Chapter 4.11
Managing Online Customer Service Operations

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ABSTRACT

This chapter investigates the implications of moving customer service operations online. Many organizations believe that e-business can provide opportunities to improve customer service operations by enabling them to get closer to the customer and enhance the customer contact experience. However, use of the Internet fundamentally changes the nature of a customer's interaction with an organization, as the customer interacts with a computer screen rather than a human being. The online customer service encounter within the business processes of ordering and delivering was investigated in eight companies. It was concluded that an enhanced experience was only likely if the emotional aspects of customer service are considered alongside the functional.

INTRODUCTION

As marketplaces have become more global and customers more demanding, many companies have realized the importance of improving customer service (Ngash, Ryan, & Igbari, 2003). It has become increasingly difficult for any business in a developed economy, whether a manufacturer or a service provider, to compete on cost alone. A sustainable competitive advantage is only likely to result from strategies of differentiation—offering a product or service package that is perceived by customers to add value, and/or focus—targeting a specific market segment that the organization is well placed to serve (Porter, 1980, 1985). The ability to offer an enhanced level of customer service could play an indispensable part of such strategies (Kardaras & Papathanassiou, 2000; Talley & Axelroth, 2001). Companies have increasingly moved many aspects

of their customer service online–seeking to take advantage of the almost limitless connectivity, between both organizations and individuals that the Internet and its associated information and communications technologies (ICTs) of e-business can offer. Company Web sites have now become an important medium through which organizations and their customers can interact (Piccoli, Brohman, Watson, & Parasuraman, 2004). Zeithaml (2002) points out that "Companies are using the web to enhance communications with customers, to sell more products and services through an alternative channel, and to reduce the costs of interacting with customers" (p.135). Similarly, Voss (2003 p.88) argues that "the advent of e-commerce has led to a rethink of the nature of customer service" as organizations can enhance their customer service operations by enabling them to get closer to the customer enhancing the organization-customer contact experience.

The ICTs of e-business are becoming ubiquitous due to their low cost and widespread availability. As such, their use seems unlikely to afford a competitive advantage of itself. As Porter (2001) argues, the Internet is "an enabling technology–a powerful set of tools that can be used, wisely or unwisely, in almost any industry and as part of any strategy" (p.64). The challenge for organizations of all kinds, is how best to utilize Internet-based ICTs within their operations in order to enhance their customer service operations.

This chapter reports on research that investigated the impact of e-business on customer service operations in eight companies that are using e-business in their ordering and delivery processes. The research takes an operations management perspective, examining the customer service encounter from the service deliverer's point of view. The chapter opens by reviewing relevant literature to identify key aspects of the customer service encounter that can provide a basis for the analysis of these online operations. The results from the case studies are then reported and discussed. General conclusions are drawn about the

likelihood of enhancing customer service through the use of e-business, the barriers to so doing, and what needs to be done to ensure that these processes can better serve customers. The chapter closes by pointing the way to future research.

LITERATURE

The widespread availability and subsequent adoption of the Internet for commercial use is generally referred to as e-business. Although there are a number of different definitions of e-business, its essence is captured by Poon and Swatman (1999), who argue that e-business is "the sharing of business information, maintaining business relationships and conducting business transactions by means of Internet-based technology." E-business transactions can occur between an organization and its customers, suppliers, and intermediaries in the supply chain. (NB Unlike some authors [e.g., Chaffey, 2002], we do not seek to distinguish between e-commerce and e-business and use the terms more or less interchangeably.)

The academic discipline of operations management views organizational activity as a series of business processes that transform resource input into outputs of goods and/or services within an operating system—for producing physical goods or delivering services (Slack, Chambers, & Johnston, 2001). Operations management literature typically distinguishes between two elements of the operations system: (1) structure—the physical aspects, especially the nature, extent, and scope of its technology; and (2) infrastructure—the way in which the operations system is managed (Hayes & Wheelwright, 1984). In customer service operations, it is the customer who is transformed; the service delivery system changes the customer's physical and/or psychological state. Service operations management writers characterize customer service operations as a series of contacts between the customer and the service delivery system (Johnston, 1987; Shostack, 1984). Great emphasis

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