

Chapter 5

Determinants of Successful Service Encounters

ABSTRACT

Interactions between customers and service providers are apparent phenomena. For service enterprise in context of SME, the front-line employee role is an important source of differentiation between the service and achieved competitive advantage. The process of employee behavior towards customers significantly influences the firm's profitability. Some of these encounters are routine, but many have not been explored previously, particularly those in service settings. This chapter introduces various theories and propositions of successful service encounters that aim to interpret the process through which service encounters may seem most appropriate and affect customers and employees.

INTRODUCTION

The term “service encounter” is defined as the period of productive interaction between a customer and the staff of a service provider” (Surprenant & Solomon, 1987; Shostack, 1986). According to Gutek (1995), the interaction between customers and service provider’s employees are structured by either an “encounter” or a “relationship” aspect. For example: if a customer engages in repeat contact with a specific service employee, the interaction establishes in a “relationship” norm. On the other hand, if the interaction occurs with any representative of the service organization with non-specific customers

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or employees, the resulting interaction is based on “encounter” form. Several researchers have indicated the need to consider customers as a resource in the value co-creation process (Vargo & Lusch, 2004); i.e. the bottom of the pyramid (Prahalad & Ramaswamy, 2000). Research has indicated the shifting role of the customer as a passive recipient to a co-creator (Bettencourt, 1997; Lengnick-Hall, Claycomb, & Inks, 2000).

While benefits (economic, relational or psychological) can be achieved through customer participation, it largely is due to service employees or the customer (Chan et al., 2010; Yim et al., 2012). Participation can help to improve productivity or effectiveness (i.e. divisional level) (Bagozzi et al., 2012; Bendapudi and Leone, 2003; Xie et al., 2008). There is considerable research focusing on the consequences of customer participation (Greer, 2015; Yim et al., 2012). There is however a limit on research on the role on the behavior of front-line employees to customer participation (Hartline et al., 2000). As customers’ perceptions can have severe outcomes for service outcomes (Bitner, 1990), service encounter among front-line employees are considered important by many scholars (Keh et al., 2013; Liu et al., 2016).

Hence service encounter is a critical perimeter which is functioning every moment the customer has contact with the feature of service provider’s offering (Hsu, 2018; Sony, Mekoth, & Therisa, 2018). As the term service encounter has been mentioned by the researchers in various form of aspect such as multifaceted, chronological by nature, made up of a structure of events, a chain of touch points that combine to form a “customer passage” (Houston, Grandey, & Sawyer, 2018; Czepiel, Solomon, Surprenant, & Gutman, 1986; Fisk, Grove, & John 2004, Shostack, 1984, 1986; Verhoef, Antonides, & de Hoog 2004; Hogan, Almquist, & Glynn 2005; Meyer & Schwager, 2007; Grove & Fisk, 1983). In order to achieve a satisfactory service encounter outcome, service providers need to create a blueprint of customer’s touch points or theatrically design their service offering (Grove & Fisk, 1983; Meuter, Ostrom, Bitner & Roundtree, 2003; Liao & Chuang, 2004; Meuter, Ostrom, Roundtree & Bitner, 2000). However, past research being revealed that organization tends to lose about 50% of their customers within five years (Ruekert, 1992; Heskett, Jones, Loveman, Sasser & Schlesinger, 1994; Collins & Porras, 1996).

In a restaurant service setting the pressure of extensive negative word of mouth resulting dissatisfied customers. This compared positive word of mouth has less circulation than negative word of mouth. Thus the message is “Do everything necessary to create delight customers through effective service encounters.” While customer delight is the deal, most service enterprises

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