
Managing Consumer Services

Enzo Baglieri • Uday Karmarkar
Editors

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Factory or Theater?

 Springer

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The Future of Consumer Services. Introduction

Origin of the Work

The growing importance of services is changing the nature of business in many industries. Management practices and methodologies are perhaps progressing faster than the theoretical work of the scientific community, still anchored in many cases around the historical difference between goods and services, between manufacturing products and producing and delivering intangible outputs. As discussed in this work, the future of services is the future of the overall economy, first because of the dominant share of services, conventionally defined. Then it is likely to be increasingly harder to distinguish sharply between products and service sectors. Many manufacturing companies are “dematerializing” and “servicizing” their offers while service companies are “materializing” and “industrializing” their processes. The experience of the customer is playing an increasingly important role in both product and service sectors. This is of course particularly evident in consumer services, which represent the main focus of this work.

New technologies have had a substantial impact on most if not all service processes, leading to a transformation that can properly be described as “service industrialization.” While the driving force of technology is frequently biased towards the service providing system or back room, our work confirms that the production of consumer services coupled with their delivery to the consumer require that both the back room and the front office have to be carefully developed and calibrated, from both technological and management perspectives. In general, anticipating some of the evidence presented in the work, we can say that back-room industrialization strategies are more and more conceived in order to increase the proximity to customers and that the front-office industrialization strategies must include a more positive role for the customers within the company’s operations. In general, clients contribute more to the service production and delivery process. As such, it is crucial to include the customer among the determining factors for the efficiency and effectiveness of the service system. As we will discuss, this factor leads to systematically implementing “customer industrialization” policies in the front-office portion of service processes.

This volume consists of chapters that are based on research and analysis and aimed at the managerial implications of the different perspectives that our contributors adopt. In particular, some elements emerge in this work that can be summarized as follows. First, service industrialization is not synonymous with service standardization. Between the two extreme paradigms of the service production and delivery model, namely the service factory and the service theatre, there is an emerging third paradigm, based on the convergence of these two approaches. Such a convergence brings to our attention the importance of connecting the marketing perspective related to customer experience with the operational side service delivery. Thus, as our readers will notice going through this work, considerable emphasis has been placed by our contributors on both the need to design service with attention to customer experience and on aligning the strategic goals of the company with the operational model adopted in producing and delivering its services. Lastly, the convergence between service factories and service theatres, the customers' involvement, and the predominant role of new technologies create a large opportunity for innovation both in the short and the long term.

The chapters in this book, albeit with varying foci and emphases, address the likely future evolution of the design and delivery of consumer services, especially with respect to the balance between enhancing experience and improving the efficiency of service processes. These chapters are based on our authors' considerable experience and research in this area, and include their conceptualization of the most important issues, as well as recommendations for managers. Discussions of case histories and managerial practices are included in many chapters. The major trends in some key sectors are presented, including financial services, health care, tourism and hospitality, entertainment and media, online services, retail and distribution, and home and personal services.

The Structure of the Book

This book consists of three main sections. In the first, the focus is on the main strategic question: will the future of service consist of either service factories or service theatres? Enzo Baglieri introduces the framework of the recent research that inspired this book and the two paradigms we adopted to summarize the impact that the industrialization strategies are enabling. Uday Karmarkar presents the basics of service industrialization. In order to give some examples, Uday Apte addresses the dynamics of technology and human touch, the two relevant design characteristics of any service, in the financial services sector. Finally, Simon Croom and Enzo Baglieri discuss the case of a movie theatre, the Cinépolis, in San Diego, CA, as a metaphor for the required strategic alignment between company's goals and its service operations model.

The second section focuses on the design of services and their operations in a customer experience perspective. Phil Klaus and Bo Edvardsson discuss the appropriate way to design and implement a customer experience program, combining the marketing and operational perspectives. In the same stream, Antonella Carù and Bernard Cova describe their model to methodologically sustain the design of the consumer experience, addressing both the tangible and intangible components of the whole service production and delivery system. Finally, Uday Karmarkar and Uma Karmarkar introduce the theme of service design for enhanced customer experience, reviewing recent empirical findings from psychology and marketing research and the implications for service processes.

In the last section, Roberta Sebastiani, Daniela Corsaro, and Stephen Vargo underline the need to move from a company-centric perspective towards a more customer-centric approach, considering the potential impacts and benefits of the value co-development with consumers. Focusing on innovation and technology, Andreina Mandelli and Antonella La Rocca illustrate the potential of new technologies to generate a new service context, by increasing consumer experience and customer engagement. The contribution from Angela Caridà, Maria Colurcio, and Monia Melia reinterprets the Mayo Clinic case history along the technological dimension. Then, Eduardo Vasconcellos and his team of researchers from the University of Sao Paulo and the Fleury company summarize the relationship between service innovation and organizational and cultural elements. Finally, Baglieri and Karmarkar discuss the ways in which convergence between the service factory and the service theatre is taking place and the resulting managerial implications.

At the end of the work, the two editors highlight, some implications for executives and summarize their points of view on the future of consumer services.

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Milan, Italy
Los Angeles, CA, USA
25 November 2013

Enzo Baglieri
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