Chapter 9
Differentiation through Service Excellence:
Empirical Findings on the Role of Self-Service Technology in Retail

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ABSTRACT

Service excellence is one of the key differentiators for retailers in the digital environment. To ensure a high level of service quality at the point of sale, retailers contemplate the implementation of Self-Service Information Technologies (SSITs). This chapter 1) examines the mediation effect of service quality within the technology acceptance model and 2) identifies relevant segments based on the level of acceptance and the perception of the service quality provided by an SSIT. Building on data from a laboratory experiment using a fully functional application for Tablet PCs, the partial least squares approach and a combined hierarchical and non-hierarchical cluster analysis were used. The findings reveal that the perceived service quality partially mediates the effect of the attitude towards using on the intention to reuse. Moreover, two distinct segments are identified: the "occasional handymen" and the "enthusiastic experts," who differ significantly in terms of SSIT acceptance.

INTRODUCTION

Service Quality as a Key Differentiator in Retail

In recent years, bricks-and-mortar retailers came under tremendous pressure as online competitors to continuously gain market shares (Weitz, 2010).

Due to superior cost structures resulting from the absence of expensive retail stores and well-educated salespeople, these competitors can act very price-aggressively and undercut the prices of traditional retailers (Balasubramanian, Raghunathan, & Mahajan, 2005). This is compounded by the fact that the evolution of technology provides perfect price transparency as customers are able to

compare product prices using their smartphones regardless of the time or place. As a result, consumers become more sophisticated shoppers and can instantly switch to an alternative competitor when large price differences are not justified by any additional value provided by the retailer (Weitz & Whitfield, 2010).

As a consequence, a rising number of retailers moved away from competing with the prices of e-commerce companies and identified service quality (SQ) as a possible differentiator. Retailers such as Build-A-Bear, Trader Joe's, Best Buy, or Lowe's who provide great customer service can distinguish themselves from competitors by adding significant value to what they offer (Grewal, Krishnan, & Munger, 2010). These retailers meet the customer requirement of maximum convenience, including a cross-channel buying experience. Combined with the advantage of a haptic product experience representing one of the few competitive factors which cannot be imitated by online retailers, a high SQ increases the probability of choosing a bricks-and-mortar retailer (Laroche, Yang, McDougall, & Bergeron, 2005; Chiu, Hsieh, Roan, Tseng, & Hsieh, 2011).

Hence, given the time and money that retailers invest to attract customers, it is surprising that so little attention is paid to customer service (Grewal et al., 2010) although a high SQ strengthens the competitive position of traditional retailers and reduces the dependence on a continuously successful acquisition of new customers. This low level of engagement in SQ might be explained through a lack of state-of-the-art knowhow.

Usually, SQ improvement requires large investments in additional personnel and trainings, but many retailers do not consider additional salespeople as the most efficient solution. A prominent example is the European do-it-yourself (DIY) retail industry: While the selling spaces keep growing (Datamonitor, 2010; Rincker, 2011), the number of salespeople remains stable. The result is a decreasing staff density in the stores, which leads to a lack of service, negatively af-

fecting customer satisfaction and ultimately the economic success of the retailer. Thus, the decision not to invest in additional salespeople even exacerbates the challenge of keeping the SQ at a high level or improving it. Hence, many retailers ask themselves how SQ excellence can be realized without affecting profitability. Instead of hiring additional sales staff, a rising number of innovative retailers aim to defend their competitive position using technology-based service-delivery options that fulfill the standardizable tasks of salespeople (Weijters, Rangarajan, Falk, & Schillewaert, 2007; Berry et al., 2010) in order to increase the SQ without rising personnel costs.

The interest in such technologies is still growing, but currently the scale-economy effects remain unexplored (Pantano & Viassone, 2014). A latent uncertainty and existing gaps in knowledge impede the broad implementation of SSITs in retail and other scopes of application, such as e-government, education, health or public transportation. Among other things, it is unclear how important the SQ provided by a technology is for its adoption.

Chapter Objectives

Hence, the present chapter aims at shedding some light onto the hotly debated question of the role of SQ in the use of SSITs. Building on this, we try to characterize the typical users of retail technologies in order to provide the basis for a customer-oriented implementation of SSITs.

Technology Acceptance has been broadly researched in the past. Most studies come to the conclusion that the attitude towards using technology has a strong influence on the behavioral intentions, but no empirical work can be found that answers the question of how this strong effect between the predictor and the criterion variable can be explained. Because the customer benefit plays a crucial role in technology acceptance and as this benefit consists in a SQ improvement in the context of SSITs, one can assume that SQ provides explanatory potential for the relationship

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