in this particular context. By means of this approach, we extend the concept of ambidexterity to a dynamic context of brand co-creation.


Challenges of Brand Identity Management in a Co-Creation Context

Catherine da Silveira (Nova School of Business and Economics), Claudia Simoes (Open University & Minho University), Carmen Lages (Nova School of Business and Economics), Sally Dibb (Open University)

Research Purpose and Background

Brand identity refers to the foundations of the brand, providing direction and meaning for the brand. Considering the growing involvement of consumers with offers, it is expected that they will become co-creators of the brand identity as markets change. However, the way in which this co-creation process unfolds is not yet understood. Brand management entails an increasing consumer engagement with the brand and calls for new insights into how to adapt and combine internal and external inputs and actions in the brand identity. This study analyses the implications of co-creation for brand identity management looking, in particular, at the consumer perspective and engagement with the brand over time. The empirical study entails a longitudinal case-study capturing the role of consumers in the brand identity management.

Value co-creation. In co-creating value consumers and suppliers combine resource integration with a service-providing role. That is, “[c]onsumers have work, service, and risks transferred from the firm, and both the consumer and the firm benefit” (Prahalad, 2004, p. 23). The context is shaped by the firm and the consumer, yet value is always determined by the beneficiary (i.e., the consumer). Hence, a fundamental condition for consumer value co-creation is consumer participation (Smith, 2013; Chan, Yim, & Lam 2010). Other conditions entail (Prahalad, 2004, p.23): (a) dialogue between the firm and the consumer, (b) consumer access and transparency to information, (c) collective risk assessment.

Brand identity. Brand identity has been regarded as a distinctive, essential, and enduring notion providing direction, meaning, and stability for the brand stakeholders (Aaker, 1996; Aaker & Joachminsthaler, 2000; Kapferer, 1997; 2012). Yet, in current contexts of customer participation, brand identity needs to be a flexible social phenomenon resulting from a process of social interaction that involves the brand managers and other stakeholders (Hemetsberger and Mülbacher 2009).
**Understanding brand identity in a co-creation context.** We suggest that brand identity combines manager and consumer-determined influences and is flexible and adaptive. We retain from the organizational identity literature the notion of issues (Dutton and Dukerich, 1991; Gioia & Thomas, 1996) and propose brand issues as triggering brand identity development. Concerning the interpretation of brand identity, we further adapt and transpose from Gioia et al. (2010) the notions of identity understandings and identity claims. Brand identity understandings are brand members’ beliefs and interpretations of the character and attributes of the brand. Brand identity claims are statements brand members make to define the brand to each other and to outside stakeholders.

**Research design**

The research adopts a longitudinal case study, investigating the brand identity development of a leading brand in the post-graduate higher education sector, from the consumers’ perspective. The brand (herein named Brand A) is based in Europe and was formally launched at the end of the 2000’s with the aim of offering innovative programmes and curricula to national and international students. Brand A offers two programmes: a one-year international full-time programme (*Brand A International*) and a part-time programme. Because the scope of this investigation is brand identity development, the observation period starts one year after the launch of the brand -Year 1. Subsequent years are Year 2, Year 3, and Year 4.

The data collection included multiple sources: 50 open-ended in-depth semi-structured interviews with 30 informants; data related to the brand and the programmes’ overall management; data related to the encounters; observation of meetings and other encounters; internal and external communications (on-line and off-line) from brand managers and consumers. We captured time through real time analysis and through retrospection (Abbott, 1992; Miles & Huberman, 1994). The interviews occurred in three sequential waves. Informants were repeatedly interviewed to track the evolution of their interpretations of the brand issues, brand identity claims, and brand identity understandings over time. Data saturation (Corbin & Strauss, 2008) was reached at the end of the second wave of interviews. Key informants included the consumers: students, alumni, and successful applicants (i.e. applicants who became students).
Findings

Findings report how consumers contribute to the process of brand identity development within a context of value co-creation via the interplays between brand issues, brand identity understandings, and brand identity claims. The analysis focuses on a major brand identity dimension—the “international” dimension—that emerged from the data. Brand A features a partnership with a leading foreign university (LU), encompassing a summer immersion for full-time students.

**Phase 1 (April Year 1): “international” dimension is strong.** In April of Year 1, the dimension “international” is one of the main pillars of both brand identity claims and brand identity understandings. “International” is a very strong brand identity claim. Students and alumni make sense of the collaboration of Brand A with the foreign leading University (LU) to legitimize the strength of the brand identity claim “international”. “International” is also a very strong brand identity understanding.

**Phase 2 (May-December Year 1): “international” dimension starts loosing strength.** Several issues start to affect the international view of the brand in the summer. Full-time students realize that LU will not grant a joint degree as they had initially expected. The LU brand will not be able to “help” them conveying a favourable and international image of themselves to outsiders as much as they had anticipated. They also realize that an important component of the expected international experience (i.e., internship abroad) will not be implemented. As a consequence, the international dimension slightly loses strength as a brand identity understanding. However, during this period students and alumni keep defining the brand to each other and to others as fully international. This dimension remains a powerful brand identity claim, as it was in phase 1.

**Phase 3 (January Year 2 - May Year 3): “international” dimension weakens as a brand identity understanding and starts declining as a brand identity claim.** The idea of the brand being less international than initially thought becomes more obvious in phase 3. The actions engaged during the previous phase to address brand issues are not yet effective to alter their beliefs that the brand may not be fully international. As the number of foreigners is perceived as low, the dimension “international” is getting weaker as a brand identity understanding. Informants are also deliberately or instinctively more cautious when they mention the international dimension to others. The belief that the brand is not international enough
extends to the brand identity claims. Consequently, the international dimension progressively contracts as a brand identity claim, but with a much lower rate than as a brand identity understanding.

Phase 4 (June-December Year 3): slight rise of “international” as a brand identity understanding. Several actions – mostly co-developed by managers and consumers – are implemented as an attempt to make the brand more international in terms of consumer experience. For example, the duration of the summer immersion at LU is extended. In what refers to brand identity understandings, “international” presents a fragile recovery, although the belief that “international” can regain some strength is predominantly aspirational and ambiguous. Concerning brand identity claims, the international dimension maintains the previous phase’s trend, i.e., slight downsizing.

Phase 5 (January-December Year 4): “international” stabilizes as a medium/high level in brand identity claims and low level in brand identity understandings. Managers, together with students and alumni, proceed with their task to develop ideas and processes to increase opportunities of international consumer experience. Yet, these actions do not fundamentally alter the understanding among consumers that the brand is not truly international. Hence, the strength of the international dimension in brand identity understandings seems to stabilize in this phase at a low level. The strength of “international” as a brand identity claim also seems to stabilize but at a medium/high level because informants realize that they cannot further lower the international dimension as a claim. They believe that this would distort the initial brand identity. A substantial gap between brand identity understandings and brand identity claims creates a discomfort.

Conclusion

This research suggests that brand issues, from a consumer perspective, are events or developments that threaten the way he/she believes the brand, and by extension himself/herself, is perceived by external stakeholders. Most issues are originally identified by the consumers. Those issues then become issues for the managers. That is, brand issues are initially identified by the consumers and this action instigates the whole sequence of brand identity adjustments. Within this perspective, the study suggests that brand identity development is determined by the consumers. This idea corroborates theory on value co-creation and the service dominant logic (e.g., Lusch & Vargo, 2012; Payne et al., 2009;
Grönroos, 2012) that assumes co-creation to be driven by the consumer. The consumer is an enterprising resource integrator who seeks to improve the viability of her/his own relevant system to produce value for herself/himself (Vargo & Lusch, 2008). Consumers develop brand identity in a way that primarily seeks to benefit themselves – through preserving and enhancing their (positive) individual identity – and secondarily the brand and the managers.
References


Chinese Meaning of Service Work: A Meaning-Making Perspective

Ryan Shuwei Hsu (National Taiwan University), James O. Stanworth (National Changhua University of Education)

Introduction

The significance of the meaning of work demands increasing interest among organization and management scholars (for a recent and comprehensive review, see Rosso, Dekas, & Wrzesniewski, 2010). The meaning of work refers to what work signifies or an output of meaning-making (Pratt & Ashforth, 2003; Rosso, Dekas, & Wrzesniewski, 2010). While the literature acknowledges that meanings are socially constructed and so culturally sensitive (Tsui, 2012), researchers have not yet examined fully the constructed meanings of work in cultural contexts other than the West (Brief and Nord, 1990; Michaelson, Pratt, Grant, & Dunn, 2013; Rosso, Dekas, & Wrzesniewski, 2010). In this study, we consider the meaning of work in an Eastern context: the Chinese. We seek an answer to our overarching research question: “What is the meaning of service work under Chinese culture?”

1. A meaning-making perspective: Meaning, identity, and vocabularies of motive.

The meaning of work literature positions meaning as an output of meaning-making (Pratt & Ashforth, 2003; Rosso, Dekas, & Wrzesniewski, 2010). The conceptual boundary of meaning is an answer to a fundamental inquiry of purpose or the answer to a ‘why-question’. Pratt and Ashforth, drawing on identity (Stryker & Serpe, 1982) and social identity theories (Tajfel & Tuner, 1979), position two work identities (i.e., role and membership) as central to meaning-making about the purpose of work.

As these identities guide individuals to answer the why-questions, they draw on certain vocabulary to shape their construction. These vocabularies relate to purposes (i.e., vocabularies of motive; Mills, 1940) facilitate the emergence of meanings and the construction of identity. This is fundamental to how vocabulary-in-use enable a meaning-making perspective (Loewenstein, Ocasio & Jones, 2012).
2. **Culture and Meaning-making**

We understand culture-as-a-toolkit of “available symbolic forms through which people experience and express meaning” (Swidler, 1986, p. 273). Vocabularies are the foundation for thoughts, meanings, experiences, and communications and thus the raw material of available symbolic forms (Ferraro, Pfeffer, & Sutton, 2005; Loewenstein, Ocasio, & Jones, 2012; Mills, 1940; Weick, 1979). By drawing on specific vocabularies, individuals naturally construct contextually appropriate identities and thus meanings. Vocabulary informs the way people see themselves (i.e., in constructing identities), the world (i.e., in constructing meanings of their reality) and thus shapes their action (Ferraro, Pfeffer, & Sutton, 2005; Swidler, 2001; Weick, 1979). As individuals choose particular vocabularies of motive over others, cultural differences emerge.

3. **A meaning making perspective on the Chinese meaning of work**

The extant understanding of the meaning of work in Chinese contexts draws from two divergent, but complimentary, discourses in the literature. The first discourse draws on a historical view of work that anchors in the humanities literature (e.g., Budd, 2011). The second discourse comes from the empiricist view of work (e.g., Meaning of Work International Research Team (MOWIRT) 1987; Westwood & Lok, 2003).

Both discourses take a top-down approach, which lacks workers’ narratives (e.g., vocabularies of motive) about the meanings and identities embedded in their everyday work lives. This invites us answer: “What is the meaning of service work informed by identities and relevant vocabularies of motive under Chinese culture?”

4. **Methodology**

Our exploration of the meaning of work under Chinese culture is a five-stage research design. The resulting design is grounded and qualitative while integrating a quantitative exploration of the interrelationships that give rise to meanings of work.

Our informants, employees in Taiwan, draw on enduring Chinese intellectual traditions (e.g., Confucianism and Taoism) that are largely retained within this geography (Hwang, 2012). We approached 15 restaurant divisions of international tourist hotels and collected surveys from a total of 74 service employees.
Our method follows Bagozzi, Bergami and Leone (2003) as a means of surfacing and analysing informants self-explicated motives for workplace behaviors. In the manner of the laddering technique (Reynolds & Gutman, 1988) informants systematically revealed their reasons for performing specified service behaviors. Our 74 informants provided 780 work motives and 565 linkages among these motives for an average of 10.5 motives and 6.2 linkages per informant.

Our analysis of 25 typical vocabularies of motive reveals expressions of who our informants thought they were i.e., 5 salient identities (see Figure 1). We use the techniques of social network analysis (Wasserman & Faust, 1994) to surface how Chinese service workers use the 25 typical vocabularies of motives with reference to the 5 salient identities (i.e., Figures 2A and 2B, respectively). In the final stage, we critically compared the two graphic representations (i.e., Figure 2A and 2B). Following the principles of evolutionary epistemology (Weick, 1989), we evaluated the emergent ideas so that implausible explanations evolved into credible but tentative explanations about the meaning of work.
5. Findings

The result is 25 vocabularies of motive constructing 5 salient identities (see Figure 1). Four out of the five identities reflect directly the nature of the service work setting: service...
provider, employees, colleague, and organizational member. The fifth and final identity, rén (人), relates vocabulary of motives to individual notions of personhood in the Chinese context. Rén, translates as person or personhood and includes nuanced meanings not present in its closest Western equivalent (Hsu, 1971; Markus & Kitayama, 1991).

6. Finding the meaning of work under Chinese culture

We reveal the emergence of workers’ meanings within our two maps (See Figures 2A and 2B).

The significance of meaningful work in enacting moral rén. While responding to open-ended questions about the reasons of doing what they do at work, our informants draw on vocabularies of motive that associate enactment of work identities to their fullest extent (Figure 2A). They relate to enacting the identity of a service provider who offers good service to customers (i.e., instrumental and expressive guānxì, active and preventive attentiveness, and satisfied customers) as well as enacting the identity of an organization member who accounts for organizational survival (i.e., higher customer traffic, firm’s positive image, and higher organizational sales). Workers’ enactment of identities reveals giving unreservedly of their mental and physical energies in a rich set of vocabularies of motive that not only eliminate the negative but also accentuate the positive. Jingyè, a unique and indigenous vocabulary of motive, underlies workers’ enactment of the work identities to their fullest extent.

Meanings within jìngyè frame a moral duty on a person to give of their utmost at work. This invites workers to give personal and moral accounts about the purpose of work that facilitates enacting moral rén. We characterize the meaning underlying workers enacting the good and moral potential in-self as meaningful work. This meaning of working inspires people to not fail the moral potential in-self (i.e., good heart/mind) and to seek opportunities for cultivating such potential (i.e., learning and development) as they dedicate themselves in actualizing their potential in working (i.e., jìngyè). Work is meaningful because it is fundamentally and deeply connects to their moral sense of self.

On enacting a pragmatic rén through working effortlessly. While responding to open-ended questions about the anticipated consequences of not doing what they do at work, our informants draw on vocabularies of motive that associate performance of each work identity to a minimum acceptable expectation. They relate to enacting the identity of a service

716
provider who merely offers good enough service to customers (i.e., preventive attentiveness, not dissatisfied customers and avoiding customer complaints), and the identity of an organization member who merely supports organizational survival (i.e., avoiding firm’s negative image, lower customer traffic, and decline in organizational sales). The enactment of identity of a colleague refers to being sufficiently collegiate to get along with his or her supervisor (i.e., not being a bad subordinate). The emphasis on enacting each work identity with a minimum acceptable expectation is evident in peoples’ references to a limited set of vocabularies of motive that make focal eliminating the negative.

By enacting each work identity to a minimum acceptable expectation, people avoid pointless actions and conserve their energy. The legitimacy of this enactment of work identities draws from workers’ attempts to protect their personal income and emotional stability. In essence, as workers reveal work identities that just account for others’ expectations, they are enacting a pragmatic approach to survival. This carries with Taoist notions of wú-wéi in responding to the natural patterns and man-made rules of flow in organizations (Jullien, 2004). We interpret this as a form of effortless work whereby workers attempt to find a natural fit within the flow of interactions (e.g., avoiding customer complaints) that also attempts to pragmatically avoid over exertion (i.e., not giving more effort that is needed to avoid customer complaints).
FIGURE 2A On Enacting a Moral Rén and Working Meaningfully

Rén (moral rén)  Service provider  Organizational member
FIGURE 2B On Enacting a Pragmatic Rén and Working Effortlessly

Service provider  Organizational member  Colleague  Rén (Pragmatic rén)
7. References


Transformative Service Research Discourses in Well-being

Session Presenters:
Laurel Anderson (Arizona State University) Laurel.Anderson@asu.edu
Daniele Mathras (Northeastern University) d.mathras@neu.edu
Raymond P. Fisk (Texas State University) Ray.Fisk@txstate.edu
Per Skålén (Karlstad University) per.skalen@kau.se
Lars Witell (Karlstad University) lars.witell@liu.se
Josephine Go Jefferies (University of Nottingham)

Transformative Service Research (TSR) is “service research that centers on creating uplifting changes and improvements in the well-being of individuals (consumers and employees), communities, and ecosystems” (Anderson, Mathras, Ostrom, and Bitner, 2015). While TSR has recently been the subject of several articles, book chapters, conference tracks, and even a special issue of the Journal of Service Research (August 2015), important questions remain regarding the definition and nature of well-being: Who gets to define well-being? How do service consumers negotiate multiple definitions/discourses of well-being? How can service deal with trade-offs in well-being between groups or between individuals and groups or between different types of well-being?

In this session, presenters and attendees will begin to address these and other questions about well-being in service from a variety of theoretical perspectives, service contexts, and levels of inquiry. Anderson and Mathras will be presenting one view of well-being using the lens of community theory to address community-level well-being in healthcare/social services. Fisk will be presenting a view of well-being using the lens of mutualism to address well-being for Base of the Pyramid service consumers and ecosystems. Skålén will be presenting a view of well-being using the lens of strategic action fields theory to address conflicts in well-being between groups. Witell addresses consumer well-being using the lenses of self-regulation and time perspective theories and focuses on health and well-being now and in the future. And finally, Go Jefferies will be presenting a view of well-being using the lenses of psychological,
social, and biomedical theories to address objective and subjective measures of well-being in healthcare.

<table>
<thead>
<tr>
<th>Researcher(s)</th>
<th>Theoretical Perspectives</th>
<th>Service Contexts</th>
<th>Levels of Inquiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson &amp; Mathras</td>
<td>Community Theory</td>
<td>Healthcare, Social Services</td>
<td>Community (Macro)</td>
</tr>
<tr>
<td>Fisk</td>
<td>Mutualism</td>
<td>Base of the Pyramid, Sustainable Service</td>
<td>Species &amp; Ecosystems</td>
</tr>
<tr>
<td>Go Jefferies</td>
<td>Psychological and Social Determinants of Health</td>
<td>Healthcare Services</td>
<td>Individuals &amp; Collectives</td>
</tr>
<tr>
<td>Skålén</td>
<td>Strategic Action Field Theory</td>
<td>Health</td>
<td>Individuals &amp; Collectives</td>
</tr>
<tr>
<td>Witell</td>
<td>Self-regulation; Time Perspectives</td>
<td>Individual Health</td>
<td>Individuals</td>
</tr>
</tbody>
</table>

This will be a unique dialogical session to present different perspectives that proposes provocative questions about the effects of service on well-being, and sparks discussion among attendees to uncover future TSR avenues. Each researcher will make a short 5-7 minute presentation containing: a) their definition of well-being, b) their theoretical perspectives, service contexts, and levels of inquiry of well-being, c) barriers to well-being for service consumers and providers and d) at least two provocative questions for discussion. Co-chairs will then reintroduce the key questions and engage the audience and presenters in a dialogue about the many discourses of well-being.
Servitization from a Customer’s Perspective: Literature Review, In-Depth Interviews, and Research Agenda

Corina Braun (University of Basel), Manfred Bruhn (University of Basel), Karsten Hadwich (University of Hohenheim)

Introduction
As markets demand greater customization, research and practice alike suggest that supplementing products with value added services could be a profitable option (Benedettini et al., 2015). In the current service literature, the process of adding more and more services up to complex and customized product-service offerings is called servitization (Vandermerwe and Rada, 1988; Nenonen et al., 2014). Here, the resulting offer is distinctive, persistent, and easier to defend from competition (Baines et al., 2009). Thus, servitization represents a way for firms to turn away from problems occurring in matured businesses, such as tighter margins and competitive pressure (Brax and Jonsson, 2009).

However, servitization requires close collaboration between customers and suppliers (Brax and Jonsson, 2009). Thus, for firms creating unique customer value by servitizing, it is essential to understand their customers’ business in detail (Shepherd and Ahmed, 2000). In this respect, customer focus has been recognized as fundamental for servitization (e.g., Brady et al., 2005). However, existing research has so far mainly focused on the manufacturer’s perspective when exploring the concept of servitization (Oliva and Kallenberg, 2003; Brax, 2005; Davies et al., 2006). Thereby, the challenges and opportunities that customers might face when purchasing new product-service offerings have been neglected so far; despite the fact that some studies document that customers, especially in a BtoB-context, significantly affect a company’s servitization process (Lindberg and Nordin, 2008). Hence, it remains largely unclear how customers perceive the servitization of their suppliers (Ulaga and Reinartz, 2011). In order to close this research gap, we provide, based on a literature review and in-depth interviews, a conceptual framework of servitization from a customer’s perspective, derive essential research questions, and propose a research agenda to answer the asked questions.
1. Conceptual background

Our underlying assumption for servitization is that manufacturers move along a product-service continuum from product-oriented basic services towards process-oriented solutions (Gebauer and Friedli, 2005; Kowalkowski et al., 2015). In this regard, most studies assume that firms more or less unidirectionally move along this service transformation continuum. However, due to arising differences in the motivation and geographical origin of the research communities, apart from the term servitization, various other terms relating to the transformation from products to services exist (Baines et al., 2009). Examples include service infusion, service transition, service transformation, product-service-system, solution provider, integrated solutions, and solution business (Davies, 2004; Brady et al., 2005; Matthyssens and Vandenbempt, 2010; Dimanche and Roche, 2013; Storbacka et al., 2013). All terms have in common that changing from a product manufacturer to a service provider requires several stages and various modifications with regard to corporate processes, procedures, and systems (Kowalkowski et al., 2015). Thus, integrating all these terms in our literature review offers the opportunity to closely look at the servitization process from a customer’s perspective.

2. Literature review, qualitative study, and research questions

In order to close the research gap described above, we aim to identify, interpret, and summarize the literature currently available on the topic of servitization from a customer’s perspective. Moreover, we conducted 11 in-depth interviews with customers of servitizing firms and servitization experts in order to learn more about perceived opportunities and challenges. The final aim of this process is to represent questions relevant for research and practice alike.

In our literature review, the focus has been set on articles that are central to servitization within a wider manufacturing context. For instance, the management of servitization, the provision of integrated solutions, and value creation through service offers, have all been considered relevant. We started our review by searching in titles, abstracts, and keywords for the various terms describing servitization mentioned above. By means of looking back (reference list of these articles) as well as by looking forward (analysis of papers which cited the articles identified), we were able to identify additional publications. The analysis itself was supported by applying mind mapping techniques to capture and cluster the main contributions of the analyzed research papers.

This combined deductive and inductive approach of our literature review and in-depth interviews resulted in the following servitization framework from a customer’s perspective.
(see Figure 1). Here, four important interrelated research areas were identified. We describe our results in the following:
Figure 1: Servitization framework from a customer’s perspective

- **Customer Characteristics**
  - Smaller firms might not afford solution (Braa & Jonsson 2009; interview participants)
  - Different buying behavior (Nordin 2008; Aguiló et al. 2007; Lindberg & Nordin 2008; interview participants)
  - Customer confidence (Neely et al. 2013)
  - Willingness to integrate/interact (Interview participants)
  - Competence to integrate/interact (Interview participants)
  - By customers pursued objectives (Interview participants)

- **Customer Challenges**
  - Difficulties in evaluating and buying solutions (Lindberg & Nordén 2008; Mawald et al. 2014; interview participants)
  - Intangibility of services (Nordin et al. 2014)
  - Complexity (Lindberg & Nordén 2008; interview participants)
  - Repeated value often remains unclear (Brockhoff 2003; Braa & Jonsson 2009)
  - Customers often refuse access & insights (Mawald et al. 2014; interview participants)

- **Process of Servitization from a Customer Perspective**
  - Lack of information - e.g. unclear opportunities (Braa & Jonsson 2009; Mawald et al. 2014)
  - Doubts with regard to supplier skills (Braa & Jonsson 2009)
  - Monopoly of supplier (Hogreve & Winner 2014)
  - Lack of trust & credibility (Jackson et al. 1995; Braa & Jonsson 2009; interview participants)

- **Perceived uncertainty/risk**
  - Limited awareness among customers (Jackson et al. 1995; Braa & Jonsson 2009)
  - Limited understanding of the supplier’s role (Braa & Jonsson 2009; interview participants)

- **Change**
  - Affection on customer network (Gummesson 2006; Court & Salle 2008; Spong & Cova 2012)
  - Changes in supplier selection (Lindberg & Nordén 2008)
  - Changes in customer skills necessaries - e.g. expertise for solution (Braa & Jonsson 2009; interview participants)
  - Changes in customer strategy possible - e.g. entering new markets, reducing competition (Brockhoff 2003; Cova & Salle 2008; Braa et al. 2009)
  - Modification of routines (Mawald et al. 2014; interview participants)
  - Changing contracts (Interview participants)
  - Changing value creation (Interview participants)

**Starting point:**
- Customers are demanding broader scopes of service, full coverage of their needs, or more sophisticated offerings (Braa & Jonsson 2009; Benedetti et al. 2015)

**End point:**
- Solutions represent a unique & non-disposable whole (Curnen et al. 2006; Steenmarsh & Telfs 2002; Cernale & Sone 2002; Braa & Jonsson 2009)
- Customer problems are solved (Braa & Jonsson 2009) + win-win situation (Interview participants)

**Requirements of customers for a successful servitization**
- Interview participants
First, our results revealed that changing processes and procedures on the customer’s side remain largely unexplored. Hence, “Customer Challenges” represents our first identified research field. Here, research and in-depth interview participants agree that the challenges that customers might perceive when purchasing new product-service offerings have been neglected so far. It is shown that only a few studies document that customers’ perceived risk significantly influences the buying process (Jackson et al., 1995; Juha and Pentti, 2008). Hence, it remains unclear if customers acknowledge the advantages of servitization and correctly evaluate offerings when making their purchase decision (interview participants). In this context, a higher perceived complexity of product-service offerings is seen as a major challenge for customers (Lindberg and Nordin, 2008; interview participants). Consequently, it is not clear yet:

- Does an ideal type of customers’ servitization development process exist?
- How is the servitization process implemented in customer firms successfully?
- In the context of servitization, how is value perceived and evaluated by customers?
- How do customers deal with occurring complexity and difficulties due to servitization when evaluating services?
- How does servitization affect customers’ buying behavior?

Our second identified research area represents “Customer Characteristics”. Here, Brockhoff (2003) states that since customers have different expertise, their ability to appreciate new complex product-service offerings should be considered by firms. This statement is also confirmed by our in-depth interviews. Thus, it becomes clear that “Customer Characteristics” also plays an essential role with regard to servitization (interview participants) and therefore constitutes an important research area. Here, particularly smaller firms might face problems in affording expensive product-service offerings (Brax and Jonsson, 2009; interview participants). Moreover, they might differ with regard to their willingness to interact with the supplier (interview participants), their skills and roles (interview participants), as well as their buying behavior (Agndal et al., 2007; Sousa et al., 2015; interview participants). In this respect, it is not yet clear:

- Which customer characteristics are important and/or limiting for a successful servitization process? (e.g., firm size; corporate strategy)
- How do customer characteristics influence the success of servitization? (e.g., willingness and competence to interact)
• How does a customer’s willingness and competence to interact with the supplier affect servitization?
• Which factors determine a customer’s competence and willingness to integrate in servitization? (e.g., corporate culture; customer confidence)
• Which objectives peruse customers with regard to servitization?

In the context of our third identified research area “Close Collaboration”, current research and interview participants state that servitization affords long-term relationships and close collaboration between customer and supplier (e.g., Tuli et al., 2007; interview participants) due to the fact that the supplier now undertakes activities previously performed by the customer (Baines et al., 2009; interview participants). Moreover, specific work for matching the product-service offering with the customer’s equipment is necessary (Brax and Jonsson, 2009; interview participants). However, customers often deny suppliers access to detailed firm-internal information (Maiwald et al., 2014; interview participants). These considerations give rise to the following questions:

• How do customers deal with the higher mutual interdependence due to servitization?
• How can suppliers reduce customers’ skepticism with regard to servitization?
• Which success factors promote an optimal form of customer-supplier collaboration?

Finally, research and in-depth interview participants agree that “Change” represents a fourth important research area. Here, customers’ supplier selection (Lindberg and Nording, 2008), skills (Brax and Jonsson, 2009), routines (Maiwald et al., 2014; interview participants), and corporate strategy (Cova and Salle, 2008; Baines et al., 2009; interview participants) are subjected to change. Although these topics were identified as important changing factors in customer firms, for both research and practice it remains unclear:

• Does servitization cause changes and/or adaption in the customer’s corporate strategy?
• How does servitization affect and/or change a customer’s existent network consisting of suppliers and customers?
• Which adaption in customer firms is necessary for a successful servitization process?
• What requirements need to be fulfilled for a customer’s positive perception of servitization?
3. Research agenda and concluding remarks

In sum, customer servitization perceptions raise broad issues with important implications for servitizing firms. In particular, the four identified research areas need to be carefully studied. Hence, as a first step, we have now started conducting a mixed-method approach with customers of servitizing firms, in order to answer the proposed research questions step-by-step. Thereby, the main objective is finding out more about how customers perceive and affect servitization.

To conclude, since servitization represents a phenomenon that is essentially changing the marketplace, the workplace, and competitive environment, it will lead to new business relationships, processes, and corporate strategies. However, there are still many unanswered questions about servitization from a customer’s perspective. Thus, we recommend investigating the research questions that we have identified in this manuscript. We believe the answers can be helpful for firms, managers, and especially for their customers.

References

References are available upon request.
Quality Management of Service Networks in the Context of Servitization – An Empirical Analysis of Problems and Success Factors

Sabrina Weigel (University of Hohenheim), Karsten Hadwich (University of Hohenheim)

Relevance

Due to technological progress, the resulting increase in customers’ requirements as well as the commoditization of products, and the increasing competition, manufacturing companies face challenges that cause them to rethink their business model (Möller et al. 2005; Bruhn et al. 2015). By providing additional services, manufacturing companies gain the opportunity to secure their competitive position (Bruhn et al. 2015) and establish long and profitable relationships with their customers (Johnson/Mena 2007).

However, due to limited capacity, companies are often not able to offer services besides products (Gebauer et al. 2013). Therefore, many product manufacturers join forces with service providers in so-called service networks in order to provide services for their customers (Davies et al. 2007; Gebauer et al. 2013). The creation of service networks enables a manufacturing company to promote servitization by implementing a service strategy (Mathieu 2001; Gebauer et al. 2013). Therefore, in the context of servitization, service networks are important for management practice. Moreover, service networks have gained increased importance in research. In 2013, the journal Industrial Marketing Management published a special issue about service networks. Besides, Ostrom et al. (2015) declared the topic as a research priority.
Potential contribution

Despite the relevance of this topic, up to now, the network perspective has remained mostly disregarded in the research on servitization (Gebauer et al. 2013). Thus, there are only a few studies that characterize service networks in the context of servitization (e.g. Gebauer et al. 2013; Henneberg et al. 2013). The formation and use of service networks to support servitization are neither theoretically nor empirically explored (Gebauer et al. 2013). Moreover, quality in service networks was mainly disregarded (Meldau 2007; Bigné et al. 2003). There are conceptual and empirical shortcomings concerning the management and control of quality in service networks (Meschke 2013). Especially the problem areas in the creation of service networks as well as success factors have not yet been adequately researched (Ahlstrom/Nordin 2006). Thus, the contribution to current research on servitization of this paper will be the identification of problems that arise in the quality management of service networks during servitization. These problems will serve as a starting point of an effective service quality management. Moreover, we aim at formulating success factors for a good service network management. These success factors will contribute to assuring a high service quality in order to achieve satisfied customers.

Research questions

Therefore, we address the following research questions:

*Which problems do exist in the quality management of service networks in the context of servitization?*

*Which success factors can be formulated for the quality management of service networks in the context of servitization?*
Theoretical foundations and conceptual framework

A service network is defined as a business network that aims at collaboratively providing one or more services or service bundles (Bruhn/Stauss 2003). In addition, members of the service network are economically dependent in the field of cooperation and pursue a goal-oriented cooperation, which creates value for the customer (Benkenstein/Zielke 2003). The service network is located between market transactions and vertical integration.

The emergence of networks can be explained with reference to the transaction cost approach or the theory of social exchange. Based on the transaction costs approach, a service network emerges, if the costs of transactions within the network fall below the cost of internal creation of the service or buying the specific service on the market (Letmathe 2001; Bruhn/Stauss 2003). According to the theory of social exchange, companies become part of service networks if they perceive a mutual strategic benefit of cooperating, e.g. useful capacities (Gulati 1998).

In the context of servitization, Henneberg et al. (2013) provide a significant systematization approach for service networks. They differentiate service networks into First, Second and Third Order Service Networks. First Order Service Networks mainly relate to product manufacturers that offer additional services by third parties. Second Order Service Networks comprise service networks that offer products jointly with services and so-called "solutions". In the Third Order Service Networks knowledge- and information-based services are in the focus (Henneberg et al. 2013). These different types can be seen as development phases towards a service provider.
Methodology

In order to analyze the problems and success factors of the quality management in service networks, we conducted qualitative interviews. Due to the scarcity of insights for the management practice concerning problems and success factors of the quality management in service networks during servitization, an inductive approach using qualitative interviews is appropriate. Thus, we conducted semi-structured interviews using an interview guideline. The guideline for the first study contained four parts: (1) questions concerning the network (partners, type of network) and the customer’s perspective, (2) the problem analysis, (3) the assessment of the external perception and suggestions for improvement, and (4) closed questions about the interviewee. The problem analysis constituted the main part of the interviews.

Using the identified problems of study 1 as a trigger for solution approaches, we collected success factors for service networks in the context of servitization. The interview guideline for the second study consisted of five parts. At the beginning of the interview, we asked the interviewees to illustrate the service networks they are part of. Then we assessed the interviewees’ approaches for the problems identified in study 1 as a starting point to capture the success factors in depth. Afterwards we explicitly asked about success factors for service networks in the context of servitization and about the interviewees’ evaluation of the named success factors. The interview ended again with closed questions about the interviewee.

The studies 1 and 2 were conducted in companies that are in different stages of the servitization process and provide services in a service network. The companies are part of different industries such as automobile industry, engineering industry, and drive automation. They are part of hierarchical and polycentrical networks with external service partners. Jointly with their partners, they provide services such as repair services, trainings, consulting and insurance.

We conducted twelve interviews (study 1: n=6, study 2: n=6). The interviews took between 60 and 90 minutes. We recorded them and transcribed them afterwards. We carried out the data analysis by using MAXQDA, a software for qualitative data. The interviews were coded using open and axial codes in order to identify and structure problems (study 1) as well as success factors (study 2).
Findings

Study 1: The identified problems were clustered into different conflict forms, which could be structured into four types of problems: content-based-conceptual problems (conceptual conflicts, information conflicts, goal conflicts), analytical-measurement-based problems (perception conflicts, measurement conflicts), organizational-structural problems (role conflicts, power conflicts), and personal-cultural problems (cultural conflicts, responsibility conflicts). Depending on the phase of the service network during servitization (development phase vs. operation phase) different problems arise.

Study 2: Based on the problems detected in study 1, we identified success factors for service networks in the context of servitization. The identified success factors can be structured in four groups: information-based success factors (e.g. explicit, direct and regular communication), structural success factors (e.g. clear distribution of tasks and responsibilities), process-related success factors (e.g. integration of employees in the servitization process; trainings) and cultural success factors (e.g. integration of aspects concerning the corporate culture into the criteria catalogue for the search and choice of service partners). These factors lead to a successful service network in the context of servitization in order to guarantee high-quality services for the customer.
Overall, the analysis of qualitative data reveals that the problems of the investigated companies relate to four different types of problems concerning the quality management of service networks within the servitization context. Based on the problems the success factors were identified. These could be clustered into four groups of success factors as well.

Problems as well as success factors that were addressed in cooperation and quality management literature could also be identified based on our data. Thus, these problems and success factors can be transferred to service networks in the servitization context. Besides, we were able to complement these aspects with problems and success factors specifically relevant in service networks during servitization. Thus, based on the problems, we identified success factors that contribute to effectively managing the quality in service networks in order to achieve satisfied customers.

Discussion and conclusion

Figure 1: Overview of identified problems and success factors

<table>
<thead>
<tr>
<th>Problems</th>
<th>Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>content-based-conceptual problems</td>
<td>information-based success factors</td>
</tr>
<tr>
<td>analytical-measurement-based problems</td>
<td>process-related success factors</td>
</tr>
<tr>
<td>organizational-structural problems</td>
<td>structural success factors</td>
</tr>
<tr>
<td>personal-cultural problems</td>
<td>cultural success factors</td>
</tr>
</tbody>
</table>
Our results are based on two qualitative studies. We conducted these qualitative studies in order to gain deep insights into the problems and success factors of service network in the context of servitization. However, we did not collect quantitative data. Thus, further research could conduct a large-scale quantitative study on the problems and success factors of the quality management in service network in the context of servitization in order to validate our results. Nevertheless, our research provides insights to better understand and manage service networks during servitization.

References

Available on request
Servitization, service transition, or service infusion, i.e. the increased offering of combinations of goods and services or pure services (Vandermerwe and Rada, 1988; Oliva and Kallenberg, 2003; Kowalkowski et al., 2012), is seen as a production company’s way out of the eroding traditional product business (Oliva and Kallenberg, 2003). Typically services are connected with steadier revenue streams and higher profit margins (Fang et al., 2008). Because of a more intensive interaction and cooperation between customer and service provider services can be used to strengthen customer relationships, build customer loyalty (Tukker, 2004) and therefore establish a sustainable competitive advantage (Baines et al., 2009) as well as entry barriers (Eloranta and Turunen, 2015).

Servitization strategies have been subject to research for nearly twenty years. Early publications position servitization strategies on a product-service continuum (Vandermewe and Rada, 1988). A servitization strategy is characterized by the combination of services offered. A company’s service transition is seen as kind of a journey along the product-service-continuum connected with increasing success in terms of sales and profits while the number and complexity of services offered is growing (Mattieu 2001). Therefore, a typical servitization trajectory is characterized by offering product-related services first and client-related services later (Oliva and Kallenberg, 2003; Eggert et al., 2014). Empirical studies reveal that servitization strategies do not automatically result in financial success. In fact there is a service paradoxon showing that a wide variety of services can also be linked to financial failure. Therefore, successful servitization seems to be more about finding the right position on the product-service-continuum (Fundin et al., 2012). Several studies show that different servitization strategies and servitization trajectories can lead to success (Brax 2005; MatthysSENS and Vandenbempt, 2010; Raddats and Easingwood, 2010). Complex client-related services seem to be more promising than simple product-related services (Gebauer/Friedli 2005; MatthysSENS and Vandenbempt, 2010; Eggert et al., 2011; Ulaga/Reinartz 2011). Which kind of servitization strategy and which servitization trajectory is to be chosen is also a matter of resource configuration, the existence of dynamic capability
and the company’s overall ability to manage the change which goes hand in hand with the service transition (Antioco et al., 2008; Ulaga and Reinartz, 2011).

Although the phenomenon of service transition can be observed in different product-based industries it is mainly studied in business-to-business-markets, especially in the manufacturing industry, while business-to-consumer markets and other industries are widely neglected. The publishing industry is one of the industries neglected in research so far although it shows some similarities with the manufacturing industry (Viljakainen and Toivonen, 2014): It suffers from an eroding product business because of changing media habits and new customer needs. People, especially young people, prefer searching the web instead of reading printed material, and they tend to be more critical towards ready-made content looking for different facts and opinions on the web (Viljakainen and Toivonen, 2014).

In order to face these challenges, publishing companies use different strategies. Besides, the publishing industry serves business-to-business-markets as well as business-to-consumer markets and therefore provides an ideal base to compare servitization strategies under different market conditions.

The aims of the paper are (1) to identify different strategies companies can use on their service transition path (servitization strategies), (2) to differentiate successful from unsuccessful strategies, (3) to identify the drivers of successful strategies, (4) to compare servitization strategies in business-to-business markets to those in business-to-consumer markets, and (5) to reflect our findings with the servitization strategies found in literature so far.

Subjects of analysis are German publishers producing and marketing periodicals ((a) newspapers, (b) public journals on different topics, (c) professional journals for specific industries, and (d) scientific journals) as well as books ((e) fiction, (f) non-fiction, (g) science). Our sample consists of approximately 140 big and small media and companies based on sales and volume.

As a methodological approach we first use document analysis. In document analysis four approaches can be distinguished (Prior, 2011). (1) documents are resources where the researcher is interested in the content of the documents, (2) documents as topics where the researcher is interested in the content creation process, (3) documents as resources where the researcher is interested in the use and function of documents, and (4) documents as topics where the researcher is interested in the impact documents have on social interaction and organization. In line with the aims of our study we follow the first approach with documents.
used as resources and their content is analyzed. Therefore, document analysis is combined
with content analysis in order to identify servitization strategies. As documents we use the
media and company’s websites and the last available annual report of the brand or publishing
company.

As a second approach we use expert interviews as in-depth interviews with different managers
of publishing companies. They are conducted in order to understand different servitization
strategies and servitization trajectories, motives and motivations of strategies chosen, barriers
of strategy implementation, market success in terms of financial and non-financial measures
(sales, profit, gained knowledge), and to identify drivers of successful strategies.

Document analysis reveals the following strategies: (1) intensive cross-selling of products
(market penetration strategy), (2) line extension strategies creating new product offerings or
new combinations of existing products, e.g. a newspaper offering a book collection of
contemporary fiction, (3) servitization strategies with service offerings related to existing
products, e.g. commentaries on and recommendation of books on the net, (4) servitization
strategies with service offerings based on the brand’s / company’s core knowledge like a
newspaper’s academy on contemporary politics or a lifestyle magazine’s beauty workshops,
and (5) servitization strategies that result in new product designs: special interest publishers
have transformed formerly pure books of references into complex tools which are completely
integrated into the “readers” - or rather “users” - business processes and which are now a
mélange of content oriented product and software.

In contrast to findings especially from the manufacturing industry most of the strategies in the
publishing industry are product related. Companies develop products and services with a
strong relation to already existing products. Client-related-services are the exception. Client-
related services are services that support the customer’s activities or needs to solve a problem,
, e.g. hotel booking, searching for nearby restaurants and exhibitions, or traffic connections
while doing sightseeing. A complex location based service would be a client related service
instead of a printed or PDF based travel guide. Services of this type are mainly subject to new
players, e.g. trip advisor, but not to established publishing companies. One exception is the
above mentioned example in strategy (5). The relative absences of this service type might be
due to the fact that most publishing companies do not know very much about their audience
and its usage behavior.

With respect to business-to-consumer markets in contrast to business-to-business markets big
companies mainly follow brand-related strategies. Starting point of the servitization strategy
is the brand identity and the brand related company’s core competences. Line extensions refer to different products within the same category, e.g. the magazines “focus” and “focus money”, while brand extensions transfer the brand name to different product categories (Aaker and Keller, 1990), e.g. the newspaper “Die Zeit” and the academy “Zeit Akademie”. Only brand extensions to service categories correspond to servitization strategies.

In sum, findings referring to business-to-business markets in the publishing industry resemble to servitization strategies found in the manufacturing industry, except that in terms of servitization trajectories the publishing industry concentrates on product-related services while client-related services are mostly neglected or left to other businesses. Findings referring to business-to-consumer markets show line and brand extension strategies following the traditional marketing approach of branding. Combining the findings, the manufacturing industry could learn from the publishing industry to build strong brands in order to foster the service transition while the publishing industry could learn from the

Results of the interviews conducted with company managers will be presented on the conference.

The paper contributes on the one hand to a better understanding of the service transition in the underresearched media industry, and on the other to enrich the discussion about servitization by views from other industries than manufacturing. Methodologically, we show that documentary analysis can be fruitfully combined with expert interviews.
References


The session’s goal is to extend and deepen the understanding of market theory by connecting markets and complex adaptive system frameworks, valorising both a Service Dominant Logic view and a systems theory perspective.

The development of market theory from service systems understanding needs to be deepened by researchers and practitioners to better recognize the market’s dynamics and perspectives that affect economic development and business evolution. Consequently, new questions intrigue the researcher, and it is possible to find new solutions by studying markets through the lens suggested by a complex adaptive systems theories. Going beyond the traditional schemes of a market based on matching supply and demand, perhaps, we need a new thought pattern that enables the management of complexity through knowledge and innovation dynamics. The best possible way to deal with adaptive, self-generated tools, will emerging markets be recognized and adapt to threats and opportunities.

The model of Complex Adaptive Systems (CAS) is focused on human interactions and it is applicable also to value co-creation processes arising from resource integration among actors emerging during service exchanges in markets. Indeed, this model may be useful to better understand market shaping itself, as well as the emergence of social ecosystems, due to its intriguing representations of the dynamics and behaviours of adaptive actors in ever changing scenarios. In recent years, various scholars and practitioners have addressed the theme of CAS since this approach offers concepts useful to study management, organizations, human behaviour and markets.

CAS addresses realistic complex environment in contexts made turbulent by major issues such as weather, ecology, traffic as well as value co-creation exchanges engaging
numerous actors working towards challenging goals. The CAS model supports systems of agents that work with incomplete information, share a common purpose and adapt to the variety and variability of contexts.

One of the key challenges that policy makers, businesses and society must face collaboratively is making the world not only smarter but also more sustainable. This challenge implies dealing with two different but interacting Complex Adaptive Systems: Socio-Technical Systems on the one hand and Social-Ecological Systems on the other hand. A science-policy-society engagement is then required, whose key problem to address is making multi-stakeholder and multi-disciplinary perspectives to converge towards a common goal.

On the theoretical side systems theory can support the understanding of complex phenomena underlying value co-creation exchanges due to its robust interpretation of actor’s expectations and satisfaction, as well as its insights into dynamic processes characterizing contextual value co-creation and resource integration fulfilment.

Finally, the complex, adaptive structure of markets implies significant indeterminacy in their evolution. The ever-changing configurations of actors engaging in market practices diversify the resource distributions, reminding us that a market actor is a system that “depends on the resources of others to survive”.

**Special Session presentation:** The session will be chaired by Polese and could last 40 minutes (if plenary) or 90 minutes (if parallel). Storbacka and Polese will focus on the topic relevance within service research and will describe the general issues targeted. Each abstract/paper will be presented by at least one of its author, introducing peculiar contributes to the session topic. Nenonen and Tronvoll will conclude with open research questions.

**Special Session Outline:**
1) 15 minutes  Markets and Complex Adaptive Systems  
Francesco Polese, University of Salerno, IT; Kaj Storbacka, University of Auckland, NZ.

2) 15 minutes  Addressing the complexity of markets shaping: a systems view  
Francesco Polese, University of Salerno, IT; Evert Gummesson, Stockholm University, SWE.

3) 15 minutes  The complex adaptive nature of service ecosystems  
Heiko Wieland, California State University Monterey Bay, Seaside, CA, USA; Angeline Nariswari, California State University Monterey Bay, Seaside, CA, USA; Kaisa Koskela-
4) 15 minutes Market dynamics, a Complex Adaptive Systems view  
Ralph Badinelli, Virginia Polytechnic Institute and State University; Sergio Barile, Sapienza University of Rome, IT; Luca Carrubbo, University of Salerno, IT; Bard Tronvoll, Hedmark University College, NO; Leonard Walletzky, Maasaryk University, CZ.

5) 15 minutes The challenge of integrating stakeholders’ conflicting goals in multiperspective and multi-disciplinary contexts of knowledge co-creation: insights from the VSA  
Marialuisa Saviano, University of Salerno, IT; Jaqueline Pels, Universidad Torcuato de Tella, AG; Roberto Bruni, Cassino University, IT; Aurelio Tommassetti, University of Salerno, IT; Orlando Troisi, University of Salerno, IT.

6) 15 minutes Open research questions and final discussion  
Suvi Nenonen, University of Auckland, NZ; Bard Tronvoll, Hedmark University College, NO.
References


6.4 Customer Experience II

We Are What We Repeatedly Do: How Customers’ Routine Activities Contribute to Their Service Experiences

Stefan Dyck (University of Hagen), Sabine Fliess (University of Hagen)

Creating a meaningful service experience is considered key to sustaining a company’s competitive advantage and satisfying its customers (Bolton et al., 2014; Verhoef et al., 2009). Hence, understanding and managing the customer’s service experience has become a pivotal task for both service research and management practice (McColl-Kennedy et al., 2015b; Ostrom et al., 2015).

In this vein, the dominant view in the contemporary discussion is that service experiences are co-created by service providers and customers (McColl-Kennedy et al., 2015b; Verhoef et al., 2009) and emerge in the customer’s realm from his/her activities, practices and interactions with different actors (Heinonen et al., 2010). Hence, the customer plays an important and active role in (co-) creating the service experience (Jaakkola et al., 2015; McColl-Kennedy et al., 2015b). To this end, Wikström (2008) was the first to stress and provide empirical evidence for the outstanding importance of customer activities in experience co-creation. Similarly, Mickelsson (2013) and Fliess et al. (2014) brought attention to the concept of customer activities in co-creating the service experience. This, in turn, led many researchers to take up on that stream of thought, recently, and to deepen and extend our knowledge on how customers co-create the experience (e.g., Carù and Cova, 2015; McColl-Kennedy et al., 2015a; Verleye, 2015).

In particular, the work by McColl-Kennedy et al. (2015a) and Mickelsson (2013) stress the pivotal role of practices in fostering the service experience, thereby supporting the conceptual work on the link between practices and experiences by Helkkula et al. (2012). Practices are best understood as routinized and interconnected (physical and mental) activities (Reckwitz, 2002). According to practice theory the focus of practices is on routinization, meaning the routinized enactment of activities. Hence, routines are the building blocks of practices and combine different customer activities. In this vein, Clark (2000) as well as Galambos and Rips (1982) characterizes routines as combinations and sequences of activities. What is inherent to a routinized activity is the fact that it is – to some extend – a pattern of “replicated and
repeated activities” (Mickelsson, 2013, 540). This is also reflected by Clark (2000), who notes that routines might (but need not) be habitual. While McColl-Kennedy et al. (2015a) and Mickelsson (2013), offer some insights on how activities develop into practices, they focus less on the routinization of those activities. Mickelsson (2013), in particular, focused on classifying activities with regard proximity to the value creation, while McColl-Kennedy et al. (2015a) studied practices on different aggregate levels in their relation to the service experience. Hence, both take an approach to aggregate customer activities to more abstract levels (practices). It is, however, equally important to understand the routine-part of activities, since routines free a person’s mind and reduce (physical) effort (Clark, 2000). Moreover, research in psychology highlights central activities to create memorable events (Galambos and Rips, 1982) and more concrete activities enable retrieval of that experience (Reiser et al., 1985). This, in turn, has an impact on how customers perceive and evaluate their service experiences (Heinonen et al., 2010; Sandström et al., 2008).

Hence, the purpose of this research is to investigate the role of customers’ routine activities in contributing to their service experience. We, therefore, posit the following research questions:

RQ1: How do customers develop routines?
RQ2: What are the building blocks of customer routines?
RQ3: How do customer routines contribute to the customer’s service experience?

With our study we contribute to the body of knowledge on service experiences in several ways: First, we contribute to the practice-based stream of research on customer experiences which McColl-Kennedy et al. (2015b) called for. In particular, the authors asked for research on what specific activities contribute to the service experience and how the complexity or simplicity of customer activities impacts the experience. Second, our study adds to the customer-dominant logic since we delve into the “customer’s world” (Heinonen and Strandvik, 2015, p. 476) to understand how customer activities become routines and contribute to the customer experience. Moreover, we shed light on the “constellation of activities” that co-create the service experience (Heinonen and Strandvik, 2015, p. 476). Finally, we make use of theory and findings from psychological literature on memory development (e.g., Galambos and Rips, 1982; Reiser et al., 1985) adding to the understanding on how experiences emerge, thus, integrating different research streams (Gustafsson et al., 2015; Ostrom et al., 2015).

To address our research questions, we opt for a qualitative research design to explore and better understand how customer activities develop into routines and how those, in turn, impact
the customer’s service experience. According to Strauss and Corbin (2008), a qualitative approach is suitable here, since customer routine activities have not been investigated sufficiently in their contribution to the service experience. We collect data during semi-structured interviews using a protocol, aimed at drawing memories from personal experiences with regard to customer activities and how they experienced the service encounter. To stimulate the respondents’ memory, we provide a choice of services settings – e.g., package holiday, restaurant, language course, dancing lesson – characterized as an extended service encounter (Price et al., 1995) to give them the opportunity to remember and elaborate on different episodes of a particular encounter. We ask respondents to tell us about their activities during a particular service encounter, which were then captured on cards. Following the approach by Newton (1973) we ask respondents to group activities relating to each other and elaborate on this process with probing questions on whether these activities are habitual and commonly shared across similar service encounters or particular to that single instance. Also interviewers inquire whether a particular group of activities was of importance to the whole service encounter and why.

Purposive sampling is used (Silverman, 2014) to ensure diversity in responses (e.g., age, gender, and educational background). Saturation (Gummesson, 2000) will be determined by the number of new subcategories an interview yields. Interviews are conducted in German. The interview is conducted by a research assistant in service management adequately trained and experienced with qualitative inquiry. With the participant’s permission, interviews are audiotaped and transcribed; the cards and collages from the activity grouping-task are photographed and stored. For presentation, relevant material is translated into English. To analyze the data (transcribed material and collages) we use the approach by Spiggle (1994) and Newton (1973).

A first analysis of the empirical data from the first two interviews reveals the following: First, respondents gathered different customer activities, they described earlier, into groups which they named with more general labels later. For instance, “I thinking about the things I want to take with me”, “folding shirts and trousers”, “putting them into the bag”, and “closing the bag” (2, package holiday) were labeled “packing your suitcase”. Similarly, “browsing the menu”, “I regularly ask for the ingredients”, “I discuss with my partner which meal each of us will take”, and “I tell the waiter what I want to eat” (1, restaurant) were then categorized as “ordering the meal”. Hence, we conclude that customers view routines in terms of grouped (customer) activities. This is in line with findings from Abbott et al. (1985) and Reiser et al.
confirming that people form patterns of activities which represent a specific event or experience. Moreover, these routines seem to be combinations of physical and mental activities (Fliess et al., 2014; Reckwitz, 2002). Routines, however, were distinguished in terms of the amount of physical or mental activities. Participant 2 (package holiday), for example, described the check-in procedures at the airport to a large extent by physical activities (e.g., carrying the bags, heading to the gate) while the check-in at the hotel desk was described to greater extent by mental activities (e.g., understand the form, recalling personal information).

Second, when asked to reflect on their experience, participants tend to refer to more concrete activities when highlighting an outstanding and unique event. In contrast, when they referred to an ordinary experience (Carù and Cova, 2003) respondents used the more abstract routine-labels. This seems coherent with Abbott et al. (1985) who found that people use different levels of abstraction in their mental representation of particular events based on how concrete or abstract describe it. Similarly, Reiser et al. (1985) discovered people to recall a personal experience faster the more concrete a descriptor of a routine was. To some extend this relates to the concept of core and related activities (Mickelsson, 2013) in that sense that core activities (being more proximate to the service encounter) bear the potential to contribute to creating a unique customer service experience (Galambos and Rips, 1982).

These preliminary findings give rise to further delve into the relation between customer activity patterns (e.g., practices, routines, habits) and the customer’s service experience (Helkkula et al., 2012; Mickelsson, 2013). This is of paramount importance since it is not a single activity but rather the combination of different but coherently scripted activities (Abbott et al., 1985; Bolton et al., 2014) that co-create the experience and value for the customer (McColl-Kennedy et al., 2015a).
References


Medical Selfies: Cocreation in Healthcare Services

Kara Burns (Queensland University of Technology), Judy Drennan (Queensland University of Technology), Shane Mathews (Queensland University of Technology)

In the 2014 Special Issue of the Australasian Marketing Journal Healthcare and Service Science the majority of articles utilised value cocreation (McColl-Kennedy, 2014). Value cocreation is relevant for healthcare because it provides a consumer perspective, suggests interactions involve multiple stakeholders much like real life (Gummesson & Mele, 2010) and it provides a way to explore the reduction in information asymmetry between providers and consumers through new technologies (Barile, Saviano, & Polese, 2014). Value cocreation emphasises the integration of consumer resources like peer networks and alternative therapies (Dodds, Bulmer, & Murphy, 2014) even if this means value codestruction (Robertson, Polonsky, & McQuilken, 2014). Accordingly, this paper focuses on value cocreation in the healthcare context: specifically examining the changes in the doctor-patient relationship resulting from digital technological developments.

Traditionally healthcare was a place of ‘doctor-knows-best’ where information asymmetry enshrined the doctor as all-powerful and the patient as a passive recipient. However, with advances in technology, patients are also seeking opportunities to become partners in managing their health (Hewitt-Taylor & Bond, 2012). This new type of patient, likened to a prosumer (Toffler, 1980), can be a contributor in clinical care “emphasizing the power of the consumer to define the product of healthcare through negotiating and bargaining” (Fulop, 2012, p.9). One characteristic of the prosumer patient is the creation of a phenomenon called patient generated health data.

Patient generated health data is any clinically relevant data, collected by a patient outside the clinical care setting. A unique feature of the data is that consumers collect and control its use (Shapiro, 2012). Patient generated health data is not new, however the proliferation of digital techniques to capture it through smart phones, and policy shift towards incorporating it into Personally Controlled Health Records (Deering, 2013) means its impact in routine clinical care is bigger than before. Patient generated health data is primarily useful to providers by aiding diagnosis (Ahern, Woods, Lightowler, Finley, & Houston, 2011; Huba & Zhang, 2012) but patient are also benefit recipients.
This research utilises a form of patient generated health data called ‘Medical Selfies’, which are any photographs taken by patients of themselves for use in clinical care. Literature suggests that medical selfies aid diagnosis, can improve recognition of healthy behaviours (Boyce, Gilmore, Xu, & Soyer, 2011) and improve quality of life (Frühauf et al., 2012). This research investigates the use, value, motivators, barriers and the integration of medical selfies as a cocreation resource into clinical care from the perspective of the doctor, patient and carer in a multi-stakeholder network. Hence this paper asks: How and why do medical selfies enable co-creation in clinical health care services? The results will inform literature on resources integration and build an understanding of how and why patient’s, carers and doctors use medical selfies in clinical care.

This paper recognizes that value creation processes can occur simultaneously in parallel (Payne & Storbacka, 2008); however value cocreation can only occur in direct provider-consumer interaction (Grönroos & Voima, 2013). Value is determined by consumer and as such providers are facilitators of customer value. If the firm can engage with its customers’ value-creating processes during direct interactions, it has the opportunity to cocreate value jointly (Gronroos, 2011) although codestruction is still possible. Essentially value cocreation is not an all-encompassing process and if there are no direct interactions, no value cocreation is possible (Grönroos & Ravald, 2011). Additionally the customer can also create value independently outside of direct interactions with the provider (Grönroos & Ravald, 2011) and invite other stakeholders to join them (Hardyman, Daunt, & Kitchener, 2014). This is the case when patient’s gather medical selfies before the clinical consultation. When the data is used in clinical care with doctors however, an opportunity for value cocreation emerges.

SD Logic suggests that value is cocreated in a network of multi stakeholder processes where all parties assume roles and integrate their own and others’ resources into a process of interactions of service systems (Vargo & Lusch, 2004). Resources are either operant resources (knowledge and skills that act on other resources) or operand resources (tangible and inert resources that are acted upon). Patient generated health data is an operand resource; however the ability to collect the resource is considered an operant skill. Traditionally resources were offered by the firm. Today prosumers can integrate the firm’s resources or develop resources through other suppliers, peer networks and through self-generated activities like the gathering
of patient generated health data (Baron & Harris, 2008; McColl-Kennedy et al., 2012) independent of the service interaction for use in cocreation (Grönroos & Voima, 2013).

According to Aarikka-Stenroos et al. (2012, p. 9), customers “may exert a considerable influence also on the formulation of the value proposition through negotiation and the contribution of their own resources.” To date, only a small amount of research has focused on consumer’s integration of resources alongside provider resources in value cocreation. Recent empirically informed work has observed that resource integration for value cocreation can be a feature of the consumers’ role, or can occur through others in the network and can lead to real co-innovation (Mele & Russo Spena, 2010). It has been recognized that customers are able to integrate resources to meet their healthcare needs and they can relate to context specific outcomes such as higher quality of life (McColl-Kennedy, Vargo, Dagger, Sweeney, & Kasteren, 2012).

Gummesson & Mele (2010) suggests when consumers integrate resources in value cocreating processes there are three possible outcomes; resources can be complimentary, redundant or mixed. This paper proffers another category of ‘competing’ resources (resources provided by the firm and then duplicated by the consumer). Research on competing resources, like medical selfies and doctor-taken photographs, has not been investigated within the value cocreation literature and will be explored in this paper.

This nascent area of research requires qualitative investigation (Edmondson & McManus, 2007). A vignette design was employed (Finch, 1987) detailing the capture and use of medical selfies in clinical care to test ‘attitudes, perceptions and beliefs’ about the phenomenon (Hughes, 1998). These non-leading scenarios served as a focal point for in-depth interviews with 16 patients, 10 doctors and 10 carers to understand the use, value, motivators, barriers and resource integration factors for medical selfies. The interviews were transcribed and theme and content analysis with intercoder reliability checks was conducted.

When patients, carers and doctors seek to integrate resources like medical selfies and doctor-taken photographs into clinical care it is primarily done for evidence, self-efficacy, sense-making and as a cue to action for others. Doctors considered images an objective, credible entity when combined with other diagnostic information. It was found the evidentiary nature of images overcame barriers of language, description and comprehension, often expediting the
process of diagnosis and resulting in better healthcare outcomes. Patients noted that images were also an objective entity that enhanced their self-efficacy. Simply put they were surer about their symptoms when it was documented affording them greater bargaining power in the clinical consultation. Carers also noted that they took photos as evidence they were “good” carers.

Patients and carers used medical selfies outside the clinical consultation to make sense of a medical condition by disseminating the data and then gathering information and sympathy through peer networks. One respondent said this was done to replace the comfort traditionally found in the doctor-patient relationship. Finally patients and doctors commented they used images as a cue to action. Patients said they sent images to clinics to prioritize the urgency of appointments and doctors sent images to superiors seeking timely action to cases that may be sidelined until the next day.

In response to Gummesson & Mele (2010) suggestion that when consumers integrate resources in value cocreating processes there are three possible outcomes; this research discovered resources could be complimentary, redundant, mixed, conflicting, complicating, confusing and make provider resources redundant.

This research takes the consumer perspective, acknowledges that cocreation occurs in a network of stakeholders, processes and resources. Value is determined by consumer, facilitated by provider in direct interaction, although all can benefit recipients and when the firm facilitates value it can also be a cocreator (Grönroos, 2011; Grönroos & Voima, 2013). This research discovered resource integration can be complimentary, redundant, mixed and make provider resources redundant. Notably, it found that patients who integrated their own resources reported an increased self-efficacy, which lead to a better feeling of control and often better health outcomes. This was also supported by some doctors. Despite this, doctor’s frequently mentioned the technical and legal problems associated with the data. They highlighted the issues with patients making diagnostic inference from sharing the data with non-experts in peer networks which resulted in conflict, complication and confusion for the provider and their resources.

Further research could develop an understanding of how other forms of resources affect clinical care and cocreation.
References


Dodds, S., Bulmer, S., & Murphy, A. (2014). Consumer value in complementary and alternative medicine (CAM) health care services. *Australasian Marketing Journal (AMJ), 22*(3), 218-229. doi: [http://dx.doi.org/10.1016/j.ausmj.2014.08.004](http://dx.doi.org/10.1016/j.ausmj.2014.08.004)


760


Positive and Negative Value-in-use Factors in Financial Services: When do they matter?

Jillian C. Sweeney (University of West), Carolin Plewa (University of Adelaide)

Purpose and background

Recent conceptualisations of value have focussed on value cocreation and in association value-in-use. It is widely accepted that organisations can offer value propositions to the customer (FP7 in SD Logic) (Vargo and Lusch 2008). That is they can facilitate value for customers by creating potential value that customers can transform to value-in-use (Grönroos and Voima 2013). Value-in-use is not readily made or handed over by the organization, but emerges or is realized by the customer during the service process: “value emerges for or is created by the user as value-in-use, determined by users as value-in-use, and .... firms as service providers must take value facilitating actions to provide potential value-in-use” (Grönroos and Gummerus 2014, p.221). While Grönroos and Gummerus (2014) define value-in-use as the value created by the customer during their usage of resources, also noting that value is created and determined by customers, we extend this definition to include the ‘emergence’ or ‘realisation’ of value. Thus we define value-in-use as ‘the value that emerges, is created or realised by the customer during their usage of resources’.

Value-in-use reflects the degree to which a customer believes they are better off or worse off through the consumption experience (Grönroos and Voima 2013). Thus, value-in-use factors can be both positively and negatively valenced. However, few authors, if any, have conceptualised and measured value-in-use from both the positive and the negative viewpoint. Furthermore, it is important to note that service experiences are likely to vary, particularly in the context of credence services such as in financial planning, the focus of this study. Hence, any research in this area should acknowledge not only the valence of value-in-use factors but also the personal and situational circumstances of customer, based on which different factors will be relevant in determining outcomes for the individual.

Building on the sparse conceptualisation and empirical examination of value-in-use in a complex service setting, the aim of this paper is to (1) determine a variety of positive and negative value-in-use factors; (2) establish psychometrically sound measures of these factors;
and (3) determine how these positive and negative value factors impact various outcomes of interest to marketers, such as satisfaction with the service provider and quality of life, as well as (4) examine differences in such impacts according to selected personal and situational factors.

**Approach**

Based on earlier qualitative work (Authors previous published work, reference to be inserted later) five benefit and four cost factors were identified. Scale development and purification, using Churchill’s (1979) well established procedures, was undertaken across two separate samples, representing clients of financial planners in Australia (n=207 and n=250 respectively). These were obtained through a national online consumer panel provider.

**Findings**

The scale purification procedure using both samples resulted in three benefit and five cost factors. CFA results for the first sample showed a good fit ($\chi^2 =265.36, df = 161, ratio =1.65$, Comparative Fit Index [CFI] = .97, root mean square error of approximation [RMSEA] = .06), with reliabilities of .75 or higher, while the AVE’s were .60 or higher. The fit was also good for the second sample ($\chi^2 =417.09 df = 181, ratio = 2.30$ Comparative Fit Index [CFI] = .94, root mean square error of approximation [RMSEA] = .07). Again convergent and discriminant validity were supported, with reliabilities of .78 or higher, while the AVE’s were .55 or higher.

The three positive value-in-use factors identified include client education, client convenience representing reduced effort compared to managing their financial affairs alone, and client motivation to be active in their financial goals and plans. These benefits were realised through the interaction process, thus represented value-in-use. In contrast, and of particular interest in the context of the credence service of financial planning, was that several negative value-in-use factors were revealed. These include monetary costs, time and effort costs reflecting the time spent with the planner and paperwork, lifestyle costs and two types of emotional cost, that of having to deal with the financial planner and that of having to confront one’s own financial situation. All eight factors demonstrated strong discriminant validity according to Fornell and Larcker’s (1981) stringent test.
Several salient customer and managerial outcomes were considered to examine the relevance of the scale, including peace of mind, satisfaction with the planner, satisfaction with financial quality of life and word of mouth. This also adds to the nomological validity of the scale. Path analysis showed that while convenience significantly enhanced each outcome, education only enhanced satisfaction with financial quality of life. The costs also differentially impacted outcomes. Of particular interest was that the emotional costs of having to meet the planner had a universally negative impact on outcomes, while the emotional cost of having to face one’s financial situation had a positive impact on satisfaction with the planner and word of mouth. This is discussed more in the conclusions section.

In addition several situational and personal variables were examined, such as whether the client was retired or not, the financial literacy and the level of participation in the financial planning process. Results showed that convenience for example was significantly more valued by groups such as those yet to retire and those with low financial literacy. Other results will be discussed at the conference.

**Discussion and Conclusion**

This research offers important insights into the conceptualisation and measurement of the concept value-in-use. It is commonly understood that value-in-use emerges, is created or realized by the customer during the service process (Grönroos and Gummerus 2014), taking into account the degree to which a customer feels they are better or worse off throughout the service process (Grönroos and Voima 2013). Thus our broad contribution is to undertake a comprehensive conceptualisation and empirical analysis of value-in-use. In particular we identify and empirically examine three positive value in use and five negative value in use factors relevant to our credence service context. We establish psychometrically sound measures of these factors and find that each impacts one or more of the various customer or managerial outcomes tested in this study, supporting the relevance and validity of the value-in-use factors. We also show that these factors differentially relate to outcomes according to various personal and situational factors. Of particular interest is that the emotional costs of employing a financial planner can be both positive and negative, according to whether the focus is on the planner or one’s financial situation. This means, the planner’s role of exposing financial weaknesses to the clients is deemed a valuable service component by clients.
While providing critical conceptual and empirical development of the concept of value-in-use and its consequences, limitations of this study include the focus on one specific industry. A replication of this study in other complex service settings should be undertaken to examine the applicability of the developed scale and the transferability of the related findings to other contexts, such as health care, education or legal services. Furthermore, researchers should seek to develop a better understanding of the broader service ecosystem in which the service process takes place. This research offers a deeper understanding of value-in-use in a complex service context, as well as psychometrically sound measurement scale, which can be adapted to other contexts. This should serve as a foundation for future research investigating value-in-use in complex service settings.
References


The Actual and Imagined Customer Experiences of Blood Donation: A Customer Value Perspective

Rebekah Russell-Bennett (Queensland University of Technology), Josephine Previte (University of Queensland), Charmine Hartel (University of Queensland), Geoff Smith (Australian Red Cross Blood Service), Nadia Zainuddin (University of Wollongong)

Acknowledgment: Australian governments fund the Australian Red Cross Blood Service for the provision of blood, blood products and services to the Australian community

Blood donation as an altruistic service

Altruistic services are increasing; there is significant growth in the number of social enterprises and commercial organisations are increasingly committed to becoming transformative in nature as they seek to improve the lives of others. One such altruistic service is blood donation, which is an essential service underpinning effective health programs in any country. Typically, blood donors are volunteers and therefore a sustainable blood supply is reliant on the goodwill and altruistic commitment of donors. In Australia, as in many other developed nations, there are considerable challenges to maintaining a sufficient and sustainable blood supply (Caulfield, 2013). From a marketing perspective, blood donation is a unique context. First, it is a ‘people-processing’ service (Lovelock, 1983, Russell-Bennett et al., 2013) where the marketing exchange relates to bodily fluid rather than to money. Second, blood donation is an altruistic social service in that it has no direct benefit for the customer donor, and only benefits other people and society as a whole (Kotler and Zaltman, 1971). Prior research has identified the customer experience as an important motivator or deterrent of this donation behaviour (Russell-Bennett, Hartel, Previte and Russell 2012; Russell-Bennett, Previte, Gallegos, Hartel, Smith and Hamilton 2013) and thus understanding the nature of the value derived from the altruistic experience is an important contribution to the value literature. Typically service researchers have investigated the value as perceived by current
customers; in extending this scholarship the current study investigates the imagined value of potential customers and in an altruistic service context. In an altruistic service, the donor is an operant resource or is an interactive agent (McColl-Kennedy et al., 2012) providing skills and abilities (and body parts) for the organization to deliver its service (blood supplies to medical institutions). Considering the important resources that blood donors bring to the service experience, we respond to the call for more research on the broadened role of customers in the customer experience by McColl-Kennedy and colleagues (2015). We argue that services scholars require deeper understanding of both the actual and imagined value a service contributes to knowledge about customer value.

Customer value can be conceptualised as economic (Ziethaml 1988) or experiential (see Sweeney & Soutar, 2001; and Holbrook, 1994). The experiential approach situates value as being created not just from an outcome, but from the interaction and service experience itself. We suggest the experiential approach is specifically relevant to for blood donation as customer value represents more than a typical service exchange of value. We adopt Holbrook’s (2006, p. 715) definition of customer value as being an ‘interactive, relativistic, preference experience’, and incorporate the four component value conceptualisation; altruistic, emotional, social and functional.

**Figure 1. Conceptual model**

Given the altruistic nature of the service, it would be reasonable to anticipate that the dominant value type would be altruism however qualitative evidence on blood donors suggests ego-centric value types may also be at play (see Russell-Bennett, Previte, Gallegos, Hartel, Smith and Hamilton 2013). Blood donation promotional campaigns typically seek to leverage altruistic value however if altruism is not the key or only value derived, then
alternative campaign appeals should be exploited to reach those customers who seek other types of value. Understanding the nature of value created through actual experience (donors) compared with imagined experience (non-donors) provides theoretical implications in terms of differences in the creation of value perceptions. Additionally, these insights also have practical implications in terms of different promotional approaches for recruitment and retention of donors. The research questions addressed in this study are; RQ1. What is the relative influence of altruistic, emotional, functional and social value on satisfaction, intentions and behaviour about blood donation for donors and non-donors? and RQ2. What is the difference in actual and imagined value between donors and non-donors? A conceptual model is shown in Figure 1 with hypothesised relationships.

**Method**

An online survey of 366 blood donors and 523 non-donors in Australia was conducted. The total sample was: 44% male and 56% female, ranging in age from 18-65 years and living in different cities across the country. Measures were derived from validated scales and adapted for both the blood donation context and for donors and non-donors. Non-donors were asked to imagine a blood donation experience, whereas blood donors were asked about their last blood donation. The measures used were; functional value (Mathwick et al 2001), emotional value (Nelson and Byus 2002), altruistic value (Mostafa 2008) and social value (Sweeney and Soutar 2001), satisfaction (Taylor and Baker 1994) and behavioural intentions (Zeithaml et al 1996) on a 1-7 likert scale.

**Results**

The results indicated that the measurement model had a moderate to good fit to the data for both the donor (CMIN/DF=2.95, CFI=.92, RMSEA=.07) and non-donor sample (CMIN/DF=5.45, CFI=.93, RMSEA=.09). The full structural model was then tested. Modification indices indicated better fit would be achieved by adding a relationship between emotional value and behavioural intentions in both samples. This resulted in moderate to good fit structural for the donor (CMIN/DF=2.75, CFI=.92, RMSEA=.06) and non-donor (CMIN/DF=4.94, CFI=.92, RMSEA=.08) samples. For donors, satisfaction was associated with only two of the four value types; emotional and altruistic while for non-donors there was a positive association between satisfaction and three value types; emotional, functional and altruistic.
### Table 1 Structural model Results

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Donors</th>
<th>Non-Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>B</td>
</tr>
<tr>
<td>Functional Value to</td>
<td>.08</td>
<td>.06</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional Value to</td>
<td>.35</td>
<td>.33</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Altruistic Value to</td>
<td>.24</td>
<td>.47</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Value to Satisfaction</td>
<td>.01</td>
<td>.00</td>
</tr>
<tr>
<td>Emotional Value to</td>
<td>-.18</td>
<td>-</td>
</tr>
<tr>
<td>Intentions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction to Intentions</td>
<td>.88</td>
<td>.88</td>
</tr>
</tbody>
</table>

T-tests were conducted on the value dimensions to compare imagined and actual experiences with significant differences for all but social value (See Figure 2) with the actual experiences (donors) scoring higher than the imagined experiences (non-donors) for altruistic value (F=33.29, p=.000), emotional value (F=14.09, p=0.000), functional value (F=4.52, p=0.03). There were no significant differences for social value.

*Figure 2. Comparison of value types (actual and imagined experiences)*

![Figure 2](image-url)
Discussion

While non-donors imagined that altruistic value was the most important value type to influence satisfaction with blood donation ($\beta = 0.47$) and emotional and functional value were the least ($\beta = 0.23$ and $\beta = 0.27$), donors experienced the opposite. For donors, emotional value was the most important value type to influence satisfaction ($\beta = 0.35$) and altruistic value was the lowest ($\beta = 0.24$). Interestingly social value had no influence and functional value was only important for non-donors.

So, what do we now know about the nature of the value derived from the altruistic experience? First, the lack of relationships between some of the value types of satisfaction and behavioural intention indicates that the nature of customer value may be a bundle of value types rather than a multi-dimensional construct where all dimensions are required to be present. While Holbrook is vague about whether the types of value are dimensions of a construct or different types of value (Holbrook 1994; 2006), other researchers have treated them as dimensions of a customer value construct (Sweeney and Soutar 2001). Second, this research shows that an altruistic service may not always create altruistic value as the most important influence on marketing outcomes. This is consistent with psychological investigations into the deeper motives for blood donation that consistently reveal egoistic motives representing the personal benefit derived from helping others (Phillips and Phillips 2009). The t-test differences in the three significant value types between donors and non-donors indicate that non-donors under-estimated the altruistic, functional and emotional value created in the blood donation experience compared to the donors. From a managerial perspective, this insight has implications for retention and acquisition of donors. Non-donors imagine that altruism has the most important influence on satisfaction with the donation experience, but donor experience shows that it is actually the experience of emotional value.

If you are a non-donor who is not motivated by altruism then blood donation may not appeal. Yet promoting the emotional value gained by donating to non-donors may overcome some of the myths and misperceptions of altruism and increase donation. For donors, increasing the social value of blood donation would appeal to particularly younger consumers who are influenced by others.

Conclusion

Further research is needed on the nature of customer value; is there a hierarchy amongst value types, importance weighting or minimum requirement? The differences in actual and
experienced value can create misperceptions amongst non-customers and be a deterrent (when there is an underestimation of value) or create disappointment (where there is an over-estimation of value). Finally altruistic services are increasing and understanding the customer value created above and beyond altruistic value is important to understanding the drivers of important marketing outcomes.
References


Service Captivity in the NICU: Encouraging Parent Participation in Care

Steven Rayburn (Texas State University), Yamile Jackson (NurturedbyDesign), Mayoor Mohan (Virginia Commonwealth University), Lucian Visinescu (Texas State University)

Service research has argued for decades that organizations focus on consumer needs and wants, have a strong commitment to customer service, and undertake active efforts toward co-creating services with consumers (i.e., Vargo and Lusch 2004). This literature implicitly assumes that consumers are empowered. It is assumed that consumers possess the ability to choose between services and providers; they have participatory control when co-constructing the service interaction; and have the ability to communicate preferences and dislikes. However, consumer empowerment is unlikely in many service situations. One such situation is parents of substantially premature babies in the Neonatal Intensive Care Unit (NICU). These parents are thrust into service experiences that mean life or death to their children.

Consumer research identifies individual constraints and environmental conditions that create barriers and vulnerability within the marketplace. Consumers’ service experiences in such studies appear markedly different than the service ideals prescribed in current service literature. For example, resource limitations dramatically affect impoverished consumers’ ability to engage fully and comfortably in the marketplace. Ideally, appropriately designed services should reduce barriers preventing access. However, when constrained consumers acquire services, they often feel less valued as consumers and experience limited power in the service process (Rayburn 2015).

In the extreme, such consumers may be, or feel, constrained to the point of complete dependency. When encountering services that constrain choice, voice, and/or power; consumers can experience service captivity. Service captivity is a feeling of complete dependence on a single provider (Rayburn 2015). While others have explored captive services as a structural barrier, literature has largely ignored consumers’ perceptions of no or limited choice and often proposes limited potential outcomes. This project extends this work to help build a deeper and more nuanced understanding of the emotional, psychological, and even physical outcomes associated with service interactions discolored by dependency and disempowerment. While exploring the theoretical implications of captive service and service captivity, this research also takes a pragmatic approach to gain understanding of how to improve outcomes for premature babies by increasing parental engagement in baby care in the...
NICU. Specifically, using data from three studies; this project explores the service engagement behaviors and outcomes of parents experiencing service captivity in the NICU.

**Medical Services as Captive Services**

Medical services are an underexplored, but highly important context in service research as evidenced in the recent call for such research in the Journal of Service Research (volume 17/4, p359). It is also highly stressful and a potentially life or death situation. There is extreme dependency on the part of consumers (patients) and almost absolute power on the part of service providers (medical specialists). This is a fruitful context in which to further explore consumers captive service experiences; their feelings of service captivity, their disadvantage and vulnerability, and their service well(ill)-being outcomes. The focus here is on the parents’ interactions with caregivers to understand parents’ service experiences and outcomes as well as how these experiences and outcomes relate to their babies’ service experiences.

In the NICU there is a history of keeping parents distanced from babies and their care despite evidence of the benefits (to child and parents) of having parents involved in a service co-creation experience – having them take an active role in the care of their baby (Galarza-Winton et al 2013). This project extends service research into this high dependence context to expand understanding of the emotional, psychological, and behavioral outcomes of service interactions in captive environments. This service experience is explored because imbalanced power dynamics occur between medical and family caregivers. Medical professionals become gatekeepers between parents and babies; emotionally and physically, despite the fact that parental touch and involvement is not only beneficial but also vital to successful NICU treatment (Galarza- Winston 2013).

**Research Questions**

Power is a product of one individual’s or group’s dependence on another for resources; “power” may not always be observed in social interactions but the potential for power to be exercised is ever present when power is imbalanced (Emerson 1962) Imbalanced power is precisely what occurs in captive services. The consumer is dependent on the provider for a given resource, a resource not available or perceived not available elsewhere. So this research asks: When medical caregivers are in control and when parents are completely dependent; what happens in these interactions and what does “power” look like? When patients are actively involved in their treatment, there is more treatment success; how does
this happen in the NICU when the consumers, both parent and child, are not in control? Ultimately, how does service captivity impact service experiences and outcomes in the NICU?

**Method**

Since the goal is to develop new understanding of an under-researched service and related outcomes, a mixed methodological approach was chosen. The first two data collections were qualitative, which is consistent with prior research of underdeveloped concepts in service research. These were accompanied by a quantitative study developed for this research to provide test hypotheses from early study findings. Data were digitally collected for thirteen short answer questions, n=320-331; depth interviews with parents were conducted, n=17; and survey responses were digitally collected to validate a conceptual model developed from early data, n=342. Short answer data was analyzed using Latent Semantic Analysis; interview data was coded by hand by multiple coders; and survey data was analyzed using a three-stage least squares model.

**Findings**

Findings from the qualitative data reinforce the importance and impact of power imbalances in this service experience for parents of premature babies. They are thrust into this experience and often describe it as an out of control or roller coaster experience. As in prior studies of consumers’ service captivity experiences, people are the lynchpin in the process (Rayburn 2015). Doctors, nurses, other staff, and even other parents make the difference in how parents experience the service. From questions related to engaging in the care of their babies several concepts arose from the data. Feelings of powerlessness, medical staff encouragement, and even prior understanding of their own efficacy in caring for their child were reported to work against and/or for parental involvement in care. At the center of all conversations was the importance of whether the “hospital” cared more about the baby’s immediate survival or its long-term quality of life.

From these findings a model was developed and tested. The data suggest that feelings of powerlessness negatively relate to parental involvement in care; while prior knowledge of the importance and efficacy of such activities positively relates to actual involvement in care. Staff encouragement increases involvement in care indirectly through higher levels of quality of life perceptions. In fact, perceptions of quality of life mediate, partially or completed, all
effects on parental engagement in care and overall satisfaction with the service experience. These findings reinforce and support interpretation of the qualitative data.

**Implications**

This research serves to inform practitioners about how consumers are impacted in these services and how they can adjust service delivery to improve outcomes for both parents and children. Understanding developed in this research offers guidance about how to manage interactions between providers and consumers in a complex and critical service context. Findings herein inform the effective and efficient use of critical time and financial resources in a high-impact service. Finally, this study answers the transformative service research call to understand the service experiences of constrained and disadvantaged consumers (Anderson et al. 2013), it further develops understanding of consumers’ well-being outcomes in relation to their captive service experiences. By understanding how these service interactions impact parents and their children, service interactions can be better designed to provide more positive outcomes and to limit negative service outcomes for consumers.
References:
The Health Information Seeking Practices of Patients

Rachel Spence (University of Liverpool), Pippa Hunter-Jones (University of Liverpool)

Relevance and Contributions of The Study.

This study seeks to better understand actors’ value co-creation, by exploring where patients seek health information (including information about lifestyle, minor ailments such as coughs, and chronic conditions) and integrate resources. More specifically, the study explores the perceived relative involvement (roles and extent of engagement) of primary health care professionals or general practitioners (GPs) for contributing to value co-creation, in an individuals’ health information-seeking network. Enhancing understanding of value co-creation is recognised as important within marketing literature, yet remains largely underexplored (Jaakkola et al, 2015; Ostrom et al, 2015). Moreover, value co-creation is core to frameworks such as Service-Dominant Logic (SDL) with empirical work called for by multiple researchers (see for instance Baron et al, 2014).

Existing health related studies (eg: McColl-Kennedy et al, 2012; Sweeney et al, 2015) generally focus on patients’ value co-creation when managing chronic conditions. McColl-Kennedy et al (2012) typology, for instance, considers patients’ interactions such as being passive, collaborative, and co-learning with providers by sharing information. The health information sought to manage everyday life issues (Berry and Bendapudi, 2007), when sick, injured, or when interested in fitness/lifestyle (Weaver et al, 2010) is less explored. Seeking to identify important actors involved in value co-creation where patients seek and disseminate information is important since information provision is integral to National Health Service (NHS) aims in the UK (Liddell et al, 2008). Moreover, there is a necessity to understand better where patients seek information (Hardyman et al, 2008), particularly in a digital era where patients assemble resources from many actors (DiMaggio et al, 2001). Interaction between patients and technological platforms including apps; social networks; and health websites, has the potential to impact engagement with professionals and behaviour such as self-care and prevention (Prestin and Chou, 2015).
Consequently, the study makes a number of contributions to existing literature, including:

- Enhancing our understanding of actors’ roles and value co-creation activities and interactions.
- Highlighting the need to learn and adapt to contextual factors; patient needs; and perceptions of, and effects accruing from technology, such as the impact on engagement, and desired relationship with GPs.
- Affirming influential premises of Service-Dominant Logic within the practically useful context of health information (Gustaffson et al, 2015).

Theoretical foundations

Literature indicates that individuals are potentially passive and reliant on providers (Payne et al, 2008), particularly within a health context (Engstrom and Elg, 2015). This is in stark contrast to other literature contexts suggesting that consumers are increasingly active and interactive (Vargo and Akaka 2009; Gruber and Frugone, 2011; Grönroos, 2012; Sweeney et al, 2015). Whatever the position, how resources are integrated, knowledge shared, and value co-created through such behaviour remains empirically underexplored. This study seeks to address this by questioning value co-creation beyond dyadic relationships, and the roles of multiple actors in a rich context – health (Berry and Bendapudi, 2007).

A key driver for this research is linked to the need to divert from a provider dominant view, towards exploring how primary actors co-create value with multiple actors, in a person’s social context and everyday life (eg: Grönroos, and Voima, 2012; Heinonen et al, 2013; Edvardsson et al, 2015; Vargo and Lusch, 2015). Arguably, this is useful for challenging or affirming premises of SDL, a fluid framework, evolving into a grand theory (Vargo and Lusch, 2015).

Methodology

Adopting a social constructionist approach, the study explored the question: What is the perceived relative involvement of primary health care professionals, for contributing to value co-creation, in an individuals’ health information-seeking network?
Data was collected from 26 individuals (14 female, 12 male), from several countries, aged between 18-65+, participating in 4 focus groups conducted between July and August 2015.

Data was analysed manually, by thematic analysis (see Braun and Clarke (2006)).

Findings

Lifestyle and physical health information was sought for reasons including: maintaining good health, and wanting to resolve physical symptoms.

For lifestyle information, specialists have the perceived role of providing more specific, detailed information than General Practitioners (GP’s). Additionally, professional websites and blogs are useful for collating tailored information.

Regarding physical health information, contextual factors impact interactions. For example, familiarity with technology influenced some younger participants to utilise the web prior to interacting with a GP. Severity of issue (particularly when causing worry or fear), perceived trust in professional, and organisational barriers including ability to get appointments, and experiencing rude frontline staff, also impact whether patients exchange information with a doctor who is regularly perceived as having the role of providing trustworthy and comprehensive information, and support; or turn to pharmacists and NHS websites. Immediacy also encouraged interactions with technology, such as the ease of self-diagnosing on phones. Furthermore, personality traits including wanting to resolve problems and minimise disruption to doctors led to increased interactions with pharmacists in order to solve issues.
Such interactions led to value co-creation, as table 1 conveys.

Table 1: Examples of value co-creation with different actors

<table>
<thead>
<tr>
<th>Actor interacted with.</th>
<th>Value co-creation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialist</td>
<td>Exchanging knowledge for learning and adapting by “making a new sort of daily lifestyle”.</td>
</tr>
<tr>
<td>Pharmacist</td>
<td>Asking questions to receive quick, trustful solutions and referral advice.</td>
</tr>
<tr>
<td>Technology (E.G: websites, blogs)</td>
<td>Research for learning and self-management, including making diet plans to “moderate illness”.</td>
</tr>
</tbody>
</table>

There was higher desire to seek information and co-create value with professionals such as GP’s (or GP’s followed by technological sources or other actors referred to, for further information). Despite problems such as doctors being less willing to collaborate with individuals bringing information from elsewhere, or patients feeling they are burdening the doctor with “nonsense”, patients show preference towards face-to-face interaction for reasons including feelings of reassurance and comfort. Moreover, interactions with the web and telemedicine including apps and video consultations with doctors are perceived as “dangerous and incredibly risky”, with potential to lead to misdiagnosis.
Table 2 illustrates examples of value co-creation with GPs.

**Table 2: examples of value co-creation with GPs.**

<table>
<thead>
<tr>
<th>Value co-creation activity</th>
<th>Illustrative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operation via listening to information</td>
<td>“He (doctor) was actually using Google, and Google images and things to try and explain to me more…it was really good”.</td>
</tr>
</tbody>
</table>
| Supportive relationship via discussion and sharing feelings | “You need that feedback…to give you the confidence…if they explain it to you properly, and they’ve got empathy, you think ‘oh thank goodness for that’… ‘I go, ‘do you know, I was worried to tell you the truth’… “It’s like a cloud being lifted”.

| Co-operation                              | I know he’s going to give me the information I need. It’s more like a paterfamilia relationship”.   |

**Discussion**

The study findings affirm premises evident within SDL including the recognition of value co-creation by many actors beyond dyadic relationships. Moreover, factors including issue severity and particular barriers indicate actors, interactions, and social context are intertwined (Vargo and Lusch, 2015). Albeit, findings reinforcing literature (E.G: Heinonen et al, 2013; McColl-Kennedy et al, 2015), also suggest scope to emphasise aspects affecting activities and actors that patients engage with, including individual’s preferences, personality, and social relationships. The desire for empathetic attitudes from staff (E.G: receptionist and doctor) also indicates the significance of professionals for value co-creation at several points of service (Hardyman et al, 2015).

Additionally, by identifying how value is co-created, McColl-Kennedy et al (2012) typology is reinforced, as findings indicate that actors do connect with others, co-learn, and co-operate. Nonetheless, findings indicate scope to extend this lens by considering social
contextual (situational and personal) factors affecting interactions. For example, people used to private health care in their country interact more with the web relative to other actors for reasons including efficiency. Moreover, individuals who grew up with the same doctor co-created value differently to individuals preferring fewer personal interactions due to comfort from the “paterfamilia relationship”.

By identifying actors’ and their roles, how actors affect the relative involvement of GPs, the navigation of services, and service experience (Jaakkola (2015), becomes clearer. Some findings coincide with claims that technology offers important benefits including fast advice (Picker Institute Europe, 2009). Technology can also enhance patients’ sense of control over the service process and ability to manage health. However, generally, findings contest assumptions that technology is ideal (Liddell et al, 2008) and utilised more, particularly amongst younger people, for various health issues (Bolton et al, 2010). A recommendation is that information can be tailored more effectively on platforms including: blogs, apps, and websites, or with specialists for lifestyle/fitness and non-complex issues. However, for physical issues, and when feeling vulnerable, interpersonal contact with a professional cannot be understated, though technology is useful for further information. Additionally, providers, whilst remaining supportive, should try to adapt to individuals’ motivations and preferences to optimise value co-creation. For example, findings regarding doctors’ willingness to collaborate when patients bring resources from elsewhere, indicates patients’ desire for a doctors’ openness to information sharing.

Conclusion

Knowledge of particular actors’ roles and value co-creation in a patients’ wider setting and increasingly connected digital era, a topic of theoretical relevance, is enhanced. In turn, premises of SDL are affirmed and bridged to a rich practical context, offering insights for practitioners to enhance service experience and tailor and integrate information services effectively.
References


Gruber, T, and Frugone, F (2011),"Uncovering the desired qualities and behaviours of general practitioners (GPs) during medical (service recovery) encounters", *Journal of


Vargo, S.L and Akaka, M.A. (2009), “‘Service-dominant logic as a foundation for service science: clarifications’”, *Service Science* 1:1, pp. 32-41


6.6 Service Dominant Logic

**Resource Integration Readiness: Developing a Microfoundation of Value Cocreation in Service Ecosystems**

*Ilias Danatzis (Freie Universität Berlin), Ingo Karpen (RMIT University), Michael Kleinaltenkamp (Freie Universität Berlin)*

**Introduction**

Emergent perspectives in marketing such as the service-dominant (S-D) logic (Vargo and Lusch 2004, 2008, 2015) or transformative service research (TSR) (Anderson et al. 2013; Rosenbaum et al. 2011) emphasize the importance of individual resource integration efforts for individual and societal well-being outcomes. Indeed, representing the means through which individual actors strive to increase their well-being, resource integration is suggested to constitute the key mechanism of value cocreation (Edvardsson et al. 2014; Kleinaltenkamp et al. 2012; Peters et al. 2014). However, resources have no inherent value in themselves. Instead, value cocreation is suggested to occur only when individuals have the necessary abilities and motivation to successfully act upon them within a specific context (Lusch and Vargo 2014; Payne et al. 2008; Smith 2013). We refer to these individual-level conditions for value cocreation as *resource integration readiness* (RIR).

The managerial relevance of an individual’s readiness to integrate resources for successful service realization becomes apparent in a variety of contexts. For example, successful health care provision is essentially dependent upon the patient’s readiness (that is, his/her abilities and motivation) to adequately combine the, sometimes contradictory, medical advice of different actors such as doctors, staff, and family and friends to successfully increase their physical or mental well-being. Similarly, in business contexts, customers need to be ready to successfully integrate resources from multiple available sources such as airline-provided self-check-in machines, airport security regulations, staff announcements and advice of other customers to obtain beneficial services like fast and convenient travel.

Leveraging the theoretical and managerial relevance of RIR, this paper offers a microfoundation of value co-creation within service theorizing. To date, the latter has predominantly remained at the more abstract macro-level in service research (e.g. Vargo and Lusch 2004, 2008, 2015), a limitation we overcome in this paper.
Theoretical Foundations and Research Questions

Despite the importance of individual-level resource integration abilities and motivation, previous research regarding resource integration either elaborates on the means by which actors use their skills and knowledge to cocreate value (e.g., Vargo and Lusch 2004, 2008) or, more recently, investigates how activities of resource integrators are coordinated through institutions and institutional arrangements (Edvardsson et al. 2014; Vargo et al. 2014). Accordingly, this resulted recently in a corresponding update of S-D logic’s fundamental premises and axioms, that emphasizes the crucial role of institutions in shaping large-scale interaction and coordination involved in value cocreation processes (Vargo and Lusch 2015).

While this elaboration is necessary, we argue that current S-D logic theorizing is significantly limited by the lack of theoretical insight regarding the micro-level conditions that allow individual actors to engage in resource integration efforts and subsequent value cocreation. In line with several research streams criticizing S-D logic’s rather abstract nature and overall orientation toward aggregated societal-level phenomena (e.g., Brodie et al. 2011; Grönroos and Gummerus 2014; Grönroos and Voima 2013), we argue that much analytical rigor and theoretical depth can be gained by developing a microfoundation of value cocreation in the context of service ecosystems (Barney and Felin 2013; Felin et al. 2015; Teece 2007).

In general, microfoundations refer to theoretical explanations that locate “the proximate causes of a phenomenon (or explanations of an outcome) at a level of analysis lower than that of the phenomenon itself” (Felin et al. 2015, p. 586). Accordingly, we posit that S-D logic reasoning would benefit from an in-depth understanding of the micro-level enabling conditions that allow individuals to engage in multiple resource integration efforts and subsequent value cocreation.

The purpose of this article is thus to systematically develop a microfoundation of value cocreation. Hence, the research question we address is: How can an individual’s RIR, its nature and composition be defined, conceptualized and theorized consistent from an S-D logic, service ecosystem perspective (Vargo and Lusch 2004, 2008, 2015)?

Defining, Conceptualizing, and Theorizing RIR

Readiness generally refers to an individual’s tendency or potentiality to engage in certain activities that might (or might not) be realized in the future and that can be influenced over
time (Atkinson 1964; Kruglanski et al. 2014). As such, it significantly differs from a person’s actual behavior or his/her stable personality traits. Building on an in-depth review and critical reassessment of extant readiness conceptualizations against fundamental S-D logic principles, we introduce and justify the RIR concept as an important microfoundation of value cocreation. Consistent with S-D logic reasoning, we define RIR as a potentiality in which human actors are able and motivated to participate in activities that are directed toward the integration of resources from multiple actors within their relevant service ecosystem(s) to cocreate value for themselves and/or others under given institutional settings.

We conceptualize RIR as a holistic concept comprising the four dimensions of (1) cognitive, (2) emotional, (3) interactional, and (4) motivational readiness. Each dimension in turn contains several components that were identified with the help of a systematic deductive approach consisting of three steps (Alvesson and Orge 2011; Kilduff 2006). First, we problematized central assumptions of resource integration in the context of service ecosystems and subsequently identified major challenges human actors encounter when cocreating value in service ecosystems. Second, we analyzed in-depth existing literature in marketing, psychology, management, and institutional theory in order to specify central features of prospective micro-level abilities or motivational drivers that individuals need to possess in order cope with the previously delineated challenges. Third, guided by fundamental S-D logic principles, we merged those features into unified definitions of corresponding RIR components. This process continued iteratively until we reached analytical saturation, finally resulting in our final conceptualization.

After defining and conceptualizing RIR we theorize the concept’s level, configuration, and complementarity for value cocreation in service ecosystems. Furthermore, we discuss how RIR relates to (de)institutionalization processes, service ecosystem viability, institutional work, characteristics of service environments, and collective RIR of actors on aggregated levels such as groups, organizations, or other stakeholders. Accordingly, we develop several corresponding research propositions.

**Theoretical and Managerial Contributions**

Theoretically, this research represents the first attempt in marketing literature to systematically develop a microfoundation of value cocreation (Barney and Felin 2013; Felin et al. 2015). By conceptualizing and theorizing RIR, this research critically extends S-D logic reasoning, as it is the first to pin down the nature and composition of a portfolio of individual-level abilities and motivational drivers that allow human actors to participate in multiple
resource integration activities with different exchange partners. In doing so, we crucially complement S-D logic’s recent zooming-out movement (Vargo and Lusch 2015) by respective zooming-in efforts (c.f. Nicolini 2009), advancing thus microfoundational theorizing in marketing. Additionally, this research further connects S-D logic with institutional theory as it systematically elaborates on individual-level enabling conditions of human agency and institutional work (Battilana and D’Aunno 2009; Powell and Colyvas 2008) necessary for value cocreation. Consequently, we respond to several calls in institutional theory for increased attention for micro-institutionalization and institutional work aiming at “bringing back” the individual in institutional analysis (e.g., Lawrence et al. 2011; Powell and Colyvas 2008). Finally, our RIR concept equally advances the emergent area of TSR (Anderson et al. 2013; Rosenbaum et al. 2011) as it systematically pins down those conditions individual beneficiary actors require to obtain positive well-being outcomes related to service provision.

From a managerial perspective, this research will help service providers to better understand why individuals such as customers, employees or patients fail or succeed in making beneficial use of their proposed offerings. In line with emergent research on TSR, understanding the RIR of beneficiary actors will guide service providers to design service ecosystems and implement successful measures that will facilitate and ensure individual and societal well-being.

**Conclusion**

Collectively, we believe that our micro perspective on value cocreation will strengthen S-D logic reasoning by increasing its explanatory power, applicability, and managerial relevance. Consequently, our RIR concept significantly advances marketing knowledge by providing a sound theoretical foundation to guide much-needed empirical research in the context of TSR and S-D logic. Further directions for theoretical and empirical research are suggested.
REFERENCES


Rationale and relevance

After decades of research, it is assumed that any form of loyalty towards the service provider is dependent on both levels of perceived value and customer satisfaction with the service provision (Gallarza et al., 2011; Leroi-Werelds et al., 2014). As perceived value should preferably be understood as multidimensional (Babin et al. 1994; Sweeney and Soutar, 2001; Holbrook, 1999), value dimensions have effects on this chain (Gallarza and Gil-Saura, 2006; Lin et al., 2005; Sánchez-Fernández et al., 2009). The main question raised on these effects has been: which value dimensions best predict customers’ satisfaction and loyalty? But no interest has been devoted to know how value dimensions are dynamically related among them to provide a stronger effect on customer satisfaction and loyalty?

Among the abundant, dense and rich literature on consumer value, there is one name that surfaces among others: Morris B. Holbrook, who has offered “the most comprehensive approach to the value construct because it captures more potential sources of value than do other conceptualizations” (Sánchez-Fernández et al. 2009, p. 97).

As known, value is an essential concept for the SD logic both in its origins and in any further discussion made on it, mainly related to value co-creation. However, to our understanding, works on this mindset have sometimes either tiptoed, either been developed regardless Holbrook’s contribution to value research. Holbrook himself claimed on this issue, stating that: ”the literature on the SD logic cited by V & L is virtually unanimous in its silence concerning CCV” (Holbrook, 2006; p. 218). And more evidences could be brought on the post-2006 literature on SD logic.

Accordingly, because of his prominent role in value research (pioneering the experiential approach, discussing deeply the conceptual nature of value, and offering a comprehensive axiological conceptualization), we consider Holbrook’s contribution to still have unexplored underpinnings for a better understanding of service value creation and co-creation discussions.

---

7 Research in this study was partially supported by the Spanish Ministry of Economy and Competitiveness through grant ECO2013-43353-R.
8 CCV stands for the Concept of Customer Value as coined by Holbrook
The aim of this paper is to add dynamicity to Holbrook’s classification of values, and look for the best sequence of value dimensions to better create outcomes for the service firm, in the form of customer satisfaction and customer loyalty. This aim is pursued by putting Holbrook’s contribution to work with the stream of research on SD logic and value co-creation processes. As known, dynamicity is a crucial point on these processes when it deals with the consideration of value-in-exchange and/or value-in-use (Grönroos 2001; Grönroos and Ravald, 2011), as SD logic implies “a dynamic process whereby an interactive co-creation process drives the overall service experience and results in value-in-use for the customer” (Tronvoll, 2007, p.602).

Our aim is methodologically pursued by providing and testing a causal model (Figure 1) of four value dimensions (aesthetics, spirituality as escapism, play as enjoyment and ethics) as antecedents of customer satisfaction and customer loyalty. For discussion, this causal model is embedded into the SD logic framework and the process of value co-creation (Figure 2). Empirically, the service setting is the recall of a hospitality experience, as such experiences are suitable and appropriate for researching value in service settings, specially on its intrinsic and emotional aspects (Gallarza et al. 2015).

The contribution of this study, regarding previous works on value that also used Holbrook’s framework (e.g. Mathwick et al. 2001: 2002; Gallarza and Gil, 2006; Sánchez et al. 2009; Leroi-Werels et al. 2014; Willems, Leroi-Werelds, and Swinnen, 2014; Gallarza et al. 2016) is twofold: first it concentrates on intrinsic values, including some of the more neglected ones (namely altruistic values: ethics and spirituality); second, it offers a concatenation of effects showing that values are better perceived in a sequence for explaining both customer satisfaction and loyalty. Furthermore, this work offers signals on how our (and others) causal model could be integrated into the SD framework, by revisiting Holbrook's conceptual contribution and thus providing an old-but-new light into value co-creation.

In all these senses, our paper follows the recent call made by Gallarza et al. (2016: in press). “the distinction between active and reactive values according to Holbrook (1999)’s conceptual framework … can enhance the value co-creation processes, by assigning different but complementary roles to the service consumer and the service provider…. In this sense, these new roles can be interpreted consistently … in line with value co-creation processes”.

798
1. Theoretical foundations

Value dimensions

Among the abundant literature on value dimensions, researchers not treat all value types equally. Our work concentrates on intrinsic values, the ones that occur when the experience is viewed “as an end in itself” (Holbrook, 1999, p. 10), providing a phenomenological approach to consumption. Among intrinsic values, altruistic ones (ethics and spirituality) are often neglected in empirical studies (e.g. Gallarza and Gil-Saura, 2006, p. 443; Leroi-Werelds et al. 2014, p. 436). In Hollbrook (1999)’s framework, ethics and spirituality are considered other-oriented and intrinsic, the former being active and the latter reactive (Table 1).

Previous studies have related ethics mainly to price transparency. However, as a social dimension (Arvidsson, 2011; Holbrook, 1999), ethics should also relate to perceptions of social justice and to cooperation and positive returns for the community. In this sense, ethical value is often associated with practices of Corporate Social Responsibility (Arvidsson, 2011; Romani et al., 2013; Öberseder et al. 2013), although these are not always visible and noticeable for consumers.

Table 1. Holbrook (1999)’s conceptual framework on value

<table>
<thead>
<tr>
<th></th>
<th>EXTRINSIC</th>
<th>INTRINSIC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EFFICIENCY</td>
<td>PLAY</td>
</tr>
<tr>
<td>Self Oriented</td>
<td>(Convenience)</td>
<td>(Amusement)</td>
</tr>
<tr>
<td>Active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reactive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reactive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Oriented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>STATUS</td>
<td>ETHICS</td>
</tr>
<tr>
<td>(Success)</td>
<td>(Virtue, Justice)</td>
<td></td>
</tr>
<tr>
<td>Reactive</td>
<td>ESTEEM</td>
<td>SPIRITUALITY</td>
</tr>
<tr>
<td>(Reputation, Materialism)</td>
<td></td>
<td>(Faith)</td>
</tr>
</tbody>
</table>

Spirituality, as conceptualized in Holbrook’s framework, is a type of value difficult to apply and operationalize in consumption settings; it has been mainly translated into relaxation (e.g. Kim and Perdue, 2013; Sparks et al., 2008), and/or escapism. Escapism, as an experiential dimension it is studied mainly for retailing services (e.g. Babin et al., 1994; Mathwick et al., 2001; 2002) but also for hospitality (e.g. Sparks et al., 2008).

Regarding play and aesthetics, the former is broadly recognized among service researchers (Gallarza et al. 2015): labelled as “enjoyment” (e.g. Mathwick et al., 2001), or “fun” (e.g. Babin and Kim, 2001; Sparks et al., 2008). The latter, aesthetics, is one of the more intuitive and more frequently studied value dimension (Holbrook, 1999; Mathwick et al., 2001). It
relates to all sensory attributes (not just visual) and it is responsible for positive emotions related to atmospherics (Turman and Millman, 2000; Kim and Perdue, 2013).

**Holbrook’s conceptualization, SD logic and co-creation literature**

Vargo and Lusch (2008) describe value as idiosyncratic, experiential and contextual, experientially determined by the beneficiary (FP 10) in a “phenomenological sense” (p. 7). This view is clearly connected to all line of research of Holbrook as pioneering the experiential approach to consumption (Holbrook and Hirschmann, 1982), and writing later that: “Value resides … in and only in (or inn) a consumption experience” (Holbrook, 2006, p. 213). With this premise as a basis, we consider there are many other axes around which we could establish connections between Holbrook’s conceptualization of value and SD logic literature (see table 2). Interaction and dynamicity are the ones used in this work, but Table 2 shows also others, willing to enrich any further work.

---

9 Italics, here and in all Holbrook’s quotations correspond to the original text
Table 2. Connections between Holbrook and SD’s literature

<table>
<thead>
<tr>
<th>Focal areas</th>
<th>Holbrook’s</th>
<th>Vargo &amp; Lusch</th>
<th>Value co-creation literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>SERVICES MARKETING AND SERVICES</td>
<td>“All products provide services in their capacity to create need-or want-satisfying experiences. In this sense, all marketing is &quot;services marketing&quot; (Holbrook 1999, p. 9)</td>
<td>FP5: All economies are service economies.</td>
<td>“A dynamic process whereby an interactive co-creation process drives the overall service experience and results in value-in-use for the customer” (Tronvoll, 2007, p.602).</td>
</tr>
<tr>
<td>ECONOMIES</td>
<td>“A dynamic process whereby an interactive co-creation process drives the overall service experience and results in value-in-use for the customer” (Tronvoll, 2007, p.602).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VALUE AS EXPERIENTIAL</td>
<td>“Consumer value resides not in the product purchased, not in the brand chosen, not in the object possessed, but rather in the consumption experiences derived therefrom (Holbrook, 1999; p.8)</td>
<td>FP10: Value is always uniquely and phenomenological determined by the beneficiary.</td>
<td>“Customer value creating processes should not be viewed in the traditional ‘engineering’ sense, but as dynamic, interactive, non-linear, and often unconscious processes” (Payne et al. 2008, p.86).</td>
</tr>
<tr>
<td>INTERACTION</td>
<td>“a collaboration of both a subject and an object in the constitution of value” (Holbrook, 1999;p.5).</td>
<td>FP 6 “the customer is always a co-creator of value”,</td>
<td>“The use of interaction as a basis for co-creation is at the crux of our emerging reality (Prahalad and Ramaswamy (2004, p.5).”</td>
</tr>
<tr>
<td>OBJECTS AND SUBJECTS IN VALUE</td>
<td>“Value depends on the characteristics of some physical or mental object but cannot occur without the involvement of some subject who appreciates these characteristics” (Holbrook, 1999; p.6)</td>
<td>FP 3. Goods are distribution mechanism for service provision</td>
<td>Value facilitator by providing customers with a foundation for their value creation in the form of resources (goods, services, information or other resources (Grönroos, 2008, p.306)</td>
</tr>
<tr>
<td>CREATION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTEXTUAL</td>
<td>“Customer value is relativistic… (a) comparative (involving preferences among objects); (b) personal (varying across people); and © situational (specific to the context)” (Holbrook, 1999; p. 6)</td>
<td></td>
<td>“A dynamic value co-creation configuration of resources, including people, organizations, shared information (language, laws, measures, methods), and technology, all connected internally and externally to other service systems by value propositions” (Maglio et al., 2009, p. 5).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Methodology

Research strategy

Adding dynamicity to Holbrook’s classification can help finding the best relationship among value dimensions in causal models, and follow Lin et al. (2005, p. 334)’s advice on value research: “the construct conceptualization issue should be theory-driven and precede any discussion of structural relationships between constructs”.

Hence, in line with our aim of applying dynamicity to Holbrook’s classification, we consider that, for real value co-creation process to occur, first suppliers have an initiating role, and second consumers take the participating role: the firm value proposition provokes a reaction in consumers, and these, act in the process and obtain value. In other words, reactive values (aesthetics and spirituality) are antecedents of active values (play and ethics).

To support our model, we rely on previous works (e.g. Gallarza and Gil-Saura, 2006; Gallarza et al. 2015; Lin et al., 2005) that propose that (Holbrook’s) value dimensions have direct and indirect effects on the chain customer satisfaction-customer loyalty, and here we consider these effects to occur as Figure 1 shows: (a) in a sequence where reactive values (aesthetics and spirituality) are antecedents of active values (play and aesthetics), (b) where all four values are interrelated, and (c) where active ones (play and ethics) are direct antecedents of both satisfaction and loyalty.

Data collection and model estimation

A questionnaire was built with all scales adapted from previous works: ethics (Öberseder et al. 2013), escapism (Mathwich et al. 2001), play (Petrick, 2002) play, aesthetics (Turley and Milliman 2000), a mono-item scale for satisfaction and Zeithaml et al. (1996)’s for loyalty. A purposeful sampling method (Teddlie and Yu, 2007) was used to collect data, by spreading 5,000 flyers (including a link to an electronic questionnaire) in crowded areas of a Mediterranean destination, collecting 286 valid questionnaires: average age 29.48 years, 40.21% domestic tourists vs. 59.79% international, 69.23% females vs. 30.77% males: recalling their last (>12 months) experience in a 19.23% five-star, 40.56% four-star, 31.12% three-star, or 6.74% two-star hotel.

The model was estimated with PLS, as our aim is explorative, more related to prediction than to fit; all indicators being here considered as reflective. Missing data being imputed through
Trimmed Scores Regression method (Folch et al. 2015). The following tables stand for confirmation of scales’ psychometric properties.

Table 3a. Scales measurement

<table>
<thead>
<tr>
<th>alpha</th>
<th>CR</th>
<th>AVE</th>
<th>Aest</th>
<th>Spir</th>
<th>Play</th>
<th>Ethi</th>
<th>Sati</th>
<th>Loya</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.93</td>
<td>0.95</td>
<td>0.78</td>
<td>0.88</td>
<td>0.43</td>
<td>0.78</td>
<td>0.53</td>
<td>0.80</td>
<td>0.77</td>
</tr>
<tr>
<td>0.92</td>
<td>0.95</td>
<td>0.87</td>
<td>0.40</td>
<td>0.93</td>
<td>0.57</td>
<td>0.52</td>
<td>0.46</td>
<td>0.50</td>
</tr>
<tr>
<td>0.97</td>
<td>0.98</td>
<td>0.89</td>
<td>0.75</td>
<td>0.54</td>
<td>0.95</td>
<td>0.51</td>
<td>0.80</td>
<td>0.86</td>
</tr>
<tr>
<td>0.90</td>
<td>0.92</td>
<td>0.64</td>
<td>0.49</td>
<td>0.48</td>
<td>0.48</td>
<td>0.80</td>
<td>0.51</td>
<td>0.55</td>
</tr>
<tr>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>0.78</td>
<td>0.44</td>
<td>0.79</td>
<td>0.49</td>
<td>1.00</td>
<td>0.81</td>
</tr>
<tr>
<td>0.96</td>
<td>0.97</td>
<td>0.87</td>
<td>0.73</td>
<td>0.47</td>
<td>0.83</td>
<td>0.52</td>
<td>0.79</td>
<td>0.93</td>
</tr>
</tbody>
</table>

Bold figures in diagonal are the square roots of the AVE
Simple correlations between pairs of constructs in the lower triangle
MultiTrait-MultiMethod (MTMM) matrix in the upper triangle

Table 3b. Item-to-scale correlations

<table>
<thead>
<tr>
<th>Aest</th>
<th>Spir</th>
<th>Play</th>
<th>Ethi</th>
<th>Sati</th>
<th>Loya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aest1</td>
<td>0.83</td>
<td>0.24</td>
<td>0.55</td>
<td>0.39</td>
<td>0.59</td>
</tr>
<tr>
<td>Aest2</td>
<td>0.91</td>
<td>0.36</td>
<td>0.68</td>
<td>0.43</td>
<td>0.72</td>
</tr>
<tr>
<td>Aest3</td>
<td>0.86</td>
<td>0.42</td>
<td>0.65</td>
<td>0.45</td>
<td>0.64</td>
</tr>
<tr>
<td>Aest4</td>
<td>0.91</td>
<td>0.38</td>
<td>0.70</td>
<td>0.42</td>
<td>0.71</td>
</tr>
<tr>
<td>Aest5</td>
<td>0.90</td>
<td>0.35</td>
<td>0.68</td>
<td>0.47</td>
<td>0.75</td>
</tr>
<tr>
<td>Spir1</td>
<td>0.43</td>
<td>0.92</td>
<td>0.55</td>
<td>0.45</td>
<td>0.46</td>
</tr>
<tr>
<td>Spir2</td>
<td>0.35</td>
<td>0.93</td>
<td>0.47</td>
<td>0.45</td>
<td>0.36</td>
</tr>
<tr>
<td>Spir3</td>
<td>0.33</td>
<td>0.94</td>
<td>0.47</td>
<td>0.43</td>
<td>0.40</td>
</tr>
<tr>
<td>Play1</td>
<td>0.70</td>
<td>0.47</td>
<td>0.92</td>
<td>0.45</td>
<td>0.78</td>
</tr>
<tr>
<td>Play2</td>
<td>0.74</td>
<td>0.50</td>
<td>0.95</td>
<td>0.44</td>
<td>0.76</td>
</tr>
<tr>
<td>Play3</td>
<td>0.67</td>
<td>0.50</td>
<td>0.93</td>
<td>0.45</td>
<td>0.69</td>
</tr>
<tr>
<td>Play4</td>
<td>0.71</td>
<td>0.53</td>
<td>0.97</td>
<td>0.48</td>
<td>0.75</td>
</tr>
<tr>
<td>Play5</td>
<td>0.70</td>
<td>0.54</td>
<td>0.95</td>
<td>0.45</td>
<td>0.74</td>
</tr>
<tr>
<td>Ethi1</td>
<td>0.44</td>
<td>0.37</td>
<td>0.40</td>
<td>0.74</td>
<td>0.42</td>
</tr>
<tr>
<td>Ethi2</td>
<td>0.42</td>
<td>0.33</td>
<td>0.41</td>
<td>0.78</td>
<td>0.43</td>
</tr>
<tr>
<td>Ethi3</td>
<td>0.32</td>
<td>0.38</td>
<td>0.37</td>
<td>0.82</td>
<td>0.37</td>
</tr>
<tr>
<td>Ethi4</td>
<td>0.40</td>
<td>0.39</td>
<td>0.40</td>
<td>0.82</td>
<td>0.40</td>
</tr>
<tr>
<td>Ethi5</td>
<td>0.32</td>
<td>0.42</td>
<td>0.35</td>
<td>0.77</td>
<td>0.28</td>
</tr>
<tr>
<td>Ethi6</td>
<td>0.44</td>
<td>0.40</td>
<td>0.42</td>
<td>0.80</td>
<td>0.46</td>
</tr>
<tr>
<td>Ethi7</td>
<td>0.34</td>
<td>0.37</td>
<td>0.31</td>
<td>0.84</td>
<td>0.34</td>
</tr>
<tr>
<td>Sati1</td>
<td>0.78</td>
<td>0.44</td>
<td>0.79</td>
<td>0.49</td>
<td>1.00</td>
</tr>
<tr>
<td>Loy1</td>
<td>0.72</td>
<td>0.45</td>
<td>0.79</td>
<td>0.49</td>
<td>0.76</td>
</tr>
<tr>
<td>Loy2</td>
<td>0.73</td>
<td>0.45</td>
<td>0.81</td>
<td>0.50</td>
<td>0.78</td>
</tr>
<tr>
<td>Loy3</td>
<td>0.68</td>
<td>0.44</td>
<td>0.79</td>
<td>0.46</td>
<td>0.76</td>
</tr>
<tr>
<td>Loy4</td>
<td>0.63</td>
<td>0.44</td>
<td>0.73</td>
<td>0.47</td>
<td>0.70</td>
</tr>
<tr>
<td>Loy5</td>
<td>0.64</td>
<td>0.42</td>
<td>0.75</td>
<td>0.49</td>
<td>0.70</td>
</tr>
</tbody>
</table>

4. Results

Figure 1 shows how all the proposed links in the causal model are supported (at 0.01 level). As intended, there is a sequence of effects among values, where reactive values (aesthetics and spirituality) are antecedents of active values (play and aesthetics). Aesthetics and play are prominent value drivers for the (hospitality) service provision, while spirituality (as escapism) and ethics are also relevant ones. These results are in line with hospitality literature regarding
the prominent role of pleasure (e.g. Gallarza and Gil-Saura, 2006; Kim and Perdue, 2013),
here obtained *per-se* but also derived from aesthetics and escapism. Results add to previous
literature on the (lower but) significant role of ethics for a comprehensive understanding of a
dynamic process of value creation.

**Figure 1. Estimated model**

5. Conclusion and further discussions through the lens of the SD logic

This work is an attempt of translating the idiosyncrasy of Holbrook’s 2*2*2 classification into
the logic of a dynamic value co-creation process. Taking the claim “customer is a co-creator
of value” (Vargo and Lusch, 2008), further enriched by others (e.g. Grönroos and Ravald,
2011, p. 8), value is not *delivered* by firms, but just *offered*. Holbrook’s view lies on the same
ground (Holbrook, 1999, p. 8; 2006, p. 213), so there is rationale for interconnecting both
frameworks. Figure 2 shows the whole possible picture.

**Figure 2. Conciliating Holbrook and SD logic’s frameworks**
In SD logic, there is an exchange between the participating parties, of competences (knowledge and skills) and resources (operand and operant) (Tronvoll, 2007). But these competences and resources only exist as value propositions (Ballantyne and Varey, 2008) because value for the customer is own-generated. Consequently, according to our view and results, we propose, for causal models on value, that reactive values ---the ones where “rather than I (the subject) doing something to it (the object), the situation is reversed; it acts upon me or it moves me” (Holbrook, 1999, p. 11)--- happen first, in the co-creation process, as the firm is offering just a value proposition. This value proposition is made through value facilitators (operand and operant resources) meant to provide first experiences which are, in our case, aesthetical (neat employees, attractive layouts, …) and spiritual (providing “ecstasy, sacredness, or magic” in Holbrook’s words (1999, p. 23) or in a more modest and market-oriented approach allowing a way of escapism from routine). Other value dimension could be added to the figure into Holbrook’s self vs- other oriented distinction (efficiency, excellence and social values) or even sacrifices, in a value trade-off approach. Then, in a second stage, a stage of active value co-creation, dimensions of play and ethics are direct drivers of value outcomes (satisfaction and loyalty). These value outcomes, as final endogenous constructs in casual models (satisfaction and loyalty, or other such as trust, brand equity or financial performance) create value for the service firm, and could be thus a way of conciliation between value creation processes and value outcomes (Gummerus, 2013).

Although being contextual as tested just for the recall of hospitality experiences, our empirical findings add to service literature as they offer a dynamic approach to Holbrook’s static conceptualization, and opens to renovated views of his work in connection to SD logic.
References


Understanding the Multiplicity of Value Creation: A Typology of Value Creation Practices

Driton Sahiti (University of Glasgow), Robert Paton (University of Glasgow)

Purpose

This paper presents a Typology of Value Creation Practices (ToVCP) built upon a multiple faceted view of value and associated debates relating to value (co)creation initiated by Service (Dominant) Logic.

ToVCP enables both academics and practitioners to identify where, how and by whom value is created through the lens of Value in Context - of Experiential USE; of Experience USE; of Social Practice; of Service (eco) Systems and of Exchange. In so doing it not only summarizes the ongoing debate, it also provides a greater degree of clarity and aides understanding.

Design/methodology/approach

By identifying, categorising and comparing extant literature relating to value creation, through multiple lenses and across disciplines, the paper explores conceptually similarities and discrepancies of VCP. First use in full

Further, motivated by the Social Theories, Phenomenology, Philosophy, and Cognitive Sciences, the paper explores value from as a Social and Cognitive Interaction between Actors, Resources and Social Structures which create fundamental conceptual constructs, namely, Experiences and Social Practices, from which value itself emerges. This in turn is followed by an ethnographically structured industry case study that continues the exploration from a more practical perspective investigating value creating practices.

The preliminary case results, built upon Burawoy’s (1991) extended case method, are used to extend, refine, and synthesize the value creation as identified in the literature. The paper concludes by proposing a new Typology of Value Creation Practices, that offers an inclusive terminology for describing how, where and by whom value is (co)created.
Findings

It is possible to construct a multidimensional Typology, built upon interconnecting layers of actors, resource, interactions and social structure that, through conceptual constructs, such as social practices and experiences, identifies where, how and by whom value is (co)created.

Research limitations/implications

A broad case study, with use of extensive Ethnographic Approach, is used in Telco Industry. Although a research was done in multiple levels and with divers actors, who participate in the the overall value creating practices of Internet Usage, there are still more empirical research needed with different epistemological approach, fields and in particular different contexts, to further advance the understanding of the Value Creation Practices.

Practical implications

ToVCP has been developed to extend Marketing Theories about Value Creation and to assist practitioners and potentially policy makers to evaluate and approach value co-creation and ultimately innovation through a better understanding of the Value Phenomenon in general and in particular.

Originality/value

The paper introduces a radically novel and analytical Typology of Value Creation Practices. In so doing it endeavours to reconcile divergent views, approaches and paradigms to produce a more coherent academically and practical understanding of a complex, dynamic and contested field of study.
Examining Consumer Motives to Cocreate in Professional vs. Generic Services

Carmen Neghina (Open University), Jose Bloemer (Radboud University Institute for Management Research), Marcel van Birgelen (Radboud University Institute for Management Research), Marjolein Caniels (Open University)

Relevance

More consumers engage in value cocreation activities in order to fulfill various needs or wants, which form the basis of various motives to cocreate. This study investigates how consumer motives to cocreate vary between professional and generic services - based on differences in knowledge intensity and workforce professionalism - and how these motives drive consumer willingness to cocreate (W2C) and intended cocreation behaviors.

One of the key factors that shape value cocreation is the service context (Vargo & Lusch 2008). However, the role of the service context in influencing the value cocreation process has yet to be empirically explored (Edvardsson et al. 2011). Since consumers perceive different service types as allowing them to fulfill different needs or wants, the service context will be conducive of certain motives to cocreate. More specifically, we argue that service type is expected to play an important role in shaping consumer motives to cocreate.

Contribution to the field and research question

This study contributes to value cocreation research by investigating how consumer motives to cocreate vary between professional and generic services - one of the most critical dichotomies in services research (von Nordenflycht 2010). Specifically, we focus on how differences in knowledge intensity and workforce professionalism shape different consumer motives to cocreate between professional and generic services and investigate how these motives drive W2C. W2C is conceptualized as an attitudinal concept representing the extent to which consumers are willing to integrate their own resources with those of the service firm (O’Hern & Rindfleisch 2010). In turn, we expect W2C to be a strong determinant of intended cocreation behaviors.
Theoretical foundations and hypotheses

Consumers engage in cocreation activities in order to fulfill their own personal wants and needs, which become motives for their behavior (Etgar 2008) based on the expected value they seek to achieve.

The motives for consumers to engage in value cocreation have been classified in different typologies. We build on two complementary studies based on Service Logic. The first is a typology developed from the customer perspective by Berthon and John (2006), which identifies seven value dimensions of interactions (content, control, continuation, customization, currency, configuration, and contact value). The second is a typology developed from the firm perspective by Karpen et al. (2012), which identifies six strategic capabilities that consumers seek when cocreating with firms. These capabilities were later adapted into dimensions of value cocreation in interactions at the micro-level of service interactions by Neghina et al. (2014a) (individualizing, relating, empowering, ethical, developmental, and concerted dimensions). These dimensions become motives for consumers to engage in value cocreation interactions, as they represent the various value dimensions consumers can achieve in cocreative interactions with a service provider: 1) individualizing motives referring to the desire to establish a mutual understanding of the customer’s resources, roles, and desired outcomes, 2) relating motives pertaining to enhancing the social and emotional connection with either the service provider or other customers, 3) empowering motives connected to the desire to negotiate the power to influence the service process or its outcome, 4) ethical motives referring to requiring fair, honest, and moral guidelines for the service interaction, 5) developmental motives in relation to the development of the customer’s operand and operant resources, and 6) concerted motives relating to the synchronizing efforts between consumers and service providers with the goal of engaging in pleasant, relevant, and timely interactions.

We expect consumer motives to vary between professional and generic services, due to the differences in knowledge intensity and workforce professionalism across these service contexts. Such differences influence the resource integration patterns of consumers due to the different levels and pace of knowledge and skills being exchanged, as well as different social norms due to the differences in professionalism levels and the social distance embedded in
their activities. More specifically, and theoretically clearly substantiated in our full paper, we hypothesize:

**H1:** In professional services, a) developmental and b) empowering motives will be dominant in positively influencing W2C.

**H2:** In generic services, a) individualizing and b) relating motives will be dominant in positively influencing W2C.

**H3:** W2C is a strong positive determinant of intended cocreation behaviors.

**Methodology**

In order to test our hypotheses, we addressed respondents via a Web-based panel study. For professional services, we focused on flower shops, whereas for generic services, we focused on clothing retail services. We collected 284 responses divided as follows: \( N_{Flowers} = 136 \), \( N_{Clothing} = 148 \). Respondents were told that their “local florist / clothing shop is looking for collaborators as they are looking to improve their services.” We used existing valid and reliable scales to measure the respondents’ W2C, motives to cocreate, intended cocreation behaviors as well as demographics and previous cocreation behavior.

**Findings**

Our hypotheses were tested with SmartPLS 2.0. The results in terms of path coefficients are presented in Figure 1 and 2.
Figure 1. Hypotheses testing in professional services

Note: Significant paths are depicted in bold.

*<0.05 (two-tailed test), **<0.01 (two-tailed test) and ***<0.001 (two-tailed test).
Figure 2. Hypotheses testing in generic services

Note: Significant paths are depicted in bold.
*<0.05 (two-tailed test), **<0.01 (two-tailed test) and ***<0.001 (two-tailed test).

Discussion

We provide empirical evidence for the service contextual nature of value cocreation (Edvardsson et al. 2011) by showing that consumer schemas regarding professional and generic services, based on differences in knowledge intensity and workforce professionalism, influence consumers’ motives to cocreate value with service providers.

In professional services, consumers are more willing to cocreate due to developmental motives, and less so due to empowerment motives, showing that consumers aim to improve their knowledge and skills, but are not motivated by their desire to control the cocreation interactions.
In generic services, W2C is positively influenced by individualizing and relating motives, showing that consumers are more willing to express their needs and develop their social network when cocreating. We find that consumers are motivated to cocreate in generic services by their desire to improve their social network and be able to relate with the service employee, reinforcing the relevance of the social aspects of cocreation interactions and of being able to develop close relationships between employees and consumers. Similarly, since consumers do not perceive knowledge barriers in generic services, they seem more likely to express their own needs and preferences in the effort to better customize the service experience for themselves.

For both professional and generic services, the relationship between W2C and intended cocreation behaviors is strong and positive, showing that this relationship is stable and independent of the service context, even when controlling for previous cocreation behavior. Consumers who are more willing to invest time, energy, and effort to cocreate value with service providers will show higher intentions to engage in cocreation behaviors.

Conclusions

The most important theoretical implication of this study lies in showing the effect of the service context on consumer motives to cocreate value. While the contextual nature has been hypothesized before, empirical proof about the need to drive future research into more comparative studies has been scarce.

An additional theoretical implication resulting from this research lies in the low importance of previous cocreation frequency on W2C. This low effect indicates that consumers decide at the beginning of the interaction whether to participate based on an evaluation of their motivations driven by the expected value they can derive from the activity.

Managers interested in cocreating value with their consumers should first investigate consumer perceptions of their service type and develop their strategies accordingly.

For professional services, managers should focus on highlighting the developmental aspects of cocreating, by emphasizing the potential for consumers to learn from professionals and the knowledge exchanges. At the same time, consumers seemingly do not want to exercise too much control over the cocreation process. Managers have the potential to minimize the
negative motivational effect of empowerment by clarifying the tasks consumers would need to engage in, as well as assume responsibility for the final outcome, rather than pass this responsibility over to consumers.

In generic service settings, managers can motivate consumers to cocreate by focusing on the relational aspects between consumers and frontline employees, as well as the potential for individualizing the service outcome to better meet consumer needs. Generic service managers should therefore attempt to seek and promote employees that find it easy to relate to the service firm’s consumer and are able to highlight the potential for individualizing or customizing both the service process, as well as its outcomes.

References available upon request
Institutionalizing New Practices of Social Business

Tiziana Russo Spena (University of Naples Federico II), Cristi Mele (University of Naples Federico II)

Introduction

In the last years the business world has drawn a line under the financial crisis of 2008 and has begun to focus on the societal challenges ahead. The integration of social and business has been identified as the new drive of economic development (see Europe 2020 Strategy) and some companies have started to look at societal opportunities for growth and innovation (Porter and Kramer 2011).

The need to integrate social and business has started to deserve a special attention also in the recent service science agenda (Olstrom et al., 2011); identifying the new role of companies in society is as a new research urgency crossing the boundaries of social and business disciplines (Rubalcaba et al., 2013).

The recent social debate (Cajaiba-Santana, 2014; Vinals et al., 2013) focuses on how social-business includes a more systemic perspective involving a spectrum of actors and their practices; in this view the social-business innovation is pursued by no single institution or organization but it deals with the changes of practices of the actors participating in (Rubalcaba et al., 2013)

Despite the interest of social scholars on practice discourse there is still a paucity of theoretical debate and empirical evidence on how new practices of social-business are created and diffused.

The understanding of mechanisms of social-business is still encapsulated within a tight social mindset which has too often celebrated the actions of a single or few actors often operating in public or nonprofit sector. Less attention has been paid to how business actors work together also with other organizations to provide a foundation for the creation of new social-business practices.

In this paper, we aim to examine the case of the emerging of new practices of social-business by multiple actors. The focus is on interplay of the multiple social and business mechanisms enacted and integrated by actors to allow the new practices creation and acceptance.

The following research question leads our research: how new social-business practices are created and institutionalized?
Institutions and practices

Literature on institutions concerns multiple disciplines and produces a great variety of theories addressing institutions in different ways. The focus has been on structures and organisations or the set of norms, habits and rules determining how the structures work. Practice theory offers an interesting contribution to the debate on institutions (Schatkzi, 2001). Scholars within this research tradition convey a notion of institutions in more pluralistic terms by linking the agency with the structure. Practices are not simply synonymous with action or processes, but they refer to an embodied materially mediated array of human activity that is centrally organised around shared understanding (Schatkzi, 2001) with wider cultural rules (Scott, 2001).

Contrasting with the idea of practices as routine, some scholars devote interest into the analysis of how practice changes (Orlikowsky 2002; Gherardi and Nicolini, 2002). Thus, they offer a useful framework to the conceptualization of how institutions change and institutionalisation process unfolds (Lounsbury and Crumley, 2007). According to Orlikowsky (2002, 2006) practices change either incrementally or radically through their enactment in the social context. She advanced the notion of performativity to address how the execution of practices is a result of the reflective activity of human. Performativity emphasizes the fact that activities are often accomplished by skilled actors who go ongoing in reproducing and altering a given practice through variation in its enactment. Similarly Gherardi (2008) argued that practices should be defined as a between-in concept as they constitute a bridge between antithetical concept: “practices lies in the habitual features but has also the characters of purposeful action” …and…” they are nor habit nor action” (Gherardi, 2008 p. 523). Also the collective dimension of practicing is emphasized, as it is conceived as the result of ongoing reflective activities emerging from a dialogue and questioning among practitioners (Gherardi, 2008; 2009; Nicolini et al., 2003).

Methodology

We investigated the community of B-Corporations (B-Corps), a new type of companies that use the power of business to solve social and environmental problems. B-Corps meet rigorous standards of social and environmental performance, accountability, and transparency. The B-Corps community is increasing at an impressive rate: it includes more than 1,400 companies, from 42 countries and over 130 industries (data: November 2015).
We investigated practices of Corporations through multiple methods. In accordance with netnography research (Kozinets, 2002), we conducted a preliminary studies of the web-based context, naturalistic observations of the community and the activities of its members. In addition interviews and seminars were conducted through direct interactions with the members of the community to collect additional qualitative data (Järvensivu and Törnroos, 2010). To elaborated and analysed data, we firstly coded all material without predefined categories. Then, transcripts of the interviews and other documents were scrutinised for identifying patterns in the data and recurring themes. An iterative process of comparing empirical evidence with literature (Dubois and Gadde, 2002) gave rise to some initial conceptualisations.

**Findings**

B-Corps promote continuous changes in practices and challenge the status quo of traditional business practices. Particularly the path the firms are undertaking to create and institutionalize new social-business practices is described by what the B-communities has named the B-Corps’ Road to a New Economy. It summaries the changes the companies seek and promote in the business that is ‘breaking free from traditional management’ both in terms of language, actions and performances.

This path relies on three main keystones which are powered by B-labs- the non-profit organisation promoting B-Corps certification. The keystones include:

1. the creation of Good Companies: B Lab is working to create a new form of corporations with higher standards of purpose, accountability and transparency. Good Companies are certified corporation that meet the rigorous standards of social and environmental performance, accountability, and transparency. Certified B Corps amend their Articles of Incorporation requiring them to consider the impact of their decisions on their employees, community, and the environment. By using the words of a B-Corporation’s manager the “B Corporations certification helps people tell the difference between good companies and just good marketing.”

2. The creation of legal infrastructures. B-Lab has developed a legal framework allowing companies to maintain mission as they grow. Through the leadership of the B Corp Community, laws have been passed in 26 states, plus DC, creating a new type of corporation—the benefit corporation—that best meets the needs of entrepreneurs and
investors seeking to use business as a force for good. This gives B Corps legal protection to make investors and buyers compete on mission as well as price.

3. The B Analytics platform. B lab provides a customized platform for benchmarking, measuring, and reporting on impact of B-Corps. It supports companies in assessing how they perform against a lot of best practices, to compare their impact against other businesses and improve company’s practices to succeed in advancing their social and environmental goals.

Conclusion
The changes the B-Corps have prompted, offer a unique opportunity to observe the emerging of new social-business practices. These practices are actually introduced, enacted and become embedded into B-Corps community as each company performs the B-Corps way of thinking what new economy should be. In line with Lounsbury and Crumley (2007) the institutionalisation of new social-business practices emerges as endogenous process. As Scott argued (2001) institutionalisation includes both "a process and a property variable", as both provide valuable and complementary insights into the creation, change, maintenance and diffusion of institutions. The development of B-Corps’ social business practices offers an interesting example of how these aspects interweaves as new practices are enacted in a collective and interconnected context (Gherardi, 2008). The new social-business practices are performed by companies to adhere to new business-social opportunities, but over time, its significance evolves as their enactment influences a common way of doings good business to emerge and enables the sharing and integration of the new practices. The new practice becomes institutionalised and the focus moving more on the symbolic aspects such as new values, rules, laws that are integrated, enacted and established in the community.

Originality
This work provides an opportunity to expand study on social-business in a way that appreciates the relationship between organizations, practices and institutional dynamics.
References


Service Innovation Diffusion in Healthcare, Value Creation Without Re-Inventing The Wheel

Peter Samuelsson (CTF, Service Research Center, Karlstad University), Mattias Elg (Linköping University), Lars Witell (CTF, Service Research Center, Karlstad University)

In the last decades, governments and the public have seen an increase in cost and demand for healthcare. The growth of cost and demand can be traced back to progress in medical treatments and an aging population, we simply live longer due to the improvements in healthcare and society at large. To face this challenge, innovation has become a top priority, with the aim to increase the effectiveness of healthcare by new and improved medical treatments, structures and processes. The type of innovation has grown from technological innovation to also include service innovation. The Oslo Manual (OECD, 2005) used product, process, organizational, and marketing innovation to suggest policy implications to support innovation. Service innovation has for long been an underdeveloped area in healthcare and the healthcare context poses specific challenges (Berry and Bendapudi, 2007), making it a particularly well-suited context for service researchers to make a contribution to healthcare practice and to further develop theory on service innovation (Voss et al., 2016).

Service research has pointed out service innovation as a loosely defined term that’s been torned between different schools of thought and research fields (Snyder et al., 2016). For long, innovation was a technological breakthrough that created profit for the provider (Drejer, 2004) not accounting for the concept of value creation (Snyder et al., 2016). Changing value creation is a core in the present view of service innovation (Ostrom et al., 2010; Snyder et al., 2016). In the public sector, research argues for a more integrative view of public service innovation, and not something completely different from service innovation in general (Djellal et al., 2013). We will look on public service innovation as value co-created with the stakeholders of the public sector by implementing a new or significantly improved service, organizational method or process.

Service innovation in the public sector in general and healthcare in particular does however poses specific challenges to the innovation concept since (1) it does not have a clearly defined beneficiary; and (2) making profits is not the main target. As a consequence, there is a need for looking at service innovation in the public sector with a slightly different theoretical lens. For service innovations coming from the public sector, there are no obstacles for innovations to diffuse to other public service providers with a similar set of challenges and resources.
Early research on service innovation presented diffusion as a vital part of the process of service innovation (See e.g. Barras, 1986, 1990; Gallouj, 1998), but focused on the diffusion of IT innovations from a manufacturer to the service industry or the public sector (Djellal et al., 2013). However, they did not address the diffusion of other types of service innovations from other public service providers. In order to not fall behind or even to surpass other institutions, policy makers seek to imitate service innovations performed in the competitive service sectors (Gallouj, 1998), making it a highly interesting sector to study from a diffusion perspective.

Djellal et al. (2013) show that there are often scarce resources for innovation in the public sector, emphasizing that a firm’s most valuable resources are the other actors in its network (Håkansson and Snehota, 2006). Therefore it is even more relevant to look into diffusion of service innovation as embedded in the value constellations in the public sector. The purpose of the paper is twofold to explore (1) how service innovations diffuse in health care, and (2) to explore how the act of diffusion creates value with/for and changes the value constellations of actors of healthcare.

The research builds on an empirical investigation of 46 hospitals and 286 primary care health centers in Sweden of how these organizations have developed and diffused service innovations in 2013-2014. The study shows that the organizations utilizing an extended value constellation as a source of service innovation are outperforming other organizations in number of service innovations developed and diffused.

The contribution of the study is to develop and empirically test the concept of public service innovation and widening the concept of diffusion in service research. In addition, it emphasizes the value constellation as a source for service innovation for policy makers and managers of health care. This may help guiding policy and to create natural places for exchange of resources, knowledge and ideas over different public organizations.
Symbiotic Customer-Employee Interactions as Driver of Customer Response Behavior in Service Relationships

Verena Hofmann (University of Innsbruck, School of Management), Nicola Stokburger-Sauer (University of Innsbruck, School of Management), Karin Teichmann (University of Innsbruck, School of Management), Martin Wetzels (Maastricht University)

Service interactions typically involve the exchange of verbal and nonverbal information between the employee and the customer. The mutual adaptation of the employee and the customer in this social interaction can be labeled as “symbiotic customer-employee interactions” (Varadarajan & Rajaratnam, 1986). A symbiosis between the interacting partners occurs if the display of emotions is contagious within a receiver-sender-dyad (e.g., Barger & Grandey, 2006; Doherty, 1997; Du, Fan & Feng, 2011). The symbiosis (i.e., the interactional match) of nonverbal communication and its effects on marketing success measures is of paramount importance, but has thus far been neglected in service research. The objective of this research is thus to analyze the symbiosis in terms of nonverbal communication match in service interactions as a driver of customer response behavior. A field study in a fashion store was conducted (n=79). Video data of the service interactions were collected to measure the symbiosis of nonverbal communication; perceptual data using questionnaires were collected to measure service outcomes such as customer satisfaction and expenditures. We analyzed the video data by using the emotional facial action coding system (EmFACS) by Ekman, Friesen & Hager (2002). The results revealed that a symbiosis in terms of emotions occurs for positive nonverbal communication which drives customer satisfaction and quality perception, but not customer expenditures. Our research thus provides insights into the relevance of symbiotic nonverbal communication during service interactions. The results are relevant for the design of service interactions aiming at a beneficial exchange for all involved parties, that is, customers, employees, and service companies.
Delivering Bad News to Customers: An Employee Perspective

Cécile Delcourt (HEC Management School - University of Liège (HEC-ULg)), Dwayne Gremler (BGSU), Dominique A. Greer (QUT Business School)

Introduction

Contact employees often deliver bad news to customers—that is, unexpected information which is contrary to the customer’s well-being or results in unpleasant outcomes. Such bad news may include a technician telling a customer that none of the data on his computer’s hard drive can be retrieved or a veterinarian informing a widow that her beloved pet dog has cancer and cannot be cured. For some contact employees, delivering bad news is an unavoidable, very delicate, and emotionally-charged task that may repeatedly occur (e.g., a restaurant hostess turning away customers without a reservation on a busy Friday night or an airline gate agent telling customers their flight has been cancelled because of an impending hurricane).

Disclosing bad news can be highly stressful for contact employees (Baile et al. 2000) as many individuals are reluctant to communicate negative information (Rosen and Tesser 1970). If bad news is not disclosed appropriately, it can be highly detrimental for (1) customers, (2) contact employees, and (3) the service firm in general. Accordingly, it is crucial for service providers to examine bad news encounters (i.e., situations during which contact employees must deliver negative information) to better equip their managers and employees in delivering such news to customers.

Surprisingly, studies of bad news delivered by contact employees are scarce in service research. Service failure and service recovery have received much attention, but this literature has two major gaps when it comes to understanding the delivery of negative information. First, research on these topics generally skips over the initial part of the process where employees first communicate bad news to customers and focuses primarily on the process involved in resolving the situation. And second, there are many situations in which employees must deliver negative information to customers where it is clear to all that the service provider has not caused the problem and that a service failure has not occurred (e.g., informing a customer that his 20-year old dishwasher cannot be repaired).

The topic of how to best deliver bad news has been broached in other literatures. For example, the medical literature has focused on how healthcare providers can best deliver unfavorable news to patients (e.g., Baile et al. 2000; Baile et al. 2002; McKee and Ptacek 2001; Rosenbaum, Ferguson, and Lobas 2004) and, to a lesser extent, on patient reactions to...
the receipt of such news (Dias et al. 2003; Parker et al. 2001; Ptacek and Ptacek 2001). The management literature has also examined the delivery of bad news, focusing on delivery of such news by managers to their employees (e.g., Bies 2013) or to their investors (Kothari, Shu, and Wysocki 2009), and the sociology literature examined the delivery of bad news to family members (Clark and LaBeff 1986).

These literatures, and some others not mentioned, have (1) examined the attitudes and emotions of the discloser of extreme bad news in very specific contexts, (2) identified the tactics used by disclosers, and (3) developed protocols for delivering extremely negative information. In examining discloser attitudes, for instance, physicians have several fears when disclosing bad news to their patients such as talking about death, being blamed for causing the situation, not knowing all the answers, and having to deal with patient reactions such as crying (Buckman 1984). Some scholars have focused on the different tactics used by those who must announce a death (namely physicians, nurses, law enforcement officers, and clergy) such as straightforward delivery or the use of non-verbal cues (e.g., the deliverer’s facial expression is often enough for the receiver to understand that unfavorable information will be disclosed) (Clark and LaBeff 1982). And, researchers have developed protocols, such as “SPIKES” (Baile et al. 2000), a six-step approach to help hospital professionals best deliver bad news to cancer patients about their illness.

Although the aforementioned literatures provide some understanding, most of these studies focus on very specific and often extreme bad news (e.g., the announcement of a cancer to a patient) and, thus, do not provide a more general understanding of the delivery of unfavorable news by contact employees to their customers in service encounters. For instance, in the SPIKES protocol, Baile and colleagues (2000) suggest professionals should touch the arm or hold the hand of a patient when communicating bad news. While this recommendation may work in some service contexts (e.g., a day care worker telling a mother that her young son has been injured while running on the playground), this recommendation is probably not appropriate in other service contexts (e.g., a plumber informing a customer that her washing machine needs to be replaced).

**Research Objectives**

In this exploratory study, we aim to (1) understand bad news across a wide range of service settings to provide a conceptual definition of bad news, (2) uncover the types of bad news disclosed by contact employees during service encounters, and (3) identify strategies
used by contact employees to best disclose bad news to mitigate the negative impact of negative information.

**Method**

Considering the exploratory nature of the study, we use the critical incident technique (CIT) (Flanagan 1954; Gremler 2004) to collect detailed employee descriptions of bad news encounters. Each respondent is asked to describe in detail an encounter with a customer during which bad news is delivered. Employees from various service sectors will be selected to uncover a wide range of situations. The CIT methodology offers a significant benefit as it collects data from the respondent’s perspective and in his or her own words (Gremler 2004). It therefore provides a rich source of data by allowing respondents to determine which incidents are the most relevant to them for the phenomenon being investigated—in this case, the communication of bad news to customers.

**Preliminary Findings**

An initial set of incidents has been collected in a pilot study conducted to help refine the CIT instrument. Respondents are asked to report the various types of unfavorable news they have had to disclose and to describe what “bad news” means. Our initial data suggests bad news can mean something different to contact employees than to their customers. For their customers, respondents report that bad news relates to a tragedy, a disaster, a psychological drama, or a disruptive event that can elicit high incomprehension and engender negative consequences (such as additional costs, drastic life change) leading to customer dissatisfaction. For respondents (i.e., contact employees) themselves, delivering bad news is an emotionally-charged event that can create stress and feelings of guilt.

Our respondents are asked to focus on encounters during which they had to deliver very bad news to a customer and to discuss the techniques they used. Interestingly, while delivering negative information is a delicate and daily task, nearly all respondents in our pilot study report they did not receive any specific guidelines on how to deliver bad news to their customers. Most respondents report using their intuition and experience to best disclose bad news.

The techniques identified by the employee respondents in the pilot study can be classified into two categories: (a) techniques used to regulate their own emotions and (b)

---

10 The data collection has started and is ongoing. In the following paragraphs, we provide some preliminary results (n=16 respondents). Our objective is to collect an additional 150 incidents by the end of March 2016.
techniques directed toward customers to communicate the bad news. Concerning the techniques directed to themselves, many contact employees report using self-control techniques such as (1) calming down, (2) managing one’s own stress, (3) breathing, (4) overcoming negative thinking, and (5) rehearsing to best manage the situation. Concerning the techniques directed toward their customers, employees (1) prepare thoroughly by making sure they have collected all necessary data to accurately answer customer questions, (2) adopt the perspective of the customer to best anticipate and understand customer reactions, emotions, and questions, (3) create an appropriate climate to put the client at ease, (4) deliver bad news in a straightforward and concise way, (5) provide further explanations about the causes of the bad news event, and (6) allow the customer to express concerns, thoughts, and feelings.

**Contributions**

From an academic perspective, we contribute to existing literature by examining the delivery of bad news across a wide range of service sectors. Up to now, different research streams examined the issue of bad news in a specific context (e.g., medical services) and generally for extremely negative information (e.g., an oncologist announcing the presence of a brain tumor to a patient). Our study will provide the service literature with a better understanding of the various bad news delivered across service sectors. From a managerial perspective, as customer contact employees and their managers have not been given sufficient guidance from service researchers as to how to handle bad news situations, we aim to better equip service managers in anticipating and managing bad news encounters to minimize the damage of the negative information.
References


Digitizing the Human Relationship: Multichannel Behavior of Generation Y in the Service Sector

Ilaria Dalla Pozza (IPAG Business School), Sandrine Heitz-Spahn (University of Lorraine), Lionel Texier (Risk and Analysis)

This paper investigates Generation Y’s channel choice decisions and influencers in the service sector from the pre-purchase to post-purchase phase, and identifies the channel path taken during these different stages.

Several academic studies have analyzed customer multichannel behavior in different phases of the purchasing process. However, the multichannel literature has not investigated in depth the multichannel behavior of Generation Y, born between 1977 and 1994.

Generation Y is traditionally described as a digital generation. Its members are heavy users of social media (Bolton et al., 2013), which are regularly consulted when looking for information about products and services and for making purchasing decisions. Noble et al. (2009) show that members of Generation Y want to free themselves from their parents in their consumption decisions; therefore, selecting and consuming products gives them a sense of independence.

Based on this, we may conclude that Generation Y consumers prefer digital channels for information searching, and that the need for face-to-face interaction and human contact is weaker compared to that of older generations. In addition, we may assume that purchasing is mainly done via websites, following suggestions of social media. These conclusions are mainly based on studies of manufactured and tangible products or services perceived as commodities, such as mobile services. Study of Generation Y’s channel choice in the service industry has been neglected (Dalla Pozza, 2014).

According to the above premises, our research aims to investigate Generation Y’s multichannel behavior in the service sector through the different phases of pre-purchase, purchase and post-purchase. More precisely, the purpose is to analyze Generation Y’s path-to-purchase channel, need for human contact, and main influencers in the decision-making process in the service sector. Through this research, we intend to contribute to existing academic research in several ways. First of all, we aim to provide a better understanding of Generation Y’s path-to-purchase channel in a complex service context by proposing a taxonomy based on Generation Y’s channel choice from the pre-purchase to the post-purchase
phase, thus adopting a holistic perspective. Second, we want to know whether physical stores still play a role for Generation Y in their relationship with service providers. Third, we want to understand the influence of social media in the purchasing process. Fourth, as the concept of Generation Y has been questioned by Gurau (2012), this research will look for differences among sub-groups of Generation Y.

Our theoretical foundations are in the Generation Y literature and in the multichannel literature.

Due to the novelty of the present research, an exploratory approach seemed appropriate (Miles & Huberman, 1994). We decided to carry out our research in the insurance sector, which we felt is representative of the service industry. The insurance sector has an important impact in the development of the economy and growth of countries; in addition, this sector is characterized by the presence of several channels through which companies can communicate, interact with, and sell products to customers.

We conducted 56 interviews with Generation Y customers aged between 20 and 34. More precisely, 29 respondents were in the 20–26 age range, while 26 were in the 27–34 age range. In addition, the interviewees consisted of 32 males and 24 females. Face-to-face interviews were considered the most suitable data collection method to gain information on respondents’ channel paths in the insurance industry from pre- to post-purchase.

Findings
Content analysis of the transcripts was carried out to address the research questions. The information collected allowed us to identify three different profiles in terms of channel usage during the different phases of the decision making process, from pre-purchase to post-purchase.

The majority of respondents were part of the Profile A group (38 respondents out of 56), whereas 13 respondents belonged to the Profile B and 5 to the Profile C. The results show that members of Generation Y look for human contact, especially with the salesperson, and also their parents, during the path to purchase for a complex service such as insurance. This result is interesting in the sense that Generation Y is known to be a hyper-connected segment, which is strongly influenced by media (Bolton et al., 2013) and social media in brand and retailer choices (Noble et al., 2009; Gurau, 2012). We found that social media has almost no influence in the decision-making process of our sample.

The three profiles are described below.
Profile A: Strong parental influence and need for human contact with a unique interlocutor (the salesperson) through face-to-face or phone interactions

Profile A is characterized by a strong need for human contact. For these customers, it is important to interact with a physical person who can meet their personal needs and wants. To fulfill their need for human contact, Profile A consumers visit the company store, contact a salesperson via phone, or ask their parents. When respondents were asked about their visit to the store, they mentioned that they seek personalized service and advice from a salesperson who knows their specific needs and can answer their questions. This profile aims to build a relationship based on trust, which leads to loyalty towards the company and makes the consumer feel reassured, especially when it comes to claims. However, visiting the store can sometimes be perceived as a constraint. Finally, parents exert a strong influence on store choice for Profile A respondents.

Profile B: Utilitarian customers who have “no need” for a physical store
This profile looks for simplicity, rapidity, and autonomy when using channels. Depending on the situation under consideration, the product, and the task that must be accomplished, and thanks to their knowledge of channels and products under consideration, this profile chooses the channel that best allows them to save time and money; that is, the channel that is most efficient, and that is the simplest and quickest to use according to the problem and the context.

In the pre-purchase phase, Profile B members rely on multiple sources of information that may include parents and more rarely social media. Profile B does not see a need for a physical store presence; however, some respondents highlighted the need for a distance relationship with a salesperson, which can substitute for physical proximity.

Profile C: Strong parental influence and “no need” for a physical store
Simplicity, practicality, rapidity, trust in parents as a unique source of information when making a purchasing decision, lack of willingness to visit a physical store, and lack of willingness to develop an exclusive relationship with a salesperson characterize Profile C consumers.

Discussion and conclusions

This study used a qualitative research design to identify multichannel behavior of Generation Y consumers of complex services (namely, insurance products), which has been largely under-
investigated to date. Based on the results of our interviews, we identified five main findings. First, we identified three customer profiles of Generation Y characterized by a different path-to-purchase channels; that is, the sequence of channels used in the decision-making process. Profile A, which represents 38 respondents out of 56, has a strong need for human contact and reassurance, and needs to establish a personalized relationship with a unique interlocutor (salesperson).

Second, contrary to many findings in the academic literature on Generation Y, which is traditionally described as the digital generation (Bolton et al., 2009; Parment, 2013), we found that in the context of purchase decisions on complex services, the physical store remains the most used channel for both the purchase and post-purchase phases. This means that, depending on the product category under consideration, Generation Y may display a strong need for human contact. However, Generation Y may lack time or motivation to visit the store, but still need to be reassured in case of problems or complex products; salespersons should thus be equipped with digital devices that can facilitate interactions via, for instance, webcam or chat, thus allowing the development of a trusted “distant” relationship. New digital tools should help to humanize the salesperson–customer relationship by creating a trusting dialogue that does not necessarily require a physical presence.

Third, in the specific context of complex services such as insurance, Generation Y’s members do not rely on friends’ recommendations, although this has been shown to be the case for other product categories, such as apparel or electronics (Noble et al., 2009). Lack of product expertise and knowledge seem to explain this phenomenon. However, Generation Y heavily relies on parental recommendations, and members generally choose the same company as their parents. Insurance companies should focus on the parents–Generation Y relationship in their communication campaigns.

Fourth, social media has a weak influence on Generation Y’s decision making for complex services. This is an interesting result, as marketing managers invest heavily in social media (Bolton et al., 2013). Companies targeting young consumers should consider the type of industry as a factor that influences social media usage.

Finally, therefore, there is no variation in terms of channel choice and influencers depending on the lifestage in the context of complex services such as insurance products.
Facilitating Dynamic of Customer-Employee Satisfaction in Service Encounters

Andrés Chinchilla (EGADE Business School, Teconologico de Monterrey)

As the quality of the service encounters is constructed in the interaction between both the customer and the employee, understanding the dynamic affecting both parties’ satisfaction becomes a relevant aspect for service encounters theory; thus, this study was focused on developing such understanding.

Previous investigations on service encounters have shown the influence of instrumental aspects on satisfaction, such as: congruence with role script (Solomon et al., 1985); personalization (Surprenant & Solomon, 1987); physical evidence and employee responses attributions (Bitner, 1990); service delivery failures, customer needs and requests, and unsolicited employee (Bitner et al., 1990). Moreover, more recent research has focused on the psychological and behavioral aspects of service encounters having an impact on satisfaction, showing the relevance of: meeting the psychosocial needs of employees and customers (Bradley et al., 2010); employee displayed emotions and customer positive affect (Pugh, 2001); authenticity of emotional labor, customer positive affect, customer-employee rapport (Thurau et al., 2006); interactive employee and customer empathy (Wieseke et al., 2012); employee and customer positive inner emotion (Lin & Lin, 2011). In this way, it is concluded that service encounters can be viewed as interactions in which attitudes and fulfillment of needs dynamically intermingle between the customer and the employee affecting satisfaction of both parties; moreover, important conditions in this interacting process are: i) empathy, ii) positive inner emotion, and iii) authenticity of emotions displayed.

In an iterative process of the literature review, it was found that the above mentioned relevant conditions in the service encounter interaction process, resemble the psychological theoretical proposition for interpersonal relations satisfaction proposed by Rogers (1961) in the Person-Centered Approach (PCA); thus, this approach was considered as the main perspective in this study for the analysis of the dynamic of service encounters.
A qualitative, instrumental case study approach was taken to develop the present research, 15 cases were analyzed in three separate phases and contexts in order to identify the common patterns and propose a theoretical model of the facilitating dynamic for customer-employee satisfaction in service encounters. Data gathering techniques included participant observation, interviewing, as well as service encounters audio recordings. Analysis of data comprised the triangulation of conclusions from content analyzes developed by three different researchers, in order to provide increased validity to the theoretical propositions.

Findings of the study indicate that the attitudes from the Person-Centered Approach, namely: empathy, authenticity, and acceptance; apply in a reciprocal manner as an attitudinal facilitative dynamic for the satisfaction of both the customer and the employee in service encounters; antecedent conditions identified of this facilitative dynamic were communication abilities and difference of logics, and specific impacts on the customer-employee satisfaction were inner tranquility and affective enthusiasm. Below a figure of the model proposed.

Implications of the findings are discussed mainly regarding the development of employees engaged in external or internal service encounters, and identified contributions to the Ostrom and colleagues (2015) service research priorities of understanding employee to successful service and enhancing service experience, are as well discussed.
This study aims to provide further insight into the effect of employee emotional competence (EEC) on customer loyalty intentions in a service recovery setting. Previous research has shown that the effect of EEC on loyalty is mediated by rapport, both in ‘regular’ service encounters (Delcourt et al., 2013) and in encounters in which the employee has to inform the customer about a service failure (Delcourt, 2011). For the second type of encounter, it has not been investigated to what extent the effects of EEC and rapport are mediated by the customer’s perception of service failure severity (SFS), which is also known to affect loyalty (Weun et al. 2004). Furthermore, it is unknown whether the rapport established during the initial encounter has an effect on the SFS of a second service failure – either announced by the same employee or a different one.

The following conceptual model was tested:

Please note that H7b states that the rapport established during the first encounter will only have a negative effect on the SFS of a second service failure if the second failure is announced by the same employee as the first one.
This model was tested in an experiment. 188 participants watched a video in which a hotel receptionist displayed either high or low emotional competence while announcing a service failure to a guest. After watching the video, participants rated SFS, rapport, and EEC. Subsequently, they saw a printed message informing the guest about a second service failure, which was presented as coming from either the same receptionist or a different one. Participants then rated SFS of the second failure and their loyalty intentions towards the hotel. The model was tested using the PROCESS procedure (Hayes, 2013). The results showed that EEC had a positive effect on rapport ($\beta = .93, p < 0.0001$) and loyalty ($\beta = .24, p < 0.05$), confirming H1 and H3. The effect of EEC on SFS (H2) was not significant ($p = 0.10$). Rapport did have a significant negative effect on SFS ($\beta = -.21, p < 0.05$), as well as a positive effect on loyalty ($\beta = .35, p < 0.0005$), confirming H4 and H5. As predicted by H6, SFS had a negative effect on loyalty ($\beta = -.22, p < 0.005$). Surprisingly, the rapport established during the announcement of the first service failure had an effect on the SFS of the second failure ($\beta = .52, p < 0.0001$), regardless of whether the same or a different employee announced it ($p = 0.13$), which confirms H7a but disconfirms H7b.

These results demonstrate that in a service recovery setting, the effect of rapport on loyalty is partly mediated by service failure severity. Moreover, they show that the effects of rapport can carry over to a subsequent service failure episode. Therefore, service providers should prioritize the establishment of rapport between the employee and the customer during the initial service encounter.
The Benefits of Big Data: Using Adopted Opinion Data Mining to Achieve Superior Customer Experience Strategy Execution

Phil Klaus (Brunel University London)

**Purpose** – Most studies on Customer Experience (CX) Strategy emphasize the initial stage, strategy development. To allow a successful strategy execution the development stage needs to be followed-up by the all-important implementation and strategy management phases. Using adopted opinion data mining our study develops a CX strategy execution framework to assist companies in examining their existing strategies by increasing the alignment between their strategy execution and their customers’ perceptions of their experiences.

**Design/methodology/approach** – Collecting data using the opinion mining process, we analyzed the data using both, sentiment classification, and opinion summarization. This allowed us to utilize comparative in-depth case studies in order to demonstrate the application, feasibility and benefits of the CX execution framework. We collected data using the opinion mining process. We analyzed the data using both, sentiment classification, and opinion summarization.

**Findings** – Our study proved the feasibility and highlighted the benefits of the CX execution framework using big data capabilities. We identified four application approach archetypes: Simplistic, Longitudinal, Comparative, and Hybrid. Each approach offers different insights, and the optimal approach can be selected and adapted according to the company’s individual situation.

**Practical implications** – The CX execution framework allows marketers to measure and detect variations in their CX execution level. Based on this information, using adopted opinion data mining marketers can easily identify improvement opportunities and make better decisions regarding their customer experience strategy development and execution.

**Value** – This study advances our knowledge on, first, how to identify customer experience execution elements, and, second, how to utilize big data and our CX execution framework to align CX strategies to desired customer experience perceptions. Furthermore, the adopted opinion mining method offers new insights by introducing a rarely used tool to solicit CX research insights.
The research focus on the new service development in R&D center in service industry has paid more attention in now days. The sector of service R&D center is widely known to be more innovative than most other organization. However, there is much less research investigated how a service business organizes its service R&D activities. For getting more knowing of how to manage organization when doing the new service developments in service industry, this paper aims to examine how to organize the service R&D center and further influence an enterprise's service innovation capabilities and performance in different stages of service R&D process. Therefore, a conceptual model is proposed combing the perspective of champion theory, organizational structure and cross functional interaction. Using case studies of four high-profile service R&D facilities in the Taiwan service industry. Major finding of this paper is new service development and managing knowledge in service R&D center are interrelated. Further, this paper also indicates: (1) Service R&D center should be established under the general manager; (2) Keeping the service R&D center flat and low hierarchy to let the information flow and communication more fluently; (3) The innovation tasks within the organization should be done by projects; (4) The person in charge in service R&D organization has high degree of authorization; (5) At the first phase of service R&D process, all the executives from all of departments should join the meeting is one of key to improve interaction in cross-departments; (6) Information integration platform should be established and play an important role in order to facilitate formal cross-functional interaction. All these contributions enable this paper to put more arguments that the more the service companies enact service R&D center in practice. Besides, organization structures and forms of knowledge management are constituted in the process of service innovation, and this requires particular capabilities. In conclusion, managerial implications are also provided that the patterns of organizing service R&D center in service industry are diversity since for the change of market need requires high elasticity in organization.
Co-consummation through Additional Value Propositions

Takashi Taguchi (Ibaraki Christian University), Masato Shoji (Takachiho University), Akira Ohyabu (Okayama university of Science)

Purpose: The purpose of this study is to advance the understanding of value proposition through classifying of the process of indirect service provision. We will answer to questions of how must companies propose value proposition to customer and what is the value proposition.

Phenomenon:
Service-Dominant logic could be a foundation for new marketing theory and model to describe value creation process. In the context of Service-Dominant logic, Vargo and Lusch (2015) argue that actors cannot deliver value but can participate in the creation and offering of value propositions (FP7), and value is cocreated by multiple actors, always including the beneficiary (FP6). However, the logic does not explicitly provide the meanings and components of value proposition, and pays less attention to customer’s consummation process. For example, what contents should firm include in their value proposition and what process should firm design the value co-creation process with customers to maximize their customer’s value-in-context? That is the research questions in this study. Therefore, this study attempts to fill the gap through exploring the process of goods mediating indirect service provision and the meanings value proposition concept.

Theoretical foundations:
Several management and marketing scholars have been discussed the concept of value proposition (Anderson et al. 2006; Ballantyne and Varey 2006; Webster 1994). However, they have different meanings, such as invitation, promise, or statement. Although the value proposition concept is the heart in Service-Dominant logic, the meanings is challenged about rigidity and dynamics (e.g. Kowalkowski 2011; Skålén et al. 2015). It requires for elaboration of the meanings and explanation of the dynamics.

Methodology: The process of goods mediating indirect service is classified into four patterns based on a matrix with two dimensions (the subject who applicate operant resources (buyer or
seller) and the process which are applied operant resources (production or consummation)) (see Fig. 1). These patterns are production-consummation (Pattern 1), co-production-consummation (Pattern 2), production-co-consummation (Pattern 3), and co-production-co-consummation (Pattern 4). The nature of relationship and perspective and the emphasis of for each pattern are explored in accordance with the classification.

**Findings**: As the indirect service provision pattern moves from Pattern 1 to Pattern 4, the value emphasis sifts from value-in-exchange to value-in-context, the relationship between buyer and seller shift from transactional to interactive and repetitive, and the perspective shifts from micro-context to meso and macro-context (see Fig. 2). The most important finding is that the several (tangible and intangible) additional value propositions are proposed from companies throughout customer’s co-consummation process in the pattern 3 and 4.
**Discussion and Conclusion:**

On the basis of this finding, firms (especially manufacturers) must redesign their own business process to achieve their customer's value-in-context. As illustrated in the pattern 3 and 4, if firms can construct a co-consummation platform, they offer interaction with their customers and propose additional value propositions. We also argue that value proposition represents the proposal from seller to buyer in terms of value co-creation in Service-Dominant Logic.

**Key words:** value co-creation process, Co-consumption, Additional value proposition, indirect service provision, Service-Dominant logic
References


Don't tell me what to do! Explaining deviant consumer responses to servicescape signage

Dominique A. Greer (Queensland University of Technology (QUT)), Kate L. Daunt (Cardiff University)

Signs are everywhere. My favorite reads as follows: Tout contrevenant sera abattu, les survivants poursuivis which, roughly translated, means: Trespassers will be shot, survivors will be prosecuted.
(Mayle, 1999, p. 1)

Signs that communicate expectations of conduct are increasingly used by service organisations to mitigate deviant consumer behaviour such as verbal abuse or physical aggression. These signs typically use imperatives to instruct consumers about behavioural expectations during service delivery (Konrod, Grinstein, & Wathieu, 2012). Hospitals, for example, often post signs noting that aggression will not be tolerated from patients or their families.

Despite the increasing prevalence of conduct-related signage, there is limited evidence that explicit behavioural instructions reduce incidents of deviant behaviour in servicescapes. A recent review of the servicescape literature reveals that investigations of signs, symbols and artifacts, one of Bitner's (1992) three seminal environmental dimensions, represent less than 5% of servicescape scholarship since the inception of the field (Mari & Poggesi, 2013).

Although signs are explicit tools capable of communicating expectations of conduct (Bitner, 1992), Reactance Theory (Brehm, 1966, 1972) suggests that this type of sign might inflame previously compliant consumers, because it interferes with the psychological-emotional need for control over one's own behaviour. Consequently, we use Reactance Theory to investigate whether conduct-related signage intensifies rather than mitigates deviant consumer behaviour.

Reactance Theory (Brehm, 1966, 1972) is a social psychological theory that explains how humans react when their behavioural freedom is threatened. Psychological reactance is the
motivational state that occurs when an individual is 'aroused by a threat to or elimination of a behavioral freedom' (Brehm, 1989, p. 72). This motivational state (1) drives the individual to (attempt to) restore the behavioural freedom that was threatened or removed, and (2) increases the attractiveness of that behavioural choice (Brehm, 1989). Psychological reactance is so strong, consumers regularly choose to engage in suboptimal or detrimental behaviour simply because they perceive that the freedom to engage in that behaviour is under threat (Brehm, 1989).

We propose that service consumers who are exposed to signage instructing them to behave in a particular way—even if that behaviour is in keeping with norms of conduct—may perceive their freedom to be threatened and be motivated to restore that freedom through deviant behaviour (Brehm, 1966, 1972). In a series of three experiments, we test whether consumers (1) attend to servicescape signage, (2) experience increased reactance as a result, and (3) experience less reactance with a more persuasively worded signed.

This research makes three key contributions. First, we extend the domain of deviant consumer behaviour by examining whether an underlying motivation explains why previously compliant consumers may behave defiantly in certain contexts. Second, we extend Reactance Theory by investigating the impact of instructions issued by an organisational entity rather than a specific service provider. Finally, we provide an evidence base for service managers who aim to address deviant consumer behaviour using signage.
References


Applying Mental Account and Justice Theory to Service Recovery: A System Dynamic Perspective

Wei-lun Chang (Tamkang University), Jia-ying Chen (Tamkang University)

Service failure is critical issue that researchers have been investigated in service research area. The method and process of recovery are extremely important when service failed. This research uses the theory of justice to investigate compensation in terms of three constructs (distributive justice, procedural justice, and interactional justice) (Smith et al., 1999). In addition, we also utilize the concept of mental account in terms of the balance of loss (service failure) and gain (service recovery) (Kahneman & Tversky, 1979). This study discusses how to recover service based on customer perceived loss and emotional reaction and how to satisfy customers by two types of compensation (cash-based and credit-based). Existing research revealed different type of failure (outcome failure and process failure) may influence various type of compensation (Webster & Sundaram, 1998). Customer may expect appropriate recovery in accordance with the service failure (Gronroos, 1988 & Parasuraman et al., 1999). For example, rude and bad attitude occurs from service provider is considered as process failure and process recovery is the expected recovery (e.g., apology) (Miller, Craighcad, & Karwan, 2000; Tax et al., 1998). That is, providing matching recovery strategy is the most beneficial way to firms (Smith, Bolton, & Wanger, 1999; Brinberg & Castel, 1982).

This research applies system dynamics (Sterman, 2002) to investigate the proposed questions. System dynamics is a process-oriented research method which discusses how causal feedback and time delay influence behavior in complex environment. The causal relationships among large amount of variables can be used for prediction by constructed loops. Systematic viewpoint focuses on holistic environment and dependency of problems and events. This research expects to investigate the holistic outcome of the effect of service process recovery on satisfaction. We also apply theory of justice and mental account as the major theories in the model. The results show the increase of service recovery satisfaction is beneficial to customer trust. The raise of customer trust will positively influence customer commitment. When customers are willing to experience again, purchase frequency can positively affect profit. That is, firms may invest on employee training and increase service quality sustainably.

Compared to previous literature, this research combines theory of justice and mental
account to discuss the difference between service failure and perception. Systems dynamics can understand the holistic environment for service failure and compensation. In addition, important variables can be identified in the model, which is beneficial to firms to improve service quality and increase profit.
The growing popularity of online peer-to-peer video tutorials on YouTube has spurred brands to partner with influential market mavens on YouTube (i.e. vloggers) to tactically promote their products. This research studies viewers’ purchase behavior of products which are presented in non-professional video tutorials as a result of two driving persuasive forces: perceived learning (informational value) and source credibility (entertainment value). However, in contrast with early research, we consider that both forces are not mutually exclusive but jointly affect viewers’ behavior. We suggest that viewers who mainly focus on substantive arguments (informational value) present a more interesting purchase behavior as the vividness of the online medium encourages a state of flow, which pushes consumers to focus on substantial information rather than non-substantial information. Considering mainly non-substantive information (entertainment value) should consequently lead to lower purchase intention. To validate our hypotheses, 4560 members of a beauty learning community participated voluntarily in an online survey. Results confirm our hypotheses showing that argument processing primarily influences purchase behavior because of a greater experienced flow. Moreover, we identified four segments of viewers who are influenced by processing both, substantive and non-substantive information at different levels. Findings show that the groups which mainly perceive informational value experience greater flow, and consequently learn more and present greater purchase behavior and willingness to pay for further video tutorials. By respectively studying perceived learning and source credibility as driving forces for informational and entertainment value, we provide an answer to whether managers should privilege sponsoring tutorials presented by popular vloggers or tutorials favoring quality arguments. This is even more important in a context in which problem-solving or learning communities create and share knowledge with other consumers outside of the control of marketing managers. Our results suggest that the choice of online tutorials to promote branded products should be driven towards tutorials delivering a high amount of knowledge and skills, rather than looking for the spokesperson’s popularity.
“Immigration, new resources and new opportunities”
a case study of Resource attraction, integration and transformation to
create sustainable service ecosystems

Kotaiba Aal (CTF, Service Research Center, Karlstad University), Wafa Hammeci (Namur University), Linda Nasr (Manchester University), Bård Tronvoll (Hedmark University College and CTF - Service Research Center)

Massive waves of refugees and immigrants fled their countries to Europe for different reasons. For example, seeking security or better economical situation. Thus, seeking better well-being for themselves and their families. Many of those refugees and immigrants have different resources for example, languages, cultural heritage, food and work force. Many of them are highly educated, some are highly skilled doctors and engineers and others have long technical and professional experience in different sectors. Integrating these resources that came from different ecosystems and shaped by different institutional logics into the existing ecosystems is the most difficult challenge that faces politicians and decision makers in Europe in general and in Sweden in particular. Our framework is based on literature from both Service dominant logic, service ecosystem, transformative of service research and institutional logics. We have carried out a case study on seven Swedish companies that have hired co-workers from foreign background, mainly new immigrants and refugees, and four were successfully integrated those co-workers’ knowledge and skills into their own ecosystems and three companies have failed. We carried out semi-structured interviews, we have strategically selected nine top managers and 30 co-workers to answer our main research question, 1) how service ecosystems integrate resources across different service ecosystems and were shaped by different institutional logics, and 2) how these resources are transformed to new resources that are integrated and create value to the new service ecosystem. We coded the interviews and analyzed it to identify patterns that relate to service dominant logic from a resource integration perspective. We used secondary data of 4 international well-known firms that have traditionally and successfully integrated new different co-workers to their own firm and have successfully achieved high integration level in terms of time it takes the co-worker to master his/her work. The results show that the resource integration process goes through different phases. The study also shows that in order for service ecosystem to successfully integrate resources, a temporarily adaption to the new resources is needed. Finally, the findings suggest that not resource integration within service systems but also alignment of
different service systems will effect well-being outcomes. We argue that service systems that provide platforms and networks facilitated resource integration efforts quicker and more successfully thus contribute to a sustainable service ecosystem. Finally, service ecosystems that provide services that attract resource integrators and are easy to be understood by the integrators showed the best resource integration performance. We provide four propositions that contributes equally to both service dominant logic and transformative of service research. The study ends up with managerial and policy implication.
A new Synergy that Improves Service Quality: The influence of Relational Factors and Service Provider Perception of Customer Expectation on Service Quality

Afra Koulaei (Buskerud and Vestfold University College), Bente Flygansvaer (BI Norwegian Business School)

Abstract

Through a qualitative research, the authors find that service provider perception of customer expectations, cooperation between service providers, and the interactions between service provider and the focal firm contribute to improved service quality. We draw on the literature on service marketing and related disciplines and supplement it with findings from interviews with six service provider firms in logistics (maritime) industry. Given the relatively sparse literature on the subject, we used a grounded theory approach (Corbin & Strauss, 2008). Semi structured interviews is conducted to tap into insights of managers with experience as service providers. The conceptual model which is emerged from the literature and interviews is shown in figure 1.

Offering high service quality is undeniably of paramount importance to service providers (Bebko, 2000). Faced with intense competition, firms in diverse industries are attempting to differentiate themselves by offering services that meet their customer expectations (Tuli, Kohli, & Bharadwaj, 2007). Delivering consistently good service quality is difficult but profitable for service organizations. Service quality is not simply a variable. It is a function of a range of resources and activities (Grönroos, 1984). Thus, service firms need to understand the determinants of service quality and how it might be facilitated.

In service marketing literature the predominant view is that service quality is a function of customer expectations and perceptions of quality and service provider’s functional and technical quality (Grönroos, 1984; Parasuraman, Zeithaml, & Berry, 1985; Zeithaml, 1988). In the literature, there has been considerable progress in measuring the service quality in terms of perceived quality by customers. Although it is apparent that the quality received by customers must be perceived to be reliable and responsive (Brady & Cronin Jr, 2001), notably, there is little evidence to suggest how the service providers perceptions of customer expectations and their relationships with the other firms may contribute to improved service quality. According to Garvin (1984), perceived quality is only one of many dimensions of quality. In service industries
(e.g. logistics and shipping in the current study), where the performance of a service provider is highly dependent on its relationships with the other service firms, it is crucial to study and examine, for example, how the cooperation between a service provider and the other service firms contributes to the quality of services that a service provider offers. Thus, the focus of the current study is not on customer expectations or its perceptions of service quality, rather, we focus on service provider perceptions of quality and customer expectations and its relationships with the other firms.

![Figure 10: The Conceptual Model](image)

This study makes two key contributions: First, the study reveals that, although service providers try to consistently reflect their customers’ expectations during the service delivery, yet, their own perceptions of customer’s needs have a greater impact on the quality of services they offer. Second, the study addresses scholars’ calls to identify and examine the relational factors (e.g. the cooperation between the service provider and the other firms) that influence the quality of the service. This study identifies the contribution of a service provider variable to improved service quality that has not been studied to date: the cooperation between service providers. Importantly, the service provider variables we identify are under managers’ control and therefore, of direct importance to service firms.
References


The Relationships among Employee Citizenship and Deviant Behaviors as well as Customer Citizenship and Deviant Behaviors

Hsin-Hui "Sunny" Hu (Ming Chuan University), Hsin-Yi Hu (Cheng-Chi University)

Abstract

In service industry, it is impossible to divorce the supply or production of the service from its consumption. The relationships between employee and customer have been shifted from co-creation of value to co-destruction. As a manager in such industry, it is important to encourage the citizenship behaviors of employee and customer and to reduce the opportunities for their deviant behaviors. Thus, the aim of the study is to advance understanding of the relationships among employee citizenship behavior, employee deviant behavior, customer citizenship behavior, and customer deviant behavior. It further examines the mediating role of relationship quality among the employee citizenship behavior, employee deviant behavior, customer citizenship behavior, and customer deviant behavior. In order to test the research framework, research questionnaire are applied to collect the data. The study employs data from both sides of the dyad: restaurant employees and their customers. The logic for choosing restaurant as the research context is that restaurant frontline employees have frequent face-to-face interactions with customers. Total 233 matched samples were returned including both the customer and the restaurant frontline employee. Structural equation analysis is performed with LISREL 8 to analyze the data. Employee citizenship behavior has no direct impact on customer citizenship behavior and deviant behavior but has an indirect effect via relationship quality. Moreover, employee deviant behavior is negatively related to customer citizenship behavior but positively related to customer deviant behavior. Employee deviant behavior conceivably leads to a lower incidence of customer citizenship behavior and increase customer deviant behavior. Relationship quality also mediates the relationship among employee deviant behavior, customer citizenship behavior, and customer deviant behavior. This study serves as a starting point to improve our understanding in the relationships among citizenship behaviors and deviant behaviors of employee and customer. The results of this study would provide adequate guideline and implications for the management practices in service industry.

Keywords: Employee Citizenship Behavior, Employee Deviant Behaviors, Customer Citizenship Behavior, Customer Deviant Behavior, Relationship Quality
While many international organizations maintain a main global brand presence on social media, some brands also choose to manage separate pages for different geographic markets. This helps brands tailor content and interaction with customers to local languages, as well as accommodating differences between culture, tastes and expectations of the brand. Analyzing the networks created when these pages link to one another (e.g. when one Facebook brand page likes another) offers interesting insights into brand management and content strategy on social media. This research is relevant to all organizations using social media (B2C, B2B, for-profit, not-for-profit).
Social media has given the organizations the great opportunity to offer their consumers a platform where they can share their experiences, opinions, feelings, concerns; a platform where they can laud their praise and voice their desires. Customers’ community has become more robust and active comparing to the past expressing their desires and needs in various social media so the organizations to listen to them and interact with them for co-creating value. For this reason, organizations start implementing solutions for listening social media to obtain an aggregate picture of each of their customers/consumers, but also for their entire community for example for campaign evaluation, for discovering trends, opportunities, influencers etc. This is usually done using social media analytics tools that offer statistics, graphs, dashboards etc. that analysts and marketers can use for having a centralized picture of their users and refine their customer relationship. With this study we propose a social media analysis method based on data collected on Facebook and we give insights on the KPIs that affect the relationship between organization and its customers. The data is analyzed using text mining, a linguistic approach. Our results suggest that future research should examine the fluid environment of co-production on social media as a big ecosystem for value creation that does not include only the customers as actors in the external corporate environment but includes also the practices of social media analytics’ users e.g. marketers, communicators and decision makers that reinforce the response to customer’s community and feed the customer relationship in an ongoing loop.
Identifying Practical Measures in Corporate Sustainability (CS) in Companies – a Cross-industry and Cross-national Study

Tobias Müller (University of Twente)

Phenomenon & Theoretical Foundations

In 1997, already, Menon and Menon considered that sustainability in a company background has become “mainstream marketing consciousness over the past ten years”. Dyllick and Hockerts (2002) describe sustainability even to be a mantra for the 21st century and assess the task of economic growth and social equity a central concern for most of the past 150 years. As a result, more and more companies integrate corporate sustainability (CS) into their business and marketing/communication strategy.

Although scientists have been researching the topic marketing and sustainability for some decades, leading marketing scholars considered a clear lack of empirical studies and comparative approaches on an industrial and country level regarding the interplay of marketing and corporate sustainability (Salzmann et al., 2005; Baker and Sinkula, 2005; Banerjee et al., 2003; Sharma and Vredenburg, 1998; Henriques and Sadorsky, 1996). Moreover, little empirical work has been done about the impact and relation of environmental marketing strategy to company performance and competitive advantage (Banerjee et al., 2003; Sharma and Vredenburg, 1998; Baker and Sinkula, 2005). Salzmann et al. clarify, that few studies have taken an explicit cross-industry approach such as Henriques and Sadorsky (1996) and Banerjee et al. (2003) have done. None have accounted for both industry and country effects.

Methodology

This work tries to reduce the gap and the “clear lack of empirical studies” (see above) by adding empirical scientific contents with regard to a both cross-national and cross-industrial approach. The study compares the extent and content of businesses' self-presentations about corporate sustainability via the corporate websites. In doing so, the work takes the websites of more than 2,400 companies located in 30 European countries and in three North-American countries (USA, Canada, Mexico) into account. As a result, this study follows a taxonomic
approach to provide a clustered catalogue containing explicit practical measures in corporate sustainability.

**Findings**

1. About 800 of 2,400 companies (1/3) use their corporate websites to communicate stakeholder-oriented marketing-related measures and engagements in corporate sustainability. The result of this investigation is a clustered catalogue with concrete measurable and adaptable actions in corporate sustainability.

2. Cross-industry projection: This study determines that companies operating in the service sector are more likely to communicate practical CS measures on their websites than companies operating in other industries.

3. Cross-nation projection: This work identifies a trend that companies located in economically high developed countries tend to be more active in developing and communicating actions in the fields of corporate sustainability than firms located in fewer economically developed countries.

**Discussion & Conclusion**

This empirical study reduces the lack of empirical studies regarding CS. Furthermore, it converges the related field both on an industry and country level. The result is a structured catalogue with several 100 concrete measures in CS may affect other corporations and can be used as a valid base for further research on e.g. the efficacy of service marketing and communication strategies (Cronin, 2010) and the impact on stakeholders (Baker & Sinkula, 2005).
References


Dealing with Difficult Customers: A Tension between Service Orientation Ideals and Daily Front Line Work

Markus Fellesson (CTF, Service Research Center, Karlstad University), Nicklas Salomonson (University of Borås)

Positive customer relations are an often assumed pre-condition for value (co-) creation in service research. To establish such relations, being customer led and responsive to customer needs are brought forward as imperatives for front line service staff and their organisations. However, we know all too well from service practice that in their interactions, customers can also place demands on the service organisation that are not acceptable nor value creating. In such situations, ambitions of service orientation might conflict both with organisational efficiency and employee well-being, causing tension and stress in the service work place. In this study we investigate how such encounters are handled by front line service staff in retail settings.

Exposure to stressful situations like these in the workplace is known from the literature to be perceived differently by different employees, and also to elicit different responses from employees in terms of handling tactics and coping strategies. Both active and passive approaches have been observed in previous research, with different results for individuals’ well-being as well as for the service quality delivered. A number of factors have been hypothesised to be related to how different situations are experienced and handled, such as the type of customer (mis)behaviour in question, emotional reactions in the situation, job satisfaction and perceived work place control. In the present study, we investigate these relationships with a particular focus on how they are also linked to the notion of service orientation, a factor that has previously not been considered in this theoretical context.

Through a web survey, 2 900 retail front line employees were presented with scenarios describing different “difficult” service situations. Questions were asked about how the respondents would react in a similar situation, and what they would likely do to deal with it. General questions about service orientation, job satisfaction and work place conditions were also asked.
The statistical analysis of the results from the survey reveal a complex interplay between background factors, situational conditions and response related variables, with service orientation playing an often significant albeit not always dominating role. The study hereby provides important insights into the tensions and paradoxes facing front line service employees in their daily service work, insights which contribute to nuance the prevailing focus on win-win situations in service research. Concrete suggestions how the behavioral norms associated with service orientation can be complemented to better encompass “negative” situations where the task at hand is more related to minimize value destruction than to co-create value per se are also provided.
Effects of Interpersonal Conflict and Psychological Capital on the Relationship between Role Conflict and Job Satisfaction of First-line Employees
——an Empirical Evidence from Catering Chain in China

Yanan Yao (Tianjin Normal University)
Fuxiang Wei (Tianjin Normal University)

Services play a more and more important role in the national economic development in China. In terms of Service Profit Chain Model, due to the complexity of the task, intensive work environment of high-contact service process, first-line employees are easily endured to role conflict, the job satisfaction of employee is prone to low, then customer perceived service quality will be lower. Catering industry is a typical high-contact service industry, first-line employees’ attitudes, behaviors are integrated into the service process.

Research questions: Existing Researches have shown that role conflict has negative impact on job satisfaction, however, this study explores how role conflict exerts influence on job satisfaction by introducing interpersonal conflict which is a key factor in service scenario, and try to reduce the negative effect through psychological capital.

Theoretical foundations: This study assumes that: H1: Role conflict has negative effects on job satisfaction (inner satisfaction, external satisfaction). H2: Role conflict has negative effects on job satisfaction (inner satisfaction, external satisfaction) through Interpersonal conflict(relationship conflict, task conflict); Interpersonal conflict(relationship conflict, task conflict) plays as the mediating role on the relationships between role conflict and job satisfaction (inner satisfaction, external satisfaction); H3: Psychological capital(self-efficacy, resiliency, optimism,hope) has negative moderating effects on the relations between role conflict and job satisfaction (inner satisfaction, external satisfaction). H4: Compared with males, role conflict has weaker effect on job satisfaction (inner satisfaction, external satisfaction) for females.

Methodology: The research employs RHL(Rizzo, House, and Lirtzman, 1970; Singh et al., 1996), ICS (Interpersonal Conflict Scale, Jehn, 1994), PCQ (Psy Cap Questionnaire; Luthans et al., 2006, 2007, 2008), and MSQ (Minnesota Satisfaction
Questionnaire; Weiss, et.al.,1967) to measure Role Conflict, Interpersonal Conflict, Psychological Capital and Job Satisfaction. After the CITC, Cronbach and EFA tests in the pre-test including 75 samples in catering from China, we got the final questionnaire including 4 scales and 39 items. In the formal investigation, a total of 117 effective samples were gotten. After the CFA analysis, we employ Bootstrap method in SEM to test hypotheses.

**Findings:** Empirical results show that: (1) Role conflict significantly reduce the inner satisfaction of employees, but be no effects on external satisfaction. (2) Role conflict has a negative effect on job satisfaction through interpersonal conflict (relationship conflict), but interpersonal conflict(task conflict) has no mediating effects on the relationship between role conflict and job satisfaction. (3) Psychological capital(self-efficacy, resilience, optimism) have moderating effects on the relationship between role conflict and job satisfaction, however, psychological capital(hope) has no effects on the relationship between role conflict and job satisfaction. (4) Compared with male employees,female employees are better at dealing with role conflict, the negative effect of role conflict on job satisfaction is weaker.

**Discussion and conclusion:** For the catering industry, enterprises have to try their best to alleviate the level of role conflict; reduce the interpersonal conflict, especially for the relationship conflict; take measures to improve self-efficacy, resiliency, optimism of psychological capital of first-line employees, however, improving the hope of psychological capital is in vain.
Negative Online Review (NOR) Stress: A Research Agenda & Findings

Karin Weber (Hong Kong Polytechnic University), Graham Bradley (Griffith University), Beverly Sparks (Griffith University)

People frequently utilize customer online reviews of services, service providers and products, to determine what to buy, which hotel to choose, where to eat and even what destination to go to for a holiday. Sites such as TripAdvisor, Bookings.Com, Yelp, Urban Spoon, Open Rice and others allow customers to post their opinions about their own experiences. These opinions are highly influential (e.g., Sparks & Browning, 2011; 2013; Zhang, Ye, Law & Li, 2010), and have the potential to cause feelings of anger, annoyance, and face loss, which may potentially contribute to a significant amount of stress to employees providing the service being reviewed. Yet, no research to date has explored the impact of online customer reviews on service employees.

Our research seeks to redress this research gap. Drawing on the stress, coping, and service literature, we report on a research program that advances a framework within which negative online reviews and their impact on individuals and businesses can be understood. The proposed presentation will also report on the findings of a mixed method research design involving 20 in-depth interviews with key restaurant personnel and a survey of 421 restaurant personnel.

The restaurant industry was chosen as our research setting for several reasons. First, customer often complain about the products and services provided by restaurants (e.g., Tax et al., 1998). Second, as indicated by the number of dedicated sites, restaurants are particularly targeted for online reviews. Third, restaurant workers are frequently identifiable (e.g., through name badges), and thus the stress experienced may be especially acute because of its personalized nature. Fourth, most restaurants are relatively small businesses (National Restaurant Association, 2014), and may be inadequately resourced to manage problems caused by negative online reviews.
Based on our research findings, it is evident that negative online reviews are considered a threat to the restaurant industry and a considerable source of stress. Anger, embarrassment and guilt were frequently expressed emotions in response to NOR. While constructive coping strategies were most common, less adaptive coping mechanism were also reported. Results will be further discussed; study implications and future directions for this increasingly important yet largely unexplored area will be offered.
References


A Re-Investigation of Gender Differences in Loyalty to Service Providers

Xin Chen (Concordia University, John Molson School of Business), Mrugank Thakor (Concordia University, John Molson School of Business)

Customer loyalty has been recognized as one of the key variables enabling firms to maintain profitable customer relationships. However, gender differences in consumer loyalty had not received much attention until recently.

Some recent work on this important topic has used the theoretical lens of self-construal. Cross and Madson (1997) hold that in Western cultures men see themselves as independent while women see themselves as interdependent. However, Baumeister and Sommer (1997) propose that Western men and women are both interdependent, with men high on collective interdependence – i.e., focused on relationships with large groups of people – and women high on relational interdependence, concerned about relationships with a few individuals. Melnyk et al. (2009) conduct a series of studies using a variety of services and find that, as predicted, women are relatively more loyal to individual service providers than to companies while men exhibit the reverse pattern.

However, while these results are interesting, some issues remain unresolved by Melnyk et al. (2009). For one thing, results for the same service (e.g., medical) vary inexplicably across their studies; so while one study shows that women are much more likely than men to be loyal to the individual provider (vis-à-vis the company), another study shows a different pattern. It may also be that their results are overstated by a method artifact since in their studies subjects are never asked about loyalty to both the individual service provider and the company, only to one or the other; this neglects to consider that consumers may be loyal to both. Additionally, it is possible that the results obtained by Melnyk et al. are due to males being more focused on functional benefits for some services (e.g., bike repair, sports coaching, legal), while females are focused on both functional and relational benefits. It is also possible that for services such as hairdressing and medical, female needs differ significantly from male needs, making rapport with an individual more important.

In our research, we seek to replicate and extend the work of Melnyk et al. (2009) using 2 studies. In Study 1, we collected data using 180 respondents from an online panel. In this
study, we attempt to replicate the results obtained by Melynk et al. using service stimuli used by them as well as others, and include measures of collective and relational interdependence as well as additional covariates such as involvement and the nature of the service relationship (true relationship or a pseudo-relationship). Initial analysis of data from this study reveals mixed results, not fully consistent with those of Melnyk et al. (2009), although covariates such as involvement are significant. In Study 2, we again use some of Melnyk’s services as well as others. We include measures of interdependence but also covariates such as the relational and functional benefits sought from the service, and satisfaction with the service, along with involvement. Importantly, we allow respondents in our second study to indicate loyalty both to the individual service provider and to the company. Data collection for this study is presently ongoing and is being conducted offline.
The Meaning of Situational Factors for Customer Participation in Service Recovery – A Qualitative Analysis

Nicola Bilstein (Catholic University of Eichstaett-Ingolstadt)

Customers need to participate in every service process by providing information or contributing efforts to allow service delivery. However, customer participation may not halt at the end of a traditional service delivery. If the delivery fails, customers must become re-activated and participate in the service recovery, by contributing further information that goes beyond reporting the failure or by performing new tasks. While many studies in recent years examine different forms of customer participation in service delivery processes, only few studies consider customer participation in recovery and its consequences. This is surprising as service recovery after a failure is important to reinstate customer satisfaction and retain potentially dissatisfied customers. Thus, it is crucial to understand factors like customer participation that influence customers’ post-recovery evaluations.

This research addresses this gap by providing the first qualitative analysis on this issue to generate a deeper understanding on customer participation in recovery, its consequences, and situational factors that need to be considered. In contrast to the main related literature, which found a positive link between higher degrees of participation behaviors and customers’ post-recovery evaluations, this research posits that a negative relationship is also likely and depends on situational factors.

To better understand situations in which higher degrees of participation in recovery are perceived as positive or negative by customers, we chose a qualitative approach and conducted 20 problem-centered interviews with customers from 23 to 68 years (M = 41.15 years). The interviews lasted between 22 and 61 minutes. All interviews were transcribed and coded.

According to our results, situational factors seem to be instrumental in determining whether customer participation leads to more or less favorable post-recovery evaluations. Hereby, we identify the source of the failure as a central situational factor. Respondents indicate that in case of a provider failure their willingness to participate in the recovery is low. Consequently, recovery processes that request higher degrees of participation lead to a decrease in customer satisfaction and WOM intentions. If, on the contrary, the failure is caused by the customer or an external source (e.g., force majeure), customers exhibit a higher
willingness to take part in the recovery process. Hereby, their post-recovery evaluations either do not decline or may even increase in case of a customer failure, because customers seem to welcome a higher participation as a means to rectify their failure. Another important situational factor is proactivity. If a service provider initiates a recovery process, this proactivity increases customers’ WOM intentions and may even elicit delight. Therefore, proactivity appears to have the potential to lessen negative consequences of participation in recovery.

Our research has several implications: We reveal that customer participation in recovery may not only exert a positive but also a negative effect on post-recovery evaluations. Therefore, future research on customer participation in recovery should follow a more fine-grained view and account for situational factors (e.g., failure source, proactivity). Hence, we advise managers to consider the failure source when designing recovery and customer participation processes. If possible, managers should strive for proactive recovery processes.
Preventive Health Care Behavior in the Digital Age: The Effectiveness of Mobile Apps and Implications for Health Service Providers

Christoph Schmitz (Ludwig-Maximilians-Universität Munich)

„80 percent of what doctors do can be replaced“ is a famous quote of Sun Microsystems’ founding chief executive Vinod Khosla emphasizing that innovative technologies and services will enable individuals to be the „CEO of their own health“ (khosla ventures, 2014). This opinion is generally in line with trends such as the growing Quantified Self Movement or the rise of self-tracking technologies such as smart watches or other fitness and health trackers. In fact, 17% of the German population already owns a wearable device and the number of mHealth apps has more than doubled in only 2.5 years to reach more than 100,000 apps in 2014 (PwC, 2015; research2guidance, 2014). Service companies in health care have also reacted to these developments. More and more health insurance companies have started to subsidize wearables arguing that these technologies might benefit preventive health care behavior of their customers (Berres & Weber, 2015). This raises questions regarding the effectiveness of wearable technologies and the way they might affect such behaviors. Therefore, by drawing on social cognitive theory and the health belief model, the present research is investigating preventive health care behavior (Bandura, 1977; Rosenstock, 1966, 1988). Thereby, a new model is presented that builds on advancements of the health belief model in the marketing literature (Moorman & Matulich, 1993; Jayanti & Burns, 1998). Additionally, the recent literature stream on mobile health services is incorporated into the model as well as other considerable research in health service marketing (Azar et al., 2013; Conroy et al., 2014; Cowan et al., 2012; Dagger & Sweeney, 2006; Dagger et al. 2007; Middelweerd et al., 2014). More precisely, relevant behavior change techniques of wearable technologies are identified and linked to health locus of control, health motivation and self-efficacy, all conceptualized as predictors of preventive health care behavior. For self-efficacy, performance accomplishments and vicarious experience are identified as sources of the construct that directly can be addressed by behavior change techniques (Bandura, 1977). In addition, the quality of life construct is included into the model as being influenced by preventive health care behavior. The model will be tested by conducting a large scale quantitative study. Data from wearable technology users will be collected in January 2016. Hence, the research aims at making four major contributions. Firstly, it investigates the
effectiveness of wearable technologies in terms of preventive health care behavior, offering rich implications for service providers in health care. Secondly, by introducing a new model, it gives insights on how preventive health care behavior can be affected by technology usage. Thirdly, the present research extends the health belief model by including opportunities that new technologies are offering. In this context, sources of self-efficacy are directly linked to behavior change techniques of wearable technologies. Lastly, the role of quality of life is investigated as an outcome of preventive health care behavior. Thus, the relevance of explaining such behavior is again emphasized.


