

Trends and Challenges in Service Research and Service Service science

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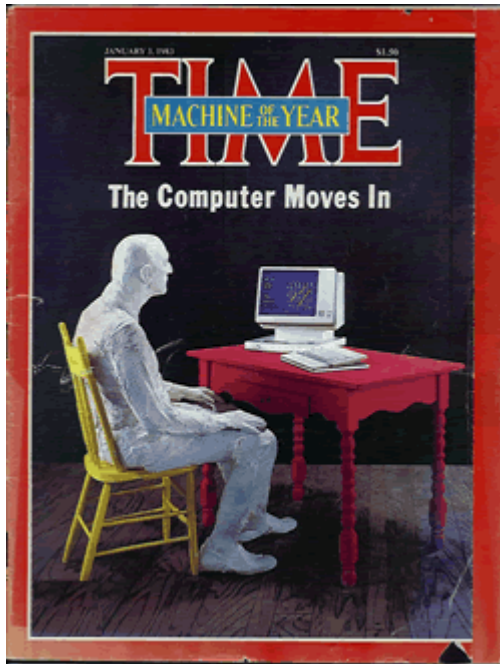
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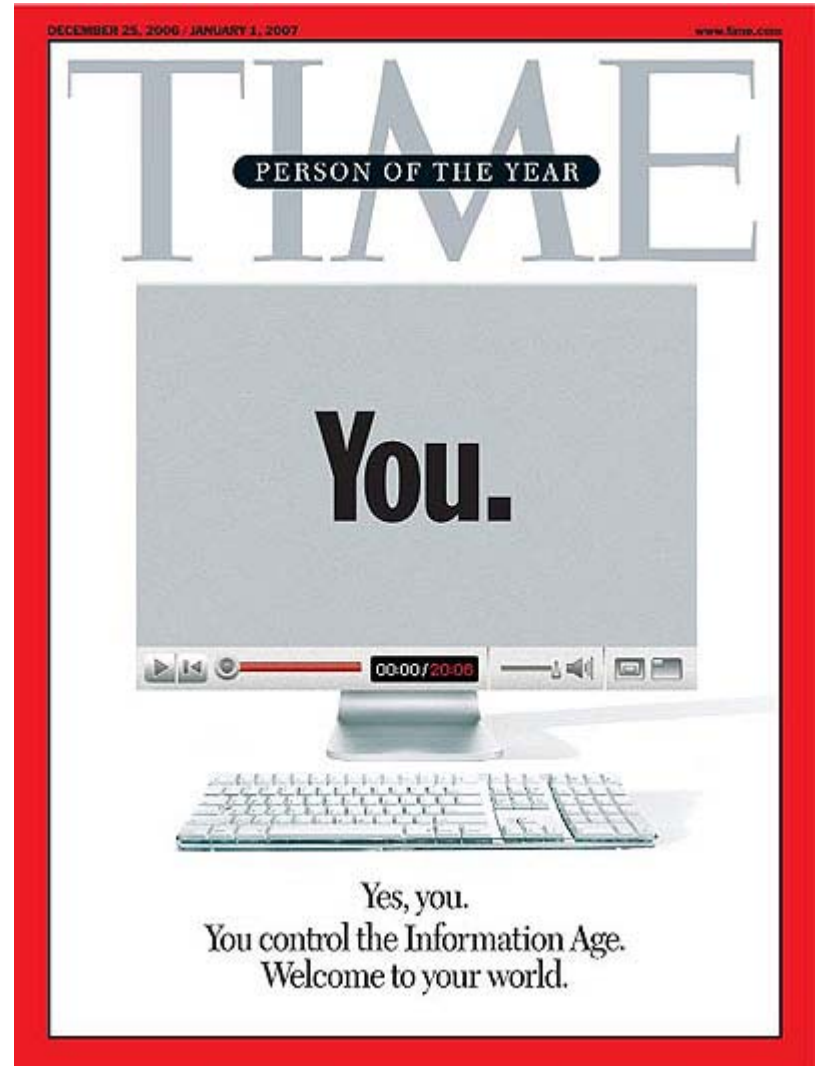
OUTLINE

- 1. Trends**
- 2. The concept service, the service logic and value creation through service**
- 3. Customers and service innovation**
- 4. Customer orientation: From Offerings to Needings**
- 5. The future of service research**

1. Trends



1982



2006

Reflecting on the latest trends in service

Has there been a preoccupation on what companies are developing, offering and selling rather than what creates value for the customers and what they are buying and paying for?

Trends we focus on:

- **The service concept and the service logic**
 - **From a goods logic to a service logic**
 - **Customer experiences**
 - **The service encounter**
- **Transition from products to service/function/solution**
 - **Organization**
 - **Strategy**

Trends we focus on:

- **Technology infusion in service(s)**
 - **ICT in business models, products and service offerings and processes**
 - **E-commerce, mobile phone technology, handheld computers, websites)**
- **Service Quality, customer satisfaction and loyalty measurement**

Trends we focus on:

- **Service innovation and service concept development**
 - **Service offerings**
 - **Service level agreements**
 - **Customer integration**

Trends we are not focusing much on:

- **Theoretical paradigmatic and methodological development; Service Theory**
- **Workforce competence development**
- **Service at the Bottom of the Pyramid (BOP)**

2. The concept service and value creation through service?

Definition of Service(s)

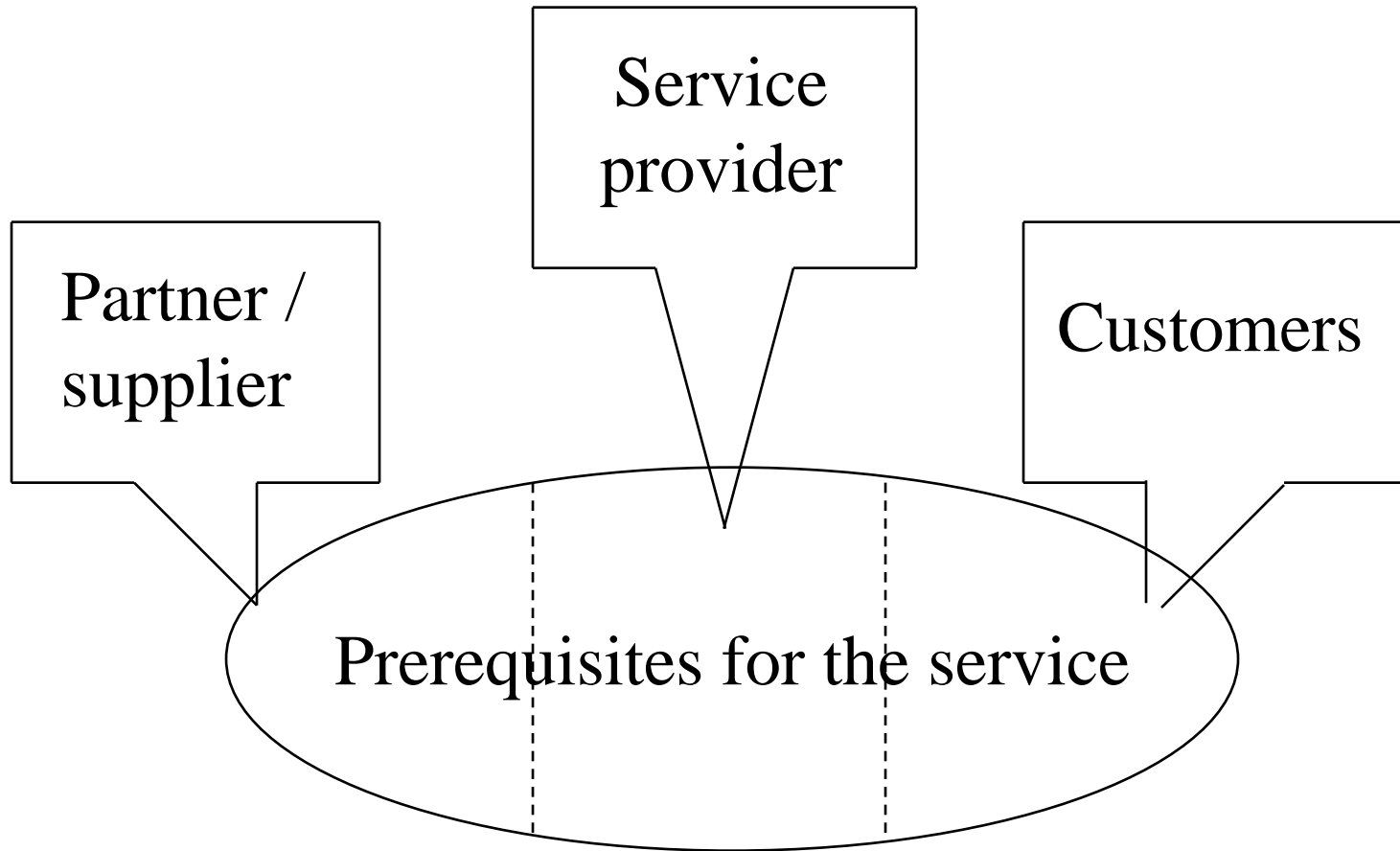
Service - in time and space linked activities and interactions.

The service is co-created with the customer.

Customers define service on the basis of value-in-use, in the customer's context and **the resulting customer experiences**. Bo Edvardsson 2008

Service value

Total perceived service quality in relation to total burdens (price and other sacrifices).

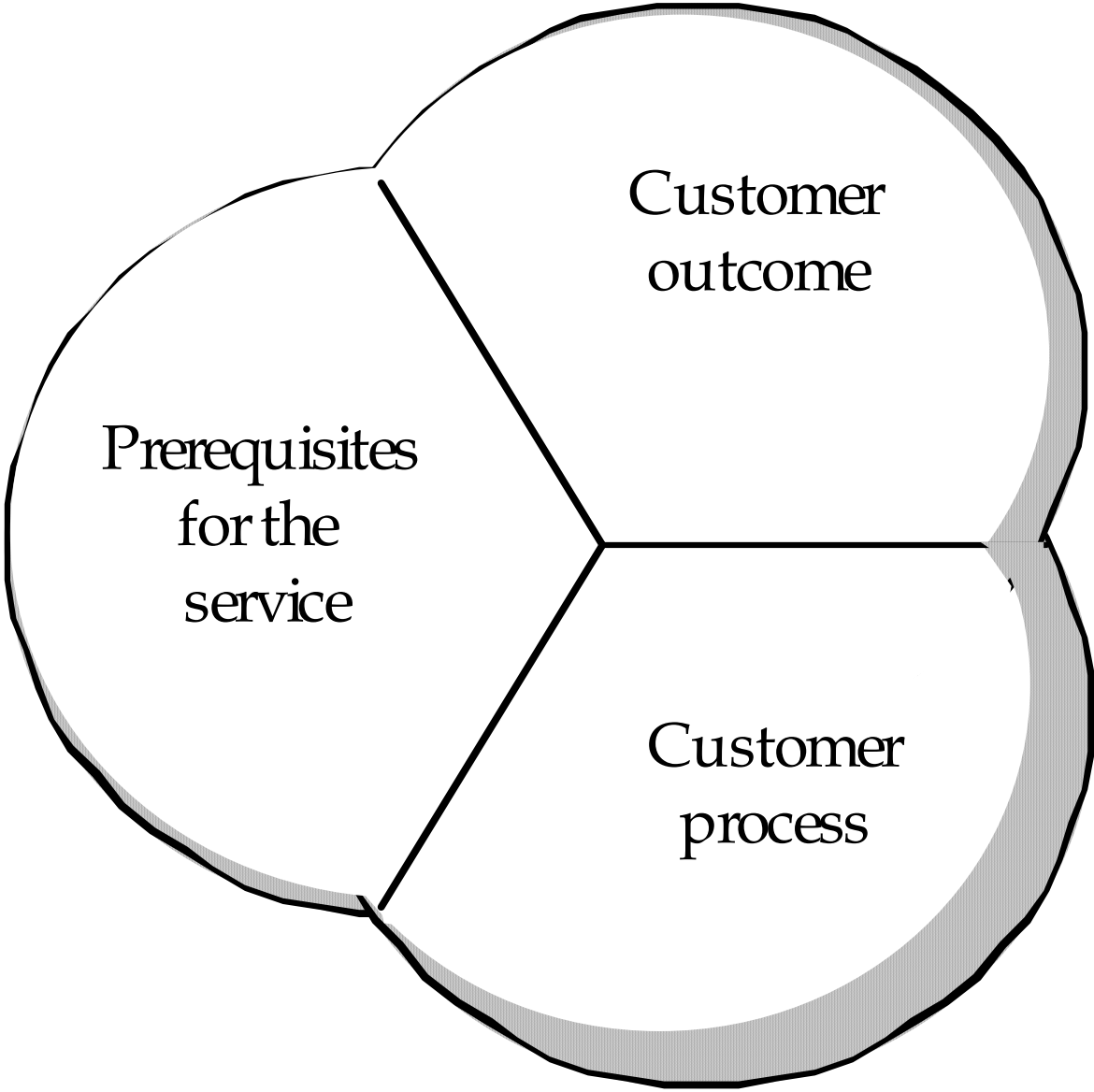


Partner /
supplier

Service
provider

Customers

Prerequisites for the service



Prerequisites
for the
service

Customer
outcome

Customer
process

Customers use the offered resources (prerequisites) together with own resources to **co-create and experience** service which render value.

- Consumers are familiar with the notion of test-driving a new car. The idea of **test-driving a service experience**, such as a holiday or an education can prove more difficult.
- A theoretical framework with design dimensions to be used when developing test-drives for pre-purchase service experiences (Edvardsson, Enquist and Johnston 2005; 2008).

We introduce the concept of **the
‘experience room’; the place
where the simulated experience
takes place.**

We suggest six dimensions of
experience rooms.

Four very different service test-drives with differing degrees of simulation:

- A day at the store – IKEA.
- A website a yearly international research conference (QMOD).
- The service of buying and selling a house using a show home.
- The decision to purchase an MBA programme where prospective students are invited to an open day at a business school.

Six dimensions based on the literature and the case studies:

- (1) Physical artifacts,
- (2) Intangible artifacts,
- (3) Technology,
- (4) Customer interaction with employees and other customers,
- (5) Customer placement,
- (6) Customer involvement, all of which create and contribute to

The hyperreal service experience.

IKEA:

- Solutions to real life problems at home.
- Furniture and other products are enablers to create a better life at home
- The store is a Servicscape with experience rooms and customers are involved, “touched” and may test-drive the solutions before purchase.
- Simulations e.g. the kitchen-planner.

Nine principles of test-drives, from our research:

- Test-drives enable customers to create an artificial construction, in their minds, of the ‘real’, as yet to be purchased, service.
- Customer use the experience room (physical artefacts and interaction with employees and other customers) to infer to the real service
- Experiencing test-drives is one way of assessing value in use.
- Customers use the opportunity to test-drive the service, and to involve others to get a second opinion, as a basis for making the purchase decision.

- Different customers pay attention to different elements.
- A test-drive can reduce risk and build trust.
- Customers have different prior experiences, knowledge and skills, as well as different needs and wants of the test-drive, as well as the service itself.
- The six design dimensions can be used as a basis for the design of experience rooms and test-drives.
- Test drives have many advantages and disadvantages.

3. Customers and service innovation

The theory behind user innovation?

- What knowledge are needed for an innovation?



Use experience

Knowledge related to WHAT the technology should do; i.e. the applications that satisfies the users' needs



Technology knowledge

Knowledge related to understanding the technology, i.e. understanding the opportunities and limitations

The theory behind user innovation?

- Who possesses the knowledge?



Use experience

Users have naturally the best knowledge regarding their own needs and preferences.



Technology knowledge

Experts on the companies who develop the technology possess the best knowledge regarding its opportunities and limitations

The theory behind user innovation?

- **Lead users** possess both knowledge and can also combine these → lead user innovations



Use experience

Users have naturally the best knowledge regarding their own needs and preferences.



Technology knowledge

Experts on the companies who develops the technology possess the best knowledge regarding its opportunities and limitations

The theory behind user innovation?

- **Ordinary Users** do "only" possess knowledge regarding use experience and must thus co-operate with experts in order to produce innovation



Use experience

Users have naturally the best knowledge regarding their own needs and preferences.



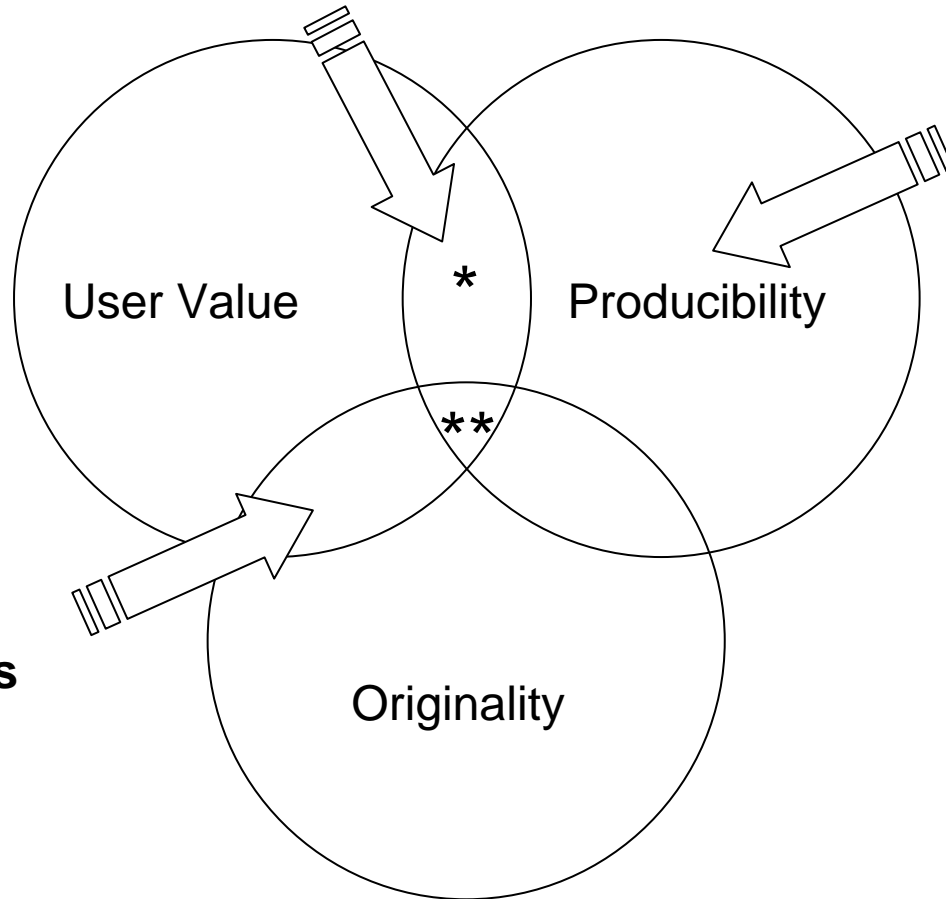
Technology knowledge

Experts in the companies who develops the technology possess the best knowledge regarding its opportunities and limitations

Comparison – different ways of involving users

Guided users

**Professional
Developers**



Pioneering users

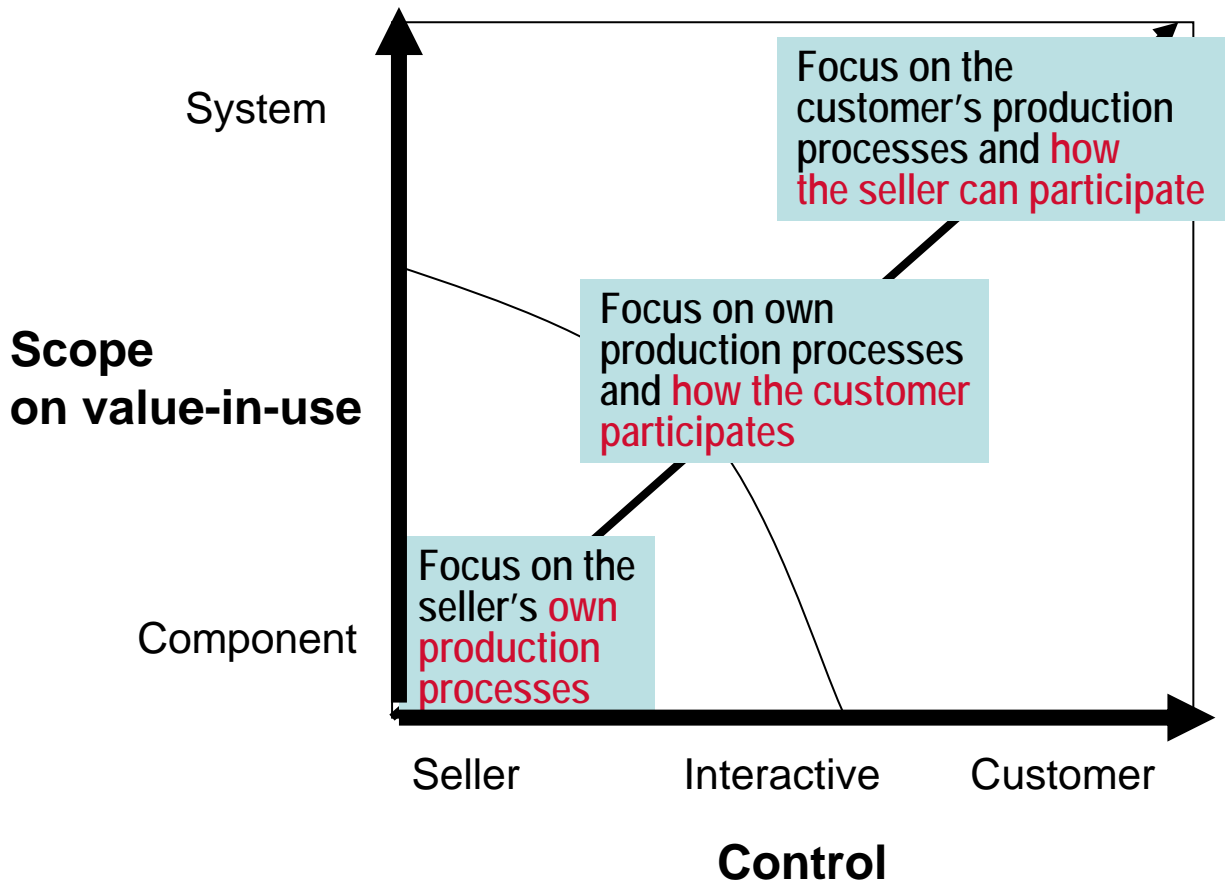
4. Customer orientation: From Offerings to Needing

Introducing the new concept: customer needing

- **Previous studies refer to offering as a seller-based concept even if they focus on promised value to the customer.** There is a need to go beyond the current literature and company practices and incorporate more of the customer's world.
- A genuinely customer-based parallel concept to offering that takes the customer's view. **We put forward a new concept that we label *customer needing*.**

Introducing the new concept: customer needing

- A needing is based on the **customer's mental model of their business and strategies which will affect priorities, decisions, and actions.**
- A needing can be modelled as **a configuration of three dimensions containing six functions that create realised value for the customer.**
 - These dimensions and functions can be used to describe needings and consequently represent **a starting point for sellers' creation of successful offerings.**



Definition of customer needing

Definition of customer needing: The customer's mental construction of what they are interested in and prepared to buy from a supplier in order to achieve desired realised value.

Needing represents customers' mental models for operating and buying and therefore have a direct impact on what role sellers/suppliers are granted

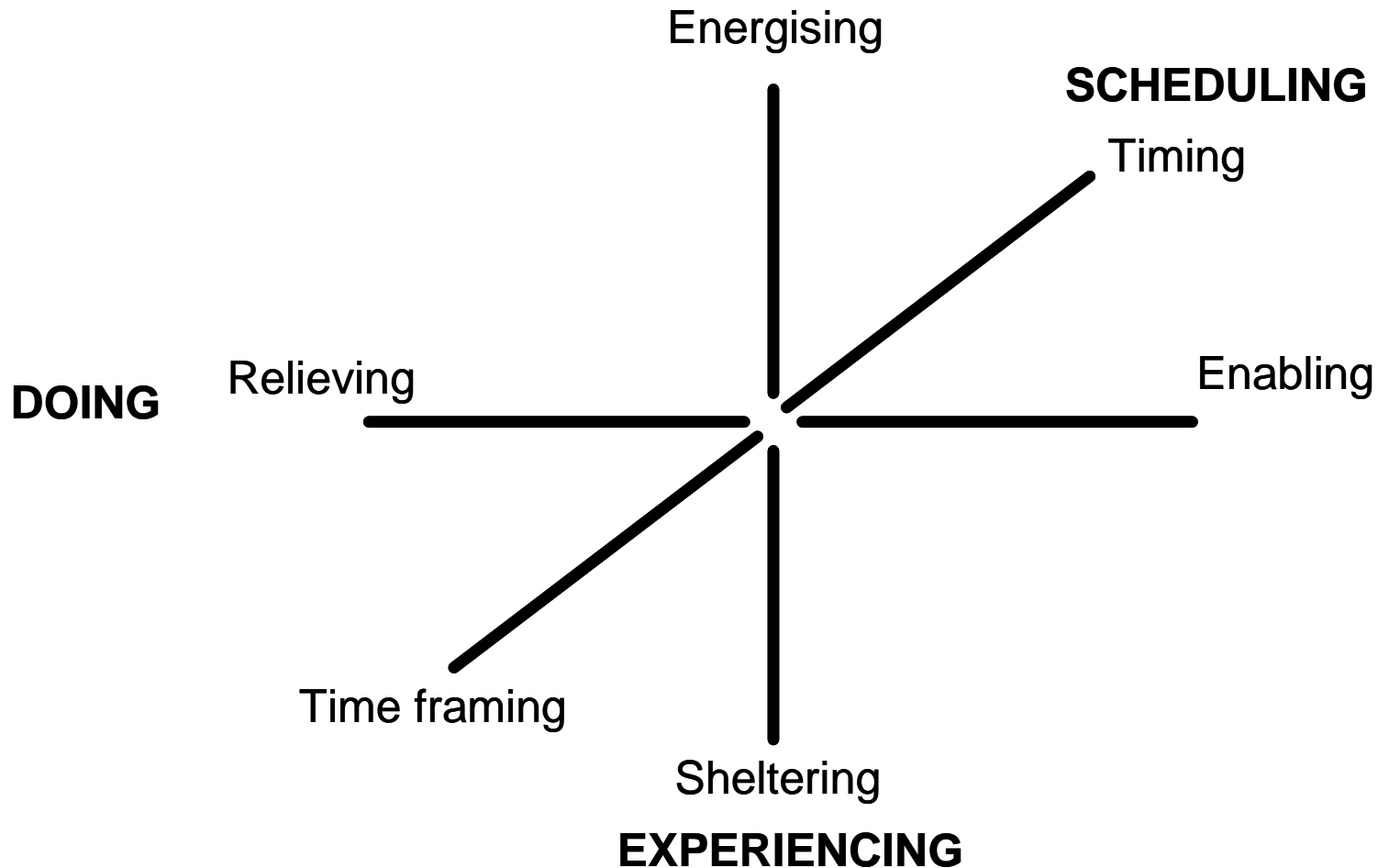
Dimensions of the new concept customer needing

- Three **needing dimensions** are labelled: *doing, experiencing, and scheduling*.
- **Doing:** resources and activities traditionally included in industrial marketing and selling and buying literature.

Dimensions of the new concept customer needing

- **Experiencing:** buyer interviews revealed that cognitive and emotional aspects are an inherent part of realised value.
- **Scheduling:** time-related aspects complement two previous and are grouped into a third dimension.

Customer needing dimensions and functions



Needing – what is the customer looking for?

Needing dimension	Needing function	<i>Function definition</i>
Doing A resource and activity oriented dimension	Relieving	Value realised by being relieved of performing tasks or carrying liabilities in current or future business activities.
	Enabling	Value realised by getting additional resources, competence or capabilities that enhances the buyers' performance and activities within their current business or enables them to create new business.
Experiencing A cognitive and emotional dimension	Sheltering	Value realised by being able to control risks and unwanted fluctuations in current or future business.
	Energising	Value realised by getting inspiration and motivation to perform activities in current and future business.
Scheduling Time based dimension	Time framing	Value realised by adoption to expected time frame and pattern of development of current and future business.
	Timing	Value realised by suitable timing of activities in current and future business.

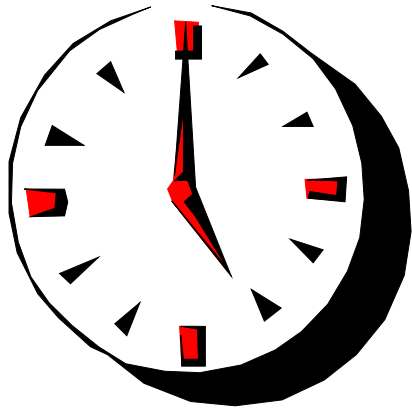
5. The future of service research

The Future of Service Research

1. The theoretical foundation(s) for the concept service and the service logic. From service logic to service theory.
A meta-theory is needed!
Theory of value-creation? Resource advantage theory?
2. Service as the basis for a new academic discipline - Service science?
3. Research programs with contributions from e.g. computer science, operations management, marketing, management and human resources?
4. Service simulations (test-drives), open sources, SOA....
5. New methods to capture service activities, interaction and the mechanisms in and drivers of value co-creation.

The Future of Service Research

Best Wishes and Thanks!





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