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Service Encounter 2.0. The roles of technology, employees and customers

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Source:

B. Larivière, D. Bowen, T. W. Andreassen, W. Kunz, N. Sirianni, C. Voss, N. V. Wunderlich, and A. De Keyser; "Service Encounter 2.0", Journal of Business Research, forthcoming

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Service Encounter 2:0 or Customer Engagement: Does Talking to a Human Still Matter

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Background

- ⦿ Rapid evolution of technology, in services leading to:
 - New products – smart services, AI, IoT, Advanced Robotics, Intelligent agents etc
 - New directions – servitization
 - New business models – network based services
 - New roles – empowerment of customers
- ⦿ Impacting the nature of the service encounter

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Our Objectives

- ⦿ To establish an evolved view of the service encounter – service encounter 2.0
- ⦿ To bring together some frames for the changing interdependent roles of technology, employees and customers and discuss how they might effect customer and employee outcomes
- ⦿ To develop a research agenda for service encounter 2.0

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Traditional view of the service encounter

- ⦿ Dyadic Role driven
- ⦿ The distinct moments when customers interact with a concrete service interface
- ⦿ This interface could be human actors (employees and customers), the physical environment and technology.

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Classical view of Technology and the service encounter

- ⦿ **Assist the service employee** in delivering a more efficient customer service. Examples include traditional airport check-in desks where an employee handles the check-in of the passenger assisted by a passenger service system.
- ⦿ **Facilitate the delivery** of the service in situation where both the employee and the customer have access to the same technology. For example, if customer and sales representative together use a CAD software to visualize and help create a kitchen.
- ⦿ **Mediate between the employee and the customer**, the employee having no face-to-face contact with the customer, for example in a remote repair of an IT-system.
- ⦿ **Fully disintermediate** the employee where there is no role for customer contact personnel. Examples of the latter are many and include at its simplest ATM machines through to online commerce.

Source: Froehle & Roth, (2004).

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But it has evolved

- ⦿ Part of a service system
- ⦿ Triadic Co-creation of Value
 - Customer, employee and technology
- ⦿ Customer pro-activity to co-create the encounter
- ⦿ The service interface is becoming increasingly technology dominant

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Service Encounter 2.0 A possible definition

- ⦿ “any customer-company interaction that results from a complex service system that is comprised of interrelated technologies (either company- or customer-owned), human actors (employees and customers), physical/digital environments and company/customer processes.”

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Business Models for disruption in a digital age

- ⦿ **Asset Builder** - make, market, distribute, sell and lease physical things (physical capital).
- ⦿ **Service Provider** - deliver value through skilled people (human capital). They hire and develop workers who provide services to customers
- ⦿ **Technology Creator** - deliver value through ideas (intellectual capital). They develop and sell intellectual property, such as software, analytics & pharmaceuticals such as Microsoft, Oracle, and Pfizer.
- ⦿ **Network Orchestrator** - create a platform that participants use to interact or transact with the many other members of the network. They may sell products, build relationships, share advice, give reviews or collaborate. Examples include eBay, Uber, Tripadvisor, and Alibaba.

Source: (Libert, Fenley & Wind, 2016; Libert, Wind & Beck, 2014)

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Roles of Technology in Services

- ⦿ **Augmentation of Service Employees**
 - Assisting employees to be more effective and efficient
 - Augmenting the service itself and enhancing the service experience
- ⦿ **Substitution of Service Employees**
 - Automation, AI, Robots
- ⦿ **Network Facilitation**
 - Enable value creation by the whole network
 - Platforms, communication an sensor technologies

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Technology and Business Models in services

	Roles of Technology		
	Substituting	Augmenting	Network Facilitating
Business Models	(Technologies that substitute for human input)	(Technologies that augment the service deliverer's role and capabilities)	(Technologies that provide the basis for and enhance the use of network strategies)
Business models that are enhanced by technologies	<i>Asset Builder</i> (e.g., automation robots)	<i>Service Providers</i> (e.g., recommender systems, virtual reality)	<i>Network Orchestrators</i> (e.g., digital platforms and networks)
Business models that focus on creating technologies	<i>Technology Creator</i> (create communication technologies, analytic software to handle big data and intelligent products)		

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Technology and service encounter Transformed employee roles

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Enabler

- ⊙ Enabler—helping/enabling both customers and technology to perform their roles well in the way service is delivered and experienced
 - Sometimes technology or the customer can experience difficulties leading to negative customer outcomes such as anger, frustration etc.
 - The employee can advise the customer and/or handle conflicts that arise from the technology failure of customer's inability to deal with an online interface
 - Role also to help gain user acceptance of new tech.

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Enabler

- ⊙ Technology does not always work,
 - in a highly digitized environment if problems cannot be automatically sorted out they “fall out” and have to be addressed by people (Akkermans and Voss, 2013)
- ⊙ Some customers may have problems using the technology
 - Example CitizenM hotels - have “ambassadors” on hand to deal with these issues

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Enabler

- ⊙ When technology is substituting, the remaining roles can change to advisor
 - AI legal assistants replace lawyers, but the role of others evolves for example to interpreting and links with customers
 - Advisors deal, even in a technology facilitated environment, with customers who want a tailor-made, and human approach only.

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Innovators

- ⊙ Human capital is a non-substitutable source of creativity
- ⊙ Employees observe directly and indirectly customer behaviour an interactions - can still better read customer needs
- ⊙ The more contact employees are involved in the service innovation process, the greater the innovation volume and radicalness
- ⊙ Without a culture that is innovative, companies risk falling behind

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Coordinators

- ⊙ In a network environment, service encounters are no longer diadic, but part of more complex information relationships
- ⊙ A service encounter is often connected to a series of other encounters across multiple channels that together give shape to an overall customer experience.
- ⊙ The service orchestrator is a well-established and studied role in effecting value co-creation

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Coordinators

- ⊙ The value of the experience largely dependent on the consistency and connectedness of each distinct encounter – the employee coordinating role
 - An employee must help enable both customers and technology to perform their own roles and have the collaboration skills to integrate the various resources in the service system/network by coordinating across functions both within and beyond their own organization (Bowen, 2016).

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Differentiators

- ⊙ The increasing use of technology to augment the role of people paradoxically strengthens the need for the role of people as differentiators
 - Avoid commoditization
 - Small details make a big difference to customers
 - Authentic human touch can help differentiate offerings in the market place
- ⊙ *“they automate the operational things, but still have people to make me feel good”* S Van Belleghem on CitizenM hotels

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Roles of service customers mirror those of employees

- ⊙ **Enabler**
 - Customers are co-creators
 - ensuring customers and technology are able to perform their given roles co-production and value creation
- ⊙ **Innovator**
 - Feedback and ideas for innovation through interaction with employees, other customers and/or technological interfaces
 - Online consumer boards for learning and feedback
 - Using customisation for innovation

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- ⊙ **Coordinator**
 - integration of resources and collaboration across multiple actors in the service system
 - Lead and build online communities of people of companies
- ⊙ **Differentiator**
 - Customers become increasingly self-responsible for positively differentiating a service encounter through customisation and innovation of services and technology to work for their own individualised purposes – differentiating from standardise service solutions

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Role readiness

- ⊙ Both employees and customers now confronted with new roles in the service encounter
- ⊙ Ability to perform well and resulting experiences largely depend on customer/employee role readiness
- ⊙ The state or condition in which a person is prepared to perform a specific role
- ⊙ Driven by role clarity, ability and motivation

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Employees and role readiness

- ⊙ The more an employees is ready to excel at his/her changed roles, they perform well and feels rewarded for doing so, the more positive the employee experience
- ⊙ **Role Clarity**
 - New roles set new expectations, for example managing multiple parties in co-shaping the service encounter process

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Employees and role readiness

- ⊙ **Role ability, Managerial support and training key**
 - Equipped with the right skillset
 - Abilities for today's context
 - Creativity, empathy (Social skills)
 - Humans superior to technology, related to enabler, innovator and differentiator
 - Digital fluency – reflects employees' proficiency and comfort in realising desired outcomes
- ⊙ **Role Motivation**
 - Feedback and recognition from colleagues and customer can **reinforce. As will empowerment**

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Customer outcomes

- ⦿ Transformed customer roles will impact the outcome.
- ⦿ Co-creation experience
 - Hedonic, social, personal, and economic

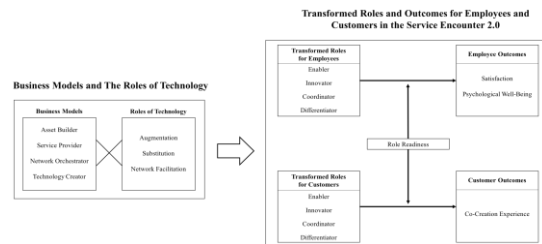
Role readiness and customer outcomes

- ⦿ Role clarity,
 - Not all customers are clear on what is expected from them,
- ⦿ Role ability
 - Necessary skills and confidence to engage in transformed role. Dealing with non-human interfaces
- ⦿ Role Motivation
 - Extent to which a customer is willing to take on a specific service encounter role

The service encounter – Balance between tech and touch

- ⦿ Trends, led by millennials, are away from traditional human to human relationships
- ⦿ If the experience is good, people would prefer to have the automated systems .. ‘let me talk to a machine.’ I can do it at a time that is convenient to me, when I want to deal with this, and I don’t have to talk to a person. If that works well, that’s a better experience (Daley, 2016)
- ⦿ When non-human customer service works , it works extremely well; but when it works poorly, it works extremely poorly. However when there is a human in the interaction, there is an opportunity to course correct (Reed, 2016).

Conceptual Framework



Towards a research agenda

Core Theme	Research Questions
Service Encounter Design	<ul style="list-style-type: none"> • What is the optimal human-technology mix in the service encounter? (taking into account customer segment, product/service category and stage of the customer journey) • What jobs can employees perform better than technology? And vice versa? • How to manage multiple directly and indirectly related parties that contribute to the service encounter? Is there a preferred coordination model? • How can managers guarantee a smooth transition across multiple service encounters in a customer journey? • How can service design principles be applied to improve the service encounter?

Towards a research agenda

Core Theme	Research Questions
Employee and Customer Training & Monitoring	<ul style="list-style-type: none"> • How can companies help adapt employees and customers to their new roles in the service encounter? • What specific skills and competencies underlie each of the identified roles – enabler, innovator, coordinator, differentiator? • How can employees and customer best be trained for their transformed roles? • How can training and education help avoid employee/customer resistance? • What (new) metrics can be used to track role performance?

Towards a research agenda

Core Theme	Research Questions
Organizational Design	<ul style="list-style-type: none">• How can companies develop adaptive capabilities to manage the fast-changing service encounter?• What capabilities are needed in the service encounter 2.0?• What is the optimal business model for success in the service encounter 2.0?• What are the most effective leadership styles?

Reflections?

Thank You