

Marketing 791 – PhD Seminar
Service Science: Marketing, Management and Technology
Spring 2011

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Class meeting: Friday, 9:00 AM–12:00 PM – CSL Conference Room, BAC445
(except as noted)

Overview

Service Science draws on strong research foundations in the field of services marketing, management and technology to focus on challenges and opportunities relevant to service innovation and competing through service(s). This emerging interdisciplinary field is substantively grounded in real, cross-functional issues of business and its theoretical roots lie in the business disciplines, engineering, technology and the social sciences.

This is an exciting time to be involved in the science of service. Service research is a relatively young (by academic standards) and very dynamic cross-functional research area, with its deepest roots being in the marketing and management disciplines. While services research struggled for recognition in the 1980s, it has evolved over the last two decades to be a prominent field of its own. Today there is growing attention worldwide to service research including services marketing and management, service engineering, and service innovation. This seminar will provide students with foundational understanding of services research, exposure to current and award-winning publications, and opportunities to learn about new, emerging research areas. Through the seminar, I hope that students will catch the excitement of the field and see opportunities for their own development as researchers.

At ASU and co-located with the Marketing Department, we are fortunate to have the Center for Services Leadership (www.wpcarey.asu.edu/csl), a cross-disciplinary center focused on research and education in existence for 25 years. The CSL has about 55 member companies who recognize the importance of service(s) in their ability of firms to compete in the marketplace. Through the seminar you will be exposed to challenges and ideas gleaned from these member companies over the years. The CSL also has a network of over 55 faculty around the world and across disciplines who are committed to service research and teaching. You will have the opportunity to meet and network with CSL Board Members and Faculty Network members at the Center's Annual Meetings on Friday, February 11, at the Tempe Mission Palms Hotel.

Purpose

The primary purpose of this seminar is to provide PhD-level coverage of major research topics and new developments in services. Within specific topic areas, we will read classic service research papers as well as current and award-winning articles.

In addition to covering central topics in services research, another purpose of the course is to expose you to emerging ideas in “service science”, an inter-disciplinary field that takes services research outside of marketing, and even outside of the business school. With the growing recognition of the importance of services to individual companies and entire nations, there is increasing emphasis on services research globally. For example, China has as a primary objective to become a service-based economy over time and the country is investing now in making that objective a reality. Similar agendas are operating in Germany, Norway, Finland, Japan, Taiwan and other countries around the world.

Another central goal of the course is to provide you a forum for developing research ideas and proposals related to service science. We will generate some ideas for research projects as a class during our weekly discussions. In addition each of you will develop one short and one longer paper related to your own research ideas.

Required and Recommended Reading

Each week you will be assigned a number of articles to read. The full citations for the assigned required readings will be provided on the course blackboard site at least two weeks in advance of the class session when they will be discussed. I will let you know via e-mail when new readings assignments have been posted.

In addition to the journal articles and book chapters for each week, the following books will provide good background for you.

Services Marketing: Integrating Customer Focus Across the Firm, by Valarie Zeithaml, Mary Jo Bitner and Dwayne Gremler, 5th edition, McGraw-Hill, 2009.*

Services Marketing Self-Portraits, Raymond P. Fisk, Stephen J. Grove, and Joby John (eds), Chicago: American Marketing Association, 2000.*

*I have several copies of these books that you can borrow and share among members of the class, or if you wish to buy them, they are available on Amazon. I will leave copies with Jessica Fischer in the CSL for your use.

Student Responsibilities and Evaluation

Each student should come to the class prepared to discuss the readings assigned for the week—knowing the purpose of each paper, its contributions, and shortcomings. Along with the readings for each week, I will assign a set of questions to guide a more general discussion of the week’s topic. As a group, we will attempt (not necessarily every week, but periodically) to develop research ideas within each topic area so students should come prepared with research ideas stimulated by the readings.

In addition to individual preparation and class participation, each student will be required to submit two written assignments:

- (1) **A short research funding proposal** stimulated by presentations, breakout groups and discussions at the Center for Services Leadership Annual Faculty Network and Board Meetings on February 11, or from other business sources/presentations. Please put February 11, all day, on your calendar right away. Your proposal will be written as if it is directed at a company for funding of a project. A format for this type of proposal will be provided and discussed in advance.

- (2) **A research paper related to service research.** This can be a critical literature review, a study proposal, a conceptual model, or a measurement piece related to any of the topics we will cover (or others as approved in advance). If you are already working in a service research area, you can further develop your work-in-progress, as long as we discuss this in advance so that I can know the current state of the research and where you are heading with it. The paper for the class should be substantially new, not a revision of a paper already written. Ideally what you develop in this course could lead to a publication, a conference paper, or even a dissertation topic. I will ask you to use an accepted format for the type of paper you are writing (AMA guidelines for conference papers; Comprehensive Exam Part II guidelines; other approved format—e.g., modeled after a published paper in a leading journal).

Both the short and long papers will be presented to your classmates during a regular class session.

Your grade for the course will be determined as follows:

Class Participation	40%
Research Paper	40%
Funding Proposal	20%

Overview of Course Topics and Dates – Spring 2011

(subject to change, with advance notice)

Jan 21	Course Introduction Services Marketing – History/Topics/Trends
Jan 28	Service Encounters and Service Quality
Feb 4	Services Science/Service Innovation Guest Faculty: Christian Gronroos, Hanken School of Business, Helsinki, Finland
Feb 11	Center for Services Leadership Annual Faculty Network and Board Meetings Professional Development and Academic Network Meeting Tempe Mission Palms Hotel, ALL DAY
Feb 18	NO CLASS – Winter AMA, Austin Texas
Feb 21	Research paper topic due (via e-mail)
Feb 25	Service Recovery
March 4	Service Infusion and B2B Services Strategy Guest Faculty: Steve Brown
March 11	Funding Proposal Assignments Due
March 13-20	SPRING BREAK
March 25	Customers as Co-Producers/Co-Creators of Services
March 28	Research paper detailed outline due (via e-mail)
April 1	Employees' Roles/Service-Profit Chain Guest Faculty: David Bowen
April 8	Service Design
April 15	Transformative Service Research Guest Faculty: Laurel Anderson and Amy Ostrom (tentative)
April 22	Technology and Service: SSTs/Smart Services Guest Faculty: Michael Goul, Chair, IS Department and Amy Ostrom (tentative)
April 29 or May 6	Final Class Research presentations and written papers due

January 21, 2011

Topic: Services Marketing – History/Trends/Topics

The field of services marketing is relatively young, tracing its beginnings to the late 1970s and early 1980s. In this session we will look at the history of the field, and get a grounding in some of its foundations and central topics. We will also look at recent articles that suggest trends and directions for the field.

Readings:

- (1) *Services Marketing: Integrating Customer Focus Across the Firm*, by Valarie Zeithaml, Mary Jo Bitner, and Dwayne Gremler, 5th edition, McGraw-Hill, 2009, Chapters 1, 2, and one other chapter of interest to you. (ZBG text). Copies of the book are available to borrow from Jessica Fischer in the CSL.
- (2) Fisk, Raymond P., Stephen W. Brown and Mary Jo Bitner, "Tracking the Evolution of the Services Marketing Literature," *Journal of Retailing*, Vol. 69, (Spring)1993, 61-103.
- (3) Berry, Leonard and Parsu Parasuraman, "Building a New Academic Field—the Case of Services Marketing," *Journal of Retailing*, 69 (Spring), 1993, 13-60.
- (4) Vargo, Stephen L. and Robert F. Lusch, "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*, Vol. 68 (January), 2004, 1-17. (JM Award Winner 2004)
- (5) Bitner, Mary Jo and Stephen W. Brown, "The Service Imperative," *Business Horizons*, 50th Anniversary Issue, January-February 2008, 39-46.
- (6) Ostrom, Amy L., Mary Jo Bitner, Stephen W. Brown, Kevin A. Burkhard, Michael Goul, Vicki Smith-Daniels, Haluk Demirkan, and Elliot Rabinovich, "Moving Forward and Making a Difference: Research Priorities for the Science of Service," *Journal of Service Research*, 13 (1), 2010, 4-36.
- (7) Reibstein, David J., George Day, and Jerry Wind, "Guest Editorial: Is Marketing Academia Losing Its Way?" *Journal of Marketing*, July 2009, pp. 1-3.

Discussion Questions:

- (1) What do you see as distinguishing characteristics of the field of services marketing compared to other fields or research domains within marketing?
- (2) In your opinion, what do these articles suggest about the future of the field of services marketing?
- (3) What extra chapter did you pick to read out of the ZBG text and why? What interests you about this area of research? What would you like to know about this topic?

January 28, 2011

Topic: Service Quality/Service Encounters

Two of the earliest research areas to emerge in the field of services marketing and management were service quality and service encounters. Both of these areas have evolved over the last two decades and are still active. I know you have already read a number of articles on these topics, particularly service quality, in other doctoral seminars. I will try to avoid repetition. We will focus on some of the foundational pieces as well as newer, award-winning papers in these two important topic areas.

Readings:

- (8) *Background:* ZBG text, chapters 4-5.
- (9) *Background:* Zeithaml, Valarie A., Leonard L. Berry, and A. Parasuraman, "The Behavioral Consequences of Service Quality," *Journal of Marketing*, 60 (April), 1996, 31-46. (SERVSIG best paper, 1996).
- (10) *Background:* Bitner, Mary Jo, Bernard H. Booms and Lois A. Mohr, "Critical Service Encounters: The Employee's Viewpoint," *Journal of Marketing*, 58, October 1994, 95-106. (SERVSIG best paper, 1994).
- (11) Bitner, Mary Jo, "Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses," *Journal of Marketing*, 64 (April), 1990, 69-82.
- (12) Matta, Shashi and Valerie Folkes, "Inferences about Firms from Counter-Stereotypical Service Providers," *Journal of Consumer Research*, 32, September 2005, 196-206. (SERVSIG best paper, 2005)
- (13) Folkes, Valerie and Vanessa Patrick, "Positivity Effects for Services: Seen One, Seen Them All,?" *Journal of Consumer Research*, 30, June 2003, 125-137.
- (14) Hennig-Thurau, Thorsten, Markus Groth, Michael Paul, and Dwayne D. Gremler, "Are All Smiles Created Equal? How Emotional Contagion and Emotional Labor Affect Service Relationships," *Journal of Marketing*, 70, July 2006, 58-73.
- (15) Du, Jiangang, Siucheng Fan, and Tianjun Feng, "Multiple Emotional Contagions in Service Encounters," *Journal of the Academy of Marketing Science*, forthcoming, 2011.
- (16) Arnould, Eric J. and Linda L. Price, "River Magic: Extraordinary Experience and the Extended Service Encounter," *Journal of Consumer Research*, 20, June 2003, 24-45.

Discussion Questions:

- (4) Based on the readings and your own thoughts, how would you conceptualize the underlying relationship among perceived service quality, customer satisfaction and service encounters? Do you think this relationship depends on the type of encounter/experience?
- (5) Focus on one of the papers, and outline a research question that emanates for you from this paper. Describe how you would address the research question.
- (6) All of these papers deal with B2C service relationships and service encounters in B2C contexts. Do you believe this work could be applied/extended into B2B domains?

February 4, 2011

Topic: Service Science/Service Innovation

Guest Faculty: Dr. Christian Gronroos, Hanken School of Business, Helsinki Finland

A very current and lively discussion among academics and business leaders concerns whether there should be a discipline of Service Science or a Science of Service, encompassing both research and education--research to solve service challenges of the future, and education to develop students who can function effectively in a services economy. Active in this discussion are academics and practitioners from multiple disciplines including business, engineering, computer science, and the social sciences. Sometimes this future discipline is referred to as "SSME" (Service Science, Management and Engineering) and sometimes as "SSMED" (Service Science, Management, Engineering and Design) to reflect its inter-disciplinary nature. In this session we will read and discuss current articles on both service science and service innovation and try to develop a picture of where the future may lead.

Readings:

Service Theory (article by guest faculty):

- (1) Gronroos, Christian, "Value Co-Creation in Service Logic: A Critical Analysis," *Marketing Theory*, special issue on Value Co-Creation, forthcoming 2011.
(in reading this article, you may also want to review Vargo and Lusch, JM 2004)

Service Science:

- (2) *Background*: July 2006, Special Issue on Services Science, *Communications of the ACM* (CACM - a computer science journal with circulation of over 90,000). Skim the articles in the special section for your general background and education.
- (3) Dickson, Duncan R. and Robert C. Ford, "Founding a Science of Service: A Discussion with IBM's Jim Spohrer," *Journal of Applied Management and Entrepreneurship*, July 2010, 94-110.
- (4) "Succeeding Through Service Innovation: A Service Perspective for Education, Research, Business and Government," White Paper, 2008, IBM and University Of Cambridge.
- (5) Campbell, Donald T., "Ethnocentrism of Disciplines and the Fish-Scale Model of Omniscience," in *Interdisciplinary Relationships in the Social Sciences*, Muzafer Sherif and Carolyn W. Sherif (eds), Chicago: Aldine Publishing Company, 1969, pp. 328-348.

Service Innovation:

- (6) Chesbrough, Henry, "A Failing Grade for the Innovation Academy," essay in *FT Mastering Innovation*, 2 pp.
- (7) Prahalad, C.K., and Venkatram Ramaswamy, "The New Frontier of Experience Innovation," *Sloan Management Review*, Summer 2003, 12-18.

- (8) Michel, Stefan, Stephen W. Brown and Andrew S. Gallen, "An Expanded and Strategic View of Discontinuous Innovations: Deploying a Service-Dominant Logic," *Journal of the Academy of Marketing Science*, Spring 2008, 54-66.
- (9) Ordanini, Andrea and A. Parasuraman, "Service Innovation Viewed Through a Service-Dominant Logic Lens: A Conceptual Framework and Empirical Analysis," *Journal of Service Research*, 14 (1), 2011, 3-23.
- (10) Hauser, John, Gerard J. Tellis and Abbie Griffin, "Research on Innovation: A Review and Agenda for Marketing Science," *Marketing Science*, November-December 2006, p. 687—(34 pages).

Discussion Questions:

- (1) What is the likelihood in your opinion that a "Service Science" or a Science of Service discipline will emerge? What might this discipline look like? What might be the barriers and facilitators?
- (2) Much of the impetus behind "services science" comes from a drive toward service innovation. Why is this the case? How does service innovation fit within our current streams of research in marketing and innovation?

February 25, 2011

Topic: Service Recovery

Service failure and recovery is a well-established and yet very current area of services research as you will see from the assigned readings. Research has shown that service recovery is critically important from a managerial perspective in terms of maintaining customer relationships. Yet few firms excel at handling service failures. Over the years there have been many strong empirical and conceptual contributions that shape our understanding of service recovery's dimensions, its causes, and its consequences. Research on complaining and complaint management is closely aligned to the study of service recovery. In this session we will look at a range of often-cited works, a review paper, and some recent empirical publications.

Readings:

Overviews and Background:

- (1) *Background*: ZBG text, chapter 8.
- (2) *Background*: Tax, Stephen S. and Stephen W. Brown, "Recovering and Learning From Service Failure," *Sloan Management Review*, Fall 1998, 75-88.
- (3) *Literature Review and Meta-Analysis*: Orsingher, Chiara, Sara Valentini, and Matteo de Angelis, "A Meta-Analysis of Satisfaction with Complaint Handling in Services," *Journal of Service Research*, (38), 2010, 169-186.

Empirical Articles:

- (4) Tax, Stephen S., Stephen W. Brown and Murali Chandrashekar, "Customer Evaluations of Service Complaint Experiences," Implications for Relationship Marketing," *Journal of Marketing*, April 1998, 60-76.
- (5) Maxham, James G. and Richard G. Netemeyer, "A Longitudinal Study of Complaining Customers' Evaluations of Multiple Service Failures and Recovery Efforts," *Journal of Marketing*, October 2002, 57-71.
- (6) Ward, James C. and Amy L. Ostrom, "Complaining to the Masses: The Role of Protest Framing in Customer-Created Complaint Web Sites," *Journal of Consumer Research*, September 2006, 220-230.
- (7) Gregoire, Yany, Thomas M. Tripp, and Renaud Legoux, "When Customer Love Turns into Lasting Hate: The Effects of Relationship Strength and Time on Customer Revenge and Avoidance," *Journal of Marketing*, forthcoming, November 2009.
- (8) Sajtos, Laszlo, Roderick J. Brodie, and James Whittome, "Impact of Service Failure: The Protective Layer of Customer Relationships," *Journal of Service Research*, 13 (2), 2010, 216-229.
- (9) Voorhees, Clay M., Michael K. Brady and David M. Horowitz, "A Voice From the Silent Masses: An Exploratory and Comparative Analysis of Noncomplainers," *Journal of the Academy of Marketing Science*, Fall 2006, 514-527.

Discussion Questions:

(1) Justice theory is an integral part of much of the empirical work on service recovery. Are there promising new theory perspectives that could be explored beyond justice theory that could contribute to our understanding of service recovery?

(2) Are there new, interesting questions related to service recovery (from either a theoretical or managerial perspective) that you believe are open to exploration beyond the current streams of research?

Additional Reading:

Bitner, Mary Jo, Bernard H. Booms, and Mary S. Tetreault, "The Service Encounter: Diagnosing Favorable and Unfavorable Incidents," *Journal of Marketing*, January 1990, 71-84.

deMatos, Celso Augusto, Jorge Luiz Henrique, and Carlos Alberto Vargas Rossi, "Service Recovery Paradox: A Meta-Analysis," *Journal of Service Research*, August 2007, 60-77.

Dong, Beibei, Kenneth R. Evans, and Shaoming Zou, "The Effects of Customer Participation in Co-Created Service Recovery," *Journal of the Academy of Marketing Science*, Spring 2008, 123-137.

Gregoire, Yany and Robert J. Fisher, "Customer Betrayal and Retaliation: When Your Best Customers Become Your Worst Enemies," *Journal of the Academy of Marketing Science*, 36, 2008, 247-261.

Michel, Stefan, David Bowen, and Robert Johnston, "Service Recovery Management: Closing the Gap Between Best Practices and Actual Practices," *Academy of Management Perspectives*, 2008.

Ringberg, Torsten, Gaby Odekerken-Schroder, and Glenn L. Christensen, "A Cultural Models Approach to Service Recovery," *Journal of Marketing*, July 2007, 194-214.

Roehm, Michelle L. and Michael K. Brady, "Consumer Responses to Performance Failures by High-Equity Brands," *Journal of Consumer Research*, December 2007, 537-545.

Smith, Amy K. and Ruth N. Bolton, "An Experimental Investigation of Customer Reactions to Service Failure and Recovery Encounters, Paradox of Peril?", *Journal of Service Research*, August 1998, 65-81.

Smith, Amy K., Ruth N. Bolton, and Janet Wagner, "A Model of Customer Satisfaction with Service Encounters Involving Failure and Recovery," *Journal of Marketing Research*, August 1999, 356-372.

March 4, 2011

Topic: Service Infusion or Service Transformation in Manufacturing Businesses
Guest Faculty: Steve Brown

Although more and more goods-dominant firms and IT providers are trying to become “service businesses”, there is relatively little published academic research that deals specifically with this transformation. The attention to this topic is growing, and it is one of the 10 “research priorities for the science of service” identified in CSL’s research priorities initiative and published in the *JSR 2010* and *CSL 2010 Business report*. In 2010, the *Journal of Service Management* published a special issue on this topic, evidence of its growing importance and academic attention. Research on Service Infusion is inherently cross-disciplinary, involving marketing, corporate strategy, organizational structure, IT, and supply chain issues. In this session we will review managerial papers that provide background and context for the topic as well as empirical papers that focus on specific issues including service infusion and customer solutions. This topic is a high-priority research area for CSL and a number of our faculty network members. See <http://wpcarey.asu.edu/csl/knowledge/Service-Infusion.cfm> for specifics on CSL’s involvement, including research, news coverage, and a webinar on service infusion.

Prof. Steve Brown will be our guest faculty. He is one of the leading thinkers and authors in this developing area of research.

Readings:

Managerial papers and background:

- (1) Brown, Stephen W., Anders Gustafsson, and Lars Witell, “Beyond Products,” *Wall Street Journal*, June 22, 2009.
- (2) Brown, Stephen W., Anders Gustafsson, and Lars Witell, “Service Logic: Transforming Product-Focused Businesses,” CSL White Paper, January 2011.
- (3) CSL Website on Service Infusion: <http://wpcarey.asu.edu/csl/knowledge/Service-Infusion.cfm>
- (4) Reinartz, Werner and Wolfgang Ulaga, “How to Sell Services More Profitably,” *Harvard Business Review*, May 2008.

Empirical Research:

- (5) Tuli, Kapil R., Ajay K. Kohli and Sundar G. Bharadwaj, “Rethinking Customer Solutions: From Product Bundles to Relational Processes,” *Journal of Marketing*, July 2007, 1-17.
- (6) Neu, Wayne and Stephen W. Brown, “Forming Successful Business-to-Business Services in Goods-Dominant Firms,” *Journal of Service Research*, August 2005, 3-17.
- (7) Fang, Eric, Robert W. Palmatier, and Jan-Benedict E.M. Steenkamp, “Effect of Service Transition Strategies on Firm Value,” *Journal of Marketing*, Vol. 72, Sept. 2008, 1-14.

- (8) Gronroos, Christian and Pekka Helle, "Adopting a Service Logic in Manufacturing," *Journal of Service Management*, 21 (5), 2010, 564-590. (This paper just won the best paper award for JOSM for 2010 and is the paper that Christian presented to our faculty and students on Feb 4).
- (9) Antioco, Michael, Rudy K. Moenaert, Adam Lindgreen, and Martin G. M. Wetzels, "Organizational Antecedents to and Consequences of Service Business Orientations in Manufacturing Companies," *Journal of the Academy of Marketing Science*, 36, 2008, 337-358.

Discussion Questions:

- (1) Identify the key managerial and research issues covered in these readings.
- (2) Focus on one of the papers, and outline a research question that could be pursued, building from the paper. What are the managerial and theoretical issues you would want to explore? Describe how you would address the research question.

Additional Reading:

Background and Conceptual Frameworks:

Bowen, David E., Caren Siehl, and Benjamin Schneider, "A Framework for Analyzing Customer Service Orientations in Manufacturing," *Academy of Management Review*, Vol. 14, No. 1, 1989, 75-95.

Normann, Richard and Rafael Ramirez, "From Value Chain to Value Constellation: Designing Interactive Strategy," *Harvard Business Review*, July-August 1993, p. 65-77.

Sawhney, Mohanbir, Sridhar Balasubramanian, and Vish V. Krishnan, "Creating Growth with Services," *MIT Sloan Management Review*, Winter 2004, 34-43.

Relationship Marketing in B2B Services

Kumar, Piyush, "The Impact of Long-Term Client Relationships on the Performance of Business Service Firms," *Journal of Service Research*, August 1999, 4-18. (JSR Award for Best Paper, 1999).

Bolton, Ruth N., Amy K. Smith and Janet Wagner, "Striking the Right Balance: Designing Service to Enhance Business-to-Business Relationships," *Journal of Service Research*, May 2003, 271-291.

Bolton, Ruth N., Katherine N. Lemon and Matthew D. Bramlett, "The Effect of Service Experiences Over Time on a Supplier's Retention of Business Customers," *Management Science*, December 2006, 1811-1823.

van Doorn, Jenny and Peter C. Verhoef, "Critical Incidents and the Impact of Satisfaction on Customer Share," *Journal of Marketing*, July 2008, 123-142

Service Outsourcing

Li, Mei and Thomas Y. Choi, "Triads in Services Outsourcing: Bridge, Bridge Decay and Bridge Transfer," *Journal of Supply Chain Management*, July 2009, 27-39.

Tate, Wendy L., Lisa M. Ellram, and Stephen W. Brown, "Offshore Outsourcing of Services," *Journal of Service Research*, August 2009, 56-72.

March 28, 2011

Topic: Customers as Co-Producers/Co-Creators of Service

It has long been held that because services are produced and consumed simultaneously, customers are involved at some level in the production, creation, and delivery of the service. These ideas have been present in the services literature since the late 1970s. More recently scholars in both marketing and management have begun to talk about the “co-creation of value” and “customers as co-creators” of services and experiences. There are relatively few (but growing) numbers of empirical papers on these topics. We will explore the roots of these ideas (2-3), more managerial insights into this topic (4), as well as empirical papers on these topics (5-11).

Assigned Readings:

Background/Conceptual:

- (17) *Background:* ZBG text, chapter 13.
- (18) *Background:* Lovelock, Christopher H. and Robert F. Young, “Look to Consumers to Increase Productivity,” *Harvard Business Review*, 57 (March-June) 1979, 168-78. Considered by many to be the first paper to introduce the concept of customer co-production.
- (19) *Background:* Bowen, David E., “Managing Customers as Human Resources in Service Organizations,” *Human Resource Management*, 25, (3), 1986, 371-83.
- (20) *Managerial:* Prahalad, C.K. and Venkatram Ramaswamy, “Co-Opting Customer Competence,” *Harvard Business Review*, January-February 2000, 79-87.

Empirical Research:

- (21) Bettencourt, Lance, Stephen W. Brown, Amy L. Ostrom, and Robert I. Roundtree, “Client Co-Production in Knowledge-Intensive Business Services,” *California Management Review*, (44) Summer, 2002, 100-128.
- (22) Dellande, Stephanie, Mary C. Gilly and John L. Graham, “Gaining Compliance and Losing Weight: The Role of the Service Provider in Health Care Services,” *Journal of Marketing*, 68 (July), 2004, 78-91.
- (23) Chan, Kimmy Wa, Chi Kin (Bennett) Yim, and Simon S.K. Lam, “Is Customer Participation in Value Creation a Double-Edged Sword? Evidence from Professional Financial Services Across Cultures,” *Journal of Marketing*, 74 (May) 2010, 48-64.
- (24) Bendapudi, Neeli and Robert Leone, “Psychological Implications of Customer Participation in Co-Production,” *Journal of Marketing*, 67 (January), 2003, 14-28.

- (25) Xie, Chunyan, Richard P. Bagozzi, and Sigurd V. Troye, "Trying to Prosume: Toward a Theory of Consumers as Co-Creators of Value," *Journal of the Academy of Marketing Science*, Spring 2008, 109-122.
- (26) Rosenbaum, Mark, James Ward, Beth Walker and Amy Ostrom, "A Cup of Coffee with a Dash of Love: An Investigation of Commercial Social Support and Third-Place Attachment," *Journal of Service Research*, August 2007, 43-59.

Discussion Questions:

- (1) How would you describe the emerging research domain of "customer co-production" and "customer co-creation"? Are these concepts relevant to your field of interest? If yes, how and why? If no, why not?
- (2) What are some of the key managerial and theoretical issues and challenges within this arena? Focus on one of the papers and outline a research question that emanates for you from this paper – the question should have both managerial and academic relevance.

Related Articles and Books:

Dong, Beibei, Kenneth R. Evans, and Shaoming Zou, "The Effects of Customer Participation in Co-Created Service Recovery," *Journal of the Academy of Marketing Science*, Spring 2008, 123-137.

Fang, Eric, "Customer Participation and the Trade-Off Between New Product Innovativeness and Speed to Market," *Journal of Marketing*, July 2008, 90-104.

Gronroos, Christian, "Value Co-Creation in Service Logic: A Critical Analysis," *Marketing Theory*, special issue on Value Co-Creation, forthcoming 2011.

Many of the articles in the *Journal of the Academy of Marketing Science* Special Issue on "Service-Dominant Logic," Spring 2008. (I have assigned some, but there are others)

Mills, Peter and J.H. Morris, "Clients as 'Partial' Employees: Role Development in Client Participation," *Academy of Management Review*, 11 (4), 1986, 726-35.

Normann, Richard, *Reframing Business: When the Map Changes the Landscape*, Chichester: Wiley, 2001.

Prahalad, C.K. and Ramaswamy, V., *The Future of Competition: Co-creating Unique Value with Customers*, Harvard Business School Press, 2004.

Tax, Stephen S., Mark Colgate and David E. Bowen, "How to Prevent Customers From Failing", *Sloan Management Review*, Spring 2006, 30-38.

Seigyoung Auh, Simon Bell, Colin McLeod and Eric Shih, "Co-production and Customer Loyalty in Financial Services," *Journal of Retailing*, (3) 2007, 359-370.

April 1, 2011

Topic: Employees' Roles/Service-Profit Chain
Guest Faculty, David Bowen

The impact of frontline employees and internal human resource practices in creating service excellence in firms are topics with a long research tradition in the services field. Two of the best known, and most highly respected contributors to this field are Professor David Bowen of the School of International Management at Thunderbird and Professor (emeritus) Benjamin Schneider of the University of Maryland, currently with Valtera Corporation. Dave will be with us to explore classic knowledge about human resource practices and linkages with customer and firm outcomes in service contexts. We will also look at very current research in this area and end with a discussion of some potential new research that cuts across marketing and human resources.

Background Readings

- (1) *Background: ZBG text, chapter 12.*
- (2) *Background: Heskett, James L., Thomas O. Jones, Gary W. Loveman, William E. Sasser and Leonard A. Schlesinger, "Putting the Service Profit Chain to Work," Harvard Business Review, March-April 1994, 164-74. (for those who are interested, there are several related books on this topic, including: The Ownership Quotient – Putting the Service Profit Chain to Work for Competitive Advantage, HBS Publishing, 2008.)*
- (3) Bowen, David E. and S. Douglas Pugh, "Linking Human Resource Management and Customer Outcomes," *The Routledge Companion to Strategic Human Resource Management*, J. Storey, P. Wright and D. Ulrich (eds), Abingdon, Oxon, UK: Routledge, 2008, 502-518.

Linkage Research and Spillover Effects – how human resource practices and employee behaviors affect customers and critical organizational outcomes in services

- (4) Schneider, Benjamin and David E. Bowen, "Employee and Customer Perceptions of Service in Banks: Replication and Extension," *Journal of Applied Psychology*, 70, 1985, 423-433.
- (5) Schneider, Benjamin, Mark Ehrhart, David Mayer and Jessica Saltz, "Understanding Organization-Customer Links in Service Firms," *Academy of Management Journal*, December 2005, 1017-.
- (6) Bowen, David E., S. W. Gilliland and R. Folger, "How Being Fair with Employees Spills Over to Customers," *Organizational Dynamics*, Winter 1999, 7-23.
- (7) Maxham, James G., III, and Robert G. Netemeyer, "Firms Reap What They Sow: The Effects of Shared Values and Perceived Organizational Justice on Customers' Evaluations of Complaint Handling," *Journal of Marketing*, 2003, 67, 46-62.
- (8) Maxham, James G. III, Robert G. Netemeyer, and Donald R. Lichtenstein, "The Retail

Value Chain: Linking Employee Perceptions to Employee Performance, Customer Evaluations and Store Performance," *Marketing Science*, April-May, 2008, 147-167.

Discussion Questions:

- (1) How strong is the relationship between employee attitudes/perceptions and customer attitudes/perceptions in services? What variables have been shown to moderate the strength of the relationship? Can you suggest others for study?
- (2) Are these "linkage" and "spillover" concepts and findings relevant only to face-to-face, B2C services?
- (3) If you were to try to extend understanding and research in the areas covered by the assigned readings, what directions for future theory-building and research would you propose?

Additional Readings:

Barber, Felix and Rainer Strack, "The Surprising Economics of a 'People Business'," *Harvard Business Review*, June 2005, 80-91.

Bendapudi and Bendapudi, "Creating the Living Brand," *Harvard Business Review*, May 2005, 124-134.

Gwinner, Kevin, Mary Jo Bitner, Stephen W. Brown and Ajith Kumar, "Service Customization Through Employee Adaptiveness," *Journal of Service Research*, November 2005, 131-148. This paper received the Best Paper Award for JSR for 2005.

Marinova, Detelina, Jun Ye, and Jagdip Singh, "Do Frontline Mechanisms Matter? Impact of Quality and Productivity Orientations on Unit Revenue, Efficiency, and Customer Satisfaction," *Journal of Marketing*, March 2008, 28-45.

Masterson, S., "The Trickle-Down Model of Organizational Justice: Relating Employees' and Customers' Perceptions of and Reactions to Fairness," *Journal of Applied Psychology*, 2001, 86 594-604

Morhart, Felicitas M., Walter Herzog, and Torsten Tomczak, "Brand-Specific Leadership: Turning Employees into Brand Champions," *Journal of Marketing*, September 2009, 122-142.

Mohr, Lois A. and Mary Jo Bitner, "The Role of Employee Effort in Satisfaction with Service Transactions," *Journal of Business Research*, 1995, 32, 239-252.

Schneider, Benjamin, William H. Macey, Wayne C. Lee, and Scott A. Young, "Organizational Service Climate Drivers of the American Customer Satisfaction Index (ACSI) and Financial and Market Performance," *Journal of Service Research*, August 2009, 3-14.

Wentzel, Daniel, "The Effect of Employee Behavior on Brand Personality Impressions and Brand Attitudes," *Journal of the Academy of Marketing Science*, 37, 2009, 359-374.

Yim, Chi Kin, David K. Tse, and Kimmy Wa Chan, "Strengthening Customer Loyalty Through Intimacy and Passion: Roles of Customer-Firm Affection and Customer-Staff Relationships in Services," *Journal of Marketing Research*, December 2008, 741-756.

Topic: Service Design

“Design” is a topic that is drawing more and more attention in the business world and in academics. Stanford University’s “d.school” (<http://www.stanford.edu/group/dschool>) and University of Toronto’s Rotman School of Management (<http://www.rotman.utoronto.ca/businessdesign/default.aspx>) are two prominent examples of how design is reflected in academic institutions. As another example, recently ASU combined our Design and Arts programs into a unique interdisciplinary school called the Herberger Institute for Design and the Arts (<http://herbergerinstitute.asu.edu>). WPC is in discussions with the design school to move beyond our current partnership related to “innovation space” to develop deeper connections, potentially including service design. Carnegie Mellon’s recent conferences on “Service Design” (<http://www.design.cmu.edu/emergence/2006> and <http://www.design.smu.edu/emergence/2007>) and growing service design practices with leading companies such as IDEO are suggestive of how design is emerging in services. The UK even has a well-established national design council that has a current focus around service design (<http://www.designcouncil.org.uk>). Another very interesting organization focused on service design is the Service Design Network, headed by Professor Birget Mager from Cologne, Germany (<http://www.service-design-network.org/>). At the Symposium in 2009 we had a whole special panel of CSL members focused on service design and service design is one of the 10 emerging research priorities reflected in the JSR article you read earlier in the term.

In our class session we will focus on the emerging field of service design through some overview and conceptual pieces, several empirical papers, and emerging issues. Because this is such a broad topic with vastly dispersed literature contributions, I have chosen to focus the papers have asked you to read on experience and solution design as well as physical servicescape design.

Readings:

(27) *Background:* ZBG text, chapters 9 and 11

(28) *Background:* Look at one or more of the design-oriented websites listed above, and provided as links on the course website.

(29) *Background:* Brown, Tim, “Design Thinking,” *Harvard Business Review*, June 2008, 85-92.

Service Design – Overviews and Conceptual Pieces

(30) Saco and Goncalves, “Service Design: An Appraisal”, *Design Management Review*, Winter 2008, 10-19.

(31) Bitner, Mary Jo, Amy L. Ostrom and Felicia N. Morgan, “Service Blueprinting: A Practical Technique for Service Innovation,” *California Management Review*, Spring 2008, 66-94.

(32) Stuart, F. Ian, “Designing and Executing Memorable Service Experiences: Lights, Camera, Experiment, Integrate, Action!” *Business Horizons*, 2006, 149-159.

Experience and Solution Design

- (33) Zomerdijk, Leonieke and Christopher Voss, "Service Design for Experience-Centric Services," *Journal of Service Research*, 13 (1), February 2010, 67-82.
- (34) Epp, Amber M. and Linda L. Price, "Designing Solutions Around Customer Network Identity Goals," *Journal of Marketing*, 75 (March), 2011, 36-54.

Servicescapes

- (35) Bitner, Mary Jo, "Servicescapes: The Impact of Physical Surroundings on Customers and Employees," *Journal of Marketing*, April 1992, 57-71.
- (36) Baker, Julie, A. Parasuraman, Dhruv Grewal, and Glenn B. Voss, "The Influence of Multiple Store Environment Cues on Perceived Merchandise Value and Patronage Intentions," *Journal of Marketing*, April 2002, 120-141.
- (37) Parish, Janet Turner, Leonard L. Berry and Shun Yin Lam, "The Effect of the Servicescape on Service Workers," *Journal of Service Research*, February 2008, 220-238.

Discussion Questions:

- (1) How would you define the domain of service design? How does it fit within the broader "design of business" described by the Rotman school (website), or "design thinking" as discussed in Tim Brown (IDEO) HBR article?
- (2) How can disparate disciplines (marketing, operations, supply chain, design, information systems) contribute to the emerging field of service design?
- (3) Define a research question (broad or narrow) that you believe could make an important contribution to advancing service design research. Why do you believe this could be an important contribution?

Additional Reading:

Berry, Leonard L. and Neeli Bendapudi, "Clueing in Customers," *Harvard Business Review*, February 2003, 100-106.

Brakus, J. Josko, Bernd H. Schmitt and Lia Zarantonello, "Brand Experience: What Is It? How is It Measured? Does It Affect Loyalty," *Journal of Marketing*, May 2009, 52-68.

Kaltcheva, Velitchka D. and Barton A. Weitz, "When Should a Retailer Create an Exciting Store Environment," *Journal of Marketing*, January 2006, 107-118.

Maclaran, Pauline and Stephen Brown, "The Center Cannot Hold: Consuming the Utopian Marketplace," *Journal of Consumer Research*, September 2005, 311-323.

Martin, Roger, "The Design of Business," *Rotman Management Magazine*, Winter 2004, 7-11.

Patricio, Fisk and e Cunha, "Designing Multi-Interface Service Experiences," *Journal of Service Research*, May 2008, 318-334.

Pullman, Madeleine E. and Michael A. Gross, "Ability of Experience Design Elements to Elicit Emotions and Loyalty Behaviors," *Decision Sciences*, Summer 2004, 551-578.

Rosenbaum, Mark S., "Exploring the Social Supportive Role of Third Places in Consumers' Lives," *Journal of Service Research*, August 2006, 59-72.

Shostack, G. Lynn, "Designing Services That Deliver," *Harvard Business Review*, January-February 1984, 133-39.

Smith-Daniels, Vicki (guest editor), "Special Section on Service Operations and Design" to appear in the February 2010 issue of *Journal of Service Research*. Four papers by OM and Supply Chain authors focused on service design topics.

Ulrich, Roger S., Leonard L. Berry, Xiaobo Quan, and Janet Turner Parish, "A Conceptual Framework for the Domain of Evidence-Based Design," *Health Environments Research and Design Journal*, Fall 2010, 95-114.

April 15, 2011
Transformative Service

Topic: Transformative Service
Guest Faculty, Laurel Anderson and Amy Ostrom

Transformative Service Research has emerged as a high priority area for the science of service (see reading #1 – already read for an earlier session). At ASU, several of us are working to further define this emerging area and to develop a paradigm or framework for TSR that will be useful and potentially path-breaking for service researchers. While there are some connections, we see TSR as quite distinct from TCR (reading #2), but clearly distinguishing the two, and recognizing their overlaps, will be important. You have already read some pieces that could be considered “TSR” research (e.g., Rosenbaum et al “Cup of Coffee”; Dellande et al “Compliance” in a weight loss context; and even Price and Arnould, “River Rafting”). This week we will read several additional papers we believe fall directly into the TSR paradigm, and we will look to you for your insights.

Background Readings

- (6) *Background:* Ostrom, Amy L., Mary Jo Bitner, Kevin A. Burkhard, Stephen W. Brown, Michael Goul, Vicki Smith-Daniels, and Elliot Rabinovich, “Moving Forward and Making a Difference: Research Priorities for the Science of Service,” *Journal of Service Research*, Feb 2010 (you have read this already for another week’s assignment – please review TSR section)
- (7) *Background:* Mick, David, “Meaning and Mattering Through Transformative Consumer Research,” in *Advances in Consumer Research*, Vol 33, Cornelia Pechmann and Linda L. Price (eds), 2006.
- (8) Berry, Leonard L. and Neeli Bendapudi, “Healthcare: A Fertile Field for Service Research,” *Journal of Service Research*, November 2007, 111-122.

Empirical and Conceptual Papers within the TSR Paradigm

- (9) Ozanne, Julie L. and Laurel Anderson, “Community Action Research: A Multi-Stakeholder Approach for Alleviating Social Problems,” under second review at *Journal of Public Policy and Marketing*.
- (10) Sandler, Irwin, Amy Ostrom, Mary Jo Bitner, Tim S. Ayers, Sharlene Wolchik, and Vicki Smith-Daniels, “Developing Effective Prevention Services for the Real World: A Prevention Service Development Model,” *American Journal of Community Psychology*, June 2005, 127-142.
- (11) Nicolao, Leonardo, Julie R. Irwin and Joseph K. Goodman, “Happiness for Sale: Do Experiential Purchases Make Consumers Happier Than Material Purchases,” *Journal of Consumer Research*, August 2009, 188-198.
- (12) Goldstein, Noah J., Robert B. Cialdini, and Vladas Griskevicius, “A Room with a Viewpoint: Using Social Norms to Motivate Environmental Conservation in Hotels,” *Journal of Consumer Research*, 35 (3), 472-482.

- (13) Botti, Simona, Kristina Orfali, and Sheena S. Iyengar, "Tragic Choices: Autonomy and Emotional Responses to Medical Decisions," *Journal of Consumer Research*, October 2009, 347-352. Lead Article.
- (14) Adkins, Natalie Ross and Julie Ozanne, "The Low Literate Consumer," *Journal of Consumer Research*, June 2005, 93-105. Winner of the Ferber Award.

Discussion Questions:

1. Taking into account the Transformative Consumer Research (TCR) framework and paradigm, what distinct aspects of service(s) are there that add to the transformative movement? What would TSR researchers study and why?
2. Think about a TSR framework. Can you develop a visual model of TSR for this paradigm that would distinguish it from TCR?

Additional Readings:

Arnould, Eric J. and Linda L. Price, "River Magic: Extraordinary Experience and the Extended Service Encounter," *Journal of Consumer Research*, 20, June 2003, 24-45.

Dellande, Stephanie, Mary C. Gilly and John L. Graham, "Gaining Compliance and Losing Weight: The Role of the Service Provider in Health Care Services," *Journal of Marketing*, 68 (July), 2004, 78-91.

Kang, Y.S., Ridgway, N.M. (1996), "The importance of consumer market interactions as a form of social support for elderly consumers", *Journal of Public Policy & Marketing*, Vol. 15 No.1, pp.108-17.

Kumar, N., Scheer, L.K., Steenkamp, J.B.E.M. (1995), "The effects of supplier fairness on vulnerable resellers", *Journal of Marketing Research*, Vol. 32 No.1, pp.54-65.

Press, Melea and Eric J. Arnould (2009), "Constraints on Sustainable Energy Consumption: Market System and Public Policy Challenges and Opportunities," *Journal of Public Policy & Marketing*, Volume 28, Number 1, Spring 2009.

Rosenbaum, Mark, James Ward, Beth Walker and Amy Ostrom, "A Cup of Coffee with a Dash of Love: An Investigation of Commercial Social Support and Third-Place Attachment," *Journal of Service Research*, August 2007, 43-59.

Viswanathan, Madhubalan, Srinivas Sridharan, and Robin Ritchie (2009), "Consumption and Entrepreneurship in Subsistence Marketplaces," *Journal of Business Research*.

Viswanathan, Madhubalan, Srinivas Sridharan, Roland Gau, and Robin Ritchie (2009), "Designing Marketplace Literacy Education in Resource-Constrained Contexts: Implications for Public Policy and Marketing," *Journal of Public Policy and Marketing*, Vol.28, Issue 1, p85-94

Wang, Nancy and Tracey King (2009), "The Cultural Construction of Risk Understandings through Illness Narratives," *Journal of Consumer Research*, Vol 34, No. 5 (February), 579 – 594. Lead article