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Author

Al Shamsi, Saud

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Service Quality in the Physical and Virtual Marketplace

Saud Al Shamsi (School of Information, UC Berkeley)

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Abstract

The rise of online retailing in the last decade has had a profound effect on the shopping experience as a whole. Customer expectations have shifted with the introduction of new concepts and techniques that capitalize on the Internet infrastructure, leading traditional bricks and mortar retailers to rethink their service models in order to better compete with the rapidly-evolving online businesses. This paper attempts to outline the different possible service encounters in all of the physical, the virtual, and the click-and-mortar business models, emphasizing service quality through meeting customer expectations.

I. Introduction

The rise of online retailing in the last decade has had a profound effect on the shopping experience as a whole. Customer expectations have shifted with the introduction of new concepts and techniques that capitalize on the Internet infrastructure and the framework that surrounds it. Not to be outdone, traditional bricks and mortar retailers have attempted to rethink their service models in order to better compete with the rapidly-evolving online businesses. One such strategy has been the creation of online stores that retain the same brand name and product offerings, turning such business into what is often referred to as a “bricks-and-clicks” or “click-and-mortar” stores. Traditional and Internet retailers each have a set of tools that they can use in order to maximize service quality and attract a larger consumer base. However, it is important to keep in mind that customer expectations, rational or not, play a large role in determining the fate of players in each of the three retail models listed above.

This paper will attempt to take a closer look at service quality in the online and offline shopping experience, paying particular attention to the customer expectations and perceptions of quality in each of the retail models outlined earlier. In doing so, the paper will review some of the relevant services literature with a focus on work related to technology and “self-services”. The first section will be devoted to comparing bricks-and-mortar stores and online retailers under notions such as service intensity, service quality, and customer expectation. The second section ties together many of the points made in the first section to the idea of self-services and technology infusion. The third section will introduce the notion of multi-channel services and emergence of “click-and-

mortar” model. The forth section introduces the concept of “Service Deconstruction” and how it could inform service delivery design in multi-channel settings. Finally, the conclusion and further research sections will attempt provide insights as to how this analysis might be useful when considering the future of the retailing business.

II. Comparing the Old and the New

The traditional shopping experience falls within the framework of what has come to be known as the “bricks-and-mortar” model, a creative name to differentiate purchasing at a physical retail location from the now-common online or “virtual” shopping experience. While Internet shopping has always attempted to mimic the traditional shopping experience, players in the online market are starting to realize that it would be more effective to capitalize on the strengths of the Internet framework and, from that, create unique services that cannot be (easily) provided by bricks-and-mortar retailers. As such, traditional businesses are being forced to rethink and remodel their service offerings to fit with a new set of customer expectations that the virtual shopping experience introduced to the playing field.

A. Strengths and Weaknesses

In a paper on technology driven services, Bitner et al. write: “Service encounters are critical moments of truth in which customers often develop indelible impressions of a firm... From the customer's point of view, these encounters ARE the service” (Bitner, Brown & Meuter, 2000, pp.139-140). While these can take place in a variety of settings, the bricks-and-mortar model differentiates itself from the virtual shopping experience by

providing a physical location for service encounters to occur. There is an advantage to having customers be able interact first-hand and face-to-face with products and company personnel. This is especially true for first-time buyers of a certain good or consumers who have little to no points of reference. While computer screens may be able to display audiovisual representations of the inventory, they are of much less use to customers that tend make purchase decisions based on touch (or “feel”) and, in some instances such as with food and drink, smell. The full experience, unfortunately, cannot be simulated digitally.

Moreover, face-to-face interactions with individuals at the store who, it is assumed, know enough about the product offerings to answer any questions and help with purchase decisions, widens the range of service intensity at bricks-and-mortar stores. A major strength of this model lies in the ability to adjust intensity to the appropriate level in “real time.” Essentially, face-to-face interactions allows for high service intensity when needed. For example, store employees can monitor customers and offer assistance when it is determined that the latter may need it. The caveat here, however, is that this framework requires additional investment in employee training. Only properly trained employees will have the ability to accurately gauge customer needs and adjust service intensity dynamically. A different system used by some retailers is the “on demand” method. This choice of service design is based on the idea that shoppers prefer not to be hounded by store employees, and would rather just know where to go in case they needed help. For example, rather than having employees directly approach customers, retailers such as Barnes and Noble have a customer service counter, usually in a central location

within the store, where an employee stands ready to provide assistance to all who come looking for it.

On the other hand, one of the most important advantages of the virtual service shopping experience lies in the fact that it is “location free”. In other words, the browsing and purchasing of goods can be done anytime and from any location that has a connection to the Web. The unique service encounters in this framework occur through a computer monitor displaying the online vendor’s website. Thus, there is rarely any real-time connection to company employees with the few exceptions of some large retailers that offer online chat with service. Therefore, customers can usually utilize other methods as calling or emailing the company for help and support (in addition to help documents provided on the website).

Internet stores use the tools they are provided with to offer novel services that would be hard to mimic in traditional brick-and-mortar settings. For example, the creation of “user accounts” allows the gathering of customer information which, in turn, is used by many online stores (Amazon.com being a prominent example) offer a (somewhat) customized shopping experiences to each of its individual consumers. There are two types of this customization through the use of customer data: The first is based on historical information that is gathered over time, while the other is based on more immediate information that is used to alter the customer’s view of the website in real time. Both of these methods are widely used in the virtual domain in the attempt to offer a more personalized the shopping experience for each customer. Other advantages

include the ability of customers to avoid large crowds and long queues and the competitive prices that can be sometimes attained from Internet stores due to the cost-saving features of the virtual model.

Traditionally, the human component, or joint interaction between a human service provider and a human customer, provided the gauge for service intensity, which plays a critical role in quality measurements (recall the earlier discussion of intensity in the brick-and-mortar framework). The emergence of the virtual shopping model, however, removes the face-to-face, or human, component from the framework, effectively precluding traditional measures of service intensity. The question that arises is, then, how do you measure the service intensity of virtual shopping experience? In short, the answer is customer actions. In other words, human-driven intensity can be replaced by technology-enabled intensity. In this scenario, customers are “empowered” by being given the tools that they need to engage in self-service activities that are used to create value. A more detailed discussion of this emerging model will be presented in a later section.

B. Customer Expectations and Service Quality

“In most services, quality occurs during service delivery, usually in an interaction between the customer and contact personnel of the service firm” (Zeithaml, Berry, & Parasuraman, 1988, p.35). It is futile to address service quality without mentioning the role of customers, as it is the latter that really determine the value of any service. To be more specific, service quality is dictated by customer needs and expectations. As such,

businesses must ensure that expectations are, at the very least, met in each of the services that they provide. It would, thus, be advantageous for retailers to remain updated on what kinds of services are being offering in the market, in order to not fall behind competitors.

Possibly the greatest determinant of expectations is experience. Taking an example from the airline industry, an individual who is used to flying first class, but now has to fly business class will have different expectations and, thus, perceptions of service quality than one who is making the transition from coach to business. Thus, companies should try to learn as much about their customers as possible and perhaps get a sense of the demographics in their customer base. These methods should aid in determining what the experiences of their potential customer base, and thus what their needs and expectations will be. The takeaway message is that no matter how a business defines the value of its services, it will ultimately be the customer that dictates service quality. As such, businesses that ignore customer perceptions of their services cannot expect to be successful in the long run.

It is important to note that customer expectations may not always depend on the service encounter setting, and could be carried over from one service channel to another. In other words, customers may use the same metrics to judge the quality of services provided by both an online store and a bricks-and-mortar store. Retailers must, thus, be able to provide (or simulate) services offered by the constituents of both online and offline markets in order to remain competitive. Difficulties in implementation could arise since some services are easy to provide in one setting, and impossible to provide in the

other for reasons that include, among others, technical or legal constraints. Companies in the latter setting could attempt to use the tools at their disposal to find an acceptable approximation. For example, one important element (and expectation) in the physical bookstore shopping experience is the ability to browse through books before purchase. Amazon.com, while being in the virtual market, attempts to mimic that experience by offering customers the ability to view digital images of the first few pages of many of the books available on its website.

While the virtual service in the above example may be inferior to its brick-and-mortar counterpart, it is, nonetheless a step in the right direction for Amazon.com in terms of recognizing customer expectations and using the tools it has available to offer a service that could have a strong positive impact on their customer's perception of quality. On the other hand, Google's "Book Search" takes this idea of "browsing-before-buying" one step further and allows users to search within the digital preview of the books. This case shows an example of not only mimicking real world interaction, but improving it in some sense using the tools and methods at hand. In some cases, however, companies may acknowledge that this kind of emulation may not be worth the time and effort involved, and, instead, choose to focus on the services that they believe are representative of their core competencies. In general, the strategy to follow in these cases will depend on the importance of the respective service to the overall perception of quality.

The failure of the online grocery market is a good example of a case in which customer expectations could not be met. While online vendors have been successful in

adopting and selling a variety of products, the grocery market has been relatively unsuccessful in attracting the fast growing community that many of the other web-businesses have been able to secure. “Research by MyWebGrocer indicates that consumers were concerned about on-time delivery, the quality of produce, and the limited selection and variety of goods on the site. It was revealed that after registering, shoppers did not order in the same session since they did not have the time or did not find their favorite brands. Consumers simply stopped shopping online because of repeated bad experiences, including not being able to find their favorite products” (Kempiak and Fox 2002).

The main problem, in this case has to do with the fact that consumers interact with many of the products in the grocery market through touch and smell (in addition to the other senses). You may recall the earlier discussion of the inability of computer screens to simulate these sorts of interactions. A survey by the Food Marketing Institute confirms this by finding that there were two main reasons why consumers chose not to purchase groceries online: (1) wanting to see and touch the foods they purchase; and, (2) inconvenient delivery times and methods (Food Marketing Institute, 2000). Online grocers failed to understand the most critical determinants of service quality in grocery shopping experience. In other words, the convenience of “location-free” shopping and to-your-door delivery was not enough to replace the expectation of sensory interaction with product offerings, which resulted in an inability to capture a sizeable customer base. Players in this market will have to rethink their business strategy and value proposition, taking a much closer look at how customer expectations can be met in the process.

One of the main lessons to be learned from the previous example is that expectations carry over from brick-and-mortar experience to the internet shopping experience. Moreover, it is important to note that this effect is bi-directional. That is, the virtual shopping experience has added a novel set of customer expectations that has affected perceptions of service quality in the brick-and-mortar framework. While our discussion thus far had focused mostly on the effect that the physical retail model has on the virtual side, the next section will take a closer look at the flipside, outlining the impact of Internet-based shopping on the traditional experience and focusing on the role of technology and the self-service model.

III. Technology and Self-service

“The increasing deployment of technology is altering the essence of service encounters formerly anchored in a “low-tech, high-touch paradigm” (Bitner, Brown & Meuter, 2000). Bitner et al. argue that technology is changing the way we view services and that technology-infusion can be used as an effective method to improve service encounters and strengthen perceived quality. Their paper outlines how technology can be an enabler for 1) customization and flexibility 2) effective service recovery, and 3) to spontaneously delight customers. For our purposes, it is important to keep in mind that the ideas and methods discussed by Bitner et al. are applicable to both the virtual and physical shopping frameworks.

A. Technology in the backstage

While customers are, in most cases, really only exposed to the front stage, the backstage plays a critical role in service delivery and ability of businesses to provide quality service. The use of technology in the backstage has been one method used by both online and brick-and-mortar stores in order to expedite and streamline service delivery and increase customer satisfaction. Bitner et. al argue that, “[w]hen used by providers, technology can make employees more effective and/or efficient” (Bitner, Brown & Meuter, 2000, p.141). An example they give is the process of storing and retrieving customer information and data, a task that is simplified by the use of technology, which has the overall effect of enhancing interactions with customers. As such, technologies that exist and function in the backstage, such as databases that store valuable information and frontline support technologies, can be extremely valuable in ensuring customer satisfaction.

One example of the use of technology in the backstage to meet customer demands is in the field of customization and flexibility. Customer-specific customization through the use of technology has been popularized by the virtual shopping experience that uses information gathered in databases to provide services that fit the individual needs of consumers. “The ability to adapt in real time is a distinct advantage to service providers who wish to be responsive to customer desires for individualized service” (Bitner, Brown & Meuter, 2000, p.142). For example, many online retailers will dynamically update a customers view of a page depending on the choices the customer makes while browsing the website. Retailers also make use long term, historical data. For example, Amazon.com displays different versions of their website’s front pages to each customer,

customized based on data gathered on individual consumers such as general interests and shopping habits.

One of the main consequences of providing such services is that customers are beginning to expect some form of personalized treatment from retailers, making customization a strong determinant of service quality. Moreover, these expectations are spilling over to the physical retail world as brick-and-mortar businesses have also started to use similar backstage technologies in order to individualize services. For example, the CVS Pharmacy chain records customer information in databases and distributes customized coupons to its members based on historical data from previous buying patterns. Moreover, many supermarkets offer coupons to customers based on what was just bought in the store. Thus, both the long term and immediate information gathering is also being used by physical retailers in order to provide a more personalized shopping experience to its customers.

B. Self Service

Technology, both in the front stage and back stage, has facilitated the growth and popularization of another model of service delivery, namely the self-service model. The idea behind this approach is to provide customers with the tools that they can use in order to enhance service encounters. “[T]echnology can be used by customers to drive service encounter satisfaction. In these instances, technology supports customers who actually provide the service for themselves, without employee involvement (e.g. automated teller

machines [ATMs], E*Trade, or online ticketing)” (Bitner, Brown & Meuter, 2000, p.141). These “self-service technologies” are increasingly being deployed throughout the industry. Advantages of this system may include quick access to services that traditionally required queuing, and (for Internet-based services) the ability to access services at any time and from any location. Finally, there is the ability to access services “without the complications of interpersonal exchanges.” (Bitner, Brown & Meuter, 2000, p.141). In other words, we find in these statements an acknowledgement that service intensity, the historical measure for quality, may actually not always be desirable. Customers may not always want to deal with the extremely friendly store employees or even go down to the store in the first place. Our discussion of technology and self-service will help illustrate the point that sometimes less can be more and that the value created from high service intensity can be recreated elsewhere.

The virtual shopping experience is essentially built on the self-service model, enabled by the use of technology. Many examples can be found from the Internet-based retail world illustrating how this model is used to improve service encounters and customer satisfaction. This is because of the fact that, in most cases, the entire shopping process, from initial browsing to checkout, is 1) handled by technology, and 2) involves only the customer. One example is the commonly used search bar that allows customers to easily find specific items by searching through the entire product inventory using the keywords entered. Assuming the keyword-to-product assignments in the database are performed adequately, this self-service tool provides value by saving consumers much browsing time when looking for a specific product. Recall that in the

virtual retail domain, there is generally no contact with company's employees throughout the shopping experience (with the exception of some of the recent and not yet widespread online- chat-with-a-service-rep option). Thus, the self-service tools that customers are provided with must be simple (easy to understand and use) and powerful. But most importantly, these tools must be able to, in some way, recreate the value that is lost from interaction with knowledgeable employees.

An important fact to note is that brick-and-mortar stores are increasingly using technology for self-service not just for call centers and but, within their retail stores. This is especially interestingly given traditional focus on service intensity and generating value from face-to-face customer-employee interaction. This is also one area where physical retailers are borrowing ideas and methods used by virtual retailers in order to meet a new set of customer expectations introduced by the advent of the virtual shopping experience. You may recall the example of the self-help terminals previously mentioned. Another example is the self-checkout option introduced into many of larger stores in recent year (Walmart is a good example).

Self-checkout is a staple of the virtual shopping experience. Some brick-and-mortar stores have adopted this idea by adding self-checkout stations with individual terminals that customers use to scan and pay for the items. Thus, consumers can now decide whether it is more convenient for them to wait in line for a cashier or use the self-checkout (which usually has shorter lines, if any). Of course, this argument makes a few assumptions such as: the self-checkout queues are small to nonexistent, traditional cashier

queues are (relatively) long, and the self-checkout process is intuitive and runs smoothly. The main point to extract from this discussion, however, is that in this case, and in every successful self-service scenario within the brick-and-mortar domain, while the value from service intensity is removed (no employer to check out and bag items), value is created elsewhere (in this case it is through the convenience of not having to wait in long queues).

IV. Combining the Old the New

With the success of Internet-based commerce and the benefits that this model has introduced to the shopping experience, brick-and-mortar retailers have been under much pressure to evolve in order to meet a new set of customer expectations and avoid falling behind competing from the virtual market. As such, one of the most popular strategies for physical stores has been the addition of a virtual store that provide the services of online-only business while retaining the brand name and product offerings of the respective businesses. Retailers adopting this popular emerging business model of selling products through both physical and virtual channels have come to be known as “bricks-and-clicks” or “click-and-mortar” stores.

A. Multi-channel Services

Sousa and Voss’ paper on service quality in multi-channel services defines multi-channel services as “services composed of components (physical and/or virtual) that are delivered through two or more channels,” a channel of service being defined as “the means of communication through which a service is delivered to (or reaches) the

customer.” (Sousa and Voss, 2006, p.357). While their definition of multi-channel services is a little broad (i.e. a virtual store alone can deliver services over multiple channels such as the Internet and the telephone), their outline of the subject matter is nonetheless applicable to our discussion of the click-and-mortar model.

“Considerable evidence suggests that companies that complement their traditional channels with Internet-based channels will be more successful than single-channel companies.” (Sousa and Voss, 2006, p.356). One of the main reasons for this added chance of success is the fact that the range of services that “click-and-mortar” business are able to deliver now include both physical services that emphasize service intensity and face-to-face interactions, and virtual services that have the advantage of being convenient and accessible. Thus, a wider set of customer needs and expectations can met and, if done right, ensures a higher overall perceived service quality.

Sousa and Voss (2006) put forth the argument that physical and virtual channels can either be categorized as complimentary or parallel. An example of the former would be a customer looking up information on a business’ website before proceeding to shop at the physical store. Parallel channels are those that can act independently of each other, an example being a customer that decides to shop exclusively on the online store. This comes back to our previous point of flexibility, specifically that click-and-mortar businesses can enhance perceived service quality by giving customers the ability to choose between a wide range of services, both virtual and physical.

B. Learning from mistakes

While the potential success of the click-and-mortar model is clear, early adopters of the model faced some major difficulties in making the transition. For one, service quality has to be maintained across all channels and encounters with customers. For example, successful physical stores that have set high standards for themselves cannot have a sub-par website and expect customers to be forgiving. In addition businesses that offer product and service delivery through more than one channel may fall victim to channel conflict. “Channel conflicts can occur when the alternative means of reaching customers (e.g. a Web-based store) implicitly or explicitly competes with or bypasses the existing physical channels, and are nothing new to e-commerce.” (Steinfeld 2002). Negative effects and dangers of channel conflict and competition include “one channel simply cannibalizing sales from the other, limited cooperation across the channels, confusion when customers attempt to engage in transactions using the two uncoordinated channels, and even sabotage of one channel by the other.” (Steinfeld 2002).

The above examples represent situations where the business logic was not aligned with customer expectations, which happened quite frequently in the early days of click-and-mortar stores. This was especially due to companies, while clearly emphasizing the same brand name and quality, viewing their physical and virtual stores as completely separate entities and treating them as such. On the other hand, customers saw online stores as extensions of physical stores and expected a more unified approach to the shopping experience. (Jupiter Media Metrix, 2001). For example, if a customer walked into the physical store to ask about a product that was ordered online, there was an

expectation that store employees had that information and could adequately answer any questions related to the online order. Also, many customers expected to be able to return products bought online to their physical store counterparts. Unfortunately, this was almost never the case. There was no flow of information between online and offline stores, which were sometimes thought of internally as two competing departments within a company. This view, however, had to be changed due to customer dissatisfaction, and the realization that businesses could benefit immensely from setting up an environment of cooperation knowledge sharing between their online and offline components.

C. The importance of integration

The problems listed in the previous section illustrate the need for click-and-mortar business to have a properly integrated view of their service channels. Sousa and Voss (2006) define “integration quality” as “the ability to provide customers with a seamless service experience across multiple channels.” In other words, lack of proper integration usually results in poor overall perceived service quality, regardless of the performance of the individual physical and virtual services. This goes back to the idea that customers expect click-and-mortar businesses to have a unified view of all the services they provide.

Sousa and Voss (2006) present some measures of integration quality in their paper. One is the ability of customers to get access to similar services across multiple channels, thus having the convenience of choice. Another important measure is the consistency of interactions between customers and the service providers across the

different channels of service, which results in a “uniform shopping experience.” (Sousa and Voss, 2006). An example of this is that information provided on the website should be consistent with information you get from an employee over the phone or in a physical store. Businesses could take this one step further and provide store maps to online customers, who could then find the exact location of a product in the nearest physical store. In all, these measures represent a customer-centric view of the shopping experience, which must be taken into consideration in order to meet expectation, thereby guaranteeing quality and success.

REI, the outdoor equipment retailer, is a good example of a business that understood the potential complementary uses of having integrated sales channels, and used that information to their advantage: The company discovered a remarkable way to use its website to boost *in-store* sales. By providing free in-store pickup for items ordered online, REI was able to get more customers to the store which translated into an increase in physical store sales. “One out of every three people who buy something online will spend an additional \$90 in the store when they come to pick something up,” says Joan Broughton, REI's vice president of multichannel programs. That tendency translates into a healthy 1 percent increase in store sales.” (Santosus 2004). In this case, not only is REI profiting financially, but it is also, from the perspective of consumers, providing an additional service which strengthens its overall image of service quality.

Multi-channel settings increase the number of contact points that a business has with its customers. If proper integration is in place, it allows businesses to find creative

new ways, as demonstrated by the previous example, to attract customers and enhance satisfaction. On the other hand, Tate et al. (2006) argue that multi-channel services (mainly due the self-service aspect) make the “line of visibility” in the service delivery much more transparent. In other words, customers are able to see much deeper into a business’ back-end systems. Thus, they argue that inconsistent delivery across the various service channels can cause “cracks” in the “line of visibility” which can reduce service quality as perceived by customers. (Tate, Hope, & Johnstone, 2006). Businesses can avoid this problem by, as previously indicated, ensuring that interactions with customers across all channels and at all contact points meet the service quality standards that the service provider wishes to convey.

V. Deconstruction of Services

So far in our discussion, we have been mostly operating under the assumption that all providers in the retail market have a common set of services that they are able to provide, and that what is actually provided is just a matter of strategic and/or design choices made each business. While this model helps to simplify many of the ideas presented in this paper, it is, unfortunately, not an accurate representation of reality. Even within the retail industry, there exists enough stratification and variation within companies in terms of organizational structure and product offerings that make the provision of certain services more attractive with regards to ease of deployment and overall efficacy.

Apte and Mason's (1995) paper on the "Global Disaggregation of Services" illustrates how services can be broken up into components by measures such as symbolic manipulation, customer contact, and physical object manipulation. The paper explains how this information can, in turn, be used to optimally redesign the service delivery process. For example, a business could discover that a large component of a service it provides does not require customer contact or physical presence and could be easily outsourced. Implementing such strategies can make a company more efficient and its services more cost-effective.

While Apte and Mason focus on the "global" aspect of service disaggregation (different sourcing strategies, etc.), I propose a variation on the model more appropriate to our discussion which will henceforth be referred to as "Service Deconstruction". Taking services apart (deconstructing) and analyzing the different components can greatly inform design layout and delivery in multi-channel environments. For instance, a critical design decision involves the question of what tasks should be automated and which require human presence in the service delivery process. Service deconstruction can help identify services that are more suited to automation and self-service by making the characteristics of the underlying components more visible.

Provided here is a set of questions that can help place services on different points of the delivery spectrum, which ranges from the full physical presence of the service provider to the complete automation or self-service.

1. *How much direct physical contact is needed between customer and the service provider?* The higher the need for physical contact, the more automation becomes an unlikely choice for a service.
2. *How much “expert” knowledge is needed to perform the service?* Some tasks required a trained individual in the service provider’s staff that would be very difficult to perform by the average customer. “Self service” is not a recommended strategy in these cases.
3. *How much time would it take the average customer to perform the service (vs. the service provider)?* The larger the time gap, the less likely it is that a self-service strategy would be successful.
4. *How much value (if any) is lost by removing the physical presence of the service provider from the delivery process?* The more automation decreases the value of the service, the more it would seem an unlikely choice as the delivery method.
5. *What are the costs of developing and implementing a self-service infrastructure and are these costs justifiable in the long run?* If the long run plan cannot justify the costs of implementation, then automation may not be the best recourse.

While some of the questions may not be applicable to certain specific cases, thinking about the services using this framework is a good way to help decide which services should be provided through the physical channels and which can be provided online. We can use the example of the checkout process. This service does not

necessarily require direct physical contact. It does not require any “expert” knowledge. It does not take the consumer much time to enter standard billing information. There is no real value lost by not having the physical presence of the service provider. Finally, the opening up of new channels for consumer consumption (the Internet) and the relatively low cost of implementation makes the checkout process (especially when delivered through an online channel) a great candidate for automation.

Of course, the checkout process is but one component of a large set of services that businesses operating in a multi-channel delivery setting have to offer. And while “Service Deconstruction” can help with service design decisions, providers have to look at the greater scheme of things to understand how the different pieces fit together. The goal for providers should be to maximize customer satisfaction. Thus, businesses must factor in the reaction of customers to strategy decisions to ensure that novel additions to service delivery, such as automation and self-service, fall in line with customer expectations and will only work to increase overall quality of service.

VI. Conclusion

It is not a coincidence that the phrase: “The customer is always right” has been a staple in the business world for many years. Without customer retention and satisfaction, a business cannot be successful. This paper has attempted to outline the different possible service encounters in all of the physical, the virtual, and the click-and-mortar business models, emphasizing service quality through meeting customer expectations. To sum up, the following are some of the most important takeaway points from our discussion:

1) It is the customers, not the service providers, that determine the quality of any given service. 2) Expectations, framed by experiences, play the largest role in gauging service quality. 3) Expectations are continuously evolving in response to developments in the service market, and similar expectations may apply equally across the range of the different businesses models. 4) The emergence of multi-channel services has complicated our understanding of quality and design in the service market. This requires novel methods of thinking about relationships between customers and service providers, and new ways to inform service delivery design and strategies in this environment. 5) Businesses that maintain a customer-centric view of their services and service delivery models, and make a significant effort to adapt these to ever-evolving customer expectations, have the greatest chance of being successful and providing quality services in the eyes of consumers.

VI. Further Research

This purpose of the paper present an overview of an important area of the services domain as it relates to traditional and emerging business models. As such, many topics touch on by the discussion would benefit from complementary research geared towards a much more in-depth analysis of the subject material. It would also be interesting to look at the cutting edge service innovations in each of the physical, virtual, and click-and-mortar models outlining the role of technology in enabling and facilitating this novel set of services. Moreover, further research on the “cross-over” effect of customer expectations could help businesses better understand the impact of emerging services in competing models, enabling them to react and adapt to new customer expectations

quickly and effectively. Finally, continued refinement of the “Service Deconstruction” process according to new trends in the market could help make it a more effective tool in helping devise service delivery strategies.

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