

Re-Thinking Service from a Network Perspective

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My research is about building valuable customer relationships

Service recovery is central to maintaining customer trust and sustaining long-term relationships.

I have studies both firm and customer failures

This research is part of the shift to a network perspective of service

Traditional View of Service

“Service is all about making and keeping promises with customers.”

Mary Jo Bitner (2005)

Service Encounter

The service encounter has been defined as “the dyadic interaction between the customer and the service provider firm.”

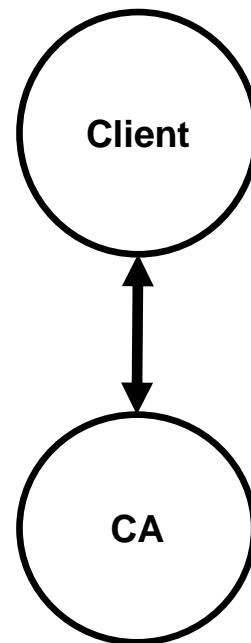


Figure 1. The Dyadic Service Encounter

Challenging the Dyadic View

We are seeing the dyadic encounter/experience being replaced by more customer-centric terms:

- the *customer journey*
- the *customer job*

U-Haul and the Customer Job

- Core service is renting trucks.

They added:

- Prepackaged moving kits that reduce the time customers take to gather the different boxes and moving supplies.
- Online partnership with eMove, assists customers to quickly locate a variety of other services—packers, babysitters, cleaners, and painters—that recognizes the interconnected set of services that customers require to accomplish their goals.

Service Delivery Network

The service delivery network (SDN) is defined as two or more organizations that, **in the eyes of the customer**, are responsible for the provision of a connected overall service experience.

Gustavson student

Gustavson courses

Staff support

Bus service

Exchange partner classes and services

Coop job companies

....Many others

Key features

The customer is at the centre of the network

Helps identify opportunities and threats

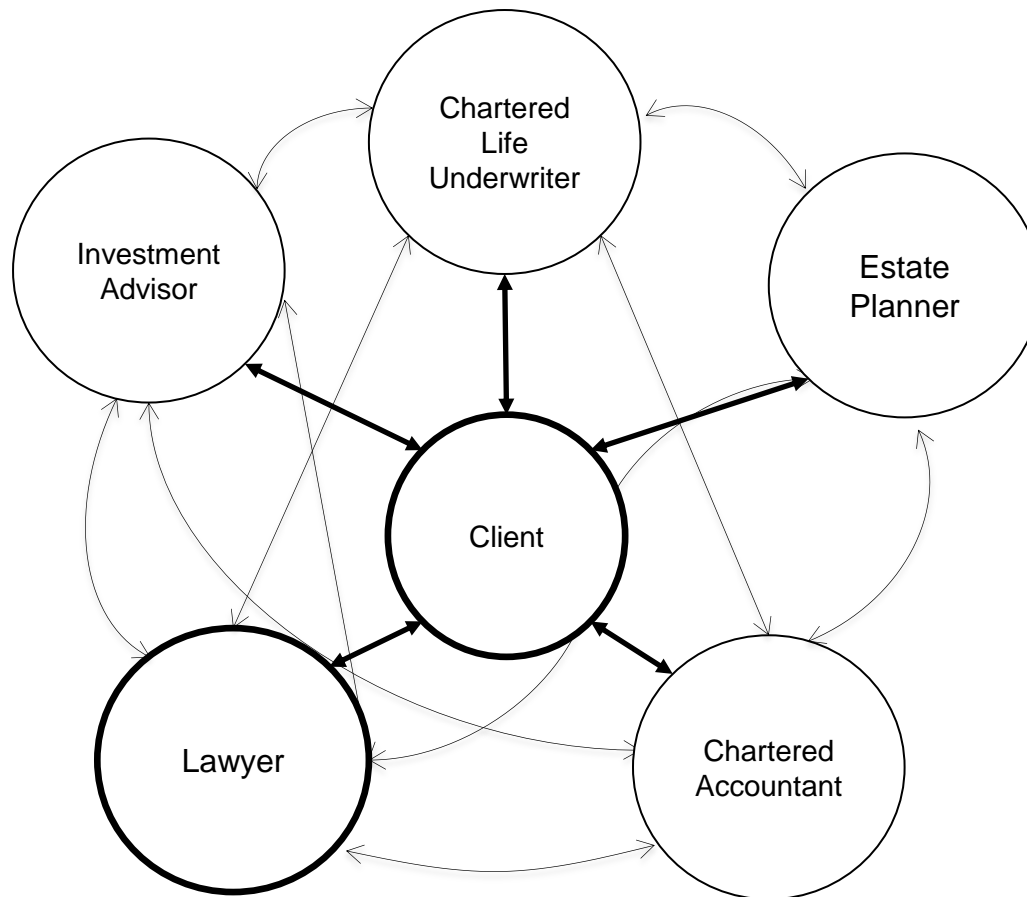


Figure 2. The Service Delivery Network (wealth management)

Accounting Firm of the Future

“To be effective wealth managers, accountants must become highly proficient at relationship management, first building relationships with their clients in order to fully understand their unique needs and challenges, and then coordinating the efforts of their expert teams (lawyers, investment managers, estate planners) in order to meet those needs and challenges.”

Strauss (2010)

Emerging View of Service

*Service is about making promises and
relying on others to help deliver on them.*

Key Issues in the SDN

Cooperation

Coordination

Competition

Consider the Scenario

- You book a flight and hotel through your travel consultant. The hotel rate is \$100/night for 3 nights.
- You pay your travel consultant a fee for services.
- When you get to the hotel you are informed that the rate is \$120/night and they show the documentation sent to your travel consultant.

Manipulations and Control

Manipulate

- Hotel response (\$100 or \$120)
- Relationship with hotel and travel consultant (strong or weak)

Control

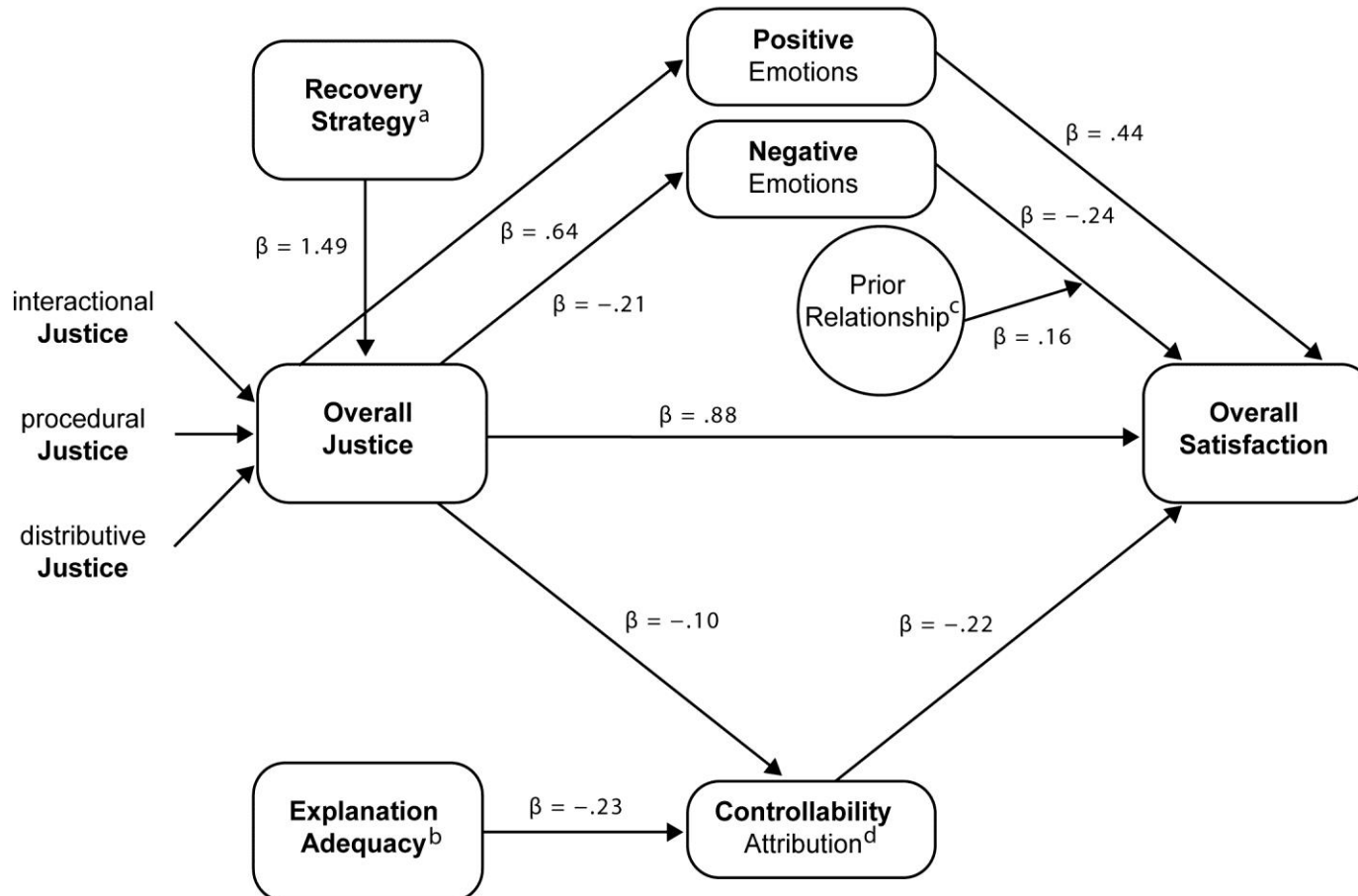
- The manager is polite and in \$120 rate conditions provides documentation to help you deal with the travel consultant.
- The customer agrees it was the Travel Consultant's error

Hotel Issues

- Will overall satisfaction with the hotel be impacted by the rate they charge?
- Will customers perceive the \$100 versus \$120 to be a more fair result?
- How will perceptions that they could have prevented the problem/share responsibility impact satisfaction?
- How will potential positive (\$100 rate) and negative (\$120 rate) emotions impact satisfaction?
- How will prior experience with the hotel influence overall satisfaction?



Figure 3. Service Recovery Model for Recovery Node



a. The recovery strategy is the strategy adopted by the Recovery Node.

This variable was coded as follows: Explain-compensate (EC) = 1, Explain-sustain (ES) = 0.

b. Explanation adequacy captures the perceived adequacy of the explanation offered by the Recovery Node at the time of service recovery

c. This refers to the strength of relationship with Recovery Node

d. This refers to attributions towards the Recovery Node

Hotel Results Summary

People find the lower price to be more fair

Perceptions of fairness impact overall satisfaction, positive and negative emotions and controllability attributions

Emotions impact overall satisfaction

Explanation adequacy impacts controllability which then impacts overall satisfaction.

Relationship strength moderates the emotional impact



Satisfaction with Hotel's recovery

	\$100 rate	\$120 rate
Delighted	56%	
Satisfied	44%	27%
Neutral		11%
Dissatisfied		61%

Comments- \$100 rate

“The hotel manager showed excellent judgment. It was not their fault so it was very generous.”

“They showed how the discrepancy occurred but still took responsibility.”

“They did what they needed to do to ensure my future business.”

Comments- \$120 rate

“They didn’t seem to care. They should have taken care of me as a good customer.”

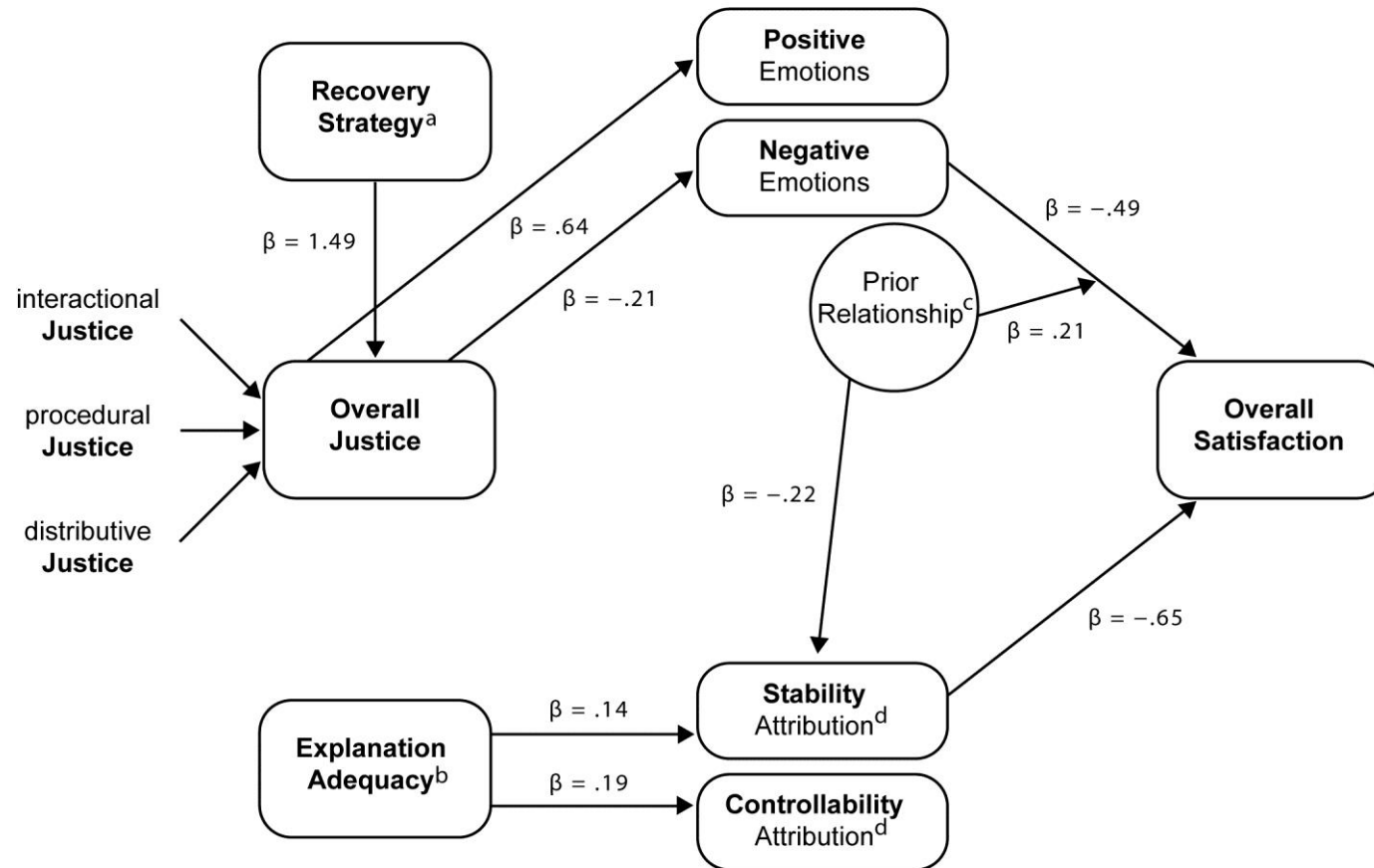
“Even though it was my travel consultant who erred in the first place they should have been more helpful and worked it out with the travel consultant for me.”

“It wasn’t their fault and they were helpful.”

Travel Consultant Issues

- Will overall satisfaction with the travel consultant be impacted by the rate the hotel charges?
- How will perceptions that the problem is stable (likely to occur again) impact satisfaction?
- How will potential positive (\$100 rate) and negative (\$120 rate) emotions impact satisfaction?
- How will prior experience with the travel consultant influence overall satisfaction?

Figure 2. Service Recovery Model for Primary Node



a. The recovery strategy is the strategy adopted by the Recovery Node.

This variable was coded as follows: Explain-compensate (EC) = 1, Explain-sustain (ES) = 0.

b. Explanation adequacy captures the perceived adequacy of the explanation offered by the Recovery Node at the time of service recovery

c. This refers to the strength of relationship with Primary Node

d. This refers to attributions towards the Primary Node

Travel Consultant Results

Justice perceptions influence emotions

Negative emotions impact overall satisfaction, no impact of positive emotions

Stability attributions impact overall satisfaction

Relationship strength moderates the negative emotion influence

Key Takeaways



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The world looks different from here.

Customers expect and benefit from both coordination and competition in the network.

If you are not part of the solution, you don't get credit for a situation that is effectively resolved. You need to own your customer relationships.

Resolve issues quickly.

Customer/client emotions play a particularly important role in customer memory of experiences.

Building equity in your customer/client relations can help buffer the impact of a single bad episode.

