



Customer service strategy options: A multiple case study in a B2B setting

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Abstract

This study addresses the question whether customer service actually has order winning potential in B2B situations, which customer service strategies are deployed, and what determines customer service relevance. A literature review was followed by a multiple case study, using 12 organizations from different industries and from different positions in supply chains. Based on having both problem solving and transfer characteristics, four customer service strategy options are identified: customer integration, customer adaptation, logistical precision, and standard customer service. Many organizations are positioned in the least attractive customer service strategy option: customer adaptation. Partially, this is caused by difficulties in assessing the customer service capability and the customer's sensitivity for customer service. The article concludes with the theoretical and managerial implications.

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1. Introduction

In 1976, La Londe and Zinser (1976) published their landmark study on the meaning and measurement of customer service. From there on, a vast quantity of articles on customer service appeared in the late 1970s and 1980s (e.g., Sterling & Lambert, 1989; Tucker, 1994). Following that bulk of articles on customer service, many companies started adopting customer service as an element of the mission statement. Particularly, in the early 1990s, competition in several Dutch industries was increasing sharply. As Parasuraman (1998) notes, this often prompts the traditional product- and production-oriented firms to shift the focus to a more customer-oriented approach. Customer service is seen as a vehicle to achieve this shift in organizational focus. However, providing service, due to its intangible nature and the complex processes involved, requires a distinctly different marketing approach (Hill & Motes, 1995). This leaves industrial organizations struggling with the implementation of customer service programmes.

This article investigates the development of customer service strategies deployed by industrial organizations and the impact this has on their marketing strategy. A literature review was done to elaborate upon the concept of customer service, particularly with regard to the effects of customer service, and the models used to implement customer service strategy. Following this, an exploratory study has been conducted to get an initial understanding of the process that firms go through and the decisions underlying that process. Case studies are used as the main research method. Appropriate literature is brought in whenever necessary, for example, when the findings are being discussed, and avenues for future research are outlined.

2. Customer service strategy design and effectiveness

2.1. Design of customer service strategies

Customer service is more than fast deliveries or product availability; it is primarily a way of providing an optimal supply process for the customer. Customer service, therefore, requires a dynamic approach, as a system (Byrne & Markham, 1992; Pisharodi & Langley, 1990; Schary, 1992),

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as a process (La Londe, Cooper, & Noordewier, 1988), or as project management (Davis & Manrodt, 1994). This type of dynamic approach has caused a shift in customer service focus from an operational logistics to a marketing strategic perspective (Parasuraman, 1998).

Foremost, the development of the concept of customer service has taken place (and still is) through logistically oriented journals (Wouters, 2000). Within marketing-oriented journals, the concept is addressed as one of the instruments for relationship building (Lancioni, 1995; Morris & Davis, 1992; Wetzels, Ruyter, Lemmink, & Koelemeijer, 1995). More recently, researchers distinguish more and more two basic components of customer service (Andraski & Novack, 1996; Daugherty, Ellinger, & Rogers, 1994; Maltz & Maltz, 1998). One component is labeled “bottom line or reliability service.” It concerns the basic logistic performance regarding availability, delivery reliability, quality of deliveries, etc. The second component is labeled “responsiveness” and concerns an organization’s communicative skills and commercial flexibility. In this article, customer service is viewed as consisting of these two major components. Furthermore, customer service is seen as ‘free of charge’ supplementary services to a core offering (physical products) to achieve competitive differentiation and advantage (Parasuraman, 1998).

Several customer service development programmes have been published to help companies develop a suitable customer service policy (e.g., Christopher, 1992; La Londe et al., 1988; Lambert & Harrington, 1989). All the presented customer service programmes offer, more or less, the same procedure and are derived from the general strategic marketing planning process.

Many companies refuse to see customer service responsibility as a management issue (Byrne & Markham, 1992). In these companies, customer service is considered as an activity rather than a strategic tool. In this perspective, efforts regarding customer service will always be marginal. Lancioni (1995) finds that most of the definitions used in practice seem to be directed at a broad and general marketing approach (‘the customer is king’). Customer service’s cross functionality makes it difficult to manage from one central position in the organization. Lancioni reports that 85% of companies interviewed do have a customer service department. The way this department is positioned in the organization varies. The differences observed are directly related to the way customer service is interpreted in the organization, which, in turn, depends largely on product and market characteristics.

2.2. Customer service effectiveness

A number of authors provide overviews of empirical results of customer service effectiveness research (e.g., Lynch, 1992; Mentzer, Flint, & Kent, 1999; Pisharodi & Langley, 1991; Tarasingh, 1992; Tucker, 1994; Wouters, 2000). Quite a substantial number of studies have been

conducted in the fast-moving consumer goods industry. Specific business-to-business industries that have been investigated are pump and valve industry (Banting, 1976; Cunningham & Roberts, 1974), chemicals and chemical industry equipment (Gilmour, 1982), office furniture (Sterling & Lambert, 1987), plastic granulate (Lambert & Harrington, 1989), and several industries producing commodities (Kyj & Kyj, 1989). La Londe and Zinser (1976), La Londe et al. (1988), and Morris and Davis (1992) compared several business-to-business industries in their studies.

On the basis of empirical findings, it can be concluded that customer service is a relevant vendor-selection criterion. It is also suggested that several customer service elements are considered as qualifying factors rather than winning factors (e.g., Cunningham & Roberts, 1974; Johnston, 1995; Varadarajan, 1985). There is some evidence for a direct impact of customer service performance on market share, sales, or profits (Daugherty, Stank, & Ellinger, 1998; Innis & La Londe, 1994; Lynch, 1992; Morash, Dröge, & Vickery, 1997; Tucker, 1994). However, this evidence is limited and fragmented, and, sometimes, even contradictory. Zeithaml (2000) has reviewed the literature on the relationship between service¹ quality and profits. From this study, it is also concluded that both positive and negative relationships have been confirmed, and many more questions need answering. Furthermore, the empirical findings in most cases are based on the manufacturer–retailer interface and concern consumer goods. Its implications for upstream supply chain participants and, in particular, regarding industrial goods remain unclear.

This study tries to fill a part of that gap by addressing the following three research questions:

1. What is the order winning potential of customer service in a business-to-business context?
2. What customer service strategies are deployed by industrial organizations and how do they differ?
3. What are possible determinants of customer service order winning potential?

3. Research methodology

The case study method was adopted as an appropriate research design for the exploratory study. Yin (1994) defines the case study method as an empirical inquiry that “investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are clearly not evident, and in which multiple sources of evidence are used.” Since the boundaries of the phenomenon of customer service strategies were

¹ However, it should be noted that in the Zeithaml study, service is seen as the main offering to the customer, for which the organization pays. In this study, customer service is seen as part of the augmented product and is free of charge.

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