

Chapter 18

Managing Service Trade-Off for Better Customer Experience

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ABSTRACT

This chapter presents the overview of service-operational challenges faced by the service managers in creating customer experience. Trade-offs are described as operational constraints in achieving multiple objectives simultaneously and have been identified the keys in creating memorable and meaningful service experience. Meanwhile, it was emphasized by Skinner that a firm cannot be outstanding at everything, and the managers need to make choices between different core operational capabilities in manufacturing or service systems. In a recent trend, maximizing profit among firms is not a new term because firms are seeking for high profit and would like to sustain their business in the industry by generating high revenue. Thus, the firms are looking at many other possibilities to increase their revenue. This has become the biggest concern among service firms to minimize the trade-offs effects on customer experience. Thus, the service organization attempts to minimize the trade-off practices among service employees and improve the service experience for the customers.

INTRODUCTION

The service business is growing rapidly in the world of economy and increasingly becoming one of the key contributors to the GDP of the country (Brax, Bask, Hsuan & Voss (2017). The nature of service offerings as a process-based and heterogeneity factors that affects the trade-offs have put tremendous

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challenges to the service employees to offer a uniform customer experience to the service customers (Parasuraman et al., 1985). Accordingly, the customer interacts with the service environment, service employees during the service encounter and any form of interaction may offer value like pleasant and friendly environment or unpleasant situation for the service customer. The Fourth Industrial Revolution would transform both products and services offered to the customers hence, understanding this recent development in the global environment, Malaysians have put in place the National Policy on Industry 4.0 and proactive measures to transform the service industry to achieve operational excellence. Managing trade-offs in the service operations is significant to offer excellent customer experience in the service system.

Service firms always face various operational challenges which require them to trade-offs and make difficult decisions in completing multiple needs from the service customers. Service employees from different level in the service firm often compromise in fulfilling multiple needs of the service customers. Generally, this is due to the resources constraint conditions where the service employees have to let go another thing to get one thing. Making decision under resources constraint conditions requires to trade-offs one goal against another goal. In some situations, the service employees tend to do incremental adjustments to meet the requirements of the customers. However, in the case of trading one against another may lead to the poor customer service which will leave dissatisfaction among the customers which eventually leading to the revenue loss. The discussion strongly connected with the service employees in executing operational task and delivering service excellence. The labor intensive service production needs significant amount of standard work, and the work environment need to follow certain work standards, rework, reduce cost, and well documented work management. The decision to choose one alternative over another alternative without taking cost of their action also may lead to dissatisfaction among the customers. As a result, trade-offs decision reach outcome that tend to compromise the service offered to the customer and these factors have put service employees into tremendous pressure to meet various operations necessities. Thus, it is important to manage trade-offs in the service operating system and understand the factors that drive the behavior of trade-offs within the system.

TRADE-OFF AND OPERATIONAL CHALLENGES IN CREATING CUSTOMER EXPERIENCE

Service organizations face huge operational challenges that compel them to make compromises and tough decisions in order to remain competitive, deliver their organizational mandates, and improve on their general performance indicators. Operational challenges occur when management of organizations try to balance operational demands, related organizational performance indicators with the resources available at their disposal. Most times, these resources are inadequate for the organizations to perform optimally, hence, the challenge of trade-offs arise. Basically, the concept of trade-offs emanated from empirical investigations and related managerial concerns in the management of organizations (Sarmiento et al., 2016). Interestingly, trade-offs have been examined in a number of contexts such as manufacturing (Skinner, 1996; 2001; Rosenzweig, & Easton, 2010; Beuchelt, & Badstue, 2013), corporate sustainability (Hahn, Figge, Pinkse, & Preuss, 2010), and corporate environmental performance (Delmas & Blass, 2010). However, though empirical examinations on trade-off in the service operations perspective started in year 2000, little has been done and subsequently agreed upon as to the most important factors that influences and/or trade-offs in the service sector (John, 2004; Sarmiento, Thurer & Whelan, 2016).

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