

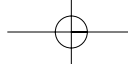
# SERVSIG Research Conference 2005

## Abstracts & Program

**2 - 4 June 2005**  
**Grand Copthorne Waterfront Hotel &  
NUS Business School, National University of Singapore  
Singapore**

### *Organizers*





ISBN: 981-05-3136-2

This book contains the abstracts of the papers to be presented at the SERVSIG Research Conference 2005 (SERVSIG 2005). They reflect the authors' opinions and are published as presented without change, in the interests of timely dissemination. Their inclusion in this publication does not necessarily constitute endorsement by the organizers.

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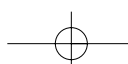
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#### **SERVSIG 2005 Conference Manager**

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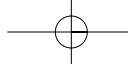
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## ACKNOWLEDGEMENTS



## CONFERENCE COMMITTEE

- Conference Chair                    Jochen **Wirtz**  
*National University of Singapore*  
*Singapore*
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*Selangor Darul Ehsan, Malaysia*



## GENERAL INFORMATION

### Conference Venues

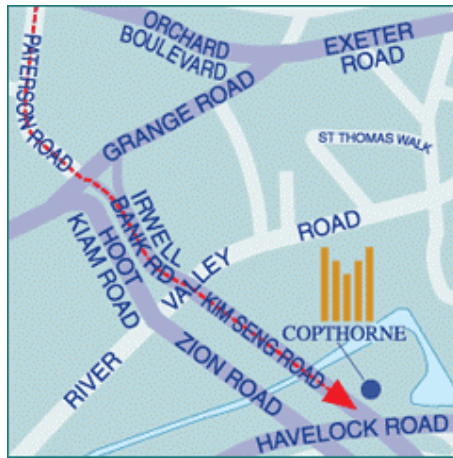
#### Grand Copthorne Waterfront Hotel

392 Havelock Road  
Singapore 169663

Tel: 65 6733 0880

Fax: 65 6737 8880

#### Location Map of Grand Copthorne Waterfront Hotel



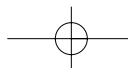
#### National University of Singapore Business School

NUS Business School  
National University of Singapore  
1 Business Link  
Singapore 117592

Tel: 65 6874 4799

Fax: 65 6872 1438

#### Location Map of National University of Singapore Business School



## Room Allocation

### Grand Copthorne Waterfront Hotel

Plenary Session Grand Ballroom I

Concurrent Sessions  
Paradiso  
Cardinal  
Galleria I  
Galleria II  
Galleria III

### National University of Singapore Business School

Plenary Session Lecture Theatre 18

Concurrent Sessions  
Conference Room CRB-I  
Conference Room CRB  
Seminar Room (SR) 1  
Seminar Room (SR) 2  
Seminar Room (SR) 5  
Seminar Room (SR) 6  
Seminar Room (SR) 7  
Seminar Room (SR) 8

## Registration Fees

	Early Bird Rate on or before 15th March 2005		Standard Rate after 15th March 2005	
	USD	SGD*	USD	SGD*
<b>Member (AMA)</b>	400	680	500	850
<b>Non Member</b>	500	850	600	1,020
<b>Student</b>	250	425	300	510

\* The exchange rate is fixed at USD 1 = SGD 1.65

Conference Package Includes:

All conference sessions  
Daily lunch  
Daily tea breaks  
Conference banquet  
Conference materials  
Tour to Night Safari

### IMPORTANT NOTE:

**Cash (in Singapore Dollars only) or credit card (Visa/Mastercard) are accepted for payment of registration fees onsite on 3rd June only.**

## Conference Banquet

Date: 3 June 2005  
Time: 1800 – 2200 hrs  
Venue: **Asian Civilisation Museum**  
1 Empress Place  
Singapore 179555  
Tel : (65) 6332 7798

Transport would be provided to the banquet venue. The pickup point will be at **Grand Copthorne Waterfront Hotel** and the bus will leave at **18.00 hrs**.

After the banquet dinner, bus transfers will be provided from the Asian Civilisation Museum to the official hotel, Grand Copthorne Waterfront Hotel. The bus will leave from **Asian Civilisation Museum** at **22.00 hrs**.

Additional conference banquet ticket(s) can be purchased from the registration counter. Tickets are priced at **SGD 70.00** each.

### Tour to Night Safari

Date: 4 June 2005  
Time: 1800 – 2200 hrs  
Venue: **Night Safari**  
80 Mandai Lake Road  
Singapore 729826  
Tel: (65) 6269 3411

The world's first wildlife park built for visits at night, the Night Safari is not like any ordinary zoo illuminated by the night or a modern version of nocturnal houses found in many zoos around the globe.

Nestled in 40 hectares of lush secondary forest, the Night Safari offers guests the unique experience of exploring wildlife in a tropical jungle at night. Through the use of subtle lighting technique, guests are able to view over 1,000 nocturnal animals of 100 species in vast naturalistic habitats.

The birth of the Night Safari is a result of a combination of factors. The overwhelming response to night tours conducted at the Zoo in the late 1980s indicated a demand for wholesome night entertainment. Displaying tropical animals at night seemed ideal since 90% of them are nocturnal and, therefore, most active after dusk. Moreover, Singapore is blessed with sunset taking place punctually at 7.30pm, dependably cool nights and little rainfall. These operational advantages make outdoor night attraction perfect.

### Bus Transfer

The Night Safari Tour cum dinner is open to all delegates. Transport would be provided to the Night Safari. The pick up point will be at National University of Singapore Business School and the bus will leave at **18.00 hrs.**

Bus transfers will be provided from the Night Safari to the official hotel, Grand Copthorne Waterfront Hotel. The bus will leave from the **Night Safari at 22.00 hrs.**

### Purchase of Additional Tickets

Additional tickets can be purchased from the registration counter for accompany persons or children. Tickets are priced at **S\$60.00 for adults** and **S\$50.00 for children.**

### Conference Manager

**SERVSIG Research Conference Manager**  
c/o Integrated Meetings Specialist Pte Ltd  
1122A Serangoon Road  
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Website: [www.inmeet.com.sg](http://www.inmeet.com.sg)

*Please note that the Conference Management Company's operating hours are from 09:00 – 18:00 hrs, Mondays to Fridays.*

## PROGRAM AT A GLANCE

*The information listed herein is correct as at time of printing and subject to change without prior notice.*

### **2 June 2005, Thursday**

#### **Venue: Grand Copthorne Waterfront Hotel**

1800 – 2000 Welcome Reception  
Riverfront Ballroom, Level 2

### **3 June 2005, Friday**

#### **Venue: Grand Copthorne Waterfront Hotel**

0830 – 0845 Welcome Message by Jochen Wirtz  
Conference Chairman

0845 – 0900 Opening Message by Christopher Earley  
Dean and Cycle and Carriage Professor  
NUS Business School  
National University of Singapore

0900 – 0945 Keynote Speaker 1

“Technology’s Role in Service Delivery: Extant Knowledge and Emerging Issues”

A. Parasuraman  
Professor and James W. McLamore Chair in Marketing  
University of Miami

0945 – 1030 Keynote Speaker 2

“Connecting Research and the Real World in Frontline Service Delivery: Anecdotal Evidence Demanding Academic Research”

Ron Kaufman  
Author and Founder  
UP Your Service College®

1030 – 1100 Break

1100 – 1230 Concurrent Session 1

1230 – 1400 Lunch

1400 – 1530 Concurrent Session 2

1530 – 1600 Break

1600 – 1730 Concurrent Session 3

1800 – 2200 Conference Banquet at Asian Civilisation Museum

### **4 June 2005, Saturday**

#### **Venue: National University of Singapore Business School**

0900 – 0945 Keynote Speaker 3

“Future Directions for Service Management: Concepts, Research, Teaching, Practice”

Prof Christopher Lovelock  
Adjunct Professor  
Yale University



0945 – 1030	Keynote Speaker 4 “Gaining Mindshare and Timeshare: Marketing Public Libraries” Dr N. Varaprasad Chief Executive National Library Board
1030 – 1100	Break
1100 – 1230	Concurrent Session 4
1230 – 1400	Lunch
1400 – 1530	Concurrent Session 5
1530 – 1600	Break
1600 – 1730	Concurrent Session 6
1800 – 2200	Tour to Night Safari

## INFORMATION ON PRESENTATION

### Instructions for Chairpersons and Speakers/Presenters

All Chairpersons and Speakers are requested to be in their respective session rooms at least 10 minutes prior to the commencement of each session.

A total of 25 minutes has been allocated for each presentation, including time for questions. Session chairpersons will strictly enforce this limit.

Presenters are requested to keep their presentation within the time limits stated.

Presentations must be carried out using either **Micorsoft PowerPoint OR Overhead Projector (OHP)**. No 35mm slide projector will be made available.

For speakers using Microsoft PowerPoint, they should bring their files on a **CD ROM or USB flash drive (thumb drive)** and upload their file on the 3<sup>rd</sup> and 4<sup>th</sup> June during the following time slots directly in the designated room of the presentation. The presentation could be loaded directly onto the laptop provided in the presentation room. There will be an assistant in the room to help with the uploading.

- a. 8.00 – 9.00 a.m.
- b. 10.30 – 11.00 a.m. (During morning tea breaks)
- c. 12.30 – 2.00 p.m. (During lunch)
- d. 3.30 – 4.00 p.m. (During afternoon tea breaks)

### Audio-visual Equipment

A LCD projector and a laptop will be provided during the technical sessions.

## DETAILED PROGRAM

### 2 June 2005, Thursday

**Venue: Grand Copthorne Waterfront Hotel**

1800 – 2000 Welcome Reception  
Riverfront Ballroom, Level 2

### 3 June 2005, Friday

**Venue: Grand Copthorne Waterfront Hotel**

Time	Room	Session	Page
08:30 – 08:45	Grand Ballroom I	<b>Welcome Message by Jochen Wirtz</b> Conference Chairman	
08:45 – 09:00	Grand Ballroom I	<b>Opening Message by Christopher Earley</b> Dean and Cycle and Carriage Professor NUS Business School National University of Singapore	
09:00 – 09:45	Grand Ballroom I	<b>Keynote Speaker 1</b> <b>“Technology’s Role in Service Delivery: Extant Knowledge and Emerging Issues”</b> <i>A. Parasuraman</i> Professor and James W. McLamore Chair in Marketing University of Miami	1
09:45 – 10:30	Grand Ballroom I	<b>Keynote Speaker 2</b> <b>“Connecting Research and the Real World in Frontline Service Delivery: Anecdotal Evidence Demanding Academic Research”</b> <i>Ron Kaufman</i> Author and Founder UP Your Service College®	1
10:30 – 11:00		<b>Tea Break</b>	
11:00 – 12:30		<b>Concurrent Session 1</b>	
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	Cardinal Room	1.1B Service Guarantees: Do Firms Practice What Academics Preach? <i>Dwayne Gremler and Tom DeWitt</i> , Bowling Green State University, United States	2
	Galleria I Room	1.1C Individual and Organizational Antecedents of Service Employees <i>Olivier Furrer</i> , Radboud University Nijmegen and <i>Amandine Perrinjaquet</i> , University of Lausanne, Netherlands	3
	Galleria II Room	1.1D How does the Technology and TQM affect the Performance of Logistics Companies? <i>Shaukat A. Brah and Lim Hua Ying</i> , NUS Business School, National University of Singapore, Singapore	4

Time	Room	Session	Page
	Galleria III Room	1.1E Beyond Technology Acceptance: Understanding Consumer Practice <i>Steve Baron, Anthony Patterson and Kim Harris</i> , University of Liverpool Management School, United Kingdom	4
11:30 – 11:55	Paradiso Room	1.2A Positioning Services Brand Alliances and Multi Brands Offer <i>Denis Lapert</i> , Reims Management School, France	5
	Cardinal Room	1.2B Revealing the Recovery Paradox: How the Use of a Service Guarantee Influences Customer Satisfaction <i>Sara Björlin Liden and Margareta Friman</i> , Service Research Center, Sweden	5
	Galleria I Room	1.2C How to Implement the Service Quality through the Frontline Employee: The Revisited Co-production <i>Anne Julien</i> , Reims Management School, France	6
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	Galleria III Room	1.2E Identity Management Technology: Fostering Trust in E-Services <i>Alvin Yeo and Michael Chiam</i> , Graduate School of Management, University of Western Australia, Australia	7
12:00 – 12:25	Paradiso Room	1.3A Image Heritage: Consumers Constructing Corporate Images <i>Anne Rindell</i> , Swedish School of Economics and Business Administration, Finland	7
	Cardinal Room	1.3B Service Guarantees - A Measurement Cost Perspective <i>Sabine Fliess and Jens Hogueve</i> , University of Hagen, Germany	8
	Galleria I Room	1.3C Improving Call Centre Agent Performance: A UK-India Study based on the Agents Point of View <i>V. S. Mahesh and Anand Kasturi</i> , The University of Buckingham, United Kingdom	9
	Galleria II Room	1.3D Airport Management: Expanding the Strategic Focus from Airline to Retail Management <i>Martin N. Zehnder</i> , The Nuance Group AG, <i>Silke Michalski and Adrienne Schaefer</i> , Lucerne School of Business, Switzerland	9
	Galleria III Room	1.3E Social Software as a New Way of Customer-Employee Interaction <i>Gordon Müller-Seitz</i> , Catholic University of Eichstaett-Ingolstadt and <i>Christian Coenen</i> , ServiceBarometer AG, Germany	10
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Time	Room	Session	Page
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14:00 – 14:25	Paradiso Room	2.1A Developing Long-term, Strategic Business Relationships <i>Robert Johnston</i> , Warwick Business School, <i>Roy Staughton</i> , Shape International, and <i>Mike Putnam</i> , Skanska UK, United Kingdom	10
	Cardinal Room	2.1B Financial Services Advertising Modification Strategies to Reach Multicultural Markets <i>Gail A. Taylor</i> , Dartmouth College, <i>Miriam B. Stamps</i> , University of South Florida, and <i>Jerome D. Williams</i> , University of Texas at Austin, United States	11
	Galleria I Room	2.1C New Organizational Designs: Effects on Job Satisfaction and Customer Perceived Quality <i>Patrik Larsson</i> , Service Research Center, Karlstad University, Sweden, <i>Birgitta Eriksson</i> , Working Life Science, Karlstad University, Sweden, and <i>Bo Edvardsson</i> , Service Research Center, Karlstad University, Sweden	12
	Galleria II Room	2.1D A Two-dimensional Conceptualization of Trust – an Empirical Analysis of Antecedents and Results in the Banking Industry <i>Anton Meyer</i> , <i>Roland Kantsperger</i> , <i>Werner Kunz</i> and <i>Marc Engelmann</i> , Ludwig-Maximilians-University Munich, Germany	12
	Galleria III Room	2.1E Modeling Relationships between the Antecedents and Consequences of Customer Power during Service Consumption <i>Kalyani Menon</i> and <i>Harvir Bansal</i> , Wilfrid Laurier University, Canada	13
14:30 – 14:55	Paradiso Room	2.2A Competing on Service in a Competitive Environment: An Investigation into the Marketing Practices of Asian-Owned Businesses in the U.K. <i>Shiv Chaudhry</i> and <i>Dave Crick</i> , University of Central England, United Kingdom	14
	Cardinal Room	2.2B Who Is Buying the Louis Vuitton Handbags and Macadamia Nuts? An Investigation of Cross Cultural Spending Behaviors among Tourists <i>Mark Rosenbaum</i> , University of Hawaii, United States	14
	Galleria I Room	2.2C Service Relationship Building Process: Does the Customer-Employee Relationship Matter? <i>Chi Kin (Bennett) Yim</i> , <i>David K. Tse</i> and <i>Kimmy Wa Chan</i> , The University of Hong Kong, Hong Kong	15
	Galleria II Room	2.2D Impact of Satisfaction, Switching Costs, and Relationship Length on Customer Loyalty Intentions <i>Chatura Ranaweera</i> , Wilfrid Laurier School of Business, Canada	15
	Galleria III Room	2.2E Knowledge and Knowing of Customers: Exploring Dyads and Communities of Practice in a Car Retailing Company <i>Karolina Poukkula</i> , Hanken, Swedish School of Economics and Business Administration, Finland	16
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Time	Room	Session	Page
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	Galleria I Room	2.3C The Role of Social Status in Evaluating Service Organizations <i>Young K Kim</i> , Shenandoah University and <i>Amy K. Smith</i> , The George Washington University, United States	18
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	Galleria III Room	2.3E Consumer Familiarity: Its Effects on Consumer Updating of Service Expectations <i>Jackie Lai Ming Tam</i> , The Hong Kong Polytechnic University, Hong Kong	19
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16:00 – 17:30		<b>Concurrent Session 3</b>	
16:00 – 16:25	Paradiso Room	3.1A The Customer's Role in the Innovation Process - Perspectives, Techniques and Performance <i>Bodil Sandén</i> , <i>Anders Gustafsson</i> and <i>Lars Witell</i> , Service Research Center, Karlstad University, Sweden	19
	Cardinal Room	3.1B Non-Complaining Behavior of Lost Service Customers <i>Bernd Stauss</i> , Catholic University of Eichstaett-Ingolstadt, Ingolstadt School of Management and <i>Wolfgang Seidel</i> , Servmark Consultancy, Germany	20
	Galleria I Room	3.1C The Effects of Social Capital on the Reporting of Unsolicited Customer Feedback <i>Siok Kuan Tambyah</i> and <i>Jochen Wirtz</i> , National University of Singapore, Singapore	20
	Galleria II Room	3.1D The Impact of Market Orientation and New Service Development on Corporate Performance <i>Thomas Salzberger</i> , <i>Monika Koller</i> and <i>Claudia Klausegger</i> , WU Wien, Austria	21
	Galleria III Room	3.1E Defining Service Quality for Customer-Driven Business Development - A Housing-Mortgage Company Case <i>Inger Roos</i> , <i>Anders Gustafsson</i> and <i>Bo Edvardsson</i> , Service Research Center, Karlstad University, Sweden	22
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Time	Room	Session	Page
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	Galleria II Room	3.3D Market Orientation and Business Performance: Some Evidences from Service Firms in Shipping Industry <i>Sanjaya Singh Gaur</i> , <i>Shailesh J. Mehta</i> School of Management, Indian Institute of Technology Bombay, India, <i>Sunil Bhatia</i> , TCS Limited, India, and <i>Deeksha Singh Rathore</i> , India	27
	Galleria III Room	3.3E Consumer Evaluations of Brand Extensions - Illustrated by UBS the Largest Asset Manager Worldwide <i>Thomas S. Meier-Bickel</i> , <i>Thomas Bamert</i> and <i>Pascal Foehn</i> , University of Zurich, Institute for Business Administration Research, Marketing Department, Switzerland	27
18:00 – 22:00		<b>Conference Banquet at Asian Civilisation Museum</b>	

**4 June 2005, Saturday**  
**Venue: National University of Singapore Business School**

Time	Room	Session	Page
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09:45 – 10:30	Lecture Theatre 18	<b>Keynote Speaker 4</b> <b>“Gaining Mindshare and Timeshare: Marketing Public Libraries”</b> <i>Dr N Varaprasad</i> Chief Executive, National Library Board	29
10:30 – 11:00		<b>Tea Break</b>	
11:00 – 12:30		<b>Concurrent Session 4</b>	
11:00 – 11:25	Lecture Theatre 18	4.1A Service Character <i>Raymond Fisk</i> , University of New Orleans and <i>Stephen Grove</i> , Clemson University, United States	30
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	Conference Room CRB I	4.1C The Mediating Role of Trust and Satisfaction in an Experiential Services Context <i>Scott Swanson</i> , University of Wisconsin-Whitewater, <i>J. Charlene Davis</i> , Trinity University, and <i>Yushan Zhao</i> , University of Wisconsin-Whitewater, United States	31
	Seminar Room (SR) 1	4.1D XYZ Bank – Striving to Compete with New Private and Foreign Banks <i>Amit Sachan and Anwar Ali</i> , Management Development Institute, India	31
	Seminar Room (SR) 2	4.1.E CRM Application in Fashion Retail <i>Serge A. Carrier</i> , Université du Québec à Montréal, <i>Marie-Ève Faust and Pierre Baptiste</i> , École Polytechnique de Montréal, Canada	32
	Seminar Room (SR) 5	4.1F Designing Romance - A Case Study on the Banyan Tree Hotel and Resorts <i>Wee Beng Geok and Seow Jia Min</i> , Nanyang Business School, Nanyang Technological University, Singapore	32
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Time	Room	Session	Page
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	Conference Room CRB	4.2B A Hierarchical Typology of Customer Relational Benefits: The Means-End Chain Approach <i>Cheng-Chieh Hsiao and HsiuJu Rebecca Yen, Yuan Ze University, College of Management, Taiwan</i>	35
	Conference Room CRB I	4.2C From Service Excellence to Brand Loyalty: Case Study of a Chinese Home Electronics Manufacturer's Customers <i>Jian Ming Teng, Hanken Swedish School of Economics Helsinki, Finland</i>	36
	Seminar Room (SR) 1	4.2D Conceptions of Trust in the Customer/Bank Relationship: A Qualitative and Longitudinal Study <i>Shérazade Gatfaoui, IRG - Institut de Recherche en Gestion - Pôle Marketing et Logistique, France</i>	36
	Seminar Room (SR) 2	4.2E LMCX Model: A Triadic Approach for Effective Service Delivery and Service Recovery <i>Cheryl Leo, Rebekah Bennett and Janet R. McColl-Kennedy, UQ Business School, University of Queensland, Australia</i>	37
	Seminar Room (SR) 5	4.2F Frame Concept for the Development of IT Based Service Products <i>Christian van Husen and Mike Freitag, Fraunhofer-Institute for Industrial Engineering IAO, Germany</i>	37
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## Abstract

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**Date** 3 June 2005  
**Time** 09:00–09:45  
**Venue** Grand Ballroom I

**Keynote Speaker 1**

**“Technology’s Role in Service Delivery: Extant Knowledge and Emerging Issues”**

**A. Parasuraman**

*Professor and James W. McLamore Chair in Marketing, University of Miami*

Companies are increasingly turning to technology-based systems to market to and serve customers. Paralleling this trend is a growing body of research pertaining to technology’s role in service delivery. Professor Parasuraman is currently involved in three related streams of research focusing on:

1. Technology Readiness, which refers to people’s propensity to embrace and use technologies for accomplishing goals in home life and at work,
2. e-Service Quality, which is the extent to which a website facilitates efficient and effective shopping, purchasing and delivery of products and services, and
3. Network-Based Customer Service Systems, which are net-based systems (wired or wireless) that deliver service to customers either directly (e.g., via browsers or mobile phones) or indirectly (e.g., via technology-enabled service reps).

In this talk, Professor Parasuraman will discuss key findings and insights from these research streams and offer an agenda for further managerial reflection and scholarly research.

**Time** 09:45–10:30  
**Venue** Grand Ballroom I

**Keynote Speaker 2**

**“Connecting Research and the Real World in Frontline Service Delivery: Anecdotal Evidence Demanding Academic Research”**

**Ron Kaufman**

*Author and Founder, UP Your Service College®*

Academic research offers tremendous insight into customer expectations, perceptions and preferences. Organizations use these insights to design commercial offers, establish service standards and stake out competitive positions. Frontline service providers

can be instrumental in the delivery of these offers, maintenance of these standards and overall competitive success. Frontline service providers, however, do not read the research and are not inspired by clinical insight. How, then, can “frontliners” be made to understand key research findings, and be supported to consistently perform necessary and appropriate actions. This interactive presentation explores two specific areas where frontline understanding and action are essential for organizational success and customer satisfaction:

1. Setting, Maintaining and Raising Service Standards, and
2. The Exercise of Empowerment in Service Recovery Situations.

Ron Kaufman brings 25 years of practical experience in frontline service training, coaching, and service culture implementation projects in Asia, the Middle East and the USA. He blends practical experience with a healthy respect for well-grounded academic research into this lively interactive presentation.

**Time** 11:00–11:25  
**Venue** Paradiso Room

### 1.1A Values-based Branding and Beyond - The IKEA way

**Bo Edvardsson, Bo Enquist and Michael Hay**  
*Service Research Center, Karlstad University, Sweden*

The value creation logic through products in the industrial era and the logic of values in the service society is now being reengineered and complimented with experience based values in the experience economy. Customer value has to do with favourable, memorable customer experiences. In “the IKEA Saga” we (Edvardsson and Enquist 2002) suggest that a strong service culture - based on the logic of values that makes sense inside the company among employees as well as outside among customers - is a strong driving force for loyalty and profitability. We also suggested a combination of the traditional (economic) value-creation logic focusing on quality, time, and cost with the logic of values in order to control strategy in action (ibid.).

In this paper we focus on values in relation to branding and we use the term “Values-Based Branding”. The aim is to develop a model for Values-Based Branding in service organizations. We contribute with an overview of the literature forming the basis for a conceptual model. The model will be used in an explorative, qualitative study in a Value-driven service company. Pruzan (1998) argues that it is time to go from control to Values-Based Management and Accountability built on a stakeholder perspective on leadership, responsibility and ethics (ibid. p 1384). The Values-Based company has three focused areas: the economic, social and environmental (ibid. p 105). In service businesses it is important to empower, train and reward the employees to “living the brand” (Ind, 2004) in interaction with customers. This is in line with Berry (1999) who suggests that the human performance plays the most critical role in building the brand in service organizations. Ind (2000) argues that organizations need to touch their employees and build meaning into the ideas so that employees can genuinely “live the brand” in their day-to-day life.

Branding is about trust (Fukuyama, 1995) and trust can be built through values related to Corporate Social Responsibility and Corporate Citizenship (Zadek, 2001). Two companies with strong global brands which have used that strategy and can be seen as Values-Based are “The Body Shop”, “Ben & Jerry’s Homemade” and IKEA. In this paper we have chosen IKEA, the largest retail furniture company in the world, as our empirical context.

IKEA has three unique spheres: IKEA - the global networking organization; IKEA - the prosumer organization; IKEA - the empowered organization. In all processes, value is created and co-invented (Normann and Ramirez, 1998). Through IKEA’s unique corporate and service culture these three spheres can (re)produce values and meanings (Edvardsson and Enquist, 2002) to strengthen IKEAs brand identity. Our empirical analysis draws on material, both interviews and company documents, from different parts of the three spheres: Älmhult in Sweden/Europe (IKEAs Mecca); USA and Asia. Further more, we study different Values-Based concepts: “Democratic Design”; “Trade with Responsibility” and “We’re hiring why-sayers”. We view and use these concepts as expressions of values in our analysis.

**Time** 11:00–11:25  
**Venue** Cardinal Room

### 1.1B Service Guarantees: Do Firms Practice What Academics Preach?

**Dwayne Gremler and Tom DeWitt**  
*Bowling Green State University, United States*

Service guarantees have been proposed as a viable strategy for service firms to promote and develop their services, and win the confidence of their customers. More specifically, a well-designed and executed service guarantee requires the firm to focus on

the needs of the customer, sets clear performance standards for employees, reduces the customer's perceived risk, encourages customer feedback, and engenders customer satisfaction and brand loyalty (Wirtz, 1998).

Much of the early work on service guarantees was prescriptive in nature. Hart (1988) proposed that an effective service guarantee should possess several essential attributes, such as being unconditional, easy to understand and communicate, meaningful to the customer, and easy to invoke and collect upon. Over the past two decades these attributes have been widely espoused by others; however, even though they are intuitively appealing, no empirical evidence exists to suggest such attributes are actually used by firms. In addition, other attributes have been suggested: For example, Wirtz (1998) argues a guarantee should be credible and serve as a declaration of trust, and Björclin-Lidén and Edvardsson (2003) posit that a guarantee be perceived by customers as being fair.

While a consensus exists in the literature as to the positive impact that a well-designed service guarantee has on both the customer and the firm, this study sets out to address the following questions: To what extent is Hart's (1988) criteria for a well-designed guarantee being used by service firms in the design and execution of their guarantees?

To what extent is a service firm's commitment to a service guarantee strategy evident in the execution of their service guarantee and how the customer is compensated? Is Hart's (1988) prescription the best way to evaluate the effectiveness of service guarantees?

In order to address these research questions, the guarantees of over 300 service firms were captured from company websites. Each guarantee was content analyzed and assessed based on the criteria proposed by Hart (1998) and an observation framework established to capture the diverse nature of service guarantees. Based on this framework and the results of the content analysis, a typology is forwarded that illustrates the degree to which Hart's criteria is utilized by service firms in the design and execution of their guarantees. This typology is used as basis for discussion on the adequacy and effectiveness of Hart's criteria for the development of service guarantees, as well as the implications that these findings have for research and management.

**Time** 11:00–11:25  
**Venue** Galleria I Room

### 1.1C Individual and Organizational Antecedents of Service Employees

**Olivier Furrer**  
*Radboud University Nijmegen, Netherlands*

**Amandine Perrinjaquet**  
*University of Lausanne, Netherlands*

Employees' attitude toward customer orientation is important in service firms, because service employees who exhibit a high degree of customer orientation engage in behaviors that increase the satisfaction of their customers (Kelley 1992). The objective of this study is to investigate the impact of employees' values and personality traits on their attitude toward customer orientation as well as the moderating (socialization) role of organizational culture. A favorable attitude toward customer orientation is a predisposition to engage in customer-oriented behaviors (cf. Ajzen and Fishbein 1980). Individual values and personality traits have been shown to influence attitudes. Furrer et al. (2004) found that employees with collectivistic values have a more positive attitude toward customer orientation than employees with individualistic values. Brown et al. (2002) also found that several personality traits have significant effects on employees' customer orientation. A firm's strong organizational culture can be used to socialize employees whose values and personality traits do not support the firm's customer orientation. If the type of organizational culture do not directly influence customer orientation, market and adhocracy cultures should reinforced employees' positive attitude toward customer orientation and clan and hierarchy cultures should undermine this positive attitude (Deshpandé et al. 1993). This moderating effect has, however, never been empirically tested. To test these hypotheses, we collected survey data from about 200 employees from 5 service firms. Data were collected on attitude toward customer orientation (Narver and Slater 1990; Furrer et al. 2004), personal values (Schwartz 1992), personality traits (Saucier 1994), and corporate culture (Deshpandé et al. 1993). Preliminary results show that collectivist values have a positive effect on attitude toward customer orientation. Concerning personality traits, agreeability, conscientiousness, openness, and activity have also a positive effect, when introversion and instability have a negative one. The results also show that these relationships are stronger in the presence of a market or an adhocracy culture and weaker in the presence of a clan or a hierarchy culture. Prior research has indicated that a customer orientation increases a firm's performance (e.g., Narver and Slater 1990). Therefore, a firm with employees who possess personality, values and attitude that do not support customer orientation may find itself in a position of competitive disadvantage relative to other firms with more customer-oriented employees. Our results show that such a firm can compensate this disadvantage with the adequate organizational culture to socialize new employees.



**Time** 11:00–11:25  
**Venue** Galleria II Room

**1.1D How does the Technology and TQM affect the Performance of Logistics Companies?**

**Shaukat A. Brah and Lim Hua Ying**  
*NUS Business School, National University of Singapore, Singapore*

The global competition has enhanced the role of quality in the business world. In order to remain competitive and cope with increasing pressures, businesses are integrating into new and evolving global markets. These challenges and pressures have placed a renewed focus on quality improvement for the long-term survival of the organization. Also, there is increasing evidence that technology enhances the quality performance. Perhaps, technology acts as an enabling mechanism, which results in enriched jobs and increased job satisfaction. The main objective of the research is to develop a quality framework, which seeks to examine the relationship between individual quality management, technology and business performance in the logistics sector. We hope to identify critical successful factors of quality managements and seek to test the correlation between quality management, technology and performance. In addition, we seek to understand how technology plays a role in improving the business operation. Finally, we test if there are any significant differences in overall business performance measured by the operational and quality performance between low and high technology logistics firms, with and without total quality management (TQM). We find TQM and technology play important roles in improving the performance of an organization. The results provide recognition for the importance of technology in quality management. Analysis shows technology plays an important role in quality management and high-tech firms generally perform better in operational, quality and overall business performance when compared to low-tech firms. Also, high-tech TQM firms generally outperform low-tech TQM firms in day-to-day operations, quality assurance and overall business performance.

The use of information technology (IT) is a crucial component in improving the operational, quality and overall business performance. Results support the notion that IT improves business operations, increase the delivery quality of services/products, provide greater flexibilities to customers and bring about an increase in the productivity of employees. Perhaps, this leads to an improved operational and quality performance. Hence, management should recognize the roles of technology in TQM and utilize technology to aid the continuous quality improvement efforts. Moreover, future logistics management is affected by external environment factors such as customers, globalization and competition. Therefore, logistics managers must be sensitive to their customer needs and should seek to meet, and preferably exceed customer expectations. As such, technology will be a key impact agent in the future logistics industry.

**Time** 11:00–11:25  
**Venue** Galleria III Room

**1.1E Beyond Technology Acceptance: Understanding Consumer Practice**

**Steve Baron, Anthony Patterson and Kim Harris**  
*University of Liverpool Management School, United Kingdom*

A considerable body of research on technology acceptance has its roots in the Technology Acceptance Model (TAM) (Davis 1985) and its derivatives, such as the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al 2003). While TAM and UTAUT have been focused on technology acceptance in organisations, they have also underpinned research on consumer acceptance of technology-based services such as online shopping, moderated group chat, and wireless internet by mobile services. However, by 2003, proponents of TAM and UTAUT were acknowledging that such models may have reached their limits in terms of explanatory and predictive powers. For example, Venkatesh et al (2003) concluded that ‘‘given that UTAUT explains as much as 70 percent of the variance in intention, it is possible that we may be approaching the practical limits of our ability to explain individual acceptance and usage decisions in organisations’’, and they called for the identification of constructs that predict behaviour beyond what is known through UTAUT.

This research seeks to capture consumer practice with a particular technology-based consumer service, text messaging (Short Message Service (SMS)), with the aim of unearthing subtleties of technology acceptance that are beyond what is known through TAM/UTAUT. Text Messaging was chosen because its rate of growth (for example, it grew 25-fold in the UK, between 1999 and 2004) was totally unanticipated by marketers. An additional feature of the market for text messaging services, and one that is very unusual in terms of new service developments, is that it has shown rapid regional development all over the world, with the exception of the USA, one of the largest marketplaces for consumer services.

Research on consumer practice in this marketplace was carried out in the interpretivist tradition, through a novel methodology employing consumer autobiographical diaries as the principal means of data collection. The findings point to the potential inadequacies of a concentration on mere acceptance of technology in buoyant marketplaces, and suggest strongly that more detailed studies of consumer communities of practice are required to understand how technology-based services can be embraced and embedded in the everyday experiences of consumers. They also confirm the existence of paradoxes of technology acceptance (Mick and Fournier 1998), and counter-intuitive behaviours that are not accounted for in TAM/UTAUT developments. The research has implications for theory development and methodology, and identifies challenges for mobile telephony practitioners arising from the creativity and innovation within consumer communities of practice.

**Time** 11:30–11:55  
**Venue** Paradiso Room

### 1.2A Positioning Services Brand Alliances and Multi Brands Offer

**Denis Lapert**  
*Reims Management School, France*

Phase N 1: Systematic Analyse of the Different Services Brands's Positioning There are few global and historical researches on the positioning of Services Brands. This research will propose a study as exhaustive as possible of the different positioning identified in advertising and communication for different services industries.

Phase N 2 : Alliances Evaluation and Positioning. (Complementarity, Compatibility, etc...) In this phase, we will study Alliances between Services Brands on the basis of the different positioning identified in the previous phase. These alliances defined as positioning combinations will be evaluated on criteria such as Image, reputation, confidence in the alliance and purchase intent.

**Time** 11:30–11:55  
**Venue** Cardinal Room

### 1.2B Revealing the Recovery Paradox: How the Use of a Service Guarantee Influences Customer Satisfaction

**Sara Björnin Liden and Margareta Friman**  
*Service Research Center, Sweden*

Service guarantees have been claimed to be an important influence of customer satisfaction after a service failure, but research has largely failed to address how customers are influenced by the actual use of a service guarantee. Previous research has called for research with real customers, in real service settings, that have used real service guarantees (McDougall et al., 1998; Kashyap, 2001; Wirtz and Kum, 2001; 2004). This study was designed to examine such “real” post consumption effects, namely if and in what direction customer satisfaction is influenced by the use of a service guarantee. The public transport company in Stockholm, Sweden, has since 1999 invited its customers to use a service guarantee. It allows the customer to take a taxi at the expense of the company if he or she risks a delay of 20 minutes. For the present study every fifth claim during a four month period was selected, resulting in 592 claims. These customers received a personalized survey questionnaire, which began with a short description of the incident which had caused them to invoke the guarantee (date, time, transportation mode, and location). Questions regarding a number of independent variables that had been identified in and selected from previous research was asked; the degree to which satisfaction after a guarantee experience is influenced by how customers are treated by the employees, by comprehensible rules of the guarantee, confidence in the service provider, by the perceived meaningfulness of the service guarantee, by the perceived ease of the guarantee invocation process, and the distribution.

Step-wise regression displayed that the use of a service guarantee effects customer satisfaction. Moreover, satisfaction was rated higher than before the initial failure occurred, i.e. the results support the existence of a recovery paradox. The explanation as to why customer expectations are exceeded during service recovery originate in confidence in the service provider, comprehensible rules and meaningfulness of the guarantee (both regarded as procedures) and a satisfactory refund (the distribution). The study is of great importance in service research, not only because it substantiates a number of assumptions that previously have been made about the guarantee's potential, but also because it studies customers that have used real service guarantees. It therefore gives a better understanding of the impact of the phenomenon service guarantees when it is put to use in existing service companies.

**Time** 11:30–11:55  
**Venue** Galleria I Room

**1.2C How to Implement the Service Quality through the Frontline Employee: The Revisited Co-production**

**Anne Julien**  
*Reims Management School, France*

Service encounters with new technologies are developing exponentially. However, it is clear that the face to face services still remain invaluable as can be seen from the emphasis the European banks place on close client contact in their branches (Brett 2004). Human relations are still alive and the front line role has become more and more a relevant competitive edge. How is this role perceived and how does the co-production work? The main objective of this paper is to revisit the concept of face to face co-production, on the one hand by using several research fields (marketing, Human Resources, sociology and psychology) and on the other hand by putting this co-production within its context. The interaction between the consumer and the front-office personnel has often been put in perspective. (Johnson 2002). In many sectors, it has been noticed that there is a significant correlation between the perceptions of the service quality felt by the front-office personnel and the consumer. Schneider, Parkington, and Buxton (1980), Hartline and Ferel (1996), Farrell, Souchon, Durden (2001) (Papasolomou 2002) Llorens Montes, Del Mar Fuentes Fuentes and Molina Fernandez (2003) whereas some authors think these perceptions are different. (Chandon, Leo and Philippe (1997), Chun-Herrera, Goldschmidt and Hoffman (2004)

A reference article favours the front-office employee's point of view. (Bitner et al.1994). Given that this angle of marketing research - focused on the front-office employees had hardly been studied in marketing literature and that the role of the front office personnel is important (Rust and Al 1996) it seemed interesting to highlight the behaviour and the perception of these employees to provide a more in depth definition of co-production.

Therefore, we will analyse these two fundamental elements while bearing in mind that the design of service has an impact on the different types of co-creation and co-production. (Cova 2004).

Following that, we will make seven management proposals to improve the quality of the perceptions and the behaviours within the service and in this way, improve the quality of the customer perception.

These seven proposals are based on the development of empowerment between the stakeholders employees and customers. They focus on the employees' knowledge, know-how and interpersonal behaviours. A conceptual framework will be presented as a basis for further research.

**Time** 11:30–11:55  
**Venue** Galleria II Room

**1.2D Which Drivers Dominate?: Using Dominance Analysis to Assess the Relative Importance of Service Provider Switching Predictors**

**Harvir S. Bansal**  
*Wilfrid Laurier University, Canada*

**Shirley F. Taylor**  
*Queen's University, Canada*

Evidence that customer retention can yield substantial benefits for service organizations has spawned numerous studies aimed at determining the drivers of service provider switching. The most commonly studied drivers of service provider switching include "transactional" variables such as quality, satisfaction, switching costs and alternative attractiveness (e.g., Jones, Mothersbaugh and Beatty 2000; Sharma and Patterson 2000) and more recently, "relationship" variables such as customer commitment and trust (e.g., Wetzels, de Ruyter and Lemmink 2000). Recent research has attempted to empirically examine the growing list of predictors simultaneously in order to understand their total effects and to determine the relative importance of each (e.g., Bansal, Taylor and St. James 2005). For managers who need to make decisions about allocation of resources for maximal impact, understanding the relative importance of each driver is critical.

Unfortunately, importance measures derived from traditional analytical techniques such as regression analyses (e.g., regression coefficients, correlations) are problematic when the predictors are correlated. Recent work by Azen and Budescu (2003, 2004) on Dominance Analysis (DA) addresses the issue of predictor relative importance even when predictors are correlated. These authors argue that DA offers an intuitive and universal measure of predictor importance. Dominance Analysis works by comparing all predictors in a pairwise fashion across all subset models (of the hypothesized multiple regression model) and,

based on that analysis, establishing a hierarchy of “levels of dominance” among the predictors. Depending upon the strictness of the dominance of one predictor over the other, the levels of dominance are characterized as: general; conditional; or complete, in an increasing order of dominance.

In this study, a dominance analysis and traditional regression analysis are performed to assess the relative importance of satisfaction, switching costs, alternative attractiveness, and trust in predicting switching intentions; results are then compared from the two analyses. Data from a national survey of 356 auto-repair customers are used. Results reveal some interesting differences between the two analyses. Regression analysis suggests the relative importance of predictors as (in order): alternative attractiveness, trust, switching costs and then satisfaction. DA results suggest complete domination of alternative attractiveness over trust, switching costs, and satisfaction, and complete domination of trust over satisfaction. All other dominance relations are either conditional or general. Interestingly, satisfaction has a general dominance over switching costs, a result in complete contrast to the regression analysis results. The implications of these results and the promise of DA analysis in service research are discussed.

**Time** 11:30–11:55  
**Venue** Galleria III Room

### 1.2E Identity Management Technology: Fostering Trust in E-Services

**Alvin Yeo and Michael Chiam**

*Graduate School of Management, University of Western Australia, Australia*

More consumers are choosing to interact with technology to access services online, rather than interacting with a frontline employee (Helander and Jiao, 2002). This has prompted businesses to forge online partnerships with organisations offering complementary services. Technology as applied in e-services delivery is capable of solving the needs of consumers by reducing costs and overcoming temporal and spatial constraints (Meuter, Ostrom, Roundtree and Bitner, 2000). Indeed, technology is critical for e-service encounters (Mick and Fornier, 1998).

However, the challenges for businesses is how they can manage the liabilities of these different online partnerships. First, there is the challenge of managing dynamic user information and disparate data repositories within enterprises (B2E). For many organisations, the traditional application-centric deployment approach resulted in “silo” architectures where each application had individual security policies and required a user sign-on. Second, there is the challenge associated with managing the liabilities of the different online partnerships amongst enterprises (B2B). Third, there is the challenge of mitigating risk from identity-related frauds, which decrease consumer confidence to go online (B2C).

In this respect, trust plays a central role in helping consumers overcome perceptions of risk and insecurity (McKnight, Chodhury and Kacmar, 2002; Keen, 1997). This is especially true in e-commerce because of the lack of face-to-face personal contact and the opportunity for buyers to see products physically (Mayer, Davis and Schoorman, 1995). Our paper, first proposes that identity is the most basic element in fostering trust in relationships. Next, we show how identity management technologies increase the value of e-services transactions by managing unique digital identities, attributes and entitlements within and between domains. Businesses are able to cross-sell and upsell more offerings to customers, who in turn, gain from a wider variety of personalised e-services.

Finally, the challenges and implications of using identity management technologies for e-services are discussed through three real life case studies. The first case describes the experience of a major hospital group in the U.S. in rolling out the technology amongst its subsidiaries. The second example describes how a global logistic company manages its different partners within a B2B context. The third case illustrates how different industry verticals leverage on this technology to enhance the value of their offerings within a B2C environment (tourism).

**Time** 12:00–12:25  
**Venue** Paradiso Room

### 1.3A Image Heritage: Consumers Constructing Corporate Images

**Anne Rindell**

*Swedish School of Economics and Business Administration, Finland*

This study focuses on how consumers construct corporate images and reports on a qualitative study with an interpretive approach. Grounded theory is used to analyse narratives in order to study how customers construct their image of a company.

A temporal perspective into corporate image formation will be introduced through the concept of image heritage. Image heritage describes the consumer's mental relationship with the company over time. The study adds to our understanding on the dynamics of corporate image formation. For managers the study clarifies the importance of understanding the company's history and meaningful parts of it "from the eye of the consumer". This provides opportunities for better strategic corporate image management, as well as insights to closing existing communication gaps. The empirical context was a Finnish retail store called Anttila. Anttila is one of the biggest non-food retailers in Finland and nowadays part of the leading trading company Kesko. Anttila is a fairly well known company brand in Finland. Anttila celebrated its 50th anniversary in 2002. Therefore, it was assumed that the temporal perspective in image formation could be studied in the Anttila context.

Data hereto consists of (1) 6 interviews. The interviewees of different age talked, embedded in stories, about the image they currently have of the chosen company. In addition, to gain closer insight into the image construction of the youngest interviewee group, additional data was gathered within this group: (2) 10 graduate students written narratives of their impressions of the same company were collected, (3) a video taped group interview with 4 students from the previously mentioned group of students was conducted, and (4) 3 individual learning diaries were collected among the students participating in the corporate brand course at the Helsinki business polytechnic.

The analysis generated ten central insights to be considered: (1) Image formation is a dynamic process, (2) but the formed image can be slow to change. (3) On an individual level, image is a multifaceted network of images (4) based on many sources. (5) Image heritage can be depicted as an audience member's mental relationship over time with the company. (6) Image heritage begins to take form when an audience member for the first time experiences the company and forms his first association. (7) The context in which an audience member interprets a message becomes the platform for image formation, (8) although not necessary the same as that of the message sender. Consequently (9) companies need to consider how the audience members' construct the image over time out of experiences and, (10) that image heritage is the context and platform for image formation today.

By acknowledging the existence of the company's image heritage and analyzing the customers' context for interpreting company related data, better strategies can be designed for managing the corporate image.

**Time** 12:00–12:25  
**Venue** Cardinal Room

### 1.3B Service Guarantees - A Measurement Cost Perspective

**Sabine Fliess and Jens Högrove**  
*University of Hagen, Germany*

In recent years service guarantees have become a powerful marketing tool for service providers to gain a competitive edge. Service guarantees fulfill different purposes: They are considered to signal service quality, to enhance service performance, to help controlling the consumer's co-production process, and to serve as a motivational tool for service employees. At the same time service guarantees may also involve certain risks for service providers by enticing consumers to behave opportunistically.

A closer look at the service guarantee literature shows, that there are certain questions unsolved especially concerning the effectiveness of service guarantees. First, is the offer of service guarantees suitable for experience as well as for credence services? Second, how should guarantees be designed to fit these different kinds of services? Third, how can service guarantees control consumers' co-production processes. Fourth, which instruments can be used to prevent consumers and service providers from opportunistic behavior?

This paper is built on an economic perspective of service guarantees using the measurement cost approach of the Washington School. As branch of transaction cost theory the measurement cost approach deals with the appearance of measurement problems in market transactions. Measurement problems refer to the inability of consumers as well as service providers to identify the value or quality of a product or service. On the consumer's side measurement costs occur because consumers only want to pay for service features which the provider promised prior to purchase. Because of experience and credence properties an exact pre-purchase-measurement of service attributes is not possible. This leads to indirect measurements causing additional costs. On the provider's side costs arise from measuring the quality of the service offered. Economic institutions like service guarantees arise to lower measurement costs and lead to more efficient market transactions.

The measurement cost approach contributes to the service guarantee literature in the following ways. First, it is possible to indicate for what kind of service it may be suitable to offer a service guarantee. Second, conditions can be derived under which different kinds of guarantees work efficiently. Third, the measurement cost approach explains the impact of service guarantees on the consumer's co-production process and service employees' motivation. Fourth, the consumer and service deliverer opportunism problem can be explained and solved.

**Time** 12:00–12:25  
**Venue** Galleria I Room

### 1.3C **Improving Call Centre Agent Performance: A UK-India Study based on the Agents Point of View**

**V. S. Mahesh and Anand Kasturi**  
*The University of Buckingham, United Kingdom*

Employment in call centres is increasing, as organisations seek greater efficiencies by centralising customer contact. Many studies have highlighted that managing the balance between issues like operational numbers, service quality, stress, attrition and customer satisfaction is a challenge at most call centres, implying the need for new ways to look at the management of agent effectiveness.

The small but growing body of research in this area usually looks at performance from the point of view of the organisation, management, and/ or customers. Literature reviewed in the areas of service productivity, boundary-spanning roles, service encounters, emotional labour, and motivation especially intrinsic motivation indicated that the agents' point of view may be different yet meaningful for the management of performance and effectiveness. This paper describes an original two-country study that (a) identified key performance factors from the agents' point of view then (b) explored relationships with each other and with agent effectiveness.

The research was conducted in two parts. First, qualitative data were collected from agents at three call centres - one in the UK and two in India - using three different methods. The data were analysed to identify a set of 95 items of performance under five broad themes - Motivation, Stress, Empathy, Control, and Team Orientation.

Secondly, a self-perception questionnaire constructed using these 95 items was used to collect data from agents at two call centres - one each in the UK and India [ $n = 169$ ]. Further, supervisors' ratings [privacy maintained] were collected and used as a measure of agent effectiveness. Using factor analysis, four significant factors were extracted using the questionnaire data, and analysed for relationships with effectiveness, and between themselves.

The four factors to emerge were: 'Intrinsic Motivation' [IM], 'Reward/ Recognition' [RR], 'Customer Stress' [CS] and 'Stress Management' [SM]. The strongest correlation between effectiveness and the factors was with IM - a medium positive correlation, which increases in strength with years on the job. Other significant inter-relationships were also observed between the factors; especially ones between IM, CS and RR.

The paper argues that including agents' viewpoint in the design of human resources management practices can lead to valuable gains in call centre effectiveness. A number of ways and means are suggested for call centre managers to positively influence IM and thus impact agent performance.

**Time** 12:00–12:25  
**Venue** Galleria II Room

### 1.3D **Airport Management: Expanding the Strategic Focus from Airline to Retail Management**

**Martin N. Zehnder**  
*The Nuance Group AG, Switzerland*

**Silke Michalski and Adrienne Schaefer**  
*Lucerne School of Business, Switzerland*

In services marketing, the conception of airport management is discussed mainly in relation to the management of the travel experience, specifically focusing on the optimization of (operational) quality of the airline-related core processes. Commercial aspects of airport services management widely remain unexplored in this context. However, commercial zones play an important role in the economic development and upholding of sustainability of airport operators, as their core airline-based activities tend to be evermore depending on the perils of key feeder airlines, having gone through considerable turmoil in recent times.

Airport commercial zones are here defined as business settings in which products and services are offered and sold to potential customers using an airport. Herein it is important to differentiate between airside and landside locations, as within the confined airside areas, purchases are mainly triggered through known duty-free characteristics, while landside business locations have strongly developed into regular shopping areas, benefiting from prime location advantages, created by the airport. This paper focuses on a needed strategic shift of airport management companies, being able to maximize potential profits in a given business environment. It elaborates on the feasibility for an airport management company to increasingly consider non-aeronautical services in its offer; and whether to even differentiate itself based on them. Based on this potentially extended

service offer, following hypotheses are proposed:

- h1: There is a strong need for different kinds of services in a commercial airport zone
- h2: The more potential services are connected to well known, high-level product brands, the more likely the use of these services by the airport customer and the airport profitability
- h3: The more potential services are connected to the factor wellness and/or a feel-good experience during travel, the more likely the use of these services by the airport customer and the airport profitability

The proposed hypotheses were tested using a sample of 300 airport users at Zurich International Airport. The interviews were conducted personally at airside and landside locations, specifically evaluating customer service expectations and attitudes towards potential brand extensions. This paper presents the results of the study, discusses implications for the main entities in the airport non-aeronautical commercial environment (retail companies, airport operators, customers) and concludes with suggestions for further research.

**Keywords:** Airport (Services) Management - Service Branding - Brand Extension - Retailing

**Time** 12:00–12:25  
**Venue** Galleria III Room

### 1.3E Social Software as a New Way of Customer-Employee Interaction

**Gordon Müller-Seitz**  
*Catholic University of Eichstaett-Ingolstadt, Germany*

**Christian Coenen**  
*ServiceBarometer AG, Germany*

In the course of the diffusion of the internet, several new means of communication have evolved. One of them are weblogs, frequent publications of personal thoughts on personalized internet sites in reverse chronological order. Until recently, this new phenomenon mainly consisted of entries that resembled personal diaries. Nowadays, weblogs have moved from beyond their self-reflective origins to multifaceted applications. With regard to services management, it seems interesting that employees are increasingly notifying information about their experiences at work publicly. The most prominent example might be the documentation of proceedings concerning Microsoft's new software 'Microsoft Longhorn'. Regarding this, the most noteworthy feature of weblogs concerns the possibility to do accompanying commentaries. Similar to the open-source-software phenomenon, this leads to a continuous dialogue between employees and customers about the services or products that are offered by the respective companies. As a result, this paper aims to explore the role of weblogs in a service management context, focusing upon the possibilities to enhance customer communication and integration. Therefore, the paper tries to understand this new phenomenon in the first instance on an empirical basis. Hence, the various existing forms are exemplified. Subsequently, theoretical interpretations and a novel conceptualization are offered to conceive weblogs properly. This will be accomplished by taking insights from services management, open-source-theory, knowledge management and human resource management into account. Based on these considerations, managerial implications of weblogs are discussed. Taken as a whole, the present paper establish an understanding of weblogs with regard to services management in various ways: It enhances the current scope of customer integration measurements by introducing weblogs as a novel instrument. It introduces an innovative concept for the various applications of weblogs. It offers implications on managing customer integration in correspondence with traditional customer relationship management.

**Time** 14:00–14:25  
**Venue** Paradiso Room

### 2.1A Developing Long-term, Strategic Business Relationships

**Robert Johnston**  
*Warwick Business School, Skanska UK, United Kingdom*

**Roy Staughton, Skanska UK, United Kingdom**  
*Shape International*

**Mike Putnam**  
*Skanska UK, United Kingdom*

With some exceptions, notably the work of the IMP group and a few others, the marketing literature is dominated by business-to-consumer research. Yet all organisations have business-to-business relationships which, in many cases determine the

success of the service they deliver to the end consumers in the supply chain. The focus of this paper is long-term, strategic, business-to-business relationships which, although desired by many organisations, appear to have received limited attention in the literature. This paper has two objectives, first to develop a detailed understanding of the nature of long-term relationships - in particular the key characteristics that span the formal, contractual and interpersonal issues, and second to develop an analytical framework which can be used to evaluate relationships and identify, as well as frame, the need for improvement.

This empirically based research, using an appreciative and grounded theory approach, set off with no prior assumptions or hypotheses. The paper makes a number of important contributions to both theory and practice. From a theoretical point of view it has substantiated the notion that there are two main forms of relationship - transactional and strategic. Further it has suggested that these form two distinct relationship continua which can be described in terms of seven measurable dimensions of relationships. In addition, it has provided a framework which has brought together many previously disparate elements of relationships. From a practitioner perspective this work has provided a vehicle to help managers explore, measure and then develop relationships with key partners - current or aspirational.

**Time** 14:00–14:25  
**Venue** Cardinal Room

## 2.1B Financial Services Advertising Modification Strategies to Reach Multicultural Markets

**Gail A. Taylor**  
*Dartmouth College, United States*

**Miriam B. Stamps**  
*University of South Florida, United States*

**Jerome D. Williams**  
*University of Texas at Austin, United States*

Spending by people of color is expected to surpass that of whites, according to a recent report from the Selig Center for Economic Growth at the University of Georgia (Davis 2004). The report indicates that by 2009, the combined buying power of minority consumers is expected to exceed \$1.5 trillion, more than triple the 1990 level of \$456 billion. This represents a gain of almost \$1.1 trillion or 242 percent, and five years from now, the buying power of minority consumers is projected to surpass that of Anglo majority consumers. One of the major untapped areas of minority spending is in the financial services sector. Yet only slightly more than a quarter of all major financial companies have adopted ethnic marketing campaigns, according to a report by Datamonitor on the best practices in ethnic marketing among major financial companies (Angell 2000).

Advertising is one of the major marketing strategies that financial services firms can employ to reach out to multicultural markets. Some firms have made strides in that area. For example, some financial services firms have adopted Chinese advertising slogans to attract the fast growing Asian-American community. However, most firms have adopted a ‘‘one size fits all’’ advertising strategy based on the assumption that financial needs don’t vary that much for each ethnic group (Angell 2000).

In our study we examine the advertising strategies of financial services marketers and empirically test modifications that can be employed to more effectively target minority consumers. Our results show that advertising strategies represent more than merely substituting Spanish for English in an ad, or replacing an Anglo human model with a minority human model. Yet this is precisely the strategy used by many financial services firms as detailed in the first part of our study (Phase I), which consists of a content analysis of financial services advertising in magazines targeted to different ethnic segments. In Phase II we use Starch readership scores to assess general consumer response to similar brand financial services advertising in targeted media (e.g., Visa advertising in *Essence* vs. *Glamour* vs. *Latina*) under non-experimental, uncontrolled field conditions. Finally in Phase III we develop financial services ads and manipulate various treatment conditions of cultural embeddedness to experimentally test advertising effectiveness among different multicultural populations.

Our results provide empirical support for specific multicultural advertising strategies that are most effective for financial services. This research taps into cultural nuances by employing the theoretical frameworks of accommodation theory, similar to the approaches used by Green (1999) and Holland and Gentry (1997), and homophily, similar to the approach used by Simpson et al. (2000). These theoretical frameworks are used to develop hypotheses for the Phase III experiment that all are grounded in the notion that financial services advertising effectiveness increases with an increase in cultural embeddedness and cultural similarity. While such theories and approaches have been used in other advertising contexts, our study represents the first study, to our knowledge, to apply these concepts to financial services advertising. This will become more and more important to financial services marketers as they strive to take advantage of the largely untapped but rapidly growing minority consumer market.



**Time** 14:00–14:25  
**Venue** Galleria I Room

**2.1C New Organizational Designs: Effects on Job Satisfaction and Customer Perceived Quality**

**Patrik Larsson**  
*Service Research Center, Karlstad University, Sweden*

**Birgitta Eriksson**  
*Working Life Science, Karlstad University, Sweden*

**Bo Edvardsson**  
*Service Research Center, Karlstad University, Sweden*

Traditionally, public service providers have been organized in a fairly uniform way based on principles of strict standards, delineation of responsibilities and specialization. In this respect The Social Insurance Agency (SIA), the authority that administers the majority of the Swedish welfare system, was no exception. However, lately this uniformity has had to give room for a number of new organizational structures - sometimes referred to as new Public Management (NPM) - in order to save money and increase efficiency. It is often claimed and assumed that such changes also result in improvements when it comes to work satisfaction and customer perceived quality.

The aim of the study presented in this paper is to explore what effects different organizational forms may have on staff and customers/citizens in regards to working conditions and perceived service quality. We have studied three of Sweden's 21 SIAs that have organized the work after the following principles: bureaucracy, teamwork, or processes. Our study is based on data from interviews with 800 employees in the three SIAs and a questionnaire among approximately 3000 customers. The picture is clear concerning the effects on working conditions: teamwork is best, while bureaucracy is worst. In teamwork, job demands and self-control balance to a high degree, at the same time as a buffer of social support is most common in this form. Teamwork reduces the occurrence of isolated, stressful jobs (the worst kind), but it does not noticeably contribute to the spreading of the best types of jobs (active group work). Here the employees' educational level seems to have a more clear impact. Bureaucracy appears least favorable to the staff, and process organizations lie in the middle.

The findings with respect to service quality are not as clear. Bureaucracy is judged somewhat better than the other two forms in specific quality areas such as accessibility, conduct, and trustworthiness. Teamwork, on the other hand, tends to set up informal systems in stressful situations in order to fulfill the interests of the team, which in turn can affect the insured negatively. Yet, it cannot be said that the changes or development of the organizational structure result in any positive effect when it comes customer perceived total quality. Instead, multivariate data processing shows that factors such as gender, age, and type of subject matter provide explanations that are more important.

The conclusion - from studying SIAs in Sweden - is that the organizational form does not have any impact on perceived service quality. A possible interpretation is that the front-line employees function as some sort of buffer between organization and insured regardless of if the office has a new organizational form, has made cut-backs, is short-staffed etc. Changes and any declines are handled by the employees and not perceived by the insured. We use our findings and carry out a literature review focusing on effects of different organizational forms (= structures) and organizational development (focusing on structural changes). The results from "studying the book shelves" show that there are not many studies in this field, second we find no support for the assumption that organizational development result in "better" services as perceived by customers. However, deregulations seem to have (but not always) a positive impact on service quality.

**Time** 14:00–14:25  
**Venue** Galleria II Room

**2.1D A Two-dimensional Conceptualization of Trust - an Empirical Analysis of Antecedents and Results in the Banking Industry**

**Anton Meyer, Roland Kantsperger, Werner Kunz and Marc Engelmann**  
*Ludwig-Maximilians-University Munich, Germany*

The construct "trust" has gained considerable importance in the field of marketing in the last few years. Research shows that recent transactions and experiences with a company have an influence on the customers' level of trust. Especially the

degree of customer satisfaction conceptualized as an outcome of past experiences proofs to influence trust. Further more trust has a positive impact on constructs like commitment, loyalty, and customer retention (e.g. Morgan & Hunt 1994, Selnes 1995).

In the existing literature the construct trust broadly encompasses different aspects such as credibility, confidence, reliability, integrity or benevolence, but is nevertheless mostly conceptualized and measured as a one-dimensional construct (e.g. Ganesan 1994, Garbarino & Johnson 1999, Moorman et al. 1993, Morgan & Hunt 1994, Selnes 1995). As we consider this to be too one-sided and not sufficient we developed a theoretical model which comprehends trust in a more precise and differentiated way. Thereby we distinguish between two dimensions of trust labeled ‘‘perceived expertise’’ and ‘‘perceived integrity’’ and we can show different effects of these dimensions on commitment and customer loyalty. Furthermore we also examined several antecedent variables which were neglected in previous academic research. Apart from customer satisfaction also personal traits based upon the big five inventory were taken into account for our analysis (McCrae & Costa 1999).

To test our theoretical framework based on behavioral science as well as on institutional economics we conducted a sample of 233 customers in the German banking industry. For the operationalization of the latent constructs we used reflective multi-item-measurement models. By means of a Lisrel approach we tested two measurement models of trust, which differ in regard to the dimensionality of trust. Further more a structural equation model to identify antecedent factors and results of trust and its dimensions is tested.

As we had assumed trust proved to be a two-dimensional construct. We were able to show discriminant validity of ‘‘perceived expertise’’ and ‘‘perceived integrity’’. These dimensions are affected by customer satisfaction and personality traits differently. Further more we found that ‘‘perceived expertise’’ has a significant greater influence on customer loyalty than ‘‘perceived integrity’’. Based upon this substantial practical implications will be derived from our results. Further research testing our model in other industries is at progress.

**Time** 14:00–14:25  
**Venue** Galleria III Room

## 2.1E Modeling Relationships between the Antecedents and Consequences of Customer Power during Service Consumption

**Kalyani Menon and Harvir Bansal**  
*Wilfrid Laurier University, Canada*

Service provider - customer interaction at its core comprises interpersonal interaction. Past research has shown that perceptions of powerfulness/powerlessness impact the dynamics and outcome of interpersonal interactions. We conducted a survey of service customers' experiences of powerfulness/powerlessness to understand the antecedents (e.g., individual factors such as prior knowledge; interpersonal factors such as customer perceptions of service provider assertiveness, leadership) and consequences (emotion experience, emotion display, service satisfaction) of power. While we expected a positive relationship between prior service knowledge and power, we expected an inverse relationship between perceived provider assertiveness, perceived leadership qualities and power. This is because power in interpersonal interactions is shown to be dyadic in nature with, for instance, an assertive individual constraining the other's feelings of power. We also studied the impact of power on customer anger, joy, nervousness and shame, important consumption emotions that significantly determine satisfaction with services, and show very different relations to the service setting. Anger shows an attempt to control the service and is usually linked to powerfulness. Nervousness shows uncertainty shame shows self-focus and both diminish power. Finally, we were interested in which of these emotions powerful/powerless customers were willing to display, and then the overall service satisfaction. A survey using multi-item scales asked respondents ( $N = 198$ ) to recall powerful/powerless experiences during service consumption. Results showed that powerful customers have greater knowledge and higher perceptions of provider leadership than powerless customers, but there was no significant difference in the perceptions of provider assertiveness. Using structural equations we found that for powerless customers knowledge about the service setting and perceptions of provider assertiveness related positively to anger and perceptions of provider leadership lowered anger. Assertive providers increased nervousness and shame for powerless customers. Shame and joy were negatively linked to prior customer knowledge and joy was linked positively to leadership. Only anger was displayed by powerless customers during the service setting. Satisfaction was negatively related to anger and positively to joy and nervousness. For powerful customers, customer knowledge did not predict any of the emotions. Anger was positively predicted by assertiveness and negatively by leadership. Joy was predicted negatively by assertiveness and positively by leadership, nervousness was positively predicted by assertiveness and negatively by leadership and shame was negatively predicted by leadership. Unlike powerless customers, powerful customers displayed both anger and joy, and satisfaction was predicted by emotion display and anger. Managerial and conceptual implications are discussed.

**Time** 14:30–14:55  
**Venue** Paradiso Room

**2.2A Competing on Service in a Competitive Environment: An Investigation into the Marketing Practices of Asian-Owned Businesses in the U.K.**

**Shiv Chaudhry and Dave Crick**  
*University of Central England, United Kingdom*

**Background** The paper reports on the findings from a government funded study that explores marketing strategies that have enabled Asian-owned firms to survive and in some cases prosper in what is arguably a competitive environment in the UK. The motive for funding the study was that data suggests businesses run by members of the Asian community are successfully operating in sectors where members of the white community have not been able to compete. The objective was to determine whether there was an ‘Asian Way’ of undertaking business, and if so, what did this involve?

**Methodology** No agreement existed in the literature on defining the ‘Asian Way’ of doing business and whether this was a state of mind or could be identified in specific business practices. Identified practices from the literature that formed the basis of the questions in this study related to the types of markets served and strategies adopted; role played by family and other ethnic resources in supporting business development; how effective ethnic networks are in co-operating with one another; and potential effects discrimination has on business strategy.

The study employed a qualitative methodological approach involving interviews with academic and business advisors and 30 interviews with entrepreneurs from the Asian community with a focus on those in the retail sector (due to the propensity of Asian-owned firms that operate in this sector). While the sample size of 30 firms may be considered as relatively small, it nevertheless allowed the researchers to systematically check the data for patterns of response in order to validate the data and identify issues requiring interpretation and further research.

**Contribution** Findings suggested that in practice the ‘Asian Way’ of undertaking business is more appropriate to micro businesses, particularly in the retail sector, rather than those of a larger scale. Results indicate that some firms have actively targeted small ethnic niches and provide a service offering, based on cultural knowledge and resources, to meet the needs of the local community i.e. differentiating themselves from ‘mainstream’ businesses. However, other firms have grown because they have ‘broken out’ of cultural niches to meet the needs of the mainstream community and have ‘professionalised’ operations in their service offering. The findings therefore contribute towards understanding the respective firms’ service marketing strategies that have enabled them to survive and in some cases prosper in the UK’s competitive environment.

**Time** 14:30–14:55  
**Venue** Cardinal Room

**2.2B Who Is Buying the Louis Vuitton Handbags and Macadamia Nuts? An Investigation of Cross Cultural Spending Behaviors among Tourists**

**Mark Rosenbaum**  
*University of Hawaii, United States*

This study investigates actual and planned purchases of products and services among 1,056 randomly selected tourists in Honolulu, Hawaii. This study represents a contribution to the literature by highlighting several key cross-cultural consumption differences among tourists from the United States/Canada, Japan, South Korea, and China. The goal of the statistical analysis was to uncover differences in consumption patterns of an extensive list of products and services, which were coded as binary variables (0 = no plan to buy and 1 = will buy). Thus, logistic regression was implemented, by generalized linear modeling procedures, to reveal significant group differences. The significance of the predictors on each criterion was assessed by using the analysis of variance function to obtain the analog of an ANOVA table in order to yield an analysis of deviance table. Significant relationships among the groups, which were classified by both country of origin and age-group, and the interaction were explored in-depth using pairwise comparisons. Lastly, pairwise comparisons were probed via contingency tables.

Overall, the findings confirm the Japanese love affair with designer merchandise. For example, over 46% of Japanese respondents planned to buy designer handbags while only 21% of Americans planned to do so. Along these lines, although 60% of Japanese respondents planned to visit designer boutiques during their stay; yet, only 35% of American and Chinese/South Korean respondents planned to do so. Interesting, about half of the Japanese respondents planned to also shop at discount and outlet stores during their stay. In contrast to Japanese respondents who plan to primarily shop during their stay, American and

Chinese/South Korean respondents planned to engage in outdoor activities, such as swimming, scuba diving, and attending cultural events.

In terms of theoretical implications, understanding how and why shopping plays such an important role among Japanese tourists is worth further exploration. America, as well as other destinations, that actively solicit Japanese tourists may need to understand that the main draw of their destination lies in creating a shopping experience as opposed to a relaxation or cultural experience. Furthermore, given the increasing number of foreign tourists from China, this study provides insights regarding the products and services that Chinese tourists desire. In terms of managerial implications, this study also provides a rich analysis to retail and service organizations that target both American and Asian tourists by helping them formulate an optimal product/service mix.

**Time** 14:30–14:55  
**Venue** Galleria I Room

### 2.2C **Service Relationship Building Process: Does the Customer-Employee Relationship Matter?**

**Chi Kin (Bennett) Yim, David K. Tse and Kimmy Wa Chan**  
*The University of Hong Kong, Hong Kong*

In conceptualizing a consumer's totality of service experience, both the service quality approach and customer satisfaction approach (expectancy-disconfirmation) adopt a firm focused orientation in that the impact of employees on service evaluation will only be examined vis-a-vis consumers' quality perceptions of or their satisfaction with the service firm. While this focus provides useful insights on the customer-firm relationship, it overlooks the inter-personal aspect of a consumer's total service experience that may affect his or her service enjoyment and future commitment to the firm. This is especially true in relational services (e.g. personal banking, education) where anecdotic descriptions and personal experiences highlight the salience of relationship between service personnel and customers.

In this paper, we build on the recently extended model of consumer satisfaction, which examines the satisfaction-trust-loyalty relationship at the consumer-to-firm/brand level, by proposing social interactivity (between customers and service personnel) as an additional salient construct within the totality of a consumer's service experience. This proposed framework allows us to examine the importance of the inter-personal relationship (social rapport, personal trust, and service personnel loyalty) between service employees and customers across the transactional-relational continuum.

Results from an empirical examination of a consumer panel dataset covering both transactional (fast food) and relational (hair salon) services support the need to consider the social interactive construct as a part of the totality of consumers' service experiences. The study also validates the important role that employees play in enhancing consumers' service experiences. Positive feelings such as trust and loyalty toward the employees do translate into positive feelings toward the firm; this affect transferability is especially salient in the relational exchange context (i.e. hair salon). In addition, the results provide evidence that consumers' loyalty toward the employee and the firm are complementary to each other, but each plays a different role in transactional versus relational service contexts.

Managerial implications derived from the study results for formulating effective services strategies in transactional versus relational service contexts are discussed.

**Time** 14:30–14:55  
**Venue** Galleria II Room

### 2.2D **Impact of Satisfaction, Switching Costs, and Relationship Length on Customer Loyalty Intentions**

**Chatura Ranaweera**  
*Wilfrid Laurier School of Business, Canada*

Since customer loyalty management is a strategic imperative for most firms, recent interest in this topic has been considerable. The concept of the service profit chain has been fundamental to most studies that dealt with this topic. However, recent

literature challenges the premise that long-term customers are loyal customers and are more profitable to the company they patronize (Reichheld & Sasser, 1990). Dowling & Uncles (1997) argued that the contention that 'loyal' customers are always more profitable is a gross oversimplification. Reinhartz & Kumar (2000) demonstrated the presence of high and low profitability customers among both short and long-term customers. Anderson and Mittal (2000) argued that while the satisfaction-profit chain is conceptually solid, the relationships are asymmetric and nonlinear.

However, these critical studies too have some limitations. For instance, not all long-term customers are likely to be truly loyal especially in the presence of switching costs. It is long-term, satisfied customers who are likely to be loyal, and therefore, (arguably) profitable. The current study accounts for this limitation by incorporating a measure of the consumer's positive attitudinal disposition towards the service provider as a proxy of true loyalty. The current model also addresses the presence of switching costs through incorporation of relevant direct and moderating effects. Furthermore, this study expands previous research to examine non-linear and asymmetric effects of satisfaction on multiple dimensions of loyalty intentions. Based on a large-scale survey of 3000 fixed line telephone customers in a competitive environment, the study confirms some exiting premises, but challenges numerous others.

Firstly, the study found that the impact of satisfaction on positive word of mouth (WOM), negative WOM, price sensitivity and alternative attraction is non-linear. These findings extend the extant literature beyond the dominant focus on the retention dimension. The effects were also asymmetric. The point in the satisfaction scale that is critical in managing loyalty was found to be unique for the different dimensions of loyalty studied.

Secondly, the impact of relationship length was found to be significant but negative on WOM behaviour, challenging existing beliefs about long-term customer behaviour. Surprisingly, both new and long-term satisfied customers were found to display a level of price sensitivity and alternative attraction that was statistically not dissimilar.

Finally, drawing from commitment literature (Fullerton, 2003), the study furthered existing knowledge to show that while switching costs might be effective in retaining customers, they could have unintended negative consequences on other loyalty dimensions.

**Time** 14:30–14:55

**Venue** Galleria III Room

## **2.2E Knowledge and Knowing of Customers: Exploring Dyads and Communities of Practice in a Car Retailing Company**

**Karolina Poukkula**

*Hanken, Swedish School of Economics and Business Administration, Finland*

In order to fulfill the customer's needs and wants the seller has to know the customer. This is a basic tenet of marketing and nobody would argue against the fact that knowledge about customers is crucial for successful marketing. The purpose of this research is to explore how knowledge and knowing of customers are created and shared firstly, within a dyad of customer and frontline contact person, and secondly, within communities of practice consisting of frontline contact persons. The concepts of knowledge and knowing are distinguished between, as knowledge refers to something static that can be possessed per se, while knowing refers to the act of knowing how to do something. For example, knowing how to treat a customer requires knowledge of the customer, and if one has never practiced customer service the knowledge is hard to put into action. Thus, both knowledge and knowing are necessary for the creation of value in a service context.

The main argument is that the creation and sharing of knowledge and knowing are embedded in practice. This could be labelled a pragmatist view of knowledge, which is based on the work by the philosophical school of Pragmatism, and especially on the work of Dewey (1910, 1925, 1938). In order to understand the social dimension of knowledge and learning the social learning perspective fits within the same epistemological field as the pragmatist perspective. Social learning theory suggests that knowledge cannot be disconnected from a social context (Vygotsky, 1978; Lave, 1988). In a service firm, where interaction with customers is intense, knowledge and knowing are indeed results of social processes and practical problem solving. Frontline contact persons in service firms construct their understanding of what customers value out of a diverse range of interactions with customers. The main contribution of the research lies in the introduction of the pragmatist and social learning perspective into a service-marketing context.

A case study of a car retailing company will be presented. Data was collected through observations of service- and salespersons at work, interviews and informal discussions. The results show that there are several factors influencing the processes of creating and sharing knowledge and knowing of customers. The interaction and dialogue within the dyad and storytelling within the communities of practice are essential parts of these processes. Moreover, the informants' repository of tacit knowing is clearly manifested in their actions - it is an integral element of their practice.

**Time** 15:00–15:25  
**Venue** Paradiso Room

### 2.3A **Enhancing Competitive Advantage during Environmental Crises: The Case of Singapore Airlines**

**Nitin Pangarkar**  
*National University of Singapore, Singapore*

Singapore Airline's ability to deliver excellent financial performance in a hostile environment (the airlines industry) is well-known. This paper argues that the extensive prior literature analyzing the success of the airline has predominantly focused on the company's brand reputation and service levels, but ignored one of the company's core competencies—its ability to weather (or even thrive in the face of) environmental crises. In the Asian crisis of 1997 and 1998, for instance, the airline was able to enhance its competitive position versus rivals, such as Thai Airlines and Malaysian Airlines, which had been competing vigorously prior to the crisis.

We argue that Singapore Airlines' response to crises is influenced by four factors: its diversity, specifically its global presence; its accumulated assets including retained earnings and brand reputation; its emphasis on strategic continuity; and the organizational policies which are equitable across different categories of employees. Its global presence helps it tide over regional crises (e.g., the Asian crisis or the SARS outbreak) since revenue and profit shortfall in one geographic area can be compensated by another area. Accumulated assets (e.g., brand reputation) mean that Singapore Airlines continues to enjoy the patronage of discerning customers, such as business travelers, even during the crises. Emphasis on strategic continuity, such as the single-minded focus on providing high-levels of customer service, mean that the airline doesn't deviate from its long-term strategic path. In the middle of the Asian crisis, it launched a S\$500 million overhaul of its service classes, based on the premise that its customers expected the best from it—with or without the crisis. Finally equitable organizational policies maintain the morale of the employees during difficult times. During the SARS crisis, for instance, the management cut its own salaries sending a positive signal that it was sharing the pain.

The airline's ability to weather crises has assumed even greater importance as a series of crises, such as the terrorist attacks of September 11th, the outbreak of SARS and the wars in Afghanistan and Iraq, have adversely impacted the fortunes of the airlines industry over the past few years. We submit that this competence will continue to play an important role in Singapore Airline's future performance.

**Time** 15:00–15:25  
**Venue** Cardinal Room

### 2.3B **The Importance of Relationships in a luxury Context - Online as well as Offline**

**Anita Radon**  
*Stockholm University School of Business, Sweden*

Over the past decade, the growth rate of the luxury goods market - which is estimated at Euro 80 billion in 2002 - far exceeded that of the world economy (McKinsey report). According to Frank (1999) we are in a new wave of luxury fever: "The democratization of luxury has been the single most important marketing phenomenon of modern times" (Twitchell, 2002:29). Luxury intrigues and allures us. The word "luxury" is used in every other advertisement, often indicating something positive, something worth striving after, something worth desiring. "Indulge yourself" is the implicit promise of modern luxury goods. You deserve a break today. You are worth it (Today L'oréal's slogan). We're here to help you indulge (Twitchell, 2002). But in order to get consumers to indulge themselves in the luxury of one particular brand and believe that it is truly luxurious, management and marketing efforts have to be focused on enhancing exclusivity and managing customer relationships.

The core problem for luxury brands is the "luxury brand paradox", i.e. to create desire and sell but not to oversell. To maintain long lasting relationships luxury brands are using non-traditional methods of cultivating relationships with consumers. One way that is quite new for luxury brands is reaching already existing and potential consumers with the use of internet. The creation and cultivation of relationships for luxury brands consists of making the customer feel as part of the company and the company history. Making consumers feel emotional about the all aspects of the company, ranging from the products and the history of the brand to the latest designer hired.

The empirical evidence focus is on how service and exclusivity is in fact handled by luxury brands and how it is being perceived by consumers and potential consumers of luxury brands. In-depth interviews with luxury consumers who have purchased luxury goods through traditional luxury stores and online research consisting of interviews and web-tracking of both consumers and non-consumers in online-communities.

Initial research has shown that the Internet as communication tool is in fact very important for luxury brands and goes a long way in establishing familiar feelings with consumers. It also invites consumers who have previously felt threatened by the store itself. However the link between online and offline, ie. The website and the actual store has to be strengthened. Consumers express feelings of conflict between these two.

**Time** 15:00–15:25  
**Venue** Galleria I Room

### 2.3C The Role of Social Status in Evaluating Service Organizations

**Young K. Kim**  
*Shenandoah University, United States*

**Amy K. Smith**  
*The George Washington University, United States*

Considerable efforts have been made to examine the roles of satisfaction and trust in understanding and predicting customers' behaviors. Satisfaction and trust are two important constructs that determine relationship quality and affect customers' future behaviors that are critical to the organization's bottom line and success (e.g., repurchase). Yet, previous studies (Garbarino and Johnson 1999; Hennig-Thurau, Gwinner, and Gremler 2002) investigating the relationships among these constructs have usually assumed that all customers are alike and did not attempt to explore or identify personal characteristics (e.g., gender, income, education) that might explain possible differences among customers in terms of their responses to the organization.

This research offers new insights into the study of services marketing by examining the role of social status in the context of the relationships among service performance, satisfaction, trust, and behavioral intentions. In this study, the authors develop a framework that outlines the relationships among service performance, satisfaction, trust, and behavioral intentions and the role of social status in the proposed relationships. The authors hypothesize that the proposed relationships operate differently depending on customers' social status.

The model is tested on data collected from customers of childcare services using path analysis and Chow test analysis. The study found that customers weigh hard (non interpersonal) dimension of service more heavily than soft (interpersonal) dimension in their judgment of satisfaction and that the drivers of two forms of behavioral intentions (i.e., intentions to stay and intentions to engage in positive word of mouth) are different. The study also found that social status plays an important role in explaining differences among customers in terms of the relationships among satisfaction, trust, and behavioral intentions. The results have important implications for services marketing researchers and for providers of child care services as well as providers of other types of credence services.

**Time** 15:00–15:25  
**Venue** Galleria II Room

### 2.3D Customer Asset Management in Corporate Governance

**Heli Arantola**  
*HANKEN Swedish School of Economics, Finland*

Customer Asset Management is an emerging research area that concerns the financial value of customer relationships. Corporate governance is a multi-disciplinary area of management and social sciences. The purpose of the study is, firstly, to explore and identify relevant research questions of the customer asset management view on corporate governance and, secondly, to present an empirical analysis of the current customer asset management issues of large Finnish corporations.

Themes for the empirical study were based on a literature review: 1) the quality of the customer base as an indicator of future performance, 2) Investors' demands for information on the quality of customer base, 3) connection of shareholder value and future profitability of existing customers and the ability to attract and retain profitable new customers, 4) visibility of the customer asset in governance structures, and 5) level of accuracy of managing investments into customer assets.

In-depth interviews were conducted using a convenience sample of CEO's of major corporations. The study results are reported under the topics of internal reporting and goal setting, external reporting and investor relations, and investments in customers.

The study reveals that volume and market share are still the most important customer-related metrics on the C-level. Understanding of what the identified, more specifically customer-related metrics mean in terms of business performance was seen to be an area of improvement.

C-level management perceives a need for near-perfect internal reporting and understanding before any of the customer results can be reported externally. In contrast to internal reporting, a qualitative understanding of the customer base was not seen valuable: the understanding needs to be translated into numbers. Whatever the approach, there is great need to report in a way that is comparable between competitors. External reporting about customers makes sense only when it creates a story that builds competitive advantage.

Even though the idea of investment in customer segments and expected returns from those investments are in the background of decisions, there are no practices for calculating the ROI of customer investments. Therefore there were no tools for managing these resource allocations and costs as total investment level into certain segments. The authors conclude with topics for further research including the connection between corporate responsibility and customer reporting, mechanisms of corporate valuation and customer assets, as well as correlation and concentration of customer base risk.

**Time** 15:00–15:25  
**Venue** Galleria III Room

### 2.3E Consumer Familiarity: Its Effects on Consumer Updating of Service Expectations

**Jackie Lai Ming Tam**  
*The Hong Kong Polytechnic University, Hong Kong*

Expectations play an important role in consumer decision making process. It is documented in the literature that consumer expectations are dynamic in nature. Although the dynamic phenomenon of this variable has been examined in recent years, few have examined the role of consumer familiarity in updating of their prior expectations toward a service. Consumers with high familiarity are thought to have strong beliefs about a service and its performance, this may affect the way they search and evaluate the information about the service experience, and their process of updating of prior beliefs (Hoch and Deighton, 1989). The objective of this study is to examine the effects of consumer familiarity on updating of their prior expectations toward the service. A longitudinal study consisting of pre-purchase measures and post-purchase measures were conducted with consumers in the restaurant setting. Managerial implications of consumers with a high level of familiarity and consumers with a low level of familiarity are discussed.

**Time** 16:00–16:25  
**Venue** Paradiso Room

### 3.1A The Customer's Role in the Innovation Process - Perspectives, Techniques and Performance

**Bodil Sandén, Anders Gustafsson and Lars Witell**  
*Service Research Center, Karlstad University, Sweden*

In order to gain customer retention companies have to improve existing offerings in accordance to customer needs, as well as develop new products and services as customers needs change (Slater and Narver, 1999). This requires the ability to effectively anticipate and understand current as well as evolving customer needs and values (de Brentani and Cooper, 1992; Flint, 2002; Woodruff, 1997). However, this is both problematic and troublesome. In general customers have trouble imaging and giving feedback on something of which they lack experience (e.g., Leonard and Rayport, 1997; Ulwick, 2002; von Hippel, 1986). Adding to the complexity is the fact that many services and products today are interactive, technology intensive, and embedded in relationships. To deal with these complexities, research suggest that companies should co-operate with their customers during the innovation process (Desza et al. 1999; Martin and Horne, 1995; von Hippel et al., 1999).

Drawing on previous research in market orientation, organizational learning and innovation (e.g., Day 1994, 2002; Sinkula, 1994), the present study reports on an empirical investigation of 400 Swedish organizations, and how they involve their customers in the innovation process. Customer involvement in the innovation process is defined as those processes, deeds and interactions where a service provider collaborates with current (or potential) customers at the program, project and/or stage level of the innovation process, to anticipate customers' latent needs and develop new services accordingly.

Our empirical investigation uncovers the alignment of the adopted perspective and techniques used to reveal customer needs. The techniques investigated are using the employees knowledge concerning customers, customer interviews, surveys, observations and the lead-user method. The results imply that there is a pattern in usage of different methods that depends on how an organization views their customers (as a buyer, an informant or a co-developer). In addition we investigate how different techniques for customer involvement influence business performance, in terms of e.g. innovativeness, customer and financial results. The last part of our empirical investigation concerns if customer involvement might be a better strategy for service organizations than for manufacturing organizations. The authors aim to provide managerial implications on what techniques to



use and which type of customer (e.g. financially attractive customers or customers with a special expertise) to involve during the different phases of the innovation process.

**Time** 16:00–16:25  
**Venue** Cardinal Room

### 3.1B Non-Complaining Behavior of Lost Service Customers

**Bernd Stauss**

*Catholic University of Eichstaett-Ingolstadt, Ingolstadt School of Management, Germany*

**Wolfgang Seidel**

*Servmark Consultancy, Germany*

Research on complaint behavior of service customers has been focused particularly on two focal points: non-complaining behavior and customer complaint satisfaction.

The majority of dissatisfied service customers do not complain. To explain this phenomenon an abundance of studies has been generated that analyze the antecedents of the customers' complaint decision. From the corporate perspective it is particularly of interest to identify those problems which induce a migration of customers without addressing a complaint to the company (non-complaining service problems relevant for migration).

The second key research topic is the complaint satisfaction construct. A multitude of contributions analyze the dimensional structure of the construct and the consequences of complaint satisfaction for the repatronage behavior. Particularly important for service providers is the identification of those dimensions of complaint dissatisfaction that directly result in the migration of the customer without a follow-up complaint (non-complaining recovery problems relevant for migration).

The enquiry of non-complaining service problems relevant for migration is usually carried out in the context of customer satisfaction surveys. Recovery problems relevant for migration can be identified by complaint satisfaction surveys. However, the value of the results of these surveys is rather limited because they often do not include the relevant group of customers who already terminated the business relationship. And regarding the remaining customers they provide no reliable evidence of the actual realization of the intended migration. This paper investigates whether these shortcomings can be reduced by a Lost Customer Analyses (LCA) focusing on the non-complaining behavior of customers who factually broke up the business relationship. The following research questions are addressed:

1. What kind of service problems do lost service customers perceive as that serious that they cancelled immediately the business relationship without complaining at the company?
2. What kind of problems of the corporate complaint reaction do lost service customers perceive as that serious that they terminate the business relationship without a follow-up complaint?
3. What analogies and differences arise in respect of the frequency and prioritization of problems compared to the results of the conventional satisfaction and complaint satisfaction measurement?
4. What managerial consequences arise from the results for service quality management and complaint management?

To answer these questions an extensive empirical Lost Customer Analysis among customers of a large financial services company has been conducted.

**Time** 16:00–16:25  
**Venue** Galleria I Room

### 3.1C The Effects of Social Capital on the Reporting of Unsolicited Customer Feedback

**Siok Kuan Tambyah and Jochen Wirtz**

*National University of Singapore, Singapore*

Customer feedback is used for customer-driven learning by identifying problem areas for improvements, and for benchmarking the firm's service quality and performance against their closest competitors. Some firms also use customer feedback to appraise their employees. Most firms formally solicit feedback through various means (e.g., surveying customers after a transaction). However, unsolicited customer feedback is an untapped resource. As unsolicited feedback can come in many forms and often

unexpectedly, it is difficult to ensure that all employees report the feedback they receive. They might lack the motivation and opportunities to do so, or feel uncomfortable if the feedback is used for evaluation of their peers.

This study uses a between-subjects quasi-experimental design to investigate the effects of the structural and relational dimensions of social capital in encouraging employee reporting of unsolicited customer feedback. Social capital is the actual or potential resources one possesses as a result of participation in groups or being part of an institutionalised network of relationships. The structural dimension is represented by the availability of adequate channels of communication, and the rewards and recognition given for the reporting of unsolicited feedback. The relational dimension reflects the levels of trust in the firm's leadership and whether employees have a shared vision within the firm. These dimensions are measured using established scales.

The valence of unsolicited customer feedback (positive versus negative) and the firm's objectives for using the feedback (appraisal versus improvement) are manipulated using written scenarios. The dependent variable in this study is the enhanced reporting of unsolicited customer feedback which is measured by the likelihood of employees reporting the feedback received and the amount of detail reported. Other measures include the possibility of changes in the valence of the feedback, the mode of reporting and the recipient of the reported feedback.

Four different versions of the survey are distributed to more than 200 working adults employed in various service industries. Data collected is analyzed using structural equation modeling techniques. It is hypothesized that between two firms which use unsolicited feedback for the same objectives, the firm with adequate channels of communication, a proper rewards and recognition structure, and whose employees trust their leaders and share the firm's vision will have enhanced reporting of the unsolicited customer feedback by employees compared to a firm where none of these conditions are present.

**Time** 16:00–16:25  
**Venue** Galleria II Room

### 3.1D The Impact of Market Orientation and New Service Development on Corporate Performance

Thomas Salzberger, Monika Koller and Claudia Klausegger  
*WU Wien, Austria*

In modern economies, the service sector is most important for employment and national wealth. However, in the manufacturing sector, services have gained significance for marketing material goods, as well. As a consequence of world-wide, increasingly fierce competition, service businesses struggle to maintain their market position. Innovative services could be an effective weapon in this contest.

The present study is based on a research model suggested by Gray (1999) and Shaw et al. (2001), who investigated the relationship between corporate performance and a range of sources of advantages in New Zealand, including market orientation (MO) and new service development (NSD). The sample size of the current study amounts to 136 companies drawn from the 1600 largest companies in Austria as the sampling frame.

We focus on the relationship between MO and NSD and their influence on corporate performance. Furthermore, market turbulence has been considered as a potential antecedent of NSD forcing companies to engage in innovations. All constructs are conceptualised as multidimensional constructs (MO: customer orientation, competitor orientation, interfunctional coordination, profit control; NSD: organisation, co-ordination, process/team level), however additive indices are computed as a summary assessment. The operationalization of the constructs largely follows Gray (1999). Market turbulence was expected to be positively related to NSD (H1). MO and NSD were hypothesized to be positively correlated (H2). Both, MO (H3) and NSD (H4) were considered to contribute to corporate performance.

As expected under H1, market turbulence correlates positively but not really strongly with NSD ( $r = .22, p < .01$ ). MO and NSD are closely related ( $r = .56, p < .001$ ) confirming H2. Furthermore, MO ( $r = .41, p < .001$ ) and NSD ( $r = .26, p < .01$ ) are positively related to corporate performance (as an index of financial and market performance) suggesting both H3 and H4 hold. However, the partial correlation of NSD and performance accounting for MO turns out to be non-significant, implying that H4 has actually to be rejected. NSD seems to be a consequence of the company's market orientation with no genuine impact of performance once MO has been accounted for. NSD per se is not necessarily suitable for boosting corporate performance unless it is closely related to the needs of the customers. Fortunately, for 28.2% of the companies, the improvement of customer satisfaction is the most important motive for innovations and 32.5% name customer enquiries as the most relevant trigger of innovations. NSD without close reference to customer needs is unlikely to prove successful.

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**Time** 16:00–16:25  
**Venue** Galleria III Room

### 3.1E **Defining Service Quality for Customer-Driven Business Development - A Housing-Mortgage Company Case**

**Inger Roos, Anders Gustafsson and Bo Edvardsson**  
*Service Research Center, Karlstad University, Sweden*

This article continues the current debate of international marketing journals on service definitions issues. Both the definitions and the characteristics of service is the focus of the general deliberations in this study, however, the service definition is emphasized. One stream of the criticism in the ongoing discussion is the high abstraction level of the definitions while another stream again criticizes the detailed descriptions of service definitions as appropriate only in particular services. The contradiction regarding the criticism signals a rather confusing perception among the scholars regarding the service concept. We concentrate in this study on the typical implication of the empirical studies ensued when taking new perspectives on service and we present how the different perspectives affect the empirical results. We focus exactly on three service perspectives in our theoretical frame; the company perspective, the customer perspective and the behavioral perspective. The results from the behavioral perspective is presented and discussed.

Defining service quality has lately been the focus of several articles in the marketing literature (Zeithaml and Bitner 2003; Vargo and Lusch 2004). The definition issues being discussed have contrasted the static approach against the dynamic and/or processual (Edvardsson et al. 2000). The static definitions related to and used in service research are usually based on customer evaluations of fixed product dimensions. That view and application of service became less appropriate when the relationship perspective (Edvardsson 1988; Liljander and Strandvik 1995; Keaveney 1995; Roos 1999) was introduced in the marketing literature. When service gradually developed into the main interest in the literature of customer relationships it unfortunately was established around the definitions and characteristics and not about the customers' perspective that was the initial intention (Grönroos 2000).

In a study on actual switching behavior of a mortgage company the service offered to customers was redefined and redesigned as a result of how the customers valued it related to the same kinds of service offered by the competitors. In such comparative-customer perspective the content of the relationship in terms of service was naturally compared to the perceived service as a result of the strategies of comparable companies. The comparison had in our study lead to a switch to the competitor. The reason was that the result of the comparison showed a discrepancy of the customer-perceived value between the alternatives. The competitive market offered simply a service that the mortgage-company customers assessed as a more worthwhile alternative. However, the new definition of the mortgage company's service based on the customers' experiences on their switching paths helped to define a new core with priority of importance for loyalty. The company applied the new definition of their service and positioned it related to the service offered by the competitors. This action improved the service perception amongst the customers according to the CEO of the company.

Service as a perspective In this article we demonstrate the implication of the "perspective issue" when the service definition is seen as a perspective. More specifically, in the empirical study the actual-behavioral customer perspective is taken on the relationships between a housing-mortgage company and their private customers. The ultimate focus is on switching behavior. In other words, customers that have preferred a competitor in favor of the mortgage company describe their switching paths. In so doing the customers include their ultimate definition on service related to disloyalty regarding this specific housing-mortgage company. The underlying assumption when considering the service definition of a company in a customer perspective is that the service definition as defined by the company may not necessarily be perceived in the same way by the customers. That is also our hypothesis in this study. In other words, we take on by claiming that the housing-mortgage company's strategy (service definition) was only objectively set up by the company management. Being a financial company the focus was on the rate of interest. The ultimate question following that reasoning is: Do customers perceive the rate of interest, for example, objectively according to the company set strategy when contrasted to the competitors' level of interest rate? We accordingly point out that the focus of our study is on the customer perspective including both actual behavior (the qualitative study) and customers' perceptions of attributes and attitudinal consequences for loyalty (the quantitative study). The contribution of our study is that we demonstrate with empirical results how the use of service as a perspective can be used to improve a company's service definition.

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**Time** 16:30–16:55  
**Venue** Paradiso Room

### 3.2A **Architecture and Spatial Organization for Service Innovation: How Architectural Solutions and Spatial Organization Stimulate the Innovative Capability of Firms in Hospitality, Retailing, and Banking**

**Magali Dubosson**  
*HEG University of Applied Science, Geneva*

**Hervé Mathe**  
*ESSEC Business School, France*

Organizational structures certainly are of great importance in order to determine employees' behaviour and performance. On the other hand, physical structures also significantly influence the way staff and customers view the company and interact with it. In service based activity, firms and institutions are competing thanks to innovations in products/services, processes, and management styles. Innovative approaches may also materialize into the design of facilities. Service providers are in position to significantly improve convenience and productivity by designing space and defining appropriate layout carefully. Facility layout can be addressed with attention to traffic flow, space planning, and the need to avoid unnecessary travel. This pattern also includes identification of the meanings, characterization of size and qualification of the process by which any service facility delivers messages.

Design and layout represent the supporting facility component of the service package. Together they influence how a service facility is used and, sometimes, if it is used at all. Virtually all service activities rely on physical supports to provide their value to the market. Actually in hotels and restaurants for instance the core of the offering could be described, in trivial way, as the provision of a roof for a night or a meal. More and more, hotels, restaurants and fast food outlets are being located in commercial malls, train stations, airports terminals, and the like: all large physical facilities in which only services businesses, mainly retailing, stand. Banking corporations have always put great emphasis in conveying messages through the statures of their headquarters and branches. They also emerge at preeminent occupant of large shopping centers, along with clothing outlets and else.

Our research addresses a series of hypothesis regarding how architectural solutions and spatial organization influence and stimulate the innovative capability of firm in services. Cases are studied in Hospitality, Retailing, and Banking sectors. The present paper summarizes our in-progress findings and offers directions for further research developments.

**Time** 16:30–16:55  
**Venue** Cardinal Room

### 3.2B **Cross-selling: The Power of Human-to-Human Conversation**

**Sara Varlander and Ali Yakhlef**  
*Stockholm University School of Business, Sweden*

With the increased use of the Internet as a service interface the role of customer-service provider face-to-face conversation has been eliminated from the service encounter. To the extent that customer needs are latent, conversation serves to elicit those needs, spawning sometimes new ones altogether, thereby opening the scope for cross-selling. This paper discusses the practice of cross-selling within two customer-service provider contexts: face-to-face and Internet-mediated, focusing on the role of live conversation in generating opportunities for cross-selling that are not possible through the Internet. Based on case study material, we argue that the elimination of human-to-human conversation impacts negatively firms possibility to influence customer behaviour, thereby reducing the prospects for cross-selling. Live conversation in service production fills many functions: it supports and shapes consumers decision-making process, fostering needs and wants that emerge in conversation. Technology-mediated service encounters, by contrast, lacks these characteristics, which makes it less suitable for cross-selling.

**Keywords:** Face-to-face encounters; human-to-human conversation; technology-mediated interfaces, cross-selling.

**Time** 16:30–16:55  
**Venue** Galleria I Room

### 3.2C **Re-conceptualizing Service Recovery: Matching Organizational Responses to Customer Orientations**

**Doan T. Nguyen and Janet R. McColl-Kennedy**  
*UQ Business School, Australia*

Despite considerable effort to recover service failure, 81% of customers who complained were not satisfied with the complaint handling process (TARP, 2001). Indeed, research shows that service recovery strategies to date are still largely ineffective across different service settings (Davidow, 2003). We argue that understanding how both customers and service providers perceive effective service recovery is crucial. Developing a holistic approach that captures these different perceptions of the customers and the service providers should lead to greater perceived effectiveness of the recovery attempt (Gronroos, 1996; Hunt, 1997; Powell, 2003; Quinn, Doorley, & Paquette, 1990).

Hence, we propose a dyadic service recovery model that captures the key differences between the customer's and the service provider's perspective. Our model challenges the traditional single view, and explains different effects of service recovery on customer word of mouth and switching behavior across different service settings. The model highlights the importance of co-production.

Based on 300 critical incidents, we identified three different perceptions of fair service recovery: (1) contractual; (2) mechanistic; and (3) relational. We used Bayesian Network Analysis (Blodgett & Anderson, 2000; Pearl, 2000) to simulate the impact of different service recovery strategies on customer word of mouth and switching behavior. Our paper suggests that customers complain when they perceive they did not get the outcome they paid for in contractual service settings. In contrast, customers tend to recommend services in which they have opportunities to co-produce the recovery solution in mechanistic service settings. In a relational service failure context, merely offering compensation will not recover the customers fully, and hence, they will engage in negative word of mouth and switching behavior.

Providing customers with options plays a key role in service recovery across all three service contexts. But it is important to recognise that high levels of options are only desirable in relational and mechanistic contexts, not in a contractual context. This is largely explained through (mis)matching perceptions between the customer and the service provider. For example, in a contractual service context, customers expect a quick solution and compensation (not spending time choosing between options), whereas in a mechanistic context, customers expect to be invited to participate in recovery option (co-production). Important implications for theory and practice are discussed.

**Time** 16:30–16:55  
**Venue** Galleria II Room

### 3.2D **How Does Customer Orientation Benefit Service Providers? Links to Commitment and Loyalty**

**Alison M Dean**  
*University of Newcastle, Australia*

Despite the importance accorded to employee-perceived customer orientation, scholars have noted that the advantages of customer-perceived customer orientation are not well understood (Brady & Cronin, 2001). Similarly, commitment has been measured predominantly in employee studies although interest in customer commitment and its contribution to service relationships has increased over the past decade, indicated by empirical work in both consumer (e.g. Fullerton, 2003; Garbarino & Johnson, 1999) and business services (e.g. Wetzels et al., 2000). This presentation will report on a study that contributes to both these areas. First, the study distinguishes between customer commitment and service loyalty, using exploratory and confirmatory factor analyses. Second, it uses alternative models to test relationships between the dimensions of customer-perceived customer orientation, perceived service quality, customer commitment and service loyalty. Data were collected from customers of two call centres in Australia using a cross-sectional mail survey design. In both cases, respondents had used the call centres to seek after-sales service, but the samples were distinguishable according to the framework of Parasuraman and Grewal (2000) in that one sample consisted of end 'consumers' of insurance services ( $n = 289$ , 15%) while the other was business 'customers' of a bank ( $n = 325$ , 16%). The limitations of the research design may have led to common method variance and no inference with respect to causality can be made from the results, but there were highly consistent findings for the two samples. The study identified two dimensions of customer orientation, customer focus and customer feedback, and they demonstrated different effects. Customer focus, operationalised as creating value for customers and emphasising customer satisfaction, was related to both perceived service quality and service loyalty, but not customer commitment. In contrast,

customer feedback, which included monitoring customer satisfaction, encouraging informal feedback and seeking evaluations of quality, exhibited a relationship only to customer commitment. Testing alternative structural models showed that perceived service quality partially mediated the relationship between customer focus and service loyalty. These results seem to suggest that, in maintaining customers' commitment to service relationships, perceived service quality perhaps does not have the dominant role that has been evident in much prior empirical work. Further, the dimensions constituting customer orientation, as perceived by customers, may lead to different attitudinal responses. The paper concludes with suggestions for future research and a discussion of managerial implications. References Brady, M. K., & Cronin, J. J. Jr. (2001). Customer orientation effects on customer service perceptions and outcome behaviors. *Journal of Service Research*, 3(3), 241-251. Fullerton, G. (2003). When does commitment lead to loyalty? *Journal of Service Research*, 5(4), 333-344. Garbarino, E., & Johnson, M. S. (1999). The different roles of satisfaction, trust, and commitment in customer relationships. *Journal of Marketing*, 63(April), 70-87. Parasuraman, A., & Grewal, D. (2000). Serving customers and consumers effectively in the twenty-first century: a conceptual framework and overview. *Journal of the Academy of Marketing Science*, 28(1), 9-16. Wetzels, M., de Ruyter, K., & Lemmink, J. (2000). Antecedents and consequences of service quality in business-to-business services. In T. A. Swartz & D. Iacobucci (Eds.), *Handbook of Services Marketing & Management* (pp. 343-356). Thousand Oaks, CA: Sage Publications Inc.

**Time** 16:30–16:55  
**Venue** Galleria III Room

### 3.2E Insights about Multiple Banking Behaviour

**Philip Gerrard**  
*Nanyang Technological University, Singapore*

**James F Devlin**  
*University of Nottingham, United Kingdom*

**J Barton Cunningham**  
*University of Victoria, Canada*

This study extends the multiple banking literature by developing a model to explain why consumers practice multiple banking. The study also identifies the financial products that multiple bank customers source and the usage rates of those products at both their main and subsidiary banks. Comments about the findings provide practitioners with an opportunity to consider how to manage the multiple banking phenomenon.

**Keywords:** multiple banking, main bank, subsidiary bank, products sourced, product usage rates, Singapore

**Time** 17:00–17:25  
**Venue** Paradiso Room

### 3.3A How to Support Service Innovation in SME - The Regional Innovation Strategy in Europe

**Adrienne Schaefer, Simone Schweikert and Silke Michalski**  
*University of Applied Sciences of Lucerne, Switzerland*

Due to the dynamic competition in modern service markets continuous innovation becomes a key factor for economic success. In regions, like Central Switzerland, where 70% of the labour force is employed in the third sector and more than 90% of private companies are SMEs, this is even more important. The majority of start-ups are doing business in the service sector. Services play a key role in developing the business location of Central Switzerland. Since the last half of the 1990's a methodology for fostering innovation within a regional context has been developed and deployed in about 120 EU projects. The cornerstone of the "Regional Innovation Strategy" (RIS) methodology can be described as follows: - Changing the emphasis of regional development strategies by promoting innovation as a central issue for regional development - Increasing participation of public and private spending in the promotion of innovation - Linking up regional players and creating international competitive advantages - Reinforcing participation of SME in innovation and regional development - Making innovation a central theme of future structural policies. Our study contributes to the goal to develop a regional innovation strategy for Central Switzerland. The purpose of this study is to identify key drivers for service innovation. Which are enablers? Which are barriers? Which general conditions favour the development of service innovation? How can SMEs be best supported in their endeavours towards service innovation? As the RIS method will be applied in Central Switzerland starting 2005 it is important to learn about the

experience from other countries and regions. Thereby efficiency and effectiveness of RIS can be improved. Our study aims to systematically build on the experiences gained within the 120 European RIS projects and the knowledge of the people that participate in the Innovate Regions Europe (IRE) network supported by the 6th EU research program. We will analyze the RIS and IRE knowledge base in the following way: Regions that have worked on their ability to understand and support service innovation will be identified (desk research if RIS and IRE database, interviews with responsible people from the RIS, IRE and EU network). A qualitative and a quantitative analysis of the key drivers for innovation will follow. Additionally interviews with contact persons in the regions with the most advanced service sector and/or service innovation support system will be held and analyzed. The identified success practices will be documented in case studies.

**Time** 17:00–17:25  
**Venue** Cardinal Room

### 3.3B Public Service - Determinantes for Complaint Behaviour in a Asymmetric Power Balance

**Bard Tronvoll**  
*Oslo School of Management, Norway*

There has been much research and empirical evidence showing that handling complaints in a good manner is important to customer satisfaction and retention. Much research has also been focused on determinants for complaining and response to service failure.

Managing consumer complaint behaviour in a public sector with a monopolistic market structure has not been drawn much attention. This topic is important, first because the consumer have no real option to leave the public service provider and go to another provider. Second, the asymmetric power balance in the relationship may suppress a normal relationship based on service quality. Third, the relationship is not based on a financial transaction but on citizens rights and public policy.

Having this in mind, it is important to understand consumer complaint behaviour in public sector. The study, which has both research and managerial value, will identify and measure antecedents to service quality for consumers who have made a written complaint. Using structural equation modelling based on Brady and Cronin (2001) three component model (interaction quality, physical environment quality and outcome quality) the article will reveal how complainers evaluate the determinants of service quality.

The study deals with the Norwegian National Social Insurance Office (hereafter NSIO) whose task is to administer different types of pensions, disability and sickness benefits. NSIO is a monopolistic service provider, because private pension scheme from only a small part of the overall bulk and most often constitute additional pension arrangements.

The data material is drawn from Norwegian Gallups postal consumer satisfaction survey, which was conducted from October to December 2000. Of the attested replies, 16.664 respondents were consumers of the NSIO, and of these, 6.541 had used the NSIO in the course of the last 12 months. The analysis is based on respondents who made a written complaint and been in contact with the NSIO in the last 12 months, this constitutes 332 respondents.

**Time** 17:00–17:25  
**Venue** Galleria I Room

### 3.3C Shared and Differential Effects for Alliance Partners in Service Failure Situations

**Karin Weber**  
*Hong Kong Polytechnic University, Hong Kong*

**Beverley Sparks**  
*Griffith University, Australia*

In recent years researchers have devoted considerable attention to the study of service failure and recovery (Smith, Bolton and Wagner 1999), predominantly focusing on the impact of a single service failure event. More recently, several researchers have begun to investigate how multiple service failures over an extended time period influence consumer evaluations (Maxham and Netemeyer, 2002). However, current research has ignored the impacts of service failures and recovery measures in situations in which two or more service organizations are involved in the service provision, as is the case in a strategic alliance setting. We argue that the effects of service failure incidents that are caused by one service provider in an alliance affect the evaluations of and behavior towards the alliance partner that is also involved in the service provision. The effects may be both shared and differential.

In our study we examined the effect of a service failure event caused by one alliance partner on customers' fairness perceptions, satisfaction and repeat purchase intentions not only towards that particular airline but also towards the other airline alliance

partner involved in the service provision. In particular, we were interested in how pre-consumption mood and certain service recovery measures (interactional justice and distributive justice) affect consumer evaluations and behavior in the alliance context. To that extent, we utilized a 2 (pre-consumption mood: good versus bad mood)  $\times$  2 (interactional justice: high versus low)  $\times$  2 (distributive justice (Knowledge of Outcome Others (OO): OO better versus OO unknown) between-groups design with two repeated (within-subjects) measures. Eight service recovery scenarios were developed, identical except for manipulations of the three independent variables. Scenarios were set in an airline travel context, depicting a service situation involving the airline the customer is loyal to (home carrier) that caused the service failure and the partner airline that dealt with the service failure.

Prior to the application of the multivariate analysis of variance (MANOVA) technique, preliminary data screening was conducted (Hair, Anderson, Tatham & Black, 2002), resulting in the deletion of 14 cases to ensure assumptions of MANOVA were met. Thus, a total of 241 cases were available for the main analyses. Manipulation and credibility checks were carried out; indicating that the independent variable manipulations were perceived as intended and that the scenario was thought to be believable.

Results confirmed that the influence of the independent variables on event fairness, overall satisfaction and repeat purchase intentions indeed depends on the alliance airline evaluated. We found three significant overall multivariate within-subjects by between-subjects interaction effects; namely for 1) Entity  $\times$  Interactional Justice ( $F [3, 226] = 12.254, p = .000$ ); 2) Entity  $\times$  Pre-consumption mood  $\times$  Interactional justice ( $F [3, 226] = 2.972, p = .035$ ) and 3) Entity  $\times$  Pre-consumption mood  $\times$  OO ( $F [3, 226] = 3.967, p = .009$ ). The proposed presentation will further detail these results, discuss their implications, both theoretical and managerial, and propose future research directions.

**Time** 17:00–17:25  
**Venue** Galleria II Room

### 3.3D Market Orientation and Business Performance: Some Evidences from Service Firms in Shipping Industry

**Sanjaya Singh Gaur**

*Shailesh J. Mehta School of Management, Indian Institute of Technology Bombay, India*

**Sunil Bhatia**

*TCS Limited, India*

**Deeksha Singh Rathore**

*India*

Service providers such as shipping agents and custom house agents have played an important role in developing the shipping industry in India. They are currently facing many challenges due to rapid forward integration by the shipping companies. Few are able to perform in the fast changing market scenario while others are not. There will always be increasing demand by end users for better quality services and they will look for operators providing desired services and quality standards. This requires service providers such as shipping agents and custom house agents to develop a high level of market orientation.

There is considerable discussion over last decade on the role of market orientation and its effects on performance. While there are a number of studies linking market orientation and performance in business and industry (Jaworski and Kohli, 1993, Narver and Slater, 1990, Narver et al, 1992, Ruekert, 1992, Singh 2003), the role of market orientation in shipping Industry has received no attention to the best of our knowledge. This paper aims at bridging the gap in the literature by studying the Market Orientation of service providers such as shipping agents and custom house agents in Indian shipping industry and the effects, if any, of market orientation on their performance.

This study empirically tested the conceptualized model of MARKOR for effect of market orientation on performance in shipping industry. The results of the survey provide support for the existence of a link between market orientation and overall performance among shipping agencies and custom house agencies. The study provides the first known example of the application of MARKOR in the port and shipping sector.

**Time** 17:00–17:25  
**Venue** Galleria III Room

### 3.3E Consumer Evaluations of Brand Extensions - Illustrated by UBS the Largest Asset Manager Worldwide

**Thomas S. Meier-Bickel, Thomas Bamert and Pascal Foehn**

*University of Zurich, Institute for Business Administration Research, Marketing Department, Switzerland*

In the last decades companies realized that their brands are the most valuable assets. As brand building activities support the positioning and differentiating to competitors, an “added value” was created which exceeded the physical and technical



attributes (quality). The utilization of this “added value” - or so called brand equity - for the introduction of new products gained more attention lately. In this context an already established brand is transferred to a new product. Thereby knowledge about a particular brand in the form of brand awareness and brand image might be transferred to new products or services.

As the main focus of past research in the field of brand extensions is primarily based in the fast moving consumer goods (fmcg) results for service brands are lacking. This factor counts even more as in most cases brands are the only instrument for permanent differentiation to competitors. In addition to that, innovations in services are normally easy to imitate because of their intangible nature.

The online survey tries to identify relevant criteria for consumers to evaluate potential brand extensions of UBS the largest asset manager worldwide (due to their successful single brand strategy UBS ranks as 45th on Interbrand’s “The Best Global Brands 2004”).

Of particular interest will be the influence different factors of success have on consumer’s behavior. The survey’s primary target is to develop measures for the management of brand equity in services business and additionally giving insight into consumer behavior.

Students from the University of Zurich were interviewed in an online survey. The examination is based on an already established framework of the consumer goods industry from Aaker and Keller (1990) and would be adapted for more potential factors of success. In addition the framework was especially redesigned for brands in the service level industry. There was a try to get all students from the economic, the law and the philosophic faculty for an e-mail survey. But only every ninth participant (n<sup>th</sup> visit) got the brand of the largest Swiss bank and could express his opinion.

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## Abstract

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**Date** 4 June 2005  
**Time** 09:00–09:45  
**Venue** Lecture Theatre 18

Keynote Speaker 3

### “Future Directions for Service Management: Concepts, Research, Teaching, Practice”

**Prof Christopher Lovelock**  
*Adjunct Professor, Yale University*

Much has changed since services first began to attract attention from management researchers some 30 years ago. The environment of services continues to evolve in often dramatic ways, including technological advances in delivery (most notably the Internet), new forms of competition, the creation of transnational and even global markets, the emergence of entirely new service industries, and more significant roles for consumers. Academic concepts, research, and teaching must evolve, too, if they are to inform management practice in useful ways. Christopher Lovelock’s presentation will include discussion of an alternative paradigm to replace the old notion that services are different from goods, why service marketing courses should include more emphasis on competitive strategy, and insights from developing services targeted at poor consumers in developing economies.

**Time** 09:45–10:30  
**Venue** Lecture Theatre 18

Keynote Speaker 4

### “Gaining Mindshare and Timeshare: Marketing Public Libraries”

**Dr N Varaprasad**  
*Chief Executive, National Library Board*

This presentation provides a unique look at how the National Library Board successfully gained market share by redefining its market space and remaking the image of libraries and librarians. Libraries were repositioned to gain mindshare and timeshare among Singaporeans, competing against the cinema, TV, video games and other leisure activities, becoming the Third Place after home and work for many.

**Time** 11:00–11:25  
**Venue** Lecture Theatre 18

#### 4.1A Service Character

**Raymond Fisk**  
*University of New Orleans*

**Stephen Grove**  
*Clemson University, United States*

What separates the truly great service organizations from the merely adequate ones? This presentation advances the thesis that to gain a competitive advantage and to better differentiate themselves, services organizations need to embrace and develop outstanding “character.” Character is an aspect of service organizations that often gets lost in most discussions of quality or excellence. Our presentation will explore the components of service character, the issues of building service character, staying in character, tests of service character, and means of preserving character—all of which are drivers of organizational success

Service character is an elusive concept that is difficult to define, but unmistakably present in service organizations with a reputation for excellence. It is multifaceted and expressed through the approach and actions that organizations take with respect to their customers and employees. We argue that service character is a construct comprised of four key components: dignity difference, distinctiveness, and desirability. Service character involves being dignified. This is reflected in organizational integrity that earns the respect of customers and employees alike. Service character also involves being different. In other words, an organizational emphasis on individuality exists. Being different requires depth of character: that which differentiates an organization can't be surface level. Service character involves being distinctive by creating memorable service experiences. Training and empowering employees to improvise is one significant way to be distinctive. Finally, service character involves being desirable. Organizations with service character are able to appeal strongly to the emotions of their customers and employees. One excellent means to accomplish this is to make the service more fun, more real, and more alive. When these four components are present, service organizations are positioned to produce superior customer experiences. When they are absent, service organizations fail to rise above the competitive din.

Building service character and the related issues of staying in character, preserving character and tests of character require a combination of strong leadership, flexibility, commitment and concern. Each of these issues and how organizations with character approach them will be discussed using examples of firms that possess service character and observations from the services literature.

**Time** 11:00–11:25  
**Venue** Conference Room CRB

#### 4.1B The Influence of Service Convenience on Customer Satisfaction and Customer Loyalty: Evidence from a Chinese Retail Context

**Amy Wong**  
*Universitas 21 Global, Singapore*

Within the marketing literature, there has been significant emphasis on the importance of consumers' desire for convenience and the value of time. Consumers' perceived expenditure of time and effort interacts to influence their perceptions of service convenience (Berry, Seiders and Grewal, 2002). In general, the lower the time costs associated with a service, the higher are consumers' perceptions of service convenience. As such, consumers' overall convenience evaluations are likely to affect their satisfaction with the service as well as their loyalty to the service organization. Despite the importance of service convenience in service economies, little is known about this construct (Berry, Seiders and Grewal, 2002). This study extends previous research by investigating the notion of service convenience in a retail setting. Specifically, this paper examines the five dimensions of service convenience, namely decision; access; transaction; benefit, and post benefit convenience, across two different retail settings in China. To collect data, a realistic setting and the mall intercept procedure was used to enhance realism of the study. Four hundred questionnaires were distributed to actual consumers in two departmental stores ( $n = 200$ ) as well as two supermarkets ( $n = 200$ ) in Tianjin, China. Using LISREL VII, confirmatory factor analysis was conducted to establish the validity of the five service convenience dimensions. The fit indices of the measurement model are acceptable ( $\chi^2 = 579.09$ ,  $df = 80$ ,  $p < 0.001$ ; GFI = 0.84; CFI = 0.91; NFI = 0.90; RMSEA = 0.13; SRMR = 0.04). Also, all the indicators loaded on the five dimensions significantly (with  $t$  values of 16.49 to 22.79). The findings demonstrate the importance of a positive relationship between the service convenience dimensions and attitudinal outcomes such as customer satisfaction and behavioral outcomes such as customer loyalty. To further explore the relationships proposed in this study, the five independent variables and the respective dependent variables (satisfaction and loyalty) were analyzed using multiple regression analyses. In particular, post benefit convenience ( $\beta = .293$ ,  $t = 4.839$ ,  $p < .01$ ) was shown to have the greatest predictive power on customer

satisfaction, while decision convenience ( $\beta = .335$ ,  $t = 6.59$ ,  $p < .01$ ) displayed the greatest predictive power on customer loyalty. Interestingly, the dimensions of transaction and benefit convenience emerged as insignificant in predicting both satisfaction and loyalty. Implications for service managers are discussed, while future research directions regarding service convenience are reported. Reference Berry, Leonard, Kathleen Seiders and Dhruv Grewal (2002), "Understanding service convenience," *Journal of Marketing*, 66 (July), 1-17.

**Time** 11:00–11:25  
**Venue** Conference Room CRB I

#### 4.1C The Mediating Role of Trust and Satisfaction in an Experiential Services Context

**Scott Swanson**

*University of Wisconsin-Whitewater, United States*

**J. Charlene Davis**

*Trinity University, United States*

**Yushan Zhao**

*University of Wisconsin-Whitewater, United States*

For many organizations building relationships is a primary concern and critical for the firm's on-going survival, and for services, this relationship is increasingly forged by consumer experiences (Schmitt 1999). The foundation of any strategic marketing process is understanding why consumers behave as they do. Previous empirical research has tended to neglect the influence of individual psychologically oriented motivations in services (McCarthy and Jinnett 2001). This study explores the relationship of four individual psychological motivations (i.e., aesthetics, eustress, recreation, and self-esteem enhancement) in an experiential context. We extend prior research by exploring the relationship of these potential motivations with satisfaction, trust, word-of-mouth, and organizationally supportive behavioral intentions. Specifically, an empirical study of patrons of live performance is presented and the theoretical model is tested with structural equation modeling. The motivations of aesthetics, eustress, recreation and self-esteem enhancement are modeled as indirect antecedents to the relational benefits of word-of-mouth and supportive behavioral intentions to 1) subscribe, and 2) donate time or money to the organization. We develop and test a multivariate model in which satisfaction and trust act as mediators between motivations and the outcome variables investigated. The sample ( $n = 442$ ) was drawn from spectators at four unique performances. The performances took place on different days of the week and times over a one-month period. All the constructs of interest to this research were investigated utilizing adapted measures from previous studies (Chiou, Droge, and Hanvanich 2002; Garbarino and Johnson 1999; Johnson and Garbarino 2001; Mael and Ashforth 1992) and utilize multi-item Likert-type scales. To explore the mediating effects of trust and satisfaction, we analyze the direct and indirect effects of motivational factors on relationship outcomes. Initial findings provide support for the model and indicate the investigated relationship benefits are mediated by satisfaction, however, for patrons motivated by self-esteem enhancement there is also an indirect relationship through trust. The relationship of trust to word-of-mouth is both direct and indirect through satisfaction, while the relationship of trust to supportive behavioral intentions is only indirect, through satisfaction. Findings in this study suggest that when we know the motive behind arts attendance, the path to positive supportive behaviors by patrons can differ. Recognition of these differences can be particularly helpful in the development of both the promotional appeals utilized and the auxiliary services associated with the core offering.

**Time** 11:00–11:25  
**Venue** Seminar Room (SR) 1

#### 4.1D XYZ Bank - Striving to Compete with New Private and Foreign Banks

**Amit Sachan and Anwar Ali**

*Management Development Institute, India*

Banking as a whole has undergone a change in India. The objective of banking which was social development of India (pre reform phase 1991) has changed to Business (profit maximization). Two major factors which are mainly responsible for the developments in Indian banking sector in last decade are liberalization policy (post 1991) and information technology advances. Due to open liberalization policy many foreign and private banks entered India. These banks due to their late start have access to state-of-the-art technology, which in turn helps them to save on manpower costs and provide better services. Private sector banks have pioneered Internet banking, Phone banking, Anywhere banking, Mobile banking, Retail banking, Debit cards, Automatic Teller Machines (ATMs) and customized services to consumers. These banks have also raised the level of customer expectation.

The urban customer now demands customized services, internet banking, sophisticated ambience, modern stationary etc. The Public Sector Banks (PSB) have found extremely difficult to compete with these private and foreign banks. PSB are also now trying their best to compete with these private banks and are now offering the services at par level with these private banks.

This case explores how the developments in external environment (liberalization policy and information technology advances) have affected XYZ Bank's (A PSB) organization structure, management practices and systems. Case presents how XYZ Bank has responded to these changes and what are the consumer expectations from the bank. The case poses the question of what should be the appropriate response to new competition and new technologies. Further the case can also be used to discuss the Gap Service Quality Model (Parasuraman et. al. 1985) to see that what has led to the increase in the differences in consumer's expected service level and actual service level. The case is also unique in the sense that it makes students think regarding the meaning of the total service concept. After this case students will appreciate that in purchasing a service, the consumer interacts with the workforce, equipment, and physical environment that create the service, unlike manufacturing where primarily the product attributes matter. The process itself is, therefore, one dimension of the product in services. The case also brings into notice the role of Core Services (The Supporting Facilities, Facilitating Goods, Facilitating information, Explicit Services and Implicit services) and the Peripheral Services in service management.

**Time** 11:00–11:25  
**Venue** Seminar Room (SR) 2

#### 4.1E CRM Application in Fashion Retail

**Serge A. Carrier**  
*Université du Québec à Montréal, Canada*

**Marie-Ève Faust and Pierre Baptiste**  
*École Polytechnique de Montréal, Canada*

Dissatisfaction with fit in women's ready-to-wear is a recurring topic in the literature on the garment/fashion industry. A number of explanations have been proposed. Most refer to the fact that the standard sizes charts currently in use are so obsolete that they are useless, that order initiators do not adhere to the proposed standards, and that size labels affixed to garments provide no information on the body measurements which they purport to identify. Consequently, not only have women lost time and coped with frustration throughout their shopping experiences of the last half a century but the industry has also missed out on potential sales. Technological innovations such as the body scanner are currently presented as the panacea. A number of articles have already stated how this technology can benefit all involved in the supply chain by allowing the regular and continuous update of massive data bases on a population's anthropomorphic measurements on which standard sizes charts are based or, on the other hand, by making them obsolete through the generalization of mass customization. We have demonstrated in a previous paper that, whereas the development of a limited number of standards that would satisfy all women is a utopianism, mass customization has its limits and is still a few years away from becoming the norm in the garment industry.

The industry must therefore find another way to facilitate the woman's shopping experience. A number of recent articles tend to demonstrate that CRM may have a direct impact on such elements as customer satisfaction and loyalty, a firm's sales and profitability as well as help create stronger brand value. Yet they also point to the fact that before embarking on such a project, managers should carefully analyze the costs and benefits.

This paper reports on an empirical research, conducted with the assistance of a large retailer, which set out to determine if, and how, effective CRM could prove to be a better tool than the development of standard sizes or mass customization in facilitating the women's garment purchase experience and, consequently, become a success factor in a fashion retailer's strategy. Although our final results are still not in, they clearly point in the direction of this type of CRM application becoming a strategic imperative for garment retailers.

**Time** 11:00–11:25  
**Venue** Seminar Room (SR) 5

#### 4.1F Designing Romance - A Case Study on the Banyan Tree Hotel and Resorts

**Wee Beng Geok and Seow Jia Min**  
*Nanyang Business School, Nanyang Technological University, Singapore*

The founders of the resort aimed at creating a "sense of place" for guests, to build a sanctuary of the senses, allowing guests to be swept up by the romance of travel. A challenge was to translate the concept of romance to something tangible. How does one design romance?

The owners believed that a strong design vision of romance had to be carried out through all levels of the organization, from the physical architecture, to the design of the service as well as the operational processes that would ensure the consistent delivery of the service design concept.

To create a sense of place the resorts had to reflect their surroundings and geography. For the architect and chief designer, this did not mean mere replication of the surroundings, but getting to the “soul” of each location to capture that elusive moment and sustaining it.

Equally important was the design of services to emphasise the idea of romance. The Banyan Tree Spa created a sanctuary of the senses - of luxurious spa treatments in a tropical garden. The retail arm, Banyan Tree Gallery, extended the experience by allowing guests to bring home a little of the romance and sense of place that they have experienced. Also important was for employees to understand and be involved in the organization’s service design philosophy - from imbuing employees with the design ethos of the organization to generating excitement among employees to continuously improve on the delivery of the service.

With these elements seen as a whole - the physical architecture, the spa and the retail gallery, coupled with top-class service standards, the resort owners have created a romantic tropical experience by blending two seemingly incongruous concepts - that of romance, and the other, standardisation, in the delivery of a service design.

**Time** 11:00–11:25  
**Venue** Seminar Room (SR) 6

#### 4.1G Customer to Customer Emotional Contagion: Group vs Private Purchase Occasions

**Alastair Tombs and Janet R McColl-Kennedy**  
*University of Queensland, Australia*

While many services are produced and consumed in the presence of other customers, there is very little research on the influence of customers on other customers. Research that has been conducted has tended to relegate these other customers as physical objects within the service environment (Bateson & Hui, 1987; Hui & Bateson, 1991; Machleit, Kellaris & Eroglu, 1994; Machleit, Eroglu and Mantel 2000). Following a tradition in atmospherics research, these studies view the physical environment as influencing customer affect, which in turn influences a customer’s perception of the service (see Turley & Milliman 2000). However, we argue that customers should not merely be regarded as “objects” within an environment but rather as individuals who experience and display emotions and through emotional contagion these emotions can impact on others in the environment (Hatfield, Cacioppo & Rapson 1994).

This paper reports the findings of a  $2 \times 2 \times 3$  between subjects factorial design study of 257 respondents examining emotional contagion effects on customers in a service setting. Specifically this study shows that emotional contagion does occur between customers and interestingly, it appears to be context dependent. The results show that in the context of customers purchasing the service as a group (group purchase occasion), such as a group of friends eating at a restaurant, customers are likely to “catch” the positive emotions of others around them but appear to be immune to the contagion of negative emotions. On the other hand, if the context in which the service was purchased is a private occasion, such as a business lunch, customers are relatively unaffected by any positive emotions surrounding them but appear to be susceptible to negative emotions. These findings highlight the impact of emotional contagion among customers within a shared service environment plus confirm previous research findings that a customer’s affective state influences their repurchase intentions. Important theoretical and managerial implications are discussed. Specifically, relating to the design and layout of service environments, the physical placement of customers, and training of staff to facilitate / hinder emotional contagion.

**Time** 11:00–12:25  
**Venue** Seminar Room (SR) 7

#### Special Session - Technology, Professional Relationships in Asian Sales and Services

##### 4.1H1 Professionalization, and Technology in Asian Sales

**Mark Speece**  
*University of Alaska Southeast, United States*

Traditionally sales in Asia are based on prior social connections, which are usually at the level of top management, not the sales rep. However, in modern Asia, professionalization of sales is the strong trend. Traditional relationships have not disappeared, but their role has shifted toward facilitating information exchange in cultures of strong business secrecy. For example, key account managers in Hong Kong commercial banks view modern relationship marketing, based on strong information flow, as essential to their competitiveness. In technologically advanced Singapore, despite strong desire by banks to move customers onto

the internet, technology has not been able to fully replace interpersonal relationships. In less developed China and Vietnam, professionalization is also a strong trend, although there is still much less technology than in more developed economies.

#### **4.1H2 Customer Orientation and the Problem Solving Approach for Relationships**

**Sunanta Chairsakeo**

*Sripatum University, Bangkok, Thailand*

Interpersonal relationships are critical in sales in the international arena as well as domestically. A key element in developing strong relationships is a problem solving approach (PSA) in which reps aim to find win-win solutions during sales negotiations. The sales rep's inherent psychology - problem solving orientation - plays an important role in rep use of PSA behavior. In addition, reps with stronger cross-cultural communication competency are more able to engage in PSA when dealing with other-culture customers. Shifting communications onto the Internet is problematic, especially for high-context cultures, where so much communication is non-verbal.

#### **4.1H3 Relationships in Interpersonal vs. Internet Service Delivery**

**Rapeeporn Srijumpa**

*Sripatum University, Thailand*

Stockbrokerage companies have capabilities to allow customers to trade over the internet. Nevertheless, the majority of Thai regular customers prefer to trade through the stockbroker. Satisfaction is high among those who use the Internet sometimes, but dissatisfaction is also quite high compared to dealing with the sales reps. In addition, the satisfaction drivers on the Internet are quite narrow, and the dissatisfaction drivers are broad. Satisfaction with service encounters is also influenced by customers' attitudes about technology. Loyalty is generated by satisfaction with both modes of service interaction, but the interpersonal mode has a bigger impact, so that forcing customers into a single mode does not seem to be a good strategy for achieving the highest loyalty.

#### **4.1H4 Relationship Development and Loyalty in Corporate Internet Banking**

**Siriluck Rotchanakitumnui**

*Thammasat University, Bangkok*

Many Thai banks have implemented internet banking, but it has not attracted a high volume of financial transactions. Corporate banking remains strongly relationship driven, and this research examines the impact of the internet banking on customer relationships. Internet banking benefits do contribute to better overall relationships, but not enough to replace other elements of the relationship. However, corporate customers still perceive strong barriers to internet banking, and these inhibit adoption, but they do not harm the relationship with the bank. Thus, it pays firms to offer Internet options because it contributes slightly to relationships, even though widespread use of the Internet still requires solving a number of things customers still see as problems.

#### **4.1H5 The Sales Rep as Technology Interface: Using Sales Force Automation Systems**

**Ravipa Larpsiri**

*Sripatum University, Thailand*

Sales force automation (SFA) systems are essentially Internet applications internally in the company to keep the sales reps fully connected with access to information at all times. Sales reps who use sales force automation (SFA) systems act as the interface between technology and customers. Customers benefit from the technology application but do not need to interact with it directly. This research shows that integrating technology into interpersonal interactions through SFA can have a big impact on customer satisfaction. Personal relationships are strengthened because customers perceive sales reps who use SFA to be more professional and more customer oriented. The technology is appreciated by both strongly technology-oriented customers and those who are technology averse.

**Time** 11:30–11:55  
**Venue** Lecture Theatre 18

#### 4.2A Understanding Services for Poor Customers in Mexico

**Javier Reynoso**  
*ITESM, Monterrey, Mexico*

Economic progress and development in Latin American countries have not achieved the same pace and poverty is becoming more relevant. In Mexico in 1995, 17.9% of Mexican population lived with less than a dollar per day, and 42.5% with less than 2 dollars (World Development Report 2000/2001). This 60 percent of the population may represent what some researchers have called the bottom of the pyramid (Prahalad and Hart). One of the consequences of poverty in Mexico has been the continuous growth of the so called informal sector, named by Hernando de Soto as The Other Path, in his book on the Peruvian informal economy. In Mexico, INEGI reports that the informal sector in the year 2000 represented 61% of the active population and generated in average 12.6% of GDP (García-Verdú, 2003). This sector involves business initiatives functioning with low level of organization, with very little division of labor and capital for their small business operations. Labor relations are based on personal, social or family relationships. Interestingly the informal sector combines poor people participating both as service customers and also as entrepreneurs providing services themselves, making of this a complex phenomenon.

In the service sector, this mass market formed by millions of poor customers could represent great and unique business opportunities for both companies and entrepreneurs wanting to design and offer services to this huge segment of the population. The awareness, importance and potential of this perspective has been recently addressed in international conferences by service researchers, realizing the relevance of understanding and satisfying needs of poor customers in developing countries (Lovelock, 2003, 2004).

This paper reports on the initial results of an ongoing research project being conducted in Mexico, aiming: 1. to understand the conditions that services have on the low economic level of Mexican society, 2. to analyze service organizations in the informal sector both from customer and business perspectives, 3. to learn about the management of informal service activities. The project consists of several mini-cases of informal service organizations throughout Mexico in retailing, restaurants and maintenance. For each case, six business areas are explored: 1. customer needs and service consumption habits, 2. customer profile, 3. business vision and concept, 4. marketing issues, 5. management of service operations and, 6. human resource management issues. Initial results of this nationwide study will start to emerge in December 2004, providing the first insights about the management of informal services in Mexico.

**Time** 11:30–11:55  
**Venue** Conference Room CRB

#### 4.2B A Hierarchical Typology of Customer Relational Benefits: The Means-End Chain Approach

**Cheng-Chieh Hsiao and HsiuJu Rebecca Yen**  
*Yuan Ze University, College of Management, Taiwan*

A consumer's decision to enter into and maintain a long-term relationship with a company is largely driven by his or her assessment of the core product/service and the relational aspects of the exchange. Recent literature suggests that consumers consider confidence, social and special treatment derived from the interpersonal relationship with the service provider as valuable benefits to determine their loyalty (e.g., Gwinner, Gremler, and Bitner, 1998; Patterson and Smith, 2001). However, the existing approach that conceptualize these four customer relational benefits (CRB) as comparable categories might be insufficient for service firms to understand the decision process underlying consumers' relationship motives and behaviors. According to the Means-End theory, consumer choose products or services because they contain attributes that lead to desirable consequences and satisfy their personal values (Guttman, 1982). Also, elements from the attribute, consequence, and personal value are interlinked in a hierarchical manner. Building upon this perspective, this study explored the hierarchical structure of CRB. This approach will provide important insight on consumers' relationship behaviors and valuable knowledge to forge strong customer relationship. To achieve the research objectives, we conducted 60 in-depth interviews in eastern China and Taiwan with 30 usable cases collected from each region. We followed the recommendation of Olson and Reynolds (1983) to take the free-elicitation approach for interview. The data was content-analyzed to classify elements at the attribute, consequence, and value levels. The times that the key elements linked with each other were counted to develop the implication matrix which was subsequently utilized to establish a hierarchical value map (HVM; Gutman, 1984) for CRB and the dominant value chains. The analysis reveals six elements at the relationship attribute level, including "sincere treatment from



employees”, “improved service quality”, “history development”, “affinity with service environment”, “familiarity with services personnel”, and “acquaintance with service procedures”. Nine elements are extracted at the relationship consequence level, including “customization”, “choice simplification”, “social network extension”, “fraternity”, “knowledge enhancement”, “special treatment”, “economic gaining”, “risk reduction”, and “information sharing”. There are seven elements derived for the relationship value level, including “self-esteem”, “safety/security”, “interpersonal harmony”, “belonging”, “self-enhancement”, “pragmatism”, and “fragality”. These elements classified at the three distinct levels also relate to each other, and spell out the value chain that represents the customer relational benefits in the context of Chinese markets. Research and managerial implications were also discussed.

**Time** 11:30–11:55  
**Venue** Conference Room CRB

#### 4.2C **From Service Excellence to Brand Loyalty: Case Study of a Chinese Home Electronics Manufacturer’s Customers**

**Jian Ming Teng**  
*Hanken Sweish School of Economics Helsinki, Finland*

In Chinese consumer market, competition is generally around price wars and mass media advertisements. Few companies have truly focused their strategies on service excellence. Receiving good service quality from consumer product companies has been a luxury for Chinese consumers. This study explores the experience of five long-time customers of the Chinese home electronics manufacturer, Haier. As a top Chinese brand, Haier has established its solid market leadership through high service and product qualities. Applying qualitative research methods, this study looks at the five customers’ interactions with Haier’s products and services. By describing their life and experience, Haier’s service excellence is perceived. During the study, the author also discovered the high customer loyalty toward the brand, which is achieved through Haier’s sincere services, rather than based on mass media communications or simple price discounts. The customer brand loyalty is seen as the return of the company’s investments in service excellence.

As a case study, this paper tries to illustrate the solid connection between basic service management practices and strong customer relationships that is presented in the form of brand loyalty. It is also a work on uncovering the relationship marketing practices in the Chinese consumer market environment and the service sector from a consumer perspective.

**Time** 11:30–11:55  
**Venue** Seminar Room (SR) 1

#### 4.2D **Conceptions of Trust in the Customer/Bank Relationship: A Qualitative and Longitudinal Study**

**Shérazade Gatfaoui**  
*IRG - Institut de Recherche en Gestion - Pôle Marketing et Logistique, France*

Today, the French banking environment is faced to a challenge : to develop performance and to establish, with customers, a strong relationship based on trust.

This research focuses on the mechanisms and the evolution of institutional and interpersonal trust in a long-term customer/bank relationship. The literature has tended to view customer relationship from the perspective of the service provider. Few studies have used dyadic approach based on retrospective event histories from customer’s and salesperson’s perspective to examine key mechanisms of trust in this relationship. Through qualitative in-depth interviews of customers conducted among a bank, we analyze retrospective event histories to get a better understanding of interpersonal and institutional trust in the consumer/bank relationship. More specifically, this research has focused on two different objectives. First, there was a need to describe and analyze the nature of trust in a long-term customer/bank relationship. Second, it was important to identify the key mechanisms and processes of interpersonal trust.

The meanings of institutional (credibility) and interpersonal (true trust) trust have been identified. The interviews show that the key mechanisms and the evolution of interpersonal trust depend on : communication, consumer’s satisfaction, situational and contextual factors, critical incidents of the customer/bank relationship (positive or negative events, and employee responses to negative critical incidents), relationship quality.

**Time** 11:30–11:55  
**Venue** Seminar Room (SR) 2

#### 4.2E **LMCX Model: A Triadic Approach for Effective Service Delivery and Service Recovery**

**Cheryl Leo, Rebekah Bennett and Janet R. McColl-Kennedy**  
*UQ Business School, University of Queensland, Australia*

Frontline service providers play a key role in the initial delivery of services and in subsequent attempts to recover following service failures. Considerable attention has been paid to frontline practices and the interactions between front line service providers and their managers by researchers in organizational behaviour (e.g. Sarel & Mormarstein 1998). But to date interrelationships between the customer, frontline service provider and their manager have received little attention (Hartline, Maxham III & McKee 2004; Babakus, Yavas, Karatepe & Avci 2003; Yoon, Seo & Yoon 2000). The gap in the literature is surprising given that this triad is central to service delivery and service recovery. Indeed, few studies have comprehensively examined the impact of internal services marketing relationships on cross-organizational interactions. Taking an internal perspective, employees can be viewed as internal customers, and external customers as co-producers and partial employees in a service delivery (George 1990; Yoon, Seo & Yoon 2004). This view highlights the important role of the immediate supervisor in maintaining good relationships that provides support to both 'internal customers' and 'partial employees'. Our paper is organized as follows. We provide a comprehensive critique of the literature on front line employees- customer interactions in marketing and organizational behaviour literature, leader-member exchange and front line manager exchanges to build our triadic model of manager-front line employees-customer exchanges. Key initial findings from depth interviews are presented and implications for theory and practice are discussed.

**Time** 11:30–11:55  
**Venue** Seminar Room (SR) 5

#### 4.2F **Frame Concept for the Development of IT Based Service Products**

**Christian van Husen and Mike Freitag**  
*Fraunhofer-Institute for Industrial Engineering IAO, Germany*

From a technical angle, two dominant trends can be identified in connection with the service industries. Firstly, significant parts of the established service economy are being "industrialised" as a result of automation by information and communication technologies and secondly, the consistent implementation of these information and communication technologies acts as a motor for innovative leaps, especially in the fledgling growth areas of the service sector. Suitable software to facilitate interaction with customers on the one hand and support back office activities on the other is thus increasingly emerging as a success factor.

At the same time, technological innovations and ever shorter product lifecycles necessitate accelerated development processes and customer expectations regarding the quality of service products are rising continuously. These demands can only be met if the services themselves and the supporting software are covered by an integrated development process and adequate account is taken of interrelationships. Scientifically verified and empirically tested procedure models are available for both software engineering and service engineering. To this day, however, there are no models or procedures which describe the integrated development of software and service products.

An approach from a research project dealing with the development of IT based service products, and in particular with the integrated co-design of software and services, is presented in the following.

The co-design approach described here envisages a module oriented procedure model that reflects the extraordinary heterogeneity of IT based service products. In the first step, a typical development project scenario is derived to permit the determination of a procedure model, based mainly on system leadership ("software versus service"). An assigned reference model forms the backbone for each scenario. This reference model can be optimally adapted to and specified for the case in the next step. The procedure is individualised using a modular concept. A set of development modules with a standardised structure can be combined to form an integrated procedure model. The elements of these modules typically include a name, initial information, an outcome, role descriptions and the possible methods and support tools. This tailoring step completes the definition of the basic architecture of the development project and precursing integrated development using customised methods and tools.

The integration of the process will be explained taking the example of the requirements analysis, which is held by interviewed experts to be a key phase.

**Time** 11:30–11:55  
**Venue** Seminar Room (SR) 6

#### 4.2G **Positive Mood as a Mediator: Product Assessment, Music Preferences and Customer Satisfaction**

**Ching-I Teng**

*Department of Business Administration, Chang Gung University, Taiwan*

**Heng-Hui Wu**

*Department of Business Administration, National Taiwan University of Science and Technology, Taiwan*

This study investigates how product assessment and music preferences influence customer satisfaction. Four latent variables were used: product assessment, music preference, positive mood and customer satisfaction. The effective sample comprised 247 college students from a university in Northern Taiwan. One field experiment was used to gather data from a real coffee shop that enabled the control of various external intervening variables. Eight pieces of music were selected as stimuli, according to the following criteria: 1. subjects should be unfamiliar with each piece, 2. the tempos were between 60 and 70 RPM, 3. the volume was appropriate, 4. the music was instrumental rather than sung. Every subject was seated in the same location and thus had the same store view. Subjects were randomly assigned to listen to one of the eight pieces of music. Every subject was given a free hot café latte as gift to minimize the influences of product type.

This study proposed that positive mood partially mediated the influences of product assessment and music preference on customer satisfaction. The proposed model was named the “partial mediation model” (PMM). Three competing models were also presented: the “independent variable model” (IVM), “dependent variable model” (DVM) and “correlated dependent model” (CDM). IVM considers positive mood to be one explanatory variable influencing customer satisfaction, independent of product assessment and music preference. DVM treats positive mood as dependent variable of customer satisfaction, product assessment and music preference. Moreover, CDM treats positive mood and customer satisfaction as two high-correlated service outcomes, and other causal hypotheses are the same as in the proposed model.

The structural equation model was used to test and compare the four logically correct models (PMM, IVM, DVM and CDM). The proposed model, PMM, outperformed the other three competing models in describing the field experiment data, supporting the argument that positive mood partially mediates the influences of product assessment on customer satisfaction and of music preference on customer satisfaction.

The contribution of this study is to verify the partial mediator role of positive mood in how product assessment and music preference influence customer satisfaction. The conclusion protrudes the importance of stimulating positive customer mood. Improving customer product assessment and music preference without creating customers’ positive may only exert a limited influence on customer satisfaction.

**Time** 12:00–12:25  
**Venue** Lecture Theatre 18

#### 4.3A **Silent Communication - A New Form of Relationship Communication**

**Åke Finne**

*Swedish School of Economics, Department of Marketing /CERS, Finland*

Concepts about marketing communication in relationship marketing will be discussed and developed in this paper. Several arguments can be presented as reasons for focusing more on the consumer / receiver in a communication process. Instead of discussing the issue from a traditional communication perspective a relationship communication perspective is used. The aim of this paper is to combine and discuss the emerging concept of relationship communication from two viewpoints, which are from the viewpoint of who is active or passive in the communication process, and from the viewpoint about what then can be considered as messages. This paper proceeds from absence of messages in the communication process. A spectrum of terminology is introduced; straightforward communication, complicated communication, silent communication including deaf, mute and tacit communication, and over to no communication. These new ideas can be structured in a matrix, here presented as the relationship communication activity matrix. The theoretical position chosen here leads to a quite limited selection of literature. The meaning-based model by Mick and Buhl (1992) is central in my belief of what is essential in communications theory. The model stress the role and influence of the persons life history, personally interest-driven life projects and life themes on the subjective outcome of marketing communication. This represents a similar perspective as relationship marketing. Thus relationship communication can offer a bridge between the parts in the communication process. An increasing focus on the consumer leads to the question about the participant role in the communication process, i.e. the receiver cannot be

seen as a passive receiving object, but as an active individual. In such cases the question about what should be considered as messages becomes interesting. A variation in perceived messages is semantically demonstrated in this paper with the words listen versus hear and look versus see. Silent communication is originally derived from absence of communication. Absence of communication sends a message to the receiver and is therefore a part of the communication process. A more comprehensive picture of silent communication can be given by studying the structure in terms of who is active or passive in the communication process. This reconstruction in a consumer perspective facilitates a possibility to develop and nuance what can happen under silent communication. This conception includes the receivers subjective perceptions of the communication process, not only on premises of what the sender has sent or not sent. The conclusions are twofold. Firstly, new terminology is introduced in order to understand the phenomenon captured, e.g. silent communication containing deaf, mute and tacit communication. Secondly, the paper shows that it's central to understand what can be seen as messages from a consumer point of view. Here the relationship communication activity matrix can be a useful tool. However, a deeper understanding is still needed to locate these customer perceived messages. However, relationship communication is a concept in progress and therefore there are still a lot to be done for the research community.

**Time** 12:00–12:25  
**Venue** Conference Room CRB

#### 4.3B **An Examination of Privacy in the CRM Context Using Justice and Regulatory Focus**

**May Lwin, Jacqueline Chow and Jochen Wirtz**  
*National University of Singapore, Singapore*

In the competitive Internet marketplace, online retailers face increasing pressures to gather consumer personal information in order to operate more effectively and remain competitive. The advocacy to extend relationship marketing within the Internet marketplace has meant a growing interest in treating consumers on an individual basis. Individuals on the other hand, have a moral expectation of what information about themselves should be disclosed and in what manner. Therefore, privacy emerges as an important issue pertaining to CRM because of a fundamental tension between corporate and consumer interests.

We apply Organizational Justice Theory and Regulatory Focus Theory to advance an integrated model of organizational justice dimensions (distributive, procedural, interactional) to consumer response behaviors. We are interested in how fair organization practices influence key CRM and privacy components of trust and privacy concern, and its subsequent influences on promotion-focused (relational behavior, relationship investment, repatronage intentions) and prevention-focused (defensive behavior, deflective behavior, disruptive behavior) consumer response behaviors respectively.

Two studies were conducted to examine how organizational justice dimensions influence trust and privacy concern, and its subsequent online consumer responses. The results indicate that when consumers perceive just distributive and interactional practices by the organization, they are encouraged to exhibit positive promotion-focused response behaviors, via the mediating influence of trust. On the other hand, when consumers perceive unjust distributive, procedural and interactional organization practices, through the mediating influence of privacy concern, they will resort to counteractive prevention-focused behaviors. Implications of our findings for marketers, regulators and policy makers are outlined.

**Time** 12:00–12:25  
**Venue** Seminar Room (SR) 1

#### 4.3D **Main and Subsidiary Credit Cards: An Exploratory Study**

**James Devlin**  
*Nottingham University Business School, United Kingdom*  
**Philip Gerrard**  
*Nanyang Technological University, Singapore*

Many consumers hold more than one credit card. For such multiple credit cardholders, some of them use one of their cards for the majority of transactions, whilst others spread transactions more evenly between their various credit cards. The study presented here examines why certain multiple cardholders have a preferred card and also which types of settlement they make using their preferred and subsidiary cards. Hence, the study provides an insight into an important element of consumer behaviour in the credit card market and also offers guidance for managers responsible for the marketing of credit card ownership and usage. The study is qualitative in nature, using a survey which contained open ended questions to acquire data. Results show that some 86% of the 141 Singaporean respondents indicated that they had a preferred card and the most frequently quoted reason for having such a card was the superior rewards which were offered by the card issuer to consumers when using

the card. Not surprisingly, preferred cards were used for the broadest range of transactions, while subsidiary cards were used for a more restricted range of transactions, many respondents saying that such cards were used for 'stand-by purposes'. The results suggest that managers who market credit cards should continue to appraise their credit card rewards program they offer, aiming to ensure that, at all times, their rewards are superior to those offered by competitors.

**Time** 12:00–12:25  
**Venue** Seminar Room (SR) 2

#### 4.3E **Demographic Differences in Perceived Service Quality Across Active and Passive Contact Services**

**Cheryl Ganesan-Lim and Rebekah Bennett**

*UQ Business School, University of Queensland, Australia*

Despite its seeming uncomplicated nature and its role as an important determinant of satisfaction (e.g. Brady, Cronin and Brand, 2002), behavioural outcomes (e.g. Alexandris, Dimitriadis and Markata, 2002) and financial performance (e.g. Duncan and Elliot, 2002), the service quality construct has been an elusive bane to many a researcher. This lack of understanding of the service quality construct has also resulted in a 'ripple' effect; in that past efforts directed at the advancement of the service quality construct (e.g. investigations on service type or demographic effects of service quality) have generally been futile due to the lack of a valid model of service quality.

Therefore, this study aimed to ascertain the dimensions of overall service quality and develop and test a service-type and demographic framework of service quality. In essence, this study argued that (1) overall service quality comprises of interaction quality, physical environment quality, outcome quality and systems quality; (2) the relative importance of the dimensions of service quality varies by level of contact; (3) perceptions of the dimensions of service quality differs by level of contact; (4) perceptions of the dimensions of service quality differs by gender, age and income; and (5) perceptions of the dimensions of service quality are dependent on the interaction between level of contact and demographics.

A triangulation of quantitative and qualitative methods was used. Central location survey technique was used to obtain a convenience sample of 224 customers. Confirmatory factor analysis and Multivariate Analysis of Variance (MANOVA) were used to analyse the quantitative component. The follow up qualitative analysis involved the coding of responses to open-ended questions related to the perceptions of service quality.

Overall, as predicted, service quality was found to be a multidimensional construct that consisted of perceptions of interaction quality, physical environment quality, outcome quality and systems quality. In addition, differences in perceptions of service quality across active and passive contact services were found. Although significant differences in perceptions of service quality dimensions were found for age, neither gender and income differences nor substantial interaction effects were found. The qualitative component served to reinforce expected findings and explain unexpected findings.

The results of the study enhanced the understanding of the service quality construct and also shed new insights on the impact of service types and demographics on perceptions of service quality. The results can assist practitioners in conducting diagnostic analysis and influencing levels of service quality.

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Brady, M.K., Cronin, J.J. and Brand, R.R. 2002. Performance-only measurements of service quality: A replication and extension. *Journal of Business Research*, 55 (1):17-31

Duncan, E. and Elliott, G. 2002. Customer service quality and financial performance among Australian retail financial institutions. *Journal of Financial Services Marketing*, 7(1):25-41

**Time** 12:00–12:25  
**Venue** Seminar Room (SR) 5

#### 4.3F **Local Partner Selection and IJV Marketing Performance in Emerging Economies: An Institutional Approach for Multinational Service Firms**

**Xufei Ma**

*Department of Business Policy, NUS Business School, National University of Singapore, Singapore*

Emerging economies are low-income, rapid-growth countries using economic liberalization as their primary engine of growth (Hoskisson, Eden, Lau and Wright, 2000). Such economies not only provide tremendous business opportunities

that multinational enterprises (MNEs) can preempt but create challenges derived from the fragmented markets, unfamiliar organizational forms, inconsistent regulations, and “institutional voids” (Boisot and Child, 1996; Peng and Heath, 1996; Khanna and Palepu, 1997).

However, given that the market size of service sectors in emerging economies has been continuing its growth (Lovelock and Yip, 1996; Lovelock and Wirtz, 2004) and that service industries and firms have distinct characters arising from the distinctive characteristics of services, the literature on global strategy has given relatively little attention to service industries (Porter, 1986; Ghoshal 1987; Yip, 1992).

The differences between products and services have been well documented in the service marketing literature, and four attributes are most widely recognized: intangibility, heterogeneity, simultaneous production and consumption, and perishability (Zeithaml and Bitner, 1996; Lovelock and Wirtz, 2004). These differences, with no doubt, will push multinational service firms to develop their global strategies more carefully (Lovelock and Yip, 1996).

Prior studies have shown that international joint ventures (IJVs) are the dominant and “forced” strategy used in emerging markets by multinational service firms (Beamish, 1994). Partner selection is important to IJV success everywhere, whereas the “right” or “proper” local partner selection is even more critical in emerging economies (Luo, 1997, 1998). However, there has been little research on multinational service firm’s IJV partnering strategies in those countries. Furthermore, albeit performance is a complex multidimensional construct (Venkatraman and Ramanujam, 1986), the IJV literature only focuses on profitability and survival (Delios and Beamish, 2001), yet another important dimension of performance marketing performance is surprisingly under studied.

As a response, the present study attempts to fill the research gap. It is among the first to develop an integrated framework for exploring multinational service firm’s IJV’s marketing performance in an emerging economy.

We argue that when a multinational service firm enters an emerging economy where relationship plays an important role in facilitating economic exchanges (Xin and Pearce, 1996), it should offer local adaptations around a standardized core of its services and depend on the resources of “qualified” local partners to overcome liability of foreignness, mitigate institutional pressures and obtain external legitimacy (Hymer, 1976; Kostova and Zaheer, 1999), and hence these resources can assert a significant impact on IJV marketing performance.

**Time** 12:00–12:25  
**Venue** Seminar Room (SR) 6

#### 4.3G Hedonic and Utilitarian Motivations for Mobile Service Use

**Minna Pura**

*Centre of Digital Enterprise, The University of Auckland, New Zealand*

The utilitarian and hedonic dimensions have been used by several researchers to capture the multifaceted nature of consumption (Hirschmann & Holbrook 1982, Holbrook 1994, Batra & Ahtola 1990, Babin, Darden & Griffin 1994). Hirschman and Holbrook (1982) describe consumers as either problem solvers or seekers of fun and enjoyment and thus refer to utilitarian vs. hedonic consumption. The hedonic view highlights the importance of a fun experience in contrast to the effective achievement of a utilitarian goal. Mobile services are often divided into similar clusters consisting of utilitarian based information services and hedonic based entertainment services. Knowledge about what role utilitarian and hedonic factors have in motivating customers to use different type of services is essential to success of service providers. However, the two dimensional view has been criticised of being too simplified to capture the essence of electronic self service use (Childers, Carr, Peck & Carson 2001, Dube, Cervellon & Jinqyuan 2003). According to Dube et al. (2003) consumers’ attitude is best captured with specific attribute clusters attached to the immediate consumption context (i.e. convenience or emotional attributes). These attributes are proven to have a stronger direct effect on behaviour than the higher order utilitarian and hedonic constructs. These attribute clusters are similar to concepts used in perceived value literature (Sheth, Newman & Gross 1991, Holbrook 1994).

Therefore, this paper contributes to earlier literature by combining these theories and developing a model for perceived value based on several utilitarian based attributes (convenience, monetary value), hedonic attributes (emotional and social value) and the situational influence in mobile service use. The model is empirically tested with a survey conducted with users of a wide range of utilitarian and hedonic services offered by a mobile service content provider. The sample analyzed consists of 813 responses. The developed scale is a combination of items used previously in the literature and new items created based on interviews with users of different kinds of mobile services, concept tests with academic experts and comments of company experts.

The results indicate that people may wish to achieve both utilitarian and hedonic goals at the same time, and the usage situation may influence the relative importance of the motivation type. In conclusion, this study contributes to earlier literature by presenting a broader measurement scale that captures the true nature of situational use of mobile services. Managerial implications are provided for value based segmentation and planning of marketing communication.

**Time** 14:00–14:25  
**Venue** Lecture Theatre 18

### 5.1A **Assessing Failure and Recovery In A Service Network**

**Amy K. Smith**  
*The George Washington University, United States*

**Stephen S. Tax**  
*University of Victoria, Canada*

Service recovery is central to both service encounter satisfaction and relationship management. Research supporting aggressive service recovery is based on the fundamental assumption that the organization is responsible for the failure and that the customer holds it accountable for mending the situation. However, additional challenges emerge when members of a service network fail to successfully perform their role. Research on satisfaction and service quality has focused on understanding what drives service encounter and firm evaluations and how improvements in satisfaction and quality drive customer loyalty and profitability. While this line of inquiry has led to important contributions, the models may be limited in explaining assessments of encounters and firms in more complex situations, where multiple organizations play a role in shaping customer experiences.

While extant models indicate that customers expect to be treated fairly in typical firm-caused service recovery episodes, what is less clear is how fairness is determined in these more complex cases and whether or not justice theory is sufficient to understand such failures. In particular, the question of the responsibility of a firm to atone for a mistake it did not cause is central to understanding service recovery strategy and customer loyalty. With many organizations routinely and increasingly outsourcing elements of the service experience, thereby creating a network of providers, examining the effects of reciprocal influences becomes an important issue in understanding satisfaction and loyalty, especially in relation to service failure and recovery.

How customers assess recovery efforts by firms responsible for the failure has received considerable attention given its central role in relationship marketing. This research develops a framework for understanding customer reactions to both the core service provider and another member of the service network which caused the failure by examining what customers expect a service provider to do in response to a failure caused by another service provider. It also tests if there is a distinction between responsibility for a failure and accountability to respond to the problem. While justice theory serves as a template to examine reactions to recovery attempts, we consider additional issues to explain reactions to both the core service provider and a third-party member of the service network. Specifically, we investigate the influence of affect, attributions, adequacy of explanation, magnitude of failure, and the reciprocal effects of the actions and evaluations of the core service provider and the third-party member of the service network. We also examine the moderating effects of the nature of the existing relationships between the customer and the organizations in the service network.

This research involves an empirical study in a travel industry setting with data collected from a sample of over 300 customers. The study employs a 2x2x2 quasi-experimental design (using hypothetical service encounters with a travel consultant and a hotel) which manipulates the relationship with a primary and secondary service provider in a network as well as the service recovery level provided in response to a failure. This research provides insights into how customers of service organizations evaluate the performance of networks, especially how one member's performance can influence customers' evaluations of another network member.

**Time** 14:00–14:25  
**Venue** Seminar Room (SR) 1

### 5.1B **Six Sigma for Organisational Learning: An Enabler for Customer Retention in the Hotel Industry**

**C. Seow**  
*University of East London, Business School, United Kingdom*

**K. Y. Tiu**  
*Legend Group of Hotels and Resorts, Kuala Lumpur, Malaysia*

Customer retention is increasingly becoming a critical driver of an organisation's corporate sustainability, none more so in the hospitality industry. Research has shown over the years that the cost of attracting a new customer substantially exceeds that of retaining a present customer. To sustain such relationships, ways and means are sought to enhance customer loyalty. In the hospitality industry, this challenge is exacerbated with the diversity of customers it engages with; and the characteristics that allude to zero defection is unattainable in service delivery - intangibility, simultaneous production and consumption, and high degree of people engagement. As a consequence, service failures are inevitable. As a result of simultaneous production and consumption of service delivery, service recovery following a service failure tends to be a reactive consequence: one that is

instinctively delivered and rarely documented, hence breaking the circle of learning. As a consequence of the latter, a vicious cycle of service failures will recur denying the building block of organisational learning which in turn would have infused an ethos of continuous improvement within the organisation. One possible way organisations can alleviate that dilemma is through the deployment of one of Six Sigma's suite of approaches, the DMAIC process.

Six Sigma stresses the deployment of its suite of quality and business strategy techniques in a methodological and systematic process to acquire breakthrough knowledge and improve processes that lead to improvements with measurable impact on the bottom line through enhancing customer loyalty. One particular suite - DMAIC - is perceived as a mindset that when deployed as a problem-based learning scenario creates a virtuous circle - problem identification, problem solving, new knowledge, initiate improvement - which in turn, lead to more learning and improvements, and the cycle continues [each time pausing for standardisation of processes, or making the process into a standard operating procedure]. Driven top-down, Six Sigma as a business strategy fuels DMAIC projects to optimise the organisation's return on its knowledge capital.

The essence of this contribution is to explore through a case study how employees within Legend Group of Hotels and Resorts deploy DMAIC as a process improvement framework to minimise the recurrence of service failures in particular and to contribute towards learning and knowledge generation for customer retention in general.

**Time** 14:00–14:25  
**Venue** Seminar Room (SR) 2

### 5.1C **An Examination of the Role of Organizational Factors and Personality Traits in Predicting Customer Orientated Behaviors of Service Personnel in a Health Care Setting**

**Panisa Lanjananda**  
*Rajamangala Institute of Technology, Thailand*

**Paul Patterson**  
*University of New South Wales (UNSW), Australia*

An Examination of the Role of Organizational Factors and Personality Traits in Predicting Customer Orientated Behaviors of Service Personnel in a Health Care Setting Panisa Lanjananda, Rajamangala Institute of Technology, Thailand Paul Patterson, School of Marketing, University of New South Wales, Sydney, Australia Phone: 612 9385-1105 Email: p.patterson@unsw.edu.au In medium-high contact services, the behavior of front-line contact personnel is of critical importance and has an undeniably important role in determining customer satisfaction. The literature suggests that two major factors affect service behavior of front-line personnel: organizational and individual-level dispositional factors. However, there is limited evidence integrating the effects of organization variables (service climate) and dispositional variables (personality traits) simultaneously, thus resulting in an incomplete picture of their relative importance (House, Shane and Harold 1996). Therefore, this study endeavors to fill this gap by investigating the relative impacts of service climate and personality traits of employees behavior. Moreover, the study includes organizational commitment and customer orientation as surface traits, as mediating variables. The dependent variable is the customer-oriented behaviors (COB) displayed by nurses. Here COB comprises five dimensions; congeniality, anticipation, courtesy, attentiveness and capability. The healthcare industry is an ideal setting for such a study customer oriented behavior of front-line personnel because of the extended, emotional and intimate service encounters involved (Price, Arnold, Tierney 1995) in a this industry. An initial qualitative stage to test the applicability of the various scales in the Thai healthcare context was accomplished. This entailed the conduct of three focus groups, a series of in-depth interviews with hospital administrators and nursing directors as well as with patients. For the quantitative, a non-probability convenience sampling procedure was used, yielding two hundred and seventy usable questionnaires from nurses in both public and private hospitals in urban and rural areas of Thailand. Structural equation model was employed using maximum likelihood estimation in AMOS version 4.01 (Arbuckle 1999) to test the various hypotheses. The overall results indicate that personality (a combination of five personality traits) is more important than service climate in impacting, positively, COB of nursing personnel. Also, the degree of impact of personality traits on customer-oriented behavior varies depending on the type of those behaviors (e.g., congeniality, anticipation, courtesy, attentiveness and capability). Therefore, the contributions of this study are as follows. This is the first study that compares the relative effects of service climate and personality characteristics on the customer-oriented behavior of service personnel. It also shows that surface traits are a result of interaction between basic personality traits and situational factors (service climate) and that surface traits are better predictor of actual behavior than basic personality traits. The study also confirms that organizational commitment acts as mediator between service climate and customer orientation as surface traits. Finally, the study was conducted in an Eastern, Collectivist context, namely Thailand, which when combined with previous works in North America add to the generalizability of the findings. Our results indicate that managers should rigorously attempt to hire employees with the right type of personality (Schneider and Bowen 1995). Simultaneously, the behavior of employees in an organization will be heavily influenced by the service climate within an organization. The more congruence between personality traits and organization's climate, the more sustainable the impact on service performance.



**Time** 14:00–14:25  
**Venue** Seminar Room (SR) 5

### 5.1D **Customer Loyalty Levels - The Relationship Between E-Loyalty and Company Loyalty**

**Veronica Liljander**

*Swedish School of Economics and Business Administration, Finland*

**Jan Mattsson**

*University of Roskilde, Denmark*

Customers today expect to access the same services through multiple channels (e.g., online, branch office and call centre), and choose the most convenient channel for their current service needs (Patrício, Fisk, & Falcão e Cunha, 2003). For example, they use the Internet for online browsing while performing shopping offline (Kaufman-Scarborough & Lindqvist, 2002). It will become even more important with the new generation of consumers, who take it for granted that they can access brands through multiple channels (Lindstrom, 2003). However, most studies have been conducted on single channels - either online or offline services - and there is little research on how these interact and affect customer overall loyalty towards a firm. We have found only two studies on the relationship between online and offline services. Shankar, Smith and Rangaswamy's (2003) found that customers who ordered the services online expressed higher attitudinal loyalty to a lodging service than those who ordered offline. The study was limited to single item indicators for all constructs and no direct measures were used for the online service. The second study (van Riel, Liljander, Lemmink and Streukens, 2004) demonstrated that both online and offline service satisfaction are important for customer loyalty to telecom providers. The study was limited by having no measure on online loyalty and by using single indicators for online and offline satisfaction. Furthermore, most studies on customer loyalty have ignored the literature that suggests that loyalty should be studied as degrees of loyalty. Our study builds on a recent article by Harris and Goode (2004), who takes loyalty research one step further by operationalizing Oliver's (1997) four loyalty levels (cognitive, affective, conative and action loyalty) in a pure online environment. To gain more knowledge on the relationship between online and offline loyalty, we designed a study to investigate the relationship between customer levels of online loyalty and customer loyalty towards the firm as a whole. A literature review has been completed and a survey designed to capture customer loyalty and its determinants. Measures include online quality and the benefits of online services, relationship satisfaction with online services and with the company as a whole, e-loyalty levels and loyalty to the company. An online study will be conducted during January 2005 on customers of a large Danish insurance company. The study contributes to loyalty research online and offline and to understanding the relationship between the two.

**Time** 14:00–14:25  
**Venue** Seminar Room (SR) 6

### 5.1E **Understanding Customer Loyalty in the Insurance Industry: The Emotional Difference**

**Albert Graf, Peter Maas and Bruno Kaeslin**

*Institute of Insurance Economics of the University of St. Gallen, Switzerland*

**Understanding Customer Loyalty in the Insurance Industry: The Emotional Difference** The construct of customer satisfaction received a great deal of attention and significance in marketing literature during the past two decades. This led to an almost unwieldy number of models. The most important theoretical approaches and frameworks for customer satisfaction form the Disconfirmation Paradigm, the Equity Theory and the Attribution Theory. The Disconfirmation Paradigm stemming from Oliver (1977, 1981) is of greatest significance in the scientific discussions. The concept is based on the assumption that a person experiences a product or service and compares this perception with his/her reference standard developed before or during the utilization of this good or service.

The main criticism of the Disconfirmation Paradigm is the range of explanatory power of the research results. On the one hand, empirical studies have shown very high satisfaction values for company services. On the other hand, these same companies had to deal with a loss of market share. Reason for this discrepancy can be seen as the one-sided conceptualization of customer satisfaction as a cognitive construct. In our study a comparison will be made whether customer satisfaction as seen as a one-dimensional (cognitive) or as a multi-dimensional (cognitive, affective, conative) construct explains better customer behavior. For this purpose the willingness to switch supplier, which is an important aspect of customer loyalty in the insurance industry, has been selected as an indicator of customer behavior. In addition, implications for marketing management are examined.

This contribution presents research findings from a quantitative study, based on 1513 telephone interviews in Switzerland. The results shows that the cognitive satisfaction of Swiss people with their insurance company is very high. But nevertheless,

the number of customers considering a change of insurers reaches up to 30% by some of the insurance companies. This contradiction dissolves, if customer satisfaction includes not only the cognitive aspects but also affective and conative aspects such as confidence, enthusiasm, or solidarity. Customers with a high customer satisfaction and a strong emotional tie have a much smaller readiness to change insurers in comparison with customers with no or only little emotional proximity to their insurer. A further analysis of the results shows that a multi-dimensional customer satisfaction construct is a significant better indicator for the willingness to switch insurer as the one-dimensional one. For insurance companies this means working on strong emotional customer ties reduces customers' readiness to change insurers. This offers the critical opportunity for insurers to differentiate themselves from their competitors and to win new customers.

**Time** 14:00–14:25  
**Venue** Seminar Room (SR) 7

### 5.1F Introducing a Dialogical Orientation to the Service-Dominant Logic of Marketing

**David Ballantyne**  
*University of Otago, New Zealand*

**Richard J Varey**  
*The Waikato Management School, New Zealand*

We are very interested in the service-dominant logic of marketing thesis proposed by Stephen Vargo and Robert Lusch in their recent *Journal of Marketing* article (Vargo & Lusch, 2004). They have skillfully brought together a number of previously disparate marketing concepts, ideas and perspectives in a way that is likely to challenge the presumptions of mainstream theory and practice. However, it seems to us that there is still more to be done in understanding what a service-dominant logic of marketing (S-D logic) might entail, and in shifting marketing thought in this direction. In this paper, we strive to extend the S-D logic.

The S-D logic thesis gives support to recent work on relationship development, knowledge application, and communicative interaction in marketing. We clearly see these three strands of thought intertwined in the new S-D logic. We are particularly interested in exploring the role of dialogue as a form of communicative interaction. We also want to broaden the framework of marketing communication, through which buyers and suppliers make their value propositions (offerings). This is not given any depth of treatment in the S-D logic thesis, although there are supportive references (Vargo and Lusch, 2004, pp. 13-14). We see dialogical interaction as an 'ideal' form of communication within the S-D logic because it supports the potential for co-creation of value and sustainable competitive advantage. It also makes a strong counterpoint to mainstream marketing's monological assumptions and the constraints on innovation that flow directly from that.

First, we will reflect a little on the validity of the common sense of communication, distinguishing informative and communicative human interaction. Next, we clarify our understanding of the concept of dialogue. We then consider the potential for marketing to be dialogical. Our discussion then moves on to critically discuss four of the fundamental premises of the S-D logic as set out by Vargo and Lusch (2004). We conclude with some related thoughts on communication, relationship development, and knowledge application.

**Time** 14:00–14:25  
**Venue** Seminar Room (SR) 8

### 5.1G What Makes Customers Satisfied or Dissatisfied with Public Sector Service Encounters in Malaysia?

**Aliah Hanim M. Salleh, Maisarah Ahmad and Che Aniza Che Wel**  
*Universiti Kebangsaan Malaysia, Malaysia*

While there is a proliferation of studies on customer satisfaction over service encounters conducted in Western settings, until 2001 when this study commenced, no empirical study was found to examine its interpersonal dynamics in a newly-emerging/industrialising country setting, such as Malaysia. This paper will report part of the findings of a larger research using "the critical incident technique" ("C.I.T.") of diagnosing favourable and unfavourable incidents based on customer evaluations of service encounters. This larger research broadly aims to test the applicability of the critical incident technique to diagnose sources of customers' satisfaction or dissatisfaction over service encounters. The C.I.T. categorisation, as an analytic induction process, consists of repeated, careful readings and sorting of the incidents into groups, based on the similarities in the reported experiences of customers.

The service customers sampled are interviewed and their detailed account of "the critical incidents" encountered are recorded ad verbatim. We sought customers who experienced these incidents through service encounters with federal/state

government agencies and other public sector service organisations. An eight-paged questionnaire, comprising four open-ended questions and 18 closely-structured questions is administered. An attempt will be made to integrate qualitative analysis (using SPSS' "Text Analysis for Surveys" version 1.0 program) to diagnose sources of satisfaction and dissatisfaction based on text responses for categorisation, with quantitative analysis (using SPSS version 11.0) for statistical significance of the categorisations.

From content analysis of the 120 "critical incidents" gathered so far, our paper seeks to answer three research questions - (a) What specific events led to satisfying and dissatisfying service encounters with government agencies?; (b) What did contact employees do that caused these events to be remembered favourably, or with distaste?, and (c) to detect any significant relationships between type of service outcome (satisfactory/dissatisfactory) and the C.I.T. groups ( $n_1 = 12$ ) and categories ( $n_2=3$ ). Customers were asked to reveal "a critical incident" experienced while using a public sector (government department/agency) service where a mistake was made and the government agency made a poor or good job in correcting that mistake. We found that Bitner, Booms & Tetrault's (1990) 12-grouped C.I.T. framework is overall, applicable for the Malaysian service setting, with most local critical incidents classified as "service failures" due to the way employees responded (or did not respond at all) to service delivery failures. However, compared to Bitner et. al's (1990) framework, fewer Malaysian incidents fell into five particular groups. These five groups include those pertaining to (a) employee responses to customer preferences, (b) employee responses to potentially disruptive 'others', and (c) 'Gestalt evaluation' type of unprompted and unsolicited employee actions. Examples of specific events leading to satisfactory and dissatisfactory outcomes will also be given. Future research suggestions and managerial implications will also be explored.

**Time** 14:30–14:55  
**Venue** Lecture Theatre 18

### 5.2A **Service Recovery in a Self-Service Technology Context - A Study of Service Recovery through an Airline Company**

**Niklas Johansson**

*Karlstad University/The Swedish Research School of Management and Information Technology, Sweden*

Five years ago a study was carried out at one of the largest airline companies in Northern Europe. The study addressed service recovery in a self-service technology context, called self-service recovery. Through interviews with customers and employees about service recovery aspects within a self-service technology context, differences and similarities were presented between those two groups. Results showed that providing a satisfyingly service recovery required personnel involvement. Although the company outside the self-service technology context provided customers, in many ways, with a satisfyingly service recovery, this was not the case within the self-service technology context of the company. The explanation to this difference between the self-service technology context of the organization and outside the self-service technology context was in many ways related to a lack of identifying service failures and deficiency in using information from customer complaints for improving existing services. This study is now being carried out again in the same context, but with a different object under study. The first study only placed focus on Self Service Automats, the second study will instead put emphasis on the website of the airline company. The second study puts particular attention on which service recovery strategy (Johansson and Kaiserlidis, 2002) the airline company have chosen to provide their customers through their website. In addition, techniques for identifying service failures and using customer feedback for service development purposes are also of importance in the study. The discussion is based on the theoretical fields of services marketing/management and information systems. This paper contributes to the above mentioned areas in the following ways. First, it enhances our understanding of the customer's role as an important source in the work of self-service recovery and service development. Second, it draws attention to the complexity of using self-service technologies in the work of service recovery.

**Time** 14:30–14:55  
**Venue** Seminar Room (SR) 1

### 5.2B **Bridging The Gap between Service Measurement and Actionability: A Closer Look**

**Indranil Sen**

*DHL Express (S) Asia Pacific, Singapore*

**Sunando Das**

*Consumer Understanding and Branding, Research International, Singapore*

Though companies are spending millions of dollars on customer relationship measurement systems, most of them do not show much fluctuation over time and hence, poor ROI on CRM programmes. This is mainly on account of the fact that existing customer relationship / satisfaction measurement metrics are not sensitive to change. This paper will illustrate the need and

usefulness of an actionable customer satisfaction measurement framework with the help of case studies across 17 countries in Asia Pacific - measurement system over 3 years time frame. For confidentiality reasons, actual figures would not be quoted in the paper - the paper will focus on the learnings from the case study and how this can benefit those involved in the area of service / loyalty / churn measurement and improvement programmes. The paper will focus on the key issues with any service measurement system and how the same can be overcome. And look at some of other related areas which are gaining popularity - issue of satisfaction vs. loyalty, issue of comparability across countries and businesses, boardroom indicators of loyalty vs. implementation of loyalty / service satisfaction strategy. The paper will focus on:

1. Discriminatory, robust and realistic measurement system - a customer centric framework accounting for customer heterogeneity.
  - Incorporation of 'how to improve' rather than limiting to 'what to improve' only by having customer speak semantic scales
  - How the needs of the internal quality department has to be merged with customer speak language scales
  - for implementation of the improvement dimensions
  - A framework which takes into account non linear treatment of the scales for a realistic prioritization strategy - Importance measure - Most importance measures used in service measurement frameworks suffer from recency effect and do not take into account customer heterogeneity. The case study will illustrate how a measurement system (based on replication of actual customer behavior) can account for both these thereby helping in having realistic cost benefit analysis and prioritization of improvement areas. Also, having segmentation of customers based on their needs and design different service packages for different segments.
2. The paper will illustrate how looking at service in the scheme of other things (like branding and pricing) helps in understanding the relative importance of service and hence, channelize resources for service improvement areas accordingly. The issue of difference between service satisfaction and loyalty has been widely debated in academic journals and by industry experts. This is true as the case study will illustrate - it's not only functional tangible delivery which keeps customers to a brand; it's to do a lot with the emotional connection and relationship with the brand which keeps customers to a brand. However, the bigger issue, as the case study will illustrate, is how improvement on key service dimensions can help in increasing loyalty as well. Hence 'in the box' thinking on present delivery parameters can improve loyalty a lot and need not rely only on 'out-of-the box' thinking on advertising and communication.
3. Halo effect / gratuity factor in responses
  - The paper will illustrate how halo effect and gratuity factor in responses can impact comparability across countries and service parameters. How to have a measurement framework which is independent of these, thereby enabling comparison across businesses and countries.
4. Implementation vs. Boardroom measures
  - A lot is being talked of, nowadays, on boardroom measures of loyalty. Though they are true, as the case study will illustrate, the paper will bring out the need of going beyond boardroom measures for an implementable strategy - need for going into micro dimensions for implementation programmes and derive the macro dimensions / boardroom measures from these micro dimensions rather than having independent boardroom measures

The above 4 points will be the crux of the paper with main focus on points 1 and 2.

**Time** 14:30–14:55  
**Venue** Seminar Room (SR) 2

## 5.2C **Employees' Commitment to Change: A Key Factor of Successful Customer Relationship Management Implementation**

**Philip Shum and Liliana Bove**  
*The University of Melbourne, Australia*

**Seigyoung Auh**  
*Brock University, Canada*

The embracing of the relationship marketing philosophy coupled with technological advances has seen the rising adoption of Customer Relationship Management (CRM). However, given its wide appeal, over 70 percent of firms which implement CRM report disappointing results from their investment (Mello 2002). A major reason given for this shortfall in perceived performance has been associated with technology implementation playing a dominant role without due consideration given to managing the required change needed within the firm (Chen and Popvich 2003).

This study adapts Herscovitch and Meyer's (2002) framework of employee commitment to organizational change to the CRM context. We present a conceptual model which views employee commitment as a key mediating variable between organizational

facilitating conditions for successful CRM implementation and positive strategic outcome for the firm. These organizational facilitating conditions include: a clan-type culture; cross-functional integration; connected technology; a decentralized and formalized organizational structure; and employee training. Strategic outcomes include the organization's financial performance and the level of customer attitudinal loyalty, operationalized as affective commitment to the organization.

This study will be unique as it will attempt to gain viewpoints from three target audiences: strategic business unit (SBU) managers; employees using the CRM system; and customers of the SBU. The manager-employee-customer triad will provide a more holistic assessment when diagnosing the effectiveness of CRM implementation. Further, the use of multiple respondents minimizes problems caused by perceptual and self-reported measures and common-method bias (Olsen et al. 1995).

The study will be conducted in two phases. Phase one consists of field interviews with managers, senior executives and CRM user employees of SBUs where CRM has been implemented in the last 18 months. The sample will be drawn from organizations across different industries in the US, Australia, New Zealand and Hong Kong. Phase two of the research consists of sending different versions of a self-administered questionnaire to senior managers, employees and customers within SBUs who have been identified as having recently implemented CRM. The results from the qualitative phase of the study will be reported at the conference.

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**Time** 14:30–14:55

**Venue** Seminar Room (SR) 5

### 5.2D Fading Customer Relationships - Difficulties Interpreting Changing Service Relationships

**Helena Åkerlund**

*Umeå School of Business and Economics, Sweden*

Interest in the nature of customer relationships has increased in business-to-business marketing as well as business-to-consumer marketing literature during the last decades. More attention has however been put on the growing of relationships compared to the ending of the same (Dwyer, Schurr and Oh, 1987; Roos, 1999a; Tähtinen, 2001). Research indicates nevertheless that insights into the growing of relationships do not guarantee the understanding of the opposite process of ending (LaBarbera and Mazursky, 1983; Keaveney, 1995). More and more attention has therefore been put on the ending per se (e.g. Bansal and Taylor, 1999; Bolton, 1998; Bolton and Bronkhorst, 1995; Colgate, Stewart and Kinsella, 1996; Colgate and Hedge 2001; Coulter and Ligas, 2000; Hocutt 1998; Jones and Sasser, 1995; Keaveney 1995; Michalski, 2002; Mittal and Lassar, 1998; Reichheld and Sasser, 1990; Roos, 1999a, b; Stewart 1998a,b; Tähtinen 1999, 2001; Åkerlund, 2004).

Most studies within the area of ending have focused on drivers or antecedents of ending relationships. There is however a lack of research focusing on the weakening of customer relationships looking at the process before the ending of the relationship. Fading therefore represents a new approach to understand issues related to the ending of customer relationships. (Tuominen and Kettunen, 2003; Åkerlund, 2000; 2004) Fading relationship processes concerns what happens in a relationship before a possible termination. Fading could precede a relationship termination, but could also represent a temporal weakening without leading to termination.

A study focusing on fading private banking relationships including 42 qualitative interviews with both customers and financial advisors, illuminating their perceptions of the relationship development shows that fading could take different forms and develop through a range of different processes where both parties in the relationship are important for the understanding of the development process. It is however not easy for a company to predict or understand a fading customer relationship. The advisor's role becomes crucial. Although the relationship between the advisor and the customer may seem strong, there are problems interpreting the signals coming from the customer. Findings indicate that a tight relationship may cause damage to some fading processes where customers rather terminate the relationship instead of talking about the problems with the advisor. The paper has clear managerial implications discussing problems related to the detection and interpretation of fading customer relationship processes, and the management of the same. Theoretically the paper contributes to the area of ending relationships and knowledge about relationship processes.

**Time** 14:30–14:55  
**Venue** Seminar Room (SR) 6

### 5.2E **The Effects of Customers' Emotion in Satisfaction and Loyalty Behaviours - The Case of Holiday Resorts in South-East Asia**

**Lea Pignier, Kah-Hin Chai and Kay-Chuan Tan**

*Industrial and Systems Engineering, National University of Singapore, Singapore*

This paper reports a project which investigates the relationships between emotion, customer satisfaction and loyalty in a holiday resort in South East Asia. Our primary aim is to answer the question of how customer emotions affect customer satisfaction and loyalty behaviours in extended service encounters. We began the study with an extensive literature review and conducted several exploratory interviews with experts and customers in the holiday resort industry. Our literature review reveals that although the role of emotions in the satisfaction formation process has been the focus of a growing literature, their effect on satisfaction and loyalty behaviours remains unclear, especially in the context of extended services such as packaged holiday or vacation in beach resorts which have a high level of emotional content. To get a better understanding of how emotions influence satisfaction and loyalty during an extended service encounter, we adopted a process perspective of the service experience in order to try to understand how emotions at different stages of the service experience affect overall satisfaction and loyalty. Based on the literature review and interviews, we constructed a framework which views holiday experiences as an extended service encounter with 3 different stages, i.e. pre-arrival and arrival, during the stay, and departure and post-departure. Using the conventional expectation-disconfirmation model, emotional peak events (Kahneman et al., 1997) as well as previous work on emotion, we propose that:

- Overall satisfaction is related to the intermediate judgments of satisfaction.
- Loyalty is related to overall satisfaction as well as the satisfaction at each stage of the extended service.
- Customers' emotions at each stage of the service experience will directly influence the judgment of satisfaction with the particular phase, as well as overall satisfaction and loyalty.
- The longer the duration of the stay, the less important will be the pre-arrival and arrival phase, and the more important will be the stay itself.
- Positive (or negative) peak events will lead to better (or worse) overall satisfaction and will increase (or decrease) loyalty behaviours.

With the help of an international holiday resort company, we test our hypothesis at a holiday resort through questionnaire survey. The paper will show the detailed statistical analysis and conclude with a discussion for practice and future research.

**Time** 14:30–14:55  
**Venue** Seminar Room (SR) 7

### 5.2F **Investigating Consumer Decision Making Styles in Goods and Services**

**Sharyn Rundle-Thiele**

*Griffith University, Australia*

**Rebekah Bennett and Cheryl Leo**

*University of Queensland, Australia*

Consumer decision-making styles have been widely studied and there is common acknowledgement that there are between five and eight different styles. The dominant approach to consumer decision-making was developed by Sproles and Kendall (1986) who developed the consumer styles inventory (CSI). The CSI varies considerably across cultures (Bao, Zheng Zhou and Su 2003; Durvasala, Lysonki, Durvasala and Zotos 1996; Mitchell and Bates 1998) and has been tested across age cohorts (Bakewell and Mitchell 2003).

However the application of the CSI has been confined to goods (in particular fashion) and small student samples (Bakewell and Mitchell 2003; Bao, Zheng Zhou and Su 2003; Survasala, Lysonski and Andrews 1993; Fan and Xiao 1998; Mitchell and Bates 1998; Ownbey and Horridge 1997). As noted by Walsh, Mitchell and Thurau (2001) the CSI urgently requires testing on non-student samples if it is to be used more widely. There is an opportunity to investigate whether consumer decision-making styles apply to services and whether consumers adapt their decision-making styles in service categories when compared to goods categories using a non-student sample.

Given that services are intangible (Fisk, Brown and Bitner 1993) and are inherently more risky than goods (Lovelock 1984; Ziethaml 1981) it is expected that consumers will be more likely to consider their options pre-purchase and less likely to brand switch or variety seek. Goods are higher on possession utility and thus consumers may have different decision-making styles

based on the degree to which they will possess or own the good/service (Winsor, Sheth and Manolis 2004). This research surveys 187 consumers using 8 decision-making styles and hypothesised there would be differences in consumer decision-making styles for goods and services.

Surprisingly, support was not found for differences in 7 out of 8 of the consumer styles. The results of this study suggest that a consumer's decision style is unique to the consumer. Therefore, consumers may not adapt their decision making style based on product type. These results suggest the CSI can be applied to both goods and services.

**Time** 14:30–14:55  
**Venue** Seminar Room (SR) 8

### 5.2G **Management by Trust: The Case of a Dutch Insurance Company**

**Bruno Kaeslin, Albert Graf and Peter Maas**  
*University of St. Gallen, Switzerland*

Trust is of utmost importance in the insurance industry: When customers are buying insurance products and services, they are exposed to many risks. Investors must rely on and trust management skills. The relationships between employees are sometimes problematic. However, these liaisons are better when based upon mutual trust and confidence rather than controls. Many insurers have lost this valuable resource. Numerous scandals, fraudulent practices and other events such as the collapse of Enron, the manipulations of the Marsh & McLennan companies, the enduring fall of stock markets or the unending pension fund debates, have rattled the trust of customers, investors, employees and other groups within the insurance industry. With a deliberate trust management (Management by Trust), as exemplified by the Dutch insurance company Interpolis, companies can greatly improve relations with their stakeholders, especially customers, but also employees and other associated groups.

The insurance company Interpolis is part of the Rabobank Group, a cooperative union of over 300 Raiffeisen banks, private banks, investment banks, insurance and leasing companies. It is anchored in Holland with an ample covering branch network. The central aim of the entire group is to create and increase customer value, thus the generation of customer benefit through all of its many interfaces. The philosophy of the Rabobank dictates that the customer stands in the foreground of all business activities. The customer can trust the Group in standing by and for this philosophy. The goal of the Interpolis case study is twofold: On the one hand it is to be shown how an internal and external culture of trust is relevant for the management of an insurance company. On the other hand it is to be demonstrated, which central factors in a company must exist, in order to guarantee the confidence and trust given to employees and customers. Using Interpolis as an example, the feasible results of implementation of Management by Trust will be presented. Interpolis attributes a large part of its market success to the existence of a trust culture. In addition to the ability to communicate actively with customers and employees, a company culture is developed, which promotes innovations, lowers costs and substantially contributes to a positive performance.

**Time** 15:00–15:25  
**Venue** Lecture Theatre 18

### 5.3A **Understanding Online Service Failure: A Critical Incident Analysis from Consumer Complaints**

**Lynn Goetzinger, Jungkun Park and Rick Widdows**  
*Purdue University, United States*

It is important for today's business culture to explore the rapidly growing online retailing environment. Service failure and recovery is a pressing issue for businesses that want to remain competitive within the online market. Accurately identifying service failure is the first step to preventing such failure in the future, while recovery mechanisms can and should be set in place to preserve customers. The nature of online service failure is a departure from the service failure experienced in the traditional in-store shopping environment. Online consumers are faced with the challenges of dealing with website technology to complete transactions, often times with little or no help from the e-tailer. Even with the availability of online help buttons, customers may choose to simply switch to a more user-friendly website with the click of a mouse rather than take the time needed to complete a transaction. In the online retail environment, the nature of service failure and recovery changes. There are several challenges that present the opportunity for service failure that e-tailers may face, which are not inherent in traditional retailing. For example, e-stores must provide consumers with adequate website technology in terms of download speed and function. They must also be concerned with an information and product search function, online payment options, secure online payment, privacy and security policies and acceptable as well as timely shipping methods. Consumer complaints with full recounts of service failure incidents have been collected via three major third-party consumer complaint websites. There is a total of 350 consumer complaints regarding failure of online service including five product categories of complaints. A critical incident analysis sheds

light on the nature and frequency of online service failure. Content analytic method has been adopted for coding and analysis. The method of analysis presents a unique opportunity to view service failure from the customers' perspective across different product categories. Results and managerial implications for service recovery are discussed.

**Time** 15:00–15:25  
**Venue** Seminar Room (SR) 2

### 5.3C Instrumentality of Carl Jung's Personality Types in Generating Higher Customer Service Value: Input Controls for Human System in Customer Service- A Qualitative Inquiry

**Hewege Chandana Rathnasiri**

*Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka*

This paper attempts to explain the nature and the direction of relationship between personality types and the degree of customer orientation in customer -contact employees. Further, it seeks to demonstrate the versatility of Jungian personality types as a screening and selection tool in recruiting employees for customer- contact jobs. Personality types of employees are proved to be valid explanatory variable of the individual differences in work behaviour (Harell & Harell (1984), Anderson (1977), Hinrichs (1978). Thus, it is logical to extend this association to the level of customer care. The research site is one of the largest footwear firm in Sri Lanka, engaged in both manufacturing and marketing. The researcher, having conducted preliminary interviews with managers has identified six customer contact employees, three of them being highly customer oriented and other three with poor customer care level. The study used, among other methods, internationally validated testing instrument called Myers-Briggs Type Indicator (MBTI) that is derived from Jungian Personality types. The methodology involves case method together with qualitative techniques. Firstly, all six cases were tested for their personality orientation by means of the MBTI. Secondly, the researcher conducted a series of in depth interviews with their respective managers, peers, and some customers to gather evidences for their customer service level. Thirdly, researcher engaged in a non participant observation of their customer handling behaviour. Then evidences of customer care behaviour were compared with the personality types of the respective employees determined under MBTI. The study findings show that intuition-feeling and sensing - feeling type with extrovert personalities are more customer oriented in their behaviour than that of other types. As the variability in customer service level is attributed to personality type of customer-contact employee, selection criteria for customer contact employees should include a personality testing to select appropriate personality type. Thus, a higher-level input control in the human system can bring about a superior customer service level.

**Time** 15:00–15:25  
**Venue** Seminar Room (SR) 5

### 5.3D Attitudinal Loyalty and Customer Relationship Management: An Investigation of Service Firm Strategies

**Christopher Fitzgibbon and Lesley White**

*Macquarie Graduate School of Management, Australia*

The need to generate behavioural loyalty has been identified as one of the major drivers for implementing CRM systems (Ryals 2003). However, there is relatively little research on attitudinal loyalty and CRM, with the bulk of the research conducted so far being focussed on behavioural loyalty. The emphasis on the objective of behavioural loyalty has led to CRM being used to develop behavioural loyalty strategies (Winer 2001). Generally these strategies involve creating loyalty programs, where incentives are offered to generate repeat purchase, or to sell more of the organisation's products and services to existing customers.

The purpose of this research is to investigate the objectives and strategies of CRM, with emphasis on loyalty, in the services industry. Particular emphasis was placed on telecommunications, financial management and professional services firms. We investigate to what degree the development of attitudinal loyalty is a factor in the creation of CRM strategy. The study is comprised of 35 one-hour interviews with marketing and CRM managers from the finance industry (11), professional services providers (15) and the telecommunications industry (9).

These industries were selected because they traditionally followed different models of customer relationship management and require different degrees of customer interaction. Despite these differences, the research shows a great similarity in the way that the firms from these different industries use CRM to build relationships with customers. Many firms, both within the same industry and across the industries investigated, used their CRM for the same relationship building exercises. Primarily this involved using contact information to invite certain key contacts to social events or targeted seminars. The lack of differentiation was identified



as a potential weakness in effectively building relationships. The research also shows that the delineation between attitudinal and behavioural loyalty as a strategic objective is not clear in the corporate environment. Moreover, the outcomes that companies desire are not always in line with the actions that they put in place. Many firms identified a desire to build a strong positive attitude amongst their customers towards the firm, but at the same time used their CRM for largely behavioural marketing programs, usually in the form of up-selling and cross-selling. Future research avenues will be discussed in the presentation.

**Time** 15:00–15:25  
**Venue** Seminar Room (SR) 6

### 5.3E **Determinants of Behavioural Loyalty Amongst Dissatisfied Customers in the Australian Business-to-Business Services Sector**

**Venkata Yanamandram**  
*University of Wollongong, Australia*

**Lesley White**  
*Macquarie University, Australia*

There have been few studies that investigate the reasons that dissatisfied customers stay with service organisations. Further, there have been no studies that have investigated a range of factors simultaneously in a single model in the business services sector. This paper attempts to address this research gap by investigating the following research questions: (i) what are the determinants of behavioural brand loyalty amongst dissatisfied customers in the business-to-business services sector? (ii) Is there a difference in the determinants of behavioural customer loyalty between small and large firms in the business-to-business service sector? A qualitative study was conducted, with 28 personal interviews undertaken with managers who are involved in the choice of service providers. The set of services that the managers chose to discuss represented a wide variety of industries including security, electrical consulting, education, software, process control, financial planning, banking, media, airline travel, telecommunication, advertising, call centre, market research, legal, superannuation, insurance, commercial cleaning, and internet services. Assessment of the reasons why dissatisfied customers stayed with the service providers resulted in six categories. The categories were found to be, in order of decreasing frequency, impact of alternative providers (19), switching costs (18), others (17), inertia (14), investment in relationships (13), and service recovery (13). The results not only confirmed factors found in the literature: impact of alternative providers, switching costs, inertia, investment in relationships, and service recovery, but also uncovered eleven other factors: the service provider offers sales leads, lower price, legal issues, delivers good quality core product, favouritism, patriotism, reciprocal purchase arrangement, impact on other business units, disruptions to service that impact customer's customers, recognition by service provider and the need to keep the existing service provider as a back-up option. With respect to the second research question, analysis suggests a difference between small and large sized customer firms and their determinants. Large firms cite investment into relationships, impact of alternative providers and switching costs as determinants of behavioural loyalty more commonly than smaller firms where inertia, and a number of customer specific reasons were given in addition to switching costs and impact of alternative providers. This research represents what appears to be the first study of determinants of loyalty amongst dissatisfied customers in a business-to-business services context. The study is important given that the highest growth in services marketing today is in business markets.

**Time** 15:00–15:25  
**Venue** Seminar Room (SR) 7

### 5.3F **Customer Integration as Common Denominator of Services - Insights for Service Marketing**

**Sabine Moeller**  
*WHU - Otto Beisheim Graduate School of Management, Germany*

**Sabine Fliess**  
*University of Hagen, Germany*

**Martin Fassnacht**  
*WHU - Otto Beisheim Graduate School of Management, Germany*

The commonly cited characteristics of services (IHIP - intangibility, heterogeneity, inseparability and perishability) have been heavily criticized by marketers, because there are a lot of exceptions to be found in reality. For example the inseparability of

the production process from the consumption process mainly occurs if the service is delivered to the customer himself, whereas if information or physical objects are integrated, they can be submitted via other persons, email or somehow else and the production process can take part separately from the consuming customer. Therefore, there was an upcoming discussion on the major characteristics of services.

To contribute to this discussion and help explain the corresponding reasons for the various exceptions we propose the construct of customer integration. It implies that services are delivered in co-production, in which the contributions of service providers and customers are combined. Customer integration, also termed as customer participation or customer involvement in service literature, is an indispensable condition for service production and delivery: Every service calls for a minimum of customer integration. Even the use of an ATM requires a person inserting his/her card.

Customer's contributions within the scope of customer integration are the so-called external production factors, which can be customers themselves, their physical objects as well as information and rights. From our point of view, customer integration is to be seen as the dominant characteristic of services. On the basis of a clear understanding of customer integration and types of external factors the IHIP-characteristics of services including their exceptions can all be derived and further examined. This can already be shown in the above mentioned example on the inseparability of the production process from the consumption process. Differentiating within the scope of customer integration between "human beings" as external factors and "objects" or "information" as external factors can explain the exceptions of the inseparability characteristic of services.

Overall, a clear understanding and conceptualization of the customer integration construct can provide deep insights into the nature and problems of service production and delivery and can therefore be very helpful for the marketing of service. For example two stages of service production can be differentiated involving two different kinds of activities: customer-induced activities and customer-independent activities. Customer-induced activities require integrative disposal on resources while customer-independent activities call for autonomous disposal on resources.

**Time** 15:00–15:25  
**Venue** Seminar Room (SR) 8

### 5.3G **The 'Bureaucratic Mindset' in the Management of Public Services: Implications and Alternatives**

**Christopher Dixon**  
*University of Brunei, Brunei*

This paper reports on recent research carried out on the structure and processes of public sector organizations where bureaucratic formats seem to prevail. The research design provided access to data within a series of illuminative case studies. It is suggested that some public sector departments may require a more interactive process of problem definition within a context of reflective enquiry to ensure contingent solutions are provided to satisfy multiple stakeholders. The potential deficiencies of a bureaucracy are considered a rich data source, prompting a review of the efficiency and effectiveness of management processes in the public sector. The research suggests that the apparent success of reductionism and mechanical thinking is unlikely to contribute to public sector performance where shared learning requires process and content to be considered together and learning meaningful things implies letting go of some command and control inclinations. A rationale is suggested for a particular type of intellectual orientation, termed a bureaucratic mindset, where the real world of diversity and ambiguity is distorted to become one of certainty and conformity. Illustrations of the pervasiveness of elite values, blind spots, self-sealing beliefs and crises of confidence are offered as serious impediments to organization learning resulting in reduced efficiencies and blocked effectiveness.

The research discusses the meaning of the term bureaucracy in terms of both advantageous and dysfunctional consequences. Certain codes of bureaucratic behaviour are identified in the light of a need to integrate a performance led public sector management that requires an effective planning process, transparent accountability, and the development of a new-found customer culture. The research data suggest that the bureaucratic mindset may have a negative effect upon public service programme plans by deflecting aims and objectives, providing inappropriate information and obscuring departmental performance measures. The case studies indicated that bureaucratic organizations can obstruct learning. It is suggested that the bounded rationality inherent in the structure and processes of many public sector departments allows for a fragmented type of thinking with different hierarchies capable of providing only part of a picture.

The research points the way for the bureaucratic organization to adopt a more conscious level of experimentation and inquiry that can deal with complex problems requiring differentiated solutions. Such a process of reflective inquiry could better equip public service departments to focus on customer needs whilst coping with the political, public and media pressure.

**Time** 16:00–16:25  
**Venue** Lecture Theatre 18

### 6.1A **Jaycustomers: An Empirical Examination of the Antecedents of Dysfunctional Customer Behavior**

**Kate L. Reynolds and Lloyd C. Harris**  
*Cardiff Business School, United Kingdom*

While much attention has been devoted to misbehavior by employees, the antecedents of intentional dysfunctional customer behaviors are comparatively understudied. Nevertheless, a small stream of studies warns that aberrant customer behaviors are both prevalent and pervasive. Indeed, it has been claimed that customer misbehavior is representative of consumers overall, and should not be deemed as a segregated group (this perspective differs from much mainstream psychology and criminological research which deems deviants to be ‘distinct’ within society). Moreover, somewhat alarmingly, in their 2003 study, Harris and Reynolds uncover a variety of consequences of such behavior, ranging from direct financial costs for the organization to deep-rooted psychological damage for customer-contact employees.

However, despite a growing recognition of the importance of this phenomenon, a review of extant literature finds that research into such behaviors is both sporadic and disjointed. An exception to this is the work of Fullerton and Punj (1993) who forward an interesting conceptual model that generates insights into aberrant customer behaviors. Unfortunately, this valuable conceptual advance has not been empirically verified, as the majority of research has concentrated on identifying the antecedents of a range of ‘individual’ forms of customer misbehavior. A small sample of such forms include; illegitimate customer complaining behavior, customer aggression, customer resistance, vandalistic customer behavior, and shoplifting. Therefore, to date, no study has holistically empirically examined the antecedents to jaycustomer behavior.

This study is intended as a response to earlier calls for further research into customer ‘misbehavior’. In particular, the study is designed to garner insights into the drivers of dysfunctional customer behaviors through delving into a diverse range of academics and literatures including; criminology, sociology, psychology, environmental psychology, ethics, and strategic marketing. In this sense, the present study offers an extension of Fullerton and Punj’s (1993) model of aberrant customer behavior. As such, the study constitutes one of the first empirical investigations into the antecedents of intentional dysfunctional customer behaviors.

To explore and describe the nature and dynamics of dysfunctional customer behavior a conceptual model is presented that synthesizes and extends a number of earlier theories from a range of disciplines. The testing of the developed model centers on the analysis of responses to an administered survey. Subsequent analysis uncovers a range of associative links between a number of factors and dysfunctional customer behavior. These results lead to implications for both theory and practice.

**Time** 16:00–16:25  
**Venue** Seminar Room (SR) 1

### 6.1B **Antecedents to Service Quality - A Frontline Perspective**

**Terje Slåtten**  
*Oslo School of Management, Norway*

It is widely acknowledged both among researchers and practitioners that service quality in many industries depends on the customer-oriented behaviors of frontline service employees.

The main argument is that by delivering superior customer service the organizations can create a competitive advantage (Grönroos, 2001). In some service industries the contact employees are the first and only representation of the service firm (Hartline, Maxham and Mckee, 2000). Zeithaml, Berry and Parasuraman (1988) are stressing this and observed, “Service quality is highly dependent on the performance of frontline employees” (p. 35).

The customer perspective has dominated in service quality research. The main focus has been on drivers of customer satisfaction and customer perceived quality (Edvardsson and Gustavsson, 2003). Surprisingly little has been said in the literature about the frontline and how to organize their job and what is required to meet their needs and expectations. Still some exceptions in the literature exist. Schlesinger and Heskett (1991), in their service profit chain model, argue that customer satisfaction is rooted in employee satisfaction. Further their model show the link between external service quality, internal quality and internal satisfaction. Their message with the model is to illustrate that a company’s profitability, success and survival is dependent how the company organize internal activities to the best for their customer-contact employees. Employee satisfaction is viewed as a prerequisite for external and customer perceived service quality. The employees are viewed as an essential resource but without discussing in depth and without empirical research what is necessary to create good working conditions for the company’s frontline employees.

Yet, despite the important role that frontline play in linking the organization to its customers it seems that very few studies has considered antecedent to quality from a frontline perspective. This paper empirically examined some important antecedents to service quality from a frontline perspective. Specifically, this study seeks to investigate the relationship between service quality and key concepts as role stress, emotional satisfaction and Work-Family Conflict.

**Time** 16:00–16:25  
**Venue** Seminar Room (SR) 2

### 6.1C **Perceived Risk and Servicescape: The Importance of Managing the Physical Evidence in Services Marketing**

**Margaret McOmish**  
*UQ Business School, The University of Queensland, Australia*

**Pascale Quester**  
*The University of Adelaide, Australia*

In the service marketing literature, the notion of risk and its specific role in the consumption of services have been addressed by a number of authors both conceptually (Eiglier & Langeard, 1977; Hoffman & Turley, 2002; Zeithaml, 1981) and empirically (Guseman, 1981; Mitra, Reiss, & Capella, 1999; Murray, 1991; Murray & Schacter, 1990). This concept has been examined in a number of different service settings, such as professional services (Friedman & Smith, 1989), child-care services (Friedman & Smith, 1993), hairdressing, banking, a sporting venue and fast-food services (Mitchell & Greatorex, 1993) and in online and offline purchase contexts (Laroche, McDougall, Bergeron, & Yang, 2004). Yet to date, no research has specifically investigated how the servicescape reduces consumers' levels of perceived risk during the purchase of services.

A degree of risk is associated with any purchase transaction. However, the perceived risk involved with the purchase of services tends to be higher than that involved with the purchase of most physical products. Services tend to be intangible and non-standardised offerings, characterised by high levels of experience and credence qualities. Furthermore, the variability and non-standardised characteristics of services lead to uncertainty, making it difficult for the consumer to evaluate service offerings before the actual purchase. In many service settings, consumers must select a service provider with less pre-purchase information than when they select other products (Guseman, 1981; Murray et al., 1990; Zeithaml, 1981; Zeithaml & Bitner, 2003). Hoffman and Turley (2002) stress the importance of managing the tangible physical evidence in a service environment and recommend that the servicescape should be intentionally planned and managed to reduce the level of perceived risk experienced by consumers during the pre-purchase stage prior to the acquisition of a service.

This paper proposes a number of research propositions related to how the tangible cues in the servicescape reduce perceived risk for consumer when purchasing services. In so far as elements of the physical surrounding can be used as an observational risk reduction strategy and a source of information, the proposed research seeks to establish the impact of the servicescape on consumer risk perceptions, consumer expectations and perceptions of quality prior to purchasing services high in search, experience and credence qualities. Two empirical studies are proposed to assess consumers' risk perceptions as well as their expectations and quality perceptions across three different types of servicescapes for three different types of services: a search service (a bank check account); a credence service (legal advice); and an experience service (a haircut).

**Time** 16:00–16:25  
**Venue** Seminar Room (SR) 5

### 6.1D **Dimensions of Customer Perceived Value in the Life Insurance Industry-An Exploratory Study**

**Chiachi Tsan and Wan-Ching Chiu**  
*Lunghwa University of Science and Technology, Taiwan*

The life insurance industry has gradually become increasingly competitive in Taiwan after the government's policy of deregulation and internationalization. Companies not only have to satisfy customers, but also have to meet customers' need and the changing preferences more effectively and effectively than their counterparts in order to maintain long-term competitive advantage. Providing valuable services to their customers has become one of the key issues in the industry. Consequently, the understanding of consumer perceived value has become a worthy research topic (Parasuraman, 1998). Nevertheless, relevant literature on the topic in the arena of insurance industry, which plays an important part in the economy in Taiwan, is sparse.

Therefore, the main purpose of this study is to explore the dimensions of customer perceived value in the context of insurance industry in Taiwan. Qualitative research methods including in-depth interview and focus group techniques are utilized to collect data and K-J analysis is employed to analyze the collected data. The subjects interviewed include two regional managers of an insurance company with high market share in Taiwan and six customers who had had at least one policy before the interview. This ensures the research outcome encompasses the viewpoints from both the practitioners and consumers. The result was then compared with the existent literature from the database search including Bolton and Drew (1991), Kantamneni and Coulson (1996), Lapierre (2000), Hall, Shaw, Lascheit and Robertson (2000), Williams and Soutar (2000), Sweeney and Soutar (2001), Petrick (2002) and Simchi-Levi, Kaminsky and Simchi-Levi (2003). Eight dimensions including service quality, functional value, social value, emotional value, reputation, monetary price, behavioral sacrifice and perceived risk are discovered. The eight dimensions can then be categorized into the ‘‘benefit’’ and ‘‘sacrifice’’ dimensions. The theoretical and practical contributions of this study are as follows. In the practical aspect, the study presents the dimensions of customer perceived value and thus provide directions for insurance practitioners to increase the customer perceived value. In the theoretical aspect, the preliminary result helps to establish a foundation for future development of a customer perceived value measurement scale specifically suitable for the insurance industry. It can also provide a theoretical base for further investigation on the relationship amongst value and other constructs.

**Keywords:** value, insurance industry, Taiwan

**Time** 16:00–16:25  
**Venue** Seminar Room (SR) 6

### 6.1E Procuring for Healthcare: Comparative Study of Procurement Systems and Processes in England, Scotland and Sweden

**Katherine Tyler**  
*University of Westminster, United Kingdom*

Procuring products and services for healthcare is of major importance and expense, impacting on both service outcomes and perceived quality. This comparative research examines procurement of pharmaceuticals and hotel services across three healthcare systems: Centralised (Scotland); mixed (England) and decentralised (Sweden). It maps the procurement processes for two contrasting products/services across different health systems in order to understand the inter-relationship between identified system influencing factors in shaping procurement processes. These system influencing factors include: The participants in the procurement process; type of product; regulation; role and use of IT; supplier structure; performance management and nature of procurement relationships. The two sectors, pharmaceuticals and hotel services, have been chosen for their contrasting system factors. Pharmaceuticals participants are practitioners; the product is tangible; it is tightly regulated; IT role and use is extensive; the supplier structure is large and complex; the performance management is against cost/clinical standards, and procurement relationships are complex and networked. Hotel services in healthcare (food, laundry, beds, cleaning, and so on), in contrast, are intangible services, the participants are managers, regulation is loose, use and role of IT is limited, the supplier structure varies from small to large, and is of low complexity; performance management is based on cost, and relationships are limited and dyadic.

The conceptual base is services marketing, which provides frameworks for understanding encounters, systems flows, service quality and end-user perspectives, which complements the IMP strategic level perspectives on inter-organizational interaction and buyer-supplier relationships and the public sector management literature, which offers frameworks for understanding the policy setting.

The research uses case study data across three distinct healthcare systems and qualitative data based on in-depth interviews with dyads in healthcare and hotel services and pharmaceuticals. Each of the case studies involves: (a) Analysis of relevant policy documentation and interviews with policy makers responsible for policy implementation and the provision of support to healthcare organizations; (b) Interviews with relevant (directly involved) managers from both purchasing organization (healthcare) and supplying organization with two dyads currently engaged in product/service procurement and procurement using IT, and (c) Interviews with senior (performance/accounting) organizational managers from both supplier and buyer organizations as well as front-line staff, users and support staff.

Contributors to this research project are:

- \* University of Westminster: Katherine Tyler, Derek Meyer, Marco Mongiello
- \* Glasgow University: Angus Laing, Moira Fischbacher, Douglas Macbeth
- \* University of Linköping: Jorgen Dahlgren, Magnus Holstrom
- \* Uppsala University: Jan Johanson, Lars Hallen

**Time** 16:00–17:25  
**Venue** Seminar Room (SR) 7

### Special Session - Sales and Service Relationships in Modern Asian Marketing

#### 6.1F1 Evolving Traditional Relationships in Asian Sales and Service

**Mark Speece**  
*University of Alaska Southeast, United States*

Sales and post-sale service delivery in Asia have traditionally depended quite heavily on prior social connections (guanxi). Usually, the deciding connections have been at the level of top management, not the sales rep. Top management makes the business deal, then directs lower level people to implement the sale. Sales and post-sale customer service traditionally has been considered a low level job, requiring few skills other than ability to socialize. This pattern is changing in modern Asia. Sales and service provision is becoming professional, more recognizable in terms of relationship marketing in the West. Traditional relationships have not disappeared, but their role is shifting toward facilitating information exchange in cultures of strong business secrecy.

Three studies illustrate these trends. A small survey among Chinese reps in Beijing (n=67) shows that reps still believe guanxi is important, but several things more often associated with professional selling were considered significantly more important, for example, good product knowledge and strong research skills to learn about customer needs. They view various aspects of sales training as valuable, and report that critical decision authority about things like price, payment, or delivery, has been delegated to them. ANOVA results indicate that reps who understand the modern sales process better rely significantly less heavily on guanxi.

The second study illustrates how the role of connections in modern sales has shifted. A small survey of 42 ethnically Chinese key account managers in Hong Kong commercial banks shows that these reps view information exchange as the essence of relationship marketing. All of the socializing elements common in traditional sales are still there, but they help cement business relationships by supporting the information exchange. These Chinese reps have a view of relationship marketing that is quite similar in many respects to modern thinking about it in the West, and not very similar to discussions of traditional guanxi-based sales.

The third large survey was in technologically advanced Singapore, among 961 sales reps who sell into marketing channels. To these reps, information technology is useful for helping develop customer relationships. It allows them to handle routine matters efficiently and provide better information for relationship development and maintenance. Facilitating this information flow on the customer interface, in their view, is a more important role of IT than internal information management, or use in organizing operations / logistics.

#### 6.1F2 The Relationship is the Brand: Sales Reps and Competitive Advantage in Thai Life Insurance

**Ranchana Rajatanavin**  
*Sripatum University, Thailand*

To examine the role of sales reps in building relationships with customers, and how this translates into information for decisions on service development, in-depth qualitative interviews were carried out in the five top life insurance companies in Thailand (by market share). The main interviews included 33 top level managers (CEOs, marketing, sales, actuarial, research & planning, etc.) involved in new service development. Numerous others were also interviewed less extensively when one of the main respondents referred to them for some detail. A follow-on survey of 156 sales reps demonstrates that this information flow contributes to better new service performance after introduction.

The relationship-driven nature of sales in the life insurance industry gives sales agents an intimate knowledge of customers, and the relationship with sales reps is really how customer perceive the insurance company. According to one CEO respondent: “At this stage of development, the life insurance business (in Thailand) does not seem to be product driven. But it does seem more relationship driven (between sales agents and customers)”. The core insurance products themselves are essentially commodities in Thailand, as the regulatory environment inhibits much innovation. Firms are differentiated on service quality. Customer perceptions about service quality largely depend on the relationship between the customer and the sales rep. As one sales manager said: “If sales agents are good, it does not matter much how products are, customers still continue buying products with high-quality sales agents.”

These strong customer relationships give reps intimate knowledge of customers, and reps are the key channel through which customer information is brought into the new service development (NSD) process. The rigid regulatory system discourages much innovation with the service concept, but development of service systems and service delivery details are quite customer oriented, utilizing customer knowledge obtained by the sales force. Thus, good customer relationships contribute to service development that is more customer oriented, contributing to even better customer relationships - a strong reinforcing feedback

loop is built into the system. The whole brand image of the company depends directly on the sales force and its ability to develop strong relationships.

### 6.1F3 Food Product Micro Branding as a Service Relationship in Thailand's Traditional Retail Sector

**Chantanut Theerachun**

*Rajabhat Institute, Thailand*

Traditional food production and food marketing is still strong in developing countries such as Thailand. Very small producers take their own products to sell in market stands, or supply a few stalls in traditional markets. Some of these micro brands have developed strong brand loyalty, but frequently the basis is not the physical product at all. To many customers, the micro brand is essentially a service. Brand image depends on trust which comes when the micro-brand owner builds service relationships with the customer.

This assertion simply follows observations that much modern retailing is based upon the concept that consumers buy service as much as products in retail purchases (Dawson 2000). In Asia, the service relationship with the retailer contributes to store loyalty (Piron 2001). To examine this issue for micro-food brands, we conducted in-depth interviews in four traditional markets in Bangkok, two patronized by relatively affluent consumers, and two by lower income consumers. In each market, two micro-stand operators were interviewed (3 in one market), and two customers from each interviewed stand (n=18).

We identified four distinct customer behavior segments: 1. lower income, not brand loyal. These consumers see few useful brand benefits, but view traditional sector micro-producer products as better quality than standardized supermarket brands. 2. lower income, micro-brand loyal. This loyalty is strongly based on the physical product, from perceptions about product quality of specific micro-brands. 3. higher income, not brand loyal. These consumers are intermittent purchasers from micro-businesses, and think mainly about physical product. They believe that modern supermarkets usually have higher quality, and mostly buy there. 4. higher income, micro-brand loyal. This loyalty is based mainly on the service relationship with the micro-stand operator. Segment 4 is the one which views micro-food brands very much as a service, not a product. A quote from one of these consumers illustrates this very well: "I always buy here because the seller provides very good service and he looks very clean. I think the juice itself is the same for every stand but the ways the sellers behave are different."

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### 6.1F4 Cultural Impacts on Customer Loyalty in the Airline Industry

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Customer perceptions of brand value and service quality both play a role in customer satisfaction in most services, and all three of these things contribute to brand loyalty. However, in international marketing of services, these perceptions can be influenced by culture - people from different cultural backgrounds may perceive things differently. Ueltschy and Krampf (2001), for example, demonstrate that the concepts of service quality and satisfaction with service delivery may differ somewhat across cultures. Further, how strongly these things contribute to purchase (and repurchase = loyalty) can also be influenced by culture. For example, Wickliffe and Pysarchik (2001) show that Koreans place more importance on brand than US consumers in purchase decisions.

This research examined how cultural effects influence the relationship between customer value (perceived service quality and brand name), satisfaction, and customer loyalty. Hofstede's individualism-collectivism dimension is used to represent an important cultural trait, because some research has shown that it is a key cultural aspect influencing response to marketing tactics. Data were collected from 611 respondents traveling through the Bangkok airport, very evenly distributed across the six cultures (108 Japanese; 98 Hong Kong Chinese; 113 Thai; 94 Germans; 98 British; and 100 from USA). Three of these cultures are Western and more individualistic, and three Asian, collectivist cultures.

The results suggest that consumers from more individualistic cultures perceive both service quality and brand name value more strongly than consumers from more collectivist societies. Further, this cultural dimensions influences the strength of the relationship between perceived service quality, brand name value, and customer loyalty. The impact of service quality perceptions on loyalty is stronger among consumers from more collectivist cultures. However, the impact of brand name value on loyalty is stronger among respondents from more individualist cultures.

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## 6.1F5 Integrating the Internet Channel to Enhance Relationships in Thai Corporate Banking

**Tanyamai Chairakul**

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E-banking is being rapidly adopted in the developed West, but even in the developed economies of Asia acceptance of e-banking has been somewhat slow compared to the West. Thai banks have launched internet channels to try to enhance customer satisfaction and build stronger customer loyalty. However, they have found that technology cannot yet fully replace face-to-face service encounters. Thai corporate customers rely strongly on the interpersonal relationships in dealing with their banks (Rotchanakitumnuai & Speece 2003).

Research on other financial services in Thailand suggests that integrating the Internet into interpersonal relationships may work better than completely separate Internet transaction channels (e.g., Larpsiri & Speece 2004). In banking, however, the Internet seems to be considered a separate service channel - customers can either use it or they can deal with people in a branch. This research explores bank and corporate customer views on how the Internet can be better integrated with interpersonal channels.

Qualitative in-depth interviews were conducted with 9 representatives from top management of 5 leading commercial banks, four of which already have Internet banking, and one which is nearly ready to introduce it. We also conducted in-depth interviews with financial officers of fourteen corporate customers, 9 of which currently use Internet banking and 5 who do not. Trust is critical, and customers, if they use e-banking at all, would use it with banks which have a well established reputation. However, even customers who use e-banking do not use it extensively. It works well for a few routine things, but they usually want the adaptation and customization available in face-to-face transactions.

The interviews reveal that neither banks or corporate customers understand the concept of integration very well - they both think very much in terms of either Internet or human service, not a coherent mix as was found in the insurance industry (Larpsiri & Speece 2004). We note some of the mechanisms which are now implemented which could be developed to make the channels more integrated, and discuss how further integration could take place.

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**Time** 16:30–16:55

**Venue** Lecture Theatre 18

## 6.2A An Empirical Study on the Antecedents of Customer Citizenship Behaviour (CCB)

**Terry Chong, Paul Patterson and Mohammed Razzaque**

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Research in service industries suggests that competing on service quality requires firms to extend their view of productive resources beyond traditional boundaries by including customers as potential partners (Lengnick-Hall, 1996). This study takes the position that customers can contribute substantially to service organisations' efforts to improve service quality and their competitive



advantage through a class of customer behaviours coined as ‘‘customer citizenship behaviours’’ or CCB (Bettencourt, 1997; Groth, 2004; Robertson et al., 2003). For example, customers can contribute to service excellence by going beyond the formal obligations and call of duty as customers to be effective promoters of the firm’s products and services (Zeithaml et al., 1996). In addition, customers’ cooperation during the service encounter contributes to their own and others’ satisfaction and service quality perceptions (Kelley et al., 1992). Also, customers are a vital source of information about service delivery and innovation (Schneider and Brown, 1995).

However, there is limited empirical evidence to understand the motivational bases of CCB. Therefore the main contribution of this study is to fill this gap by investigating the antecedents of CCB, namely customers’ affective commitment, perceived fairness, and personality trait of other-oriented empathy. The dependent variable of CCB comprises four dimensions; positive word-of-mouth (WOM), suggestions for service improvement (SSI), conscientiousness (CON), and assisting other customers (AOC). The fitness industry is deemed to be appropriate to study CCB. First, it is representative of many medium-to-high contact services context such as restaurants, retail banking, and entertainment parks, in which contact employees are of moderate to high importance to the service firm with multiple products and services available. Moreover, customers are in the ‘‘service factory’’ for an extended time which involve repeated interaction between the customers and others, thus provides plenty of opportunities to engage in CCB.

A cross-sectional survey methodology is adopted. An initial qualitative stage to establish the content validity and applicability of the various scales was accomplished through interviews with the managers and customers. For the quantitative stage, a convenience sampling procedure was used, yielding one hundred and forty six usable questionnaires from a University gymnasium. The respondents are a mixture of students, staff and the general public. Structural equation modelling was employed using maximum likelihood estimation in AMOS version 5.0 to test the various hypotheses.

The overall results indicate that affective commitment, perceived fairness, and other-oriented empathy are significant predictors of CCB. Specifically, affective commitment is positively related to WOM, SSI, AOC; perceived fairness is positively related to WOM, CON; other-oriented empathy is positively related to CON, AOC. To address the issue of common method variance, this study adopted marker variable analysis (Lindell and Whitney, 2001) and found no major problems.

The results indicate that managers should focus on greater customer participation and involvement in service delivery to reduce organisational labour costs and increase productivity. It can be achieved by higher levels of CCB through managers’ greater understanding of why customers want to do so.

**Time** 16:30–16:55  
**Venue** Seminar Room (SR) 1

## **6.2B Employer Brand Equity: Employee Contribution to Service Brand Equity**

**Narumon Kimpakorn**  
*Chiang Mai University, Thailand*

**Gerard Tocquer**  
*Asian Institute of Technology, Thailand*

In services, interaction with employees is an important part of the customer experience with the brand. This suggests that the interface between employees and customers is fundamental to either building or destroying brand value. The employees’ behaviors transmit the offered value superiority. The foundation of brand is trust creating when customers’ experiences consistently meet their expectations (Neumeir, 2003). Strong brands increase customers’ trust of the purchase specially the invisible purchase when dealing with intangible products like services (Berry, 2000). The trust results in customers’ repeat purchase, their willingness to pay a premium price for the brand and their willingness to be the brand advocates. When the concept of trust is brought into employee side, strong internal brands can increase employees’ commitment with the brands. Employee based brand equity can then reflex the strong internal brand, and result in their willingness and commitment to put more effort for delivering the brand values and their willingness to be the brand advocates. Employer branding emphasizes on the employees to be aware of their organization as a good place to work by ensuring their understanding of the organization and brand goals and commitment to them. A strong employer brand can be created by human resource management (Anthony, 1994; Guest, 1995; Snape, et al., 1995) and marketing strategies (Ahmed et al., 2003; Mitchell, 2002; Dowling, 1993). This study examines ‘‘employer brand equity’’ which is a measurement of strong employer brand as a holistic approach, and constructed from the perspective of the employees. The sum of all the mental connections people have around the brand (Brown, 1992) and the bundles of attributes (Ambler, 1992) are used as the construction of employer brand equity. The determinations of employer brand equity in a service industry are investigated and defined the dimensions of employer brand equity.

**Time** 16:30–16:55  
**Venue** Seminar Room (SR) 2

### 6.2C Exploring Impulse Buying in Services versus Products: Towards a General Theory of Impulse Buying

**Piyush Sharma**  
*Nanyang Business School, Singapore*

**Bharadhwaj Sivakumaran**  
*Indian Institute of Technology, India*

**Roger Marshall**  
*Nanyang Business School, Singapore*

Impulse buying is an important phenomenon but it has been investigated mostly in the context of product purchases and it is shown that most consumers buy impulsively at one time or another (Kacen and Lee 2002; Rook and Fisher 1995). On the other hand, services are shown to be associated with higher perceived risk and variability, which may suggest a lower probability of impulse buying in services compared to products (Murray and Schlacter 1990). Services have also been associated with smaller choice sets and hence less likely to see exploratory behavior such as brand switching compared to goods (Brand and Cronin 1997). Consumers also have more post-purchase than pre-purchase evaluation, smaller evoked set and less brand switching for services compared to products (Friedman and Smith 1993).

In view of these important differences between products and services, it is important to investigate the phenomenon of impulse buying in services and compare the similarities and differences in the psychological processes underlying impulse buying in services as compared to products. In this paper, this gap is addressed by first reviewing the existing classification systems of services and then developing a conceptual framework about impulse buying in services as well as products contexts using relevant constructs such as consumer impulsiveness, optimum stimulation level and self-monitoring. Several hypotheses were developed using this framework.

Next two survey-based studies are described that were used to test these hypotheses with first with student subjects and then with retail shoppers using mall-intercept approach. In both the studies, most of the hypotheses were supported. Specifically, it was shown that impulse buying is more likely in services having greater tangible versus intangible attributes, and in search and experience services compared to credence services. Consumer impulsiveness and OSL were shown to influence impulse buying in all categories of services positively whereas self-monitoring influenced these negatively, similar to the case of impulse buying in products. Finally, consumer impulsiveness was shown to be more strongly associated with impulse buying in products compared to services and vice versa for OSL.

**Time** 16:30–16:55  
**Venue** Seminar Room (SR) 5

### 6.2D Modeling Customer Value in the Financial Services Industry

**Peter Maas, Albert Graf and Bruno Kaeslin**  
*Institute of Insurance Economics, University of St. Gallen, Switzerland*

Customer value is recognized more and more as an important strategic asset in attracting and retaining customers. It has become one of the most significant factors in the success of a service provider and it is seen as the key to long-term success. Despite this emphasis and importance, current research suggests that the study of customer value is in its infancy especially in the area of personal services. The authors therefore investigate in the area of financial services and focuses on the questions as to what is creating value for customers and how can financial services providers improve the perceived value for their customers. This contribution presents research findings from a qualitative, grounded theory study of customer value in the financial services industry. Based on a review of customer value literature, the authors note that the great majority of customer value models are based on just a few value drivers, i.e. product quality and price. The value dimensions “risk” and “relationship” (both basic for financial services) have not yet been considered in customer value concept. Also missing are the dynamic aspects: the change of personal, desired and perceived values over time. Findings from our study provide a theoretical model of customer value, identifying the main customer value drivers and identifying gaps between customer and company perception as to what is creating customer value.

This model is discussed using the results of 20 in-depth interviews with clients and 20 with financial advisors of the same company. Financial advisors were asked to define how customer value is generated from a customer perspective. As a result of

this exercise, the central dimensions of customer value were identified: Company reputation (image, brand), product value, employee value, interaction value, social and conditional value. The dimensions of greatest importance were the interaction and employee value, followed by product value. In order to gain insight as to how the customer context of these values can be optimized, the customer interviews were evaluated in relation to the financial advisor interviews. The result illustrated how the customer value hierarchies were markedly different. The reference points resulting from this analysis contributed substantially to a better understanding of how management can raise customer-perceived customer value. Customers rated the value-drivers, trust-relationship, employee care-function, and the independence of financial advisors best. The financial advisors assumed however, the individual advisor's personality and competence in addition to the product price/quality ratio was of greatest importance.

**Time** 16:30–16:55  
**Venue** Seminar Room (SR) 6

### 6.2E Delivering and Measuring Service Quality in Supermarkets

**Mini Mathur**

*Mudra Institute of Communications, Ahmedabad (MICA), India*

Service Marketing have been well studied in relation to organizations selling only services such as hospitality, tourism, airlines, etc. In this paper the author intends to study a part of it as service quality in retail setting which sells products along with its services. This research paper attempts to examine the delivery and measurement of 'Service Quality' specifically in supermarkets. Retailers, though selling a range of products are offering a variety of services to facilitate sales and position themselves in consumers' mind. Services offered by a retailer may include convenient location, convenient time, pleasant ambience, assortment of products, product information, accessible products, friendly and helpful assistance, home delivery, extended warranties, credit facilities, etc. Service Quality is defined as customer's long term cognitive evaluation of an organization's service delivery. Customers expect to receive some services along with the products they purchase from a retailer. In this competitive retail industry, most retailers stock and sell similar merchandise and they differentiate themselves on the basis of services offered, i.e. services become the differentiating factor. Just as 'service' is heterogeneous, so does the evaluation of the said service as it depend a lot on the customers' perception of the service. Customers expectations may fluctuate greatly at various times (Reeves & Bedner, 1994). Customers' expectations are based on their own experience or word-of-mouth from friends, relatives & peer group or the communication by the organization itself. Service Quality is the extent to which a service meets or exceeds customer expectations. Internal standard for judging quality is the basis for customer expectations (Benzamin Schneider & David E. Bowen, 1995). This research would apply the work done by Parasuraman, Zeithaml and Berry in testing customers' perceptions of the quality of services provided by supermarkets. According to Parasuraman, et al. (1988), customers use five broad dimensions to judge service quality: Reliability - Is the retailer reliable or able to fulfill its commitments? Tangibles - Includes physical facilities, ample parking, POP, Signages, etc. Responsiveness - Disciplined, well informed floor staff or employees, prompt service. Assurance - Trustworthiness of retailers, competent prices, services, etc. Empathy - Are retailers caring, provide personalized services, etc? Study is being conducted through an exit survey of the supermarket customers. It would be conducted across five supermarkets in the Ahmedabad City of Gujarat.

**Keywords:** Service Quality, Customers, Supermarket, and Services

**Time** 17:00–17:25  
**Venue** Lecture Theatre 18

### 6.3A Investigating the Role of Customer Affect on Attitudinal Loyalty in Hedonic Services

**Sandy (Hoi Mun) Ng**

*University of Queensland, Australia*

**Christopher S Hodkinson**

*Griffith Business School, Australia*

There is a growing interest in better understanding customer's consumption of hedonic services (e.g. Arnould and Price, 1993; Hightower, Brady and Baker, 2002). There has been rapid growth in this service category (ABS, 2001) resulting in increased competition amongst the providers of diverse hedonic services (Shilbury, Quick and Westerbeek, 2003). Examples include theme parks, rock concerts and sporting events. Thus, it is important for organizations to investigate loyalty issues as they underpin business profitability. Loyal customers not only assist organizations to retain customers, but also to gain new ones by advocating and by disseminating positive word of mouth (Oliver, 1999). Customer loyalty is defined as the relationship between an individual's attitudinal predisposition towards an object i.e. attitudinal loyalty and the re-patronage of that object i.e. behavioral loyalty (Bennett and Bove, 2001). This research seeks to understand the attitudinal loyalty of sport spectators,

because it is necessary to have knowledge and understanding of the attitude towards the act of purchase, before it is possible to modify loyalty behavior (Bennett and Rundle-Thiele, 2001). For this research, attitudinal loyalty is defined as the attitude towards the act of purchase (Ajzen and Fishbein, 1980).

Prior research has identified involvement (e.g. Park, 1996), commitment (e.g. Iwasaki and Havitz, 1998), satisfaction (Oliver, 1999) and perceived risk (e.g. Bove and Johnson, 2000) as antecedents of attitudinal loyalty. However, it appears that prior research has not investigated the role of customer affect on attitudinal loyalty. Customer affect is viewed as a family of affect constructs, including moods and discrete emotions (e.g. Bagozzi, Gopinath and Nyer, 1999; Cropanzano, Weiss, Hale and Reb, 2003). Since hedonic services are purchased for their 'entertainment' value, customers base their assessment of the hedonic experience in part on their positive or negative change in their affective states (e.g. Madrigal, 1995; Madrigal, 2003). In such service contexts, it is therefore possible to hypothesize that customer affect has a direct and positive relationship with attitudinal loyalty. Empirical results from this research support the hypothesis. This paper not only bridges the theoretical gap between the emotion and the customer loyalty literatures, but also contributes to practitioners' understanding of the role of customer affect in attitudinal loyalty. This understanding could result in better designed strategies to improve or maintain positive customer affect during hedonic service consumption and thus enhance attitudinal loyalty.

**Time** 17:00–17:25  
**Venue** Seminar Room (SR) 1

### 6.3B Theory-Based Relational Marketing Training: Application of the Theory of Individualism and Collectivism to Train People in a Cross-Cultural Context

**Dharm P.S. Bhawuk, Vijayan Munusamy and Julie Lee**  
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The need for research in exploring the conditions for successful relational marketing have been advocated by many researchers (Beverland, 2004) and this is more so in the era of globalization where the conditions that work in one culture do not necessarily work in another culture. Synthesizing Macneil's (1980) typology of "discrete" versus "relational" norms in marketing behavior, theory of individualism and collectivism (Triandis, 1995), and Howell's (1982) theory of learning, we posit that for successful relational marketing in different cultures it is necessary for marketing personnel to be "unconsciously competent" in relational norms of the culture where the interaction takes place. In this paper, based on the model of 'Intercultural Expertise Development' (Bhawuk, 1998), we present some insights in how to train marketing personnel to be "unconsciously competent" in relational norms. The usefulness of the theory of individualism and collectivism in the relational marketing training is supported by the fact that this theory can effectively serve both the predictive and explanatory functions of relational marketing behavior. Moreover, it has also found its use in other relational training domains such as relational leadership training (Bhawuk, 1997) and intercultural training (Bhawuk, 2001).

In order to illustrate relational marketing issues between two cultures, we requested 70 managers to describe a marketing interaction with a person from another culture, in which there was a misunderstanding, and also to note their initial impressions of this interaction. Most of the managers blamed culture as the cause of these misunderstandings, which suggests a need for relational marketing training in cross-cultural context. We found a number of incidents that revolve around the norms of loyalty, communal relationships and utility of making sacrifices. Synthesizing these critical incidents and the insights they offer with the theory of individualism and collectivism, we present a training package that could be the beginning of what we call "the theory based relational marketing training."

**Time** 17:00–17:25  
**Venue** Seminar Room (SR) 2

### 6.3C Some Antecedents and Consequences of the Client's Relational Predisposition: An Application to the Retail Banking Industry

**Kamilia Bahia**  
*University of Tunis, Tunisia*

**Jean Perrien**  
*University of Quebec in Montreal, Canada*

**Mark Tomiuk**  
*HEC Montreal, Canada*

Relationship marketing has been advocated as a potential source of competitive advantage in services. Yet, a relationship strategy can only be effective if customers value a long term relationship with their providers. In other words, customers must depict a

relational predisposition. This research was performed in Canada to develop a better understanding of the construct Client's Relational Predisposition (RP). It was attempted (1) to develop a measure which would distinguish "relational type" clients (those predisposed to receive and appreciate a relational treatment) from those who are not so inclined, (2) to examine some antecedents of RP, and (3) to investigate the effect of the client's RP on his/her satisfaction process.

This study was conducted in the retail banking sector. A qualitative investigation on 30 customers followed by an expert analysis intended to structure the RP construct. A quantitative survey on a sample of 400 customers was then conducted. Results coming from both exploratory and confirmatory factor analyses indicated that the client's RP is a four-dimension construct (customization of service, mutual collaboration, confidentiality and long term commitment) which may be measure with a 15 item scale. Regression analyses as well as a structural model (Lisrel) were the conducted. Antecedents like interpersonal style, level of involvement, age and level of education were found to have effect on the client's RP. As a consequence of RP, satisfaction was found to be well-founded on core service attributes and not on peripheral aspects of the service. From a theoretical perspective, it meant that relational client satisfaction was more compatible with the Rational Evaluation Model (REM) than with the Relationship Generalization Model (RGM) of satisfaction process, as defined by Crosby and Stephens. From a managerial point of view, we offered practitioners with a scale to identify profiles of "relational" customers, although it should be validated to other types of services. Furthermore, the four RP dimensions: customized service, long term commitment, guaranteed confidentiality and mutual collaboration provided an interesting framework to determine what an effective relational strategy should be, at least in the banking arena.

**Time** 17:00–17:25  
**Venue** Seminar Room (SR) 5

### 6.3D After the 'Walking Erect' is over

**Husni Kharouf**  
*Coventry University, United Kingdom*

The development of services marketing thoughts faced numerous changes among the time, from the basic conceptualized definition of services to the several models and paradigms to creation of specific service topics (Service quality, customer satisfaction, customer loyalty etc). However for each topic several models have been formed to exploit these models in almost every single business, until we reached a point we can not acquire all these models in one study, However different criticism were raised regarding its adoptability. Despite the effectiveness of these models and its workability, the question that should be raised is: "what is next?" what is the next era for services marketing after the Walking Erect? Is there a next era?

High percentage of customers are familiar with the basic service that they receive and hence they are building their expectations accordingly, then what should companies offer next to their customers, should they stay on the same level of service quality and ensure only the precise service for customers. The customer's point of view of the perceived service in different service firms start to stabilize and reached a maturity stage, conspicuously customers become more aware and their accessibility to information are much effective and efficient than before, therefore they constantly demand more and their level of satisfaction rise over time.

Twenty years ago providing a clean glowing decorated room in a hotel considered luxuries, however nowadays an average room (in 3/4 star hotel) must be associated with several ancillary services (Communication center, bars, several dining places etc). Therefore hotels start differentiating by spending more money on decoration and competing by offering more ancillary services to their customers, however in most cases prices goes up with the level of extra services.

This paper aims to identify the path of customers' expectation and its future direction; it's also aims to determine the attitudes of the service provider in terms of ways of attracting new customers (beyond the traditional models), as part of a quantitative oriented research. Confidently this paper will justify some of services' standards in the hotel sector.

**Time** 17:00–17:25  
**Venue** Seminar Room (SR) 6

### 6.3E Senior Consumers' Acceptance and Adoption of Self-Service Banking Technologies: An Australian Study

**Janelle Rose**  
*James Cook University*  
**Gerard Fogarty**  
*University of Southern Queensland, Australia*

The financial banking sector has rapidly embraced new self-service technologies so as to limit the traditional interpersonal service model to one where consumers interact directly with various forms of self-service banking technologies (SSBTs) including

EFTPOS, ATMs, telephone banking and Internet banking. For senior consumers (over 50 years of age) research findings indicate that they are the least likely to adopt SSBTs (Australian Bureau of Statistics 2001-2002, McPhail & Fogarty 2004) even though the services appear to offer many benefits.

The purpose of the present study was to test an extended version of the technology acceptance model (TAM) (Davis et.al., 1989) to determine factors that influence the acceptance and adoption of SSBTs by senior consumers. In its current form, TAM concentrates on two immediate precursors to the formation of attitudes towards SSBTs, namely specific beliefs concerning the perceived usefulness and perceived ease of use of SSBTs. Background research on the attitudes of senior consumers to technology led the authors to include a wider set of predictors in an extended TAM (e-TAM). Specifically, the model was extended by including self-efficacy, perceived risk, technology discomfort, and personal service contact as antecedents of the TAM constructs (Dabholkar & Bagozzi 2002; Curran et.al., 2003; Wang et.al., 2003).

**Research Method** The revised model was tested on data collected through a probability stratified random sample of 6000 Australian senior consumers using a self-administered questionnaire resulting in an effective response rate of 38% (2252). Usage of SSBTs ranged from 14% non-users to 71% high users (> 55% of banking transactions). Multi-item measurement scales were developed for each variable and rigorously tested through a pilot study.

**Findings** The asymptotically distribution-free (ADF) method incorporated in the Amos 4.01 (Arbuckle & Wothke, 1999) structural equation modelling (SEM) software was used in a two-step procedure to test the full e-TAM (i.e., measurement and structural components). The model fitted the data after modifications involving the inclusion of additional pathways with  $\chi^2 = 972.9$ ,  $df = 232$ , ( $p < 0.00$ ), adjusted GFI = 0.92, RMSEA = 0.038.

**Discussion and Implications** The current research extends our understanding of factors influencing seniors' acceptance of SSBTs with the model explaining 84% of the variance in perceived ease of use, 61% of the variance in perceived usefulness, 77% of the variance in attitude, and 73% of the variance in behaviour intention. This extension of the TAM assists in understanding the antecedents to perceived ease of use and perceived usefulness and significantly increases the predictive validity of the overall model. These findings suggest that if we improve seniors' feelings of self-efficacy towards SSBTs and reduce their perceptions of risk and their levels of discomfort with technology, they will be more inclined to adopt SSBTs. Other data to emerge from the present study suggests that this can best be achieved by improving their SSBT literacy and confidence through hands-on experience with computers and SSBTs.

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