

# E-customer service: The role of technology in delivering customer service

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## Contents

<b>Introduction</b>	<b>3</b>
<b>Objectives</b>	<b>3</b>
<b>Learning resources</b>	<b>3</b>
Readings	3
Online reading	4
<b>What is e-customer service?</b>	<b>4</b>
<b>Diffusion of e-customer services</b>	<b>4</b>
<b>Current state of e-customer service</b>	<b>5</b>
<b>Modes of customer contact in relation to technology</b>	<b>6</b>
<b>Customer self-service technologies</b>	<b>6</b>
Highlight: Examples of excellent customer service through SSTs	7
What customers like and dislike about SSTs	7
Successfully implementing SSTs	9
<b>Facilitating the delivery of customer service: Elements of the electronic environment</b>	<b>9</b>
<b>Examples of customer service facilitated by technology</b>	<b>10</b>
Email customer service	10
Web-based customer service	10
Interactive voice response (IVR) customer service	11
Live text chat customer service	12
SMS customer service	12
Contact centres: A means of integrating multiple customer service channels	12
<b>How do customers evaluate e-customer services?</b>	<b>13</b>
Cross-cultural highlight	13
<b>Benefits of e-customer service for organisations</b>	<b>14</b>

<b>Disadvantages of e-customer service for organisations</b>	<b>14</b>
<b>Benefits of e-customer service for customers</b>	<b>15</b>
<b>Disadvantages of e-customer service for customers</b>	<b>15</b>
<b>Blending high-tech with high-touch</b>	<b>16</b>
<b>References</b>	<b>16</b>
<b>Suggested answers</b>	<b>18</b>
Exercises	18

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## Introduction

This topic addresses the fact that technology is profoundly changing the nature of customer service. Organisations are increasingly using technologies such as the Internet to offer customer service, with the aim of improving the efficiency and quality of service delivery. This topic firstly defines the concept of e-customer service. It then proceeds to look at some of the factors that are likely to fuel customers' adoption or rejection of technology-based customer service offerings. Following this, a discussion is provided of the current poor state of e-customer service, and the fact that many organisations are not fulfilling customers' expectations when it comes to the delivery of e-customer service.

In order to better deliver e-customer services, a look at what customers like and dislike about technology-based services is provided, along with guidelines for successfully implementing technology-based services. Email, Web-based, interactive voice response (IVR), live text chat and SMS customer service channels are reviewed, and contact centres as a means of integrating multiple customer-service delivery channels are discussed. Finally, it is important to understand the factors that customers use to evaluate e-customer services, such as the ease of use of the technology and the support provided by organisations to help customers use the technology. The benefits and disadvantages of e-customer service are considered from the organisation and customer perspectives. Concluding remarks are made in regard to technology in services not being intended to replace service personnel, but rather to support them. Technology should be used to help organisations provide exceptional customer service.

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## Objectives

At the completion of this topic you should be able to:

- define e-customer service, and give examples of the different e-customer service offerings and the different technologies through which these offerings are being delivered
- identify some of the drivers of customers' likely adoption or rejection of e-customer services
- understand the different elements of the electronic environment that will drive the delivery of exceptional customer service
- understand how customers evaluate e-customer services
- identify the benefits and disadvantages of the electronic delivery of customer service, both from the customer and organisational perspectives
- explain how technology can be best used to deliver exceptional customer service.

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## Learning resources

### Readings

Reichheld, FF & Schefter, P 2000, 'E-loyalty: Your secret weapon on the Web', *Harvard Business Review*, vol. 78, no. 4, pp. 105–113.

[|image version \(pdf\)|](#) [|text version \(pdf\)|](#)

Rust, RT & Lemon KN 2001, 'E-Service and the consumer', *International Journal of Electronic Commerce*, vol. 5, no. 3, pp. 85–101.  
[|image version \(pdf\)|](#) [|text version \(pdf\)|](#)

### Online reading

Please note: Not included in print or CD-ROM; requires internet connection. Please access this reading through the EBSCOhost database:

Burress, K 2000, 'Online customer care', *Business Perspectives*, vol. 12, no. 4, pp. 4–9, <<http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=3667579&site=ehost-live>>, retrieved 26 November 2008.

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## What is e-customer service?

Traditionally, services have been characterised by the inseparability of the service from the person providing it. Therefore, the focus has been on the interaction between customers and the service personnel. However, more and more, technology is changing profoundly the nature of services and the ways in which organisations interact with their customers (Bitner 2001). Organisations are increasingly using technologies such as the Internet to offer customer service with the aim of improving the efficiency and quality of service delivery. Customers today frequently encounter situations where some component of the service they wish to access requires interaction with technology. E-customer service is defined as the provision of customer service over electronic networks such as the Internet (Rust & Lemon 2001). There is still much to be learned about e-customer service, but what we do know is that the principles of good service still apply in the context of e-customer service and are the difference between success and failure. Even though services may now be delivered through technology-enabled channels, customers still expect a level of service that is, at the very minimum, on par with the interpersonal alternative.

E-customer service can be very similar to 'traditional' interpersonal customer service, with the key difference being the method of interacting with customers, that is virtual versus face-to-face. For example, many traditional customer service functions such as reminders, responses to queries, and order-status updates are now conducted electronically. It is of course important to get the 'traditional' aspects of e-customer service right, but the real e-customer service opportunity lies in areas such as two-way interactive communication and personalisation.

### Reading

Please read Rust, RT & Lemon KN 2001, 'E-service and the consumer'.  
[|image version \(pdf\)|](#) [|text version \(pdf\)|](#)

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## Diffusion of e-customer services

The attractiveness of e-customer services to potential customers depends, to a large extent, on the characteristics of the customers. Parasuraman (2000) proposed that customers can be placed along a technology-beliefs continuum, anchored from strongly positive beliefs toward technology at one end, to strongly negative at the other. He found four categories pertaining to technology-readiness of customers, where optimism and innovativeness were the drivers of technology readiness, while discomfort and insecurity were found to inhibit technology readiness. The four categories are:

- 1 *optimism*, defined as a positive view of technology and a belief that it offers control, flexibility and efficiency
- 2 *innovativeness*, referring to a technology pioneer
- 3 *discomfort* as a perceived lack of control over technology
- 4 *insecurity* pertaining to distrust and skepticism associated with technology.

Australian-based research indicated that customers needed to possess both the capacity and willingness to use e-customer services (Walker et al. 2002). Capacity was defined as the customers' perceived ability to use the technology. Willingness related to a number of factors including the perceived complexity and accessibility of the technology, and the perceived risks and costs of trialling the technology.

In addition to the characteristics of customers that drive the adoption of e-customer services, other studies have shown that characteristics of the technology influence customers' adoption decisions. For example, the usefulness and ease of use of the technology have been found to be important characteristics of e-customer services that influence customers' adoption. Customers' discomfort with technology tends to manifest itself when the technology is not customer-focussed and, therefore, is difficult to learn, navigate and use.

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## Current state of e-customer service

Customer service is just as important to customers in the electronic environment as it is to customers in interpersonal service environments. However, e-customer service is generally viewed as poor and failing to meet customers' expectations. Many organisations are aware of the strategic benefits of using technology in delivering customer service, but are having difficulty in the implementation phase. Indeed, 'bandwagon effects' of keeping up with competitors or fear of falling behind have pressured many organisations to adopt an e-presence for customer service. However, many organisations are failing in the actual delivery of e-customer service. For example, as customers move beyond the superficial surface of a website and discover that customer service is almost non-existent, they can be left wondering why the site was developed in the first place.

Headlines in the popular press like 'E-Customers Not Satisfied' and 'E-Business Misses the Mark on Customer Service' echo a lack of satisfaction with technology-based service encounters. A recent benchmarking study conducted by e-Satisfy.com and the International Consumer Service Association (2000) found that 36 per cent of some 50 000 e-customers reported that they were not satisfied with electronic customer service, and dissatisfied customers supposedly tell twice as many people about their e-experience as those who are satisfied (Brune 2000). The Boston Consulting Group identified 'poor customer service' as a key reason for the failure of dot-coms (reported by Lovelock 2001). The often negative publicity surrounding the lack of customer service options available electronically appears to be driven by the fact that these delivery modes are often more operationally driven than market driven. Organisations may have become too focused on the 'self-service' component of technology and forgotten about providing customer service.

### Exercise 10.1

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**What technology-enabled customer services has your organisation employed? How do these compare to the technology-enabled customer services being offered by your direct competitors?**

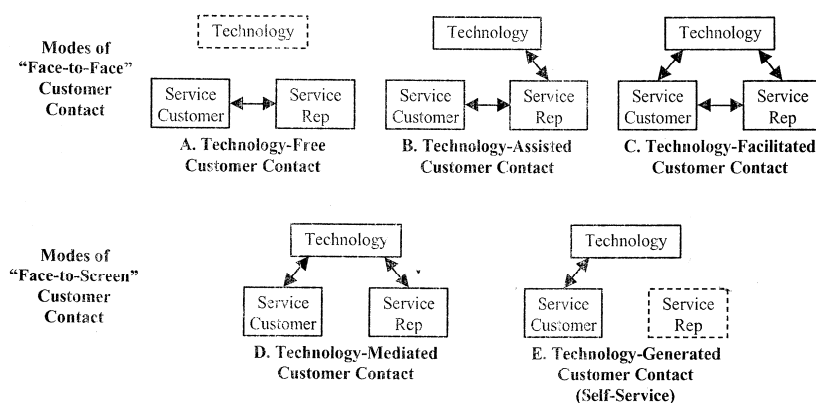
## Modes of customer contact in relation to technology

Froehle and Roth (2004) suggested five possible modes of customer contact in regard to technology (see Figure 10.1):

- 1 *Technology-free customer contact* refers to encounters where customers interact with human service personnel, representing the traditional face-to-face service encounter, such as the face-to-face encounters between passengers and flight attendants in the context of an airline service.
- 2 *Technology-assisted customer contact* refers to encounters where the customer service personnel employ technology as an aid to improve face-to-face contact, but customers do not have any access to the technology, for example the hotel receptionist using a database to access customers' details.
- 3 *Technology-facilitated customer contact* refers to encounters where both customers and service personnel have access to the same technology, for example a touch-screen laptop used by a customer service representative when visiting clients which can also be used so that clients can view information.
- 4 *Technology-mediated customer contact* where customers and service personnel are not physically co-located (no face-to-face contact). To enable communication, some form of technology such as voice telephone communication or instant messaging must be employed.
- 5 *Technology-generated customer contact* where the human customer service personnel are replaced entirely by technology, for example ATMs and self-service kiosks.

It is noted that the focus of this topic is on technology-mediated and technology-generated customer contact.

**Figure 10.1: Conceptual archetypes of customer contact in relation to technology**



(Froehle & Roth 2004, p. 3)

## Customer self-service technologies

Self-service technologies (SSTs) are technological interfaces that allow customers to create services without direct assistance from service personnel (Meuter et al. 2000). Services offered through SSTs are many and varied across industries. Examples of SSTs include automated hotel check-in and check-out facilities, automated telephone banking,

ATMs, interactive voice response (IVR), self-service kiosks, retail self-scanners and Internet-based tools, all of which require customers to produce the service, independent of service personnel (see Table 10.1). For example, Coles Myer is currently trialling self-scanning checkouts that allow shoppers to scan, bag and pay for their purchases using touch screen menus and voice and text instructions. SSTs such as this allow customers to perform many service activities themselves through a number of different technological channels.

In the business-to-business context, the use of SSTs is also prominent. For example, many organisations are shifting to a technology-driven ordering system, combined with enabling customers to track and manage their orders and inventories online for themselves (Bitner et al. 2002).

**Highlight: Examples of excellent customer service through SSTs**

Examples of excellent customer service through SSTs include FedEx’s Internet-based package tracking, Cisco Systems’ online troubleshooting, and Wells Fargo Bank’s telephone and Internet-based banking. All three of these companies have embraced technology-delivered customer service as a fundamental strategy and experienced considerable success with it. In fact, Wells Fargo was the first retail bank to offer online and later Internet banking, and they have more satisfied customers online than any other bank. Similarly, Cisco is benchmarked across industries for its Internet-based self-service initiatives that have resulted in over 80 per cent of its customer service being done online without the assistance of Cisco employees. Through the 1990’s, as the percentage of service online was rising at Cisco, customer satisfaction ratings also improved year by year.

(Bitner et al. 2002)

**Table 10.1 Examples of customer service delivered through different SST types**

	Telephone IVR	Online/Internet	Interactive Kiosks
Customer service	<ul style="list-style-type: none"> <li>• Telephone banking</li> <li>• Flight information</li> <li>• Order status</li> </ul>	<ul style="list-style-type: none"> <li>• Package tracking</li> <li>• Account information</li> </ul>	<ul style="list-style-type: none"> <li>• ATMs</li> <li>• Hotel checkout</li> </ul>

(Meuter et al. 2000, p. 52)

**What customers like and dislike about SSTs**

Research by Bitner et al. (2002) suggested that customers like SSTs when the:

- SST bails them out of difficult situations
- SST is better than the interpersonal alternative
- SST works as promised.

Customers dislike and avoid SSTs when the:

- SST fails
- SST is poorly designed
- Customers mess up, for example, customers forget their pin number.

Bitner et al. (2002) provided a checklist of important questions that organisations can use to evaluate the effectiveness of the SSTs they currently offer to their customers, and the SSTs they could offer in the future (see Table 10.2).

**Table 10.2: A diagnostic exercise for creating SST excellence**

**Table 2**  
**A Diagnostic Exercise for Creating SST Excellence**  
*The following are important questions that companies can use to help evaluate the effectiveness of the SSTs they currently have in place or to develop new SSTs.*

<p><b>Using the SST Classification Matrix (depicted in Figure 1):</b></p> <ul style="list-style-type: none"> <li>• Write in the SSTs your company currently offers its customers in terms of the technology that is used and the purpose of the SST from your customers' point of view.</li> <li>• Then, add any SSTs that your competitors currently offer as well as ones that you believe will be available in your industry in the future. These may be ones that you are considering implementing or ones that could be implemented by competitors.</li> </ul> <p><b>Based on the results above, consider the following:</b></p> <ul style="list-style-type: none"> <li>- What impact are SSTs having in your industry?</li> <li>- Are your customers demanding that you make available SSTs that you currently do not offer? Which ones?</li> <li>- Are your competitors offering SSTs that you should consider introducing?</li> <li>- What strategic direction should you take with SSTs?</li> </ul> <p><b>Answer the following questions for each of the SSTs that your company currently offers:</b></p> <ul style="list-style-type: none"> <li>• <b>What was the rationale for introducing the SST?</b></li> <li>- What was the primary strategic driver?</li> <li>- How has that impacted how the SST has been designed and implemented?</li> <li>- If customers had been the focus (assuming they were not the primary driver), how might that have changed the design and implementation process for the SST?</li> <li>• <b>How would you rate the SST's success so far?</b></li> <li>- What criteria does your organization use to judge SST success?</li> <li>- Do you include customers' perceptions and use of the SST as key criteria for consideration?</li> <li>• <b>What challenges are you facing in the future with this SST?</b></li> <li>- What are you struggling with the most in terms of your SST?</li> <li>- Does the problem stem from technology, operation, or customer-related issues?</li> <li>• <b>Is your company providing excellent service to your customers via this SST?</b></li> <li>- From your customers' point of view, what does excellent service mean in regards to your SST?</li> <li>- How will you know when you are providing excellent service via the SST?</li> <li>- Are customers likely to evaluate their experience using the SST favorably?</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Are the basic requirements for customer satisfaction being met?</b></li> <li>- Does the SST work? <ul style="list-style-type: none"> <li>&gt; Does it work dependably and reliably?</li> <li>&gt; Are there systems in place to detect whether or not the SST is operational and functioning properly?</li> </ul> </li> <li>- Is it better than the interpersonal alternative? <ul style="list-style-type: none"> <li>&gt; Do customers receive any additional benefits from using the SST versus an alternate service delivery method?</li> <li>&gt; Are these benefits valued?</li> </ul> </li> <li>- If it fails, what happens? <ul style="list-style-type: none"> <li>&gt; Are there service recovery systems in place?</li> <li>&gt; Are the service recovery systems customer-friendly such that they limit the effort and time that is required for the customer to deal with the problem that has occurred?</li> <li>&gt; Do you consider your service recovery via your SST to be as effective as recovery systems in place for interpersonal service delivery?</li> </ul> </li> <li>• <b>Are customers likely to adopt this SST?</b></li> <li>- Are customers aware that the SST exists? <ul style="list-style-type: none"> <li>&gt; Do customers know that an SST option is available?</li> <li>&gt; What steps have been taken to make customers aware?</li> <li>&gt; Which methods have been most effective in informing customers about the SST?</li> </ul> </li> <li>- Do customers have the ability to access and use the SST? <ul style="list-style-type: none"> <li>&gt; Do customers have the needed resources (e.g., Internet access) to use the SST?</li> <li>&gt; Are customers likely to perceive that they have the needed skills to use the SST?</li> </ul> </li> <li>- Do customers know what to do and how? <ul style="list-style-type: none"> <li>&gt; Are they clear about their role (i.e., the actions and behaviors required of them during the service delivery process)?</li> <li>&gt; Do they not only know the steps to be performed but the order in which the steps should be performed?</li> </ul> </li> <li>- Are customers rewarded for trying the SST and for continuing to use it? <ul style="list-style-type: none"> <li>&gt; Do customers receive valued rewards for trying the SST?</li> <li>&gt; Are those rewards visible to customers?</li> <li>&gt; If not, how might that be accomplished?</li> <li>&gt; Do the rewards persist for continued use of the SST?</li> <li>&gt; How many customers who try the SST continue to use it for their future service needs?</li> </ul> </li> </ul>
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(Bitner et al. 2002, p. 101)



## Exercise 10.2

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**Using Bitner et al's (2002) template for creating SST excellence, follow the instructions and answer all of the questions in relation to the SSTs that your organisation offers for customer service purposes.**

### Successfully implementing SSTs

Based on their research, Bitner et al. (2002) suggested six guidelines to assist in successfully implementing SSTs:

- 1 Be very clear about the strategic purpose of the SST, for example, is it to serve new market segments? Is it to reduce labor costs?
- 2 Maintain a customer focus, that is, in design, in processes, and in support.
- 3 Actively promote the use of SSTs to make customers aware that they exist and of the benefits that they offer. Also, educate customers in how to use the SST and what to do if the SST fails.
- 4 Prevent and manage failures.
- 5 Offer choices in the ways that customers can access services and communicate with organisations.
- 6 Continuously update and improve the SSTs.

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### Facilitating the delivery of customer service: Elements of the electronic environment

Despite the often negative publicity surrounding e-customer service, technology should be viewed as a strategic resource that has facilitated major changes in customer service, and as a powerful catalyst for improving and advancing customer service. At its simplest, customer service can be influenced and revitalised by technology. Technology can facilitate and improve customer service by providing:

- availability 24 x 7, potentially meeting customer service needs across a wider range of time schedules
- two-way, interactive communication (Rust & Lemon 2001)
- fewer constraints in terms of delivery location
- greater customer access
- the ability to remember customers as individuals and to personalise services to individual customers
- a limitless depth of knowledge both for the customer and the organisation
- disintermediation which is defined as the reduction or elimination of the role of retailers, distributors, brokers and other middlemen in transactions between producers and customers. For example, by cutting middlemen out of the equation, airlines can reduce costs by up to 50 per cent, and these costs can be passed on to the end customers.

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## Examples of customer service facilitated by technology

Technology has facilitated a vast array of new customer service channels and touchpoints. Technological channels such as the Internet or email should be viewed as customer service opportunities for creating new value for customers.

### Email customer service

Organisations are increasingly using email for customer service, and it is rapidly becoming a preferred method of service delivery. Most organisations' Web sites now have email links that provide another customer service opportunity. Customers can interact with service personnel via email to ask individualised questions, make complaints and so on. It is a fast, reasonably easy and inexpensive way for customers to contact and communicate with organisations. In the travel industry, for example, email bookings allow customers to send their booking requests (or inquiries on price and availability) by email, after which requests are processed by service personnel. Email bookings enable customers to make travel bookings anytime, anywhere and provide fast and convenient access.

### Online reading

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**Please read Burress 2000, 'Online customer care', pp. 6–7, for an account of the benefits and challenges of email as a medium for delivering customer service.**

**Please access this reading through the EBSCOhost database:**

**<<http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=3667579&site=ehost-live>>, retrieved 26 November 2008.**

### Web-based customer service

By its very nature, the Internet is a network that permits the exchange of information. Customers can navigate an organisation's website to obtain answers to questions (e.g. Frequently Asked Questions (FAQ) section) or gather information (e.g. product and organisation information, new products and product tracking) without the support of service personnel. Instead of paying for a toll-free call and the cost of a customer service representative who is reading information off a computer screen, organisations are learning that their customers can look at that same screen directly on their website and get the answers. Self-help empowers customers to find information more quickly and this promotes better customer service. Customers use Dell Computer's website to check their order status 50 000 times per week. The same calls to Dell's customer service representatives cost Dell \$200 000 per week. Dell also saves several million dollars per year by encouraging 200 000 customers per week to make their trouble-shooting inquiries through the Web. Websites can also be used to direct customers to 1-800 numbers where they can obtain further information or assistance if required. In this respect, the website and the contact centre can complement each other.

Websites can also be used to obtain information about customers, either actively (customer declared data) or passively (behavioural or purchasing data). The types of information collected may include: 1) basic, personal information provided on registration or via self-completion questionnaires; 2) purchasing habits; and 3) 'clickstreams' (path or stream of 'clicks') or site navigation. By combining this information, the organisation creates a more detailed picture of each customer. This information forms the basis for initiating a dialogue with customers in the future and, therefore, building relationships with customers. Information can be used to deliver added value to customers. Examples of customer added value include:

- *Customised Web pages*: allowing customers to develop their own Web or home pages.
- *Targeted information*: this includes targeting of promotion and other tailor-made activities. They are personally directed to customers and appear to be designed specifically for them.
- *Customer-organisation interaction*: involving customers directly by asking for feedback and points of view on products.
- *Customer-to-customer interaction*: allowing customer-to-customer interaction through online communities. These bring like-minded customers together for discussions or chats.
- *Customised products*: Customising goods and services and offering them on a mass market basis at an acceptable price to customers.
- *Rewards and incentives*: for example, reward programs and purchase incentives to encourage the use of online customer service options (Walsh & Godfrey 2000).

Amazon.com has established a reputation for superior online service (the content of the site, the secure ordering process, the actual delivery process, etc.). Customers can place their orders 24 hours a day, seven days a week. They can get recommendations on books and music, sign up for personal notification services, and get an almost immediate response to their requests. Swartzlander (2004) suggested guidelines for improving online customer service, including:

- Organisations should make themselves as easy as possible for customers to locate online, for example, include website address in all marketing materials.
- Include on website all other channels for making contact with the organisation, for example, email address and toll-free telephone number.
- Have websites that are simple, clear and easy to navigate, and use consistent design and colour.
- Give customers a reason to visit your site by offering more than just dry, static information. Provide added value, for example, via relevant links, free newsletters, articles and discussion.
- Use FAQs and searchable knowledge bases for informational brochures, owners' manuals and troubleshooting guides for customers who prefer self-service.
- Test systems on a regular basis from the customers' point of view, and conduct consumer research to assess customers' satisfaction with the website.
- Constantly monitor newsgroups, bulletin boards, and other places that customers frequent for comments about products and the organisation. Problems and criticism can be addressed proactively on a website to reduce email volume and resolve problems.

### Exercise 10.3

**Using the guidelines for improving online customer service, evaluate your organisation's website's customer-service specific pages.**

### **Interactive voice response (IVR) customer service**

IVR allows customers to obtain information without speaking to a live person. Voice recognition technology allows customers to give information and request service simply by speaking into a telephone or microphone. For example, TAB Limited, an Australian-

based provider of entertainment services specialising in wagering, gaming and broadcasting, allows customers to place bets on a range of domestic and international sports over the telephone, simply through the spoken word.

IVR is best suited for routing customers to the appropriate customer service representative, providing basic information like account balances and rate quotes, and allowing simple transactions such as funds transfers and payments. Customers complain about IVR and menu options that are confusing. It is common to hear customers complaining about their negative experiences at the end of an automated telephone line, listening to a disembodied voice saying: press 1 if you want X, press 2 if you want Y, etc., until they have forgotten which number to press, and have had to wait for operator help, only to be 'put on hold'. Katz et al. (1997) as cited in (Dulude 2002) reported that of 912 respondents surveyed, 30 per cent had been dissatisfied with interactive voice response (IVR) systems. When properly implemented, however, IVR can improve service.

### **Live text chat customer service**

One technology that is useful on organisation websites is live text chat between customers and service personnel, otherwise known as instant messaging. E-retailers, for example, have realised that answering questions via live text chat is less expensive than answering queries made via e-mail or telephone.

#### Online reading

**Please read Burress 2000, 'Online customer care', pp. 6–7, the section on the benefits and challenges of live text chat as a medium for delivering customer service. Please access this reading through the Ebscohost database:**

**<<http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=3667579&site=ehost-live>>, retrieved 26 November 2008.**

### **SMS customer service**

Receiving SMS messages through one's mobile telephone allows customers to be advised of all manner of information, including sports updates, news flashes and even student examination results. CityLink now allows customers to track their account balance and top up their accounts through their mobile telephone.

If using two or more channels for delivering customer service, it is important that they are fully integrated in order to achieve a seamless and consistent experience for the customer. True integration comes from recognising the strengths and weaknesses of the different customer service channels and mapping them onto business objectives. Contact centres provide a means of integrating various channels of customer contact with the organisation.

### **Contact centres: A means of integrating multiple customer service channels**

Contact centres are communication centres that offer customers a range of options for communicating with an organisation, including email, telephone, fax and video. As seen so far, customers communicate with organisations in a variety of ways. They call; they send email; they visit websites. Therefore, each of these communication channels needs to be managed as effectively as possible. Apart from managing each channel individually, it is also important to manage these channels collectively, because customers are changing between telephone, email and the Web with greater fluidity than ever. Organisations need to be able to communicate across all channels in a consistent manner.

To be effective, a cross-channel contact centre must possess two vital capabilities:

- common incident tracking, reporting and histories of customers across all channels
- use of a common knowledge base across all channels.

Unified contact centres deliver competitively superior service at a dramatically reduced cost because each channel becomes more efficient and, over time, more and more customer interactions are driven to the least expensive and most scalable channel: the Web. Multi-channel contact centres also provide organisations with clearer insights into their customers' top concerns. These insights are enormously helpful for improving customer care, driving the development of successful goods and services and formulating high-impact marketing strategies.

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## How do customers evaluate e-customer services?

When customers use technology-based services, factors associated with the technology become important. For instance, how does the technology interact with customers to create services? E-customer service providers need to focus on providing easy-to-use technologies, for example, user-friendly websites, with easy navigation and minimum download time for any linked sites. Customers who perceive the technology to be technically reliable are more likely to adopt it. Customers need to be able to 'manage' the technology, feel comfortable with it and make use of it (Walker et al. 2002). Indeed, technology exists to 'serve' customers and should empower users with greater control in accessing the service (La & Kandampully 2002). The structure of the technology and its degree of flexibility in creating the service will determine the level of customer empowerment. Technologies that allow customers to customise the service to their own needs may be deemed to be more empowering. User interface design of e-customer services is an important element of the delivery of superior e-service.

Research also shows that customers evaluate the service experience based on the amount of support they require and receive in playing their role in the process. Indeed, with the advent of technology, customers inevitably participate increasingly in the service delivery process and, therefore, need to know what to do. Customer socialisation (e.g. banks that train customers to use ATMs are socialising their customers through formal programs) and tracking patterns in customers' performance problems (e.g. tracking customers) have been suggested as strategies for supporting customers' self-service role.

Bitner et al's research indicated that customers still expect and desire the same things as they do in the interpersonal service environment: 'they still want their questions answered, they still expect timeliness, they expect things to work, they expect flexibility and not rigid systems that won't accommodate their needs, they want help and assistance, and they expect recovery when things go wrong' (Bitner et al. 2002, p. 106).

### Cross-cultural highlight

In a cross-cultural study, van Birgelen et al. (2002) found that customers' use and evaluation of technology-based after-sales service (via the Web) was not independent of their culture. For national cultures regarded as possessing the characteristics of *higher power distance* (indicates that inequalities of power and wealth have been allowed to grow within the society), *individualism* (indicates that people in a country prefer to act as individuals rather than as members of a group) and *masculinity* (indicates the country experiences a high degree of gender differentiation), the positive relationship between customer perceived quality and satisfaction was significantly strengthened in the context of an electronic service contact mode. However, the cultural characteristic of *high*

*uncertainty avoidance* (the degree to which societies tend to feel threatened by uncertain, risky, ambiguous, or undefined situations and the extent to which they try to avoid such situations) was found to weaken the relationship between quality and satisfaction in electronically delivered service.

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## Benefits of e-customer service for organisations

Organisations must see the benefits of implementing e-customer service before making substantial investments in the technology. E-customer service can improve the efficiency and effectiveness of service organisations, as well as enhancing their offerings for customers. Benefits of e-customer service for organisations include:

- Facilitating cost reduction through the self-service component of the delivery process, saving labour costs. Cisco Systems, for example, estimated that in 1999 it achieved savings of more than half a billion dollars while at the same time improving customer service by putting it on the Internet.
- Technology may offer a means of facilitating standardisation of service, resulting in more consistent service quality.
- E-customer services are often available 24 hours a day, seven days a week, they can potentially meet customer service needs at any time.
- E-customer services can be used to release service personnel from more routine tasks so that they can concentrate on more varied services. For example, interactive voice response (IVR) can be used to handle the routine aspects of direct calls, leaving employees to concentrate on 'higher value' activities and problem calls.
- Some of the new technologies have opened up new channels of dialogue between organisations and customers, allowing dialogues to be initiated by customers as well as by organisations. For example, bulletin boards and chat rooms provide virtual meeting places which can act to forge stronger relationships between customers and organisations.
- E-customer services present opportunities to reach unserved markets and to fill market niches, expanding organisations' service offerings. For instance, it is argued that for retail outlets, online kiosks extend customer service, enhance product lines and facilitate special orders.
- It is possible to monitor the use of the technology and support its improvement by collecting information from customers.
- Technology provides greater satisfaction for customers through its relative advantages, such as convenience.

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## Disadvantages of e-customer service for organisations

Although e-customer service offers many potential benefits for organisations, it may also have disadvantages. Potential disadvantages to be mindful of include:

- Reducing the personal interaction between customers and service personnel that is viewed as the building block of service relationships may undermine the development of closer relations between customers and service personnel (Barnes et al. 2000).

- Many organisations have adopted ‘multi-channelling’, that is, providing both e-customer service and interpersonal customer service delivery channels to serve their customers, and such a strategy does involve relatively higher costs.
- There could be a backlash from service employees who were fearful of being replaced by technology and losing their jobs.

## Reading

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**Is customer retention and loyalty harder to achieve when customers interact with technology rather than with personnel? Not according to Reichheld and Scheffer (2000).**

**Please read Reichheld & Scheffer 2000, ‘E-loyalty: Your secret weapon on the web’.**  
[image version \(pdf\)](#) | [text version \(pdf\)](#)

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## Benefits of e-customer service for customers

E-customer service needs to provide immediate, tangible benefits to customers. Without such benefits, customers will be unwilling to utilise the e-delivery channel or be unsatisfied with it. For novice customers, e-customer service that provides clear benefits to customers motivates them to exert effort in learning about the technology and trying it. E-customer services deliver customers higher value than interpersonal channels when they become reasonable or preferred substitutes. E-customer service may be perceived as beneficial by customers when:

- Customers can help themselves, rather than relying on someone else to provide service. E-customer service can offer a high level of control over access, timing and sequencing of services. A key benefit of using e-customer services is the feeling of independence they provide to customers.
- E-customer services offer customers convenience, often providing accessible service delivery to customers when they need it, at any time and from any location.
- Customers can customise e-customer services. Compared to standardised offerings where customers have to take what is offered, customised offerings have a better chance of promoting the service value and customer satisfaction.
- Potentially, customers can benefit from cost-savings passed onto them.

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## Disadvantages of e-customer service for customers

Given the many benefits that e-customer service provides, it is important that we also recognise the potential drawbacks of technology, and that not all customers welcome e-customer service. The provision of e-service options, in itself does not guarantee customer satisfaction. While e-customer service offers customers convenience, it can also change the process customers are familiar with and require learning to master the technology, often with limited personal help. Services delivered electronically provide organisations unprecedented opportunities to create value for customers, yet they also present the threat of service failure. Potential disadvantages of e-customer service include:

- E-customer services are often criticised for failing to offer a sufficient breadth and depth of services. E-customer service may be perceived to be ‘restrictive’ because only certain simple and straightforward services can be performed.

- Customers may feel a lack of security by virtue of the removal of service personnel and publicity about credit-card information theft and misuse of private information by high-profile marketers.
- Some customers prefer not to use technology-based self-service because they wish to interact with service personnel. The concern is that ‘high tech’ replaces ‘high touch’, thereby devaluing the services offered. For some customers, having service made available through technology diminishes overall feelings of value by depersonalising the service encounter.

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## Blending high-tech with high-touch

Technology in services is not intended to replace service personnel, but rather support them. Technology should be used to help organisations provide exceptional customer service; it is an enabler. Customer service might be appreciated more when technology enables people to deliver service in a way that delights customers. Identifying and implementing the optimum mix of technology and interpersonal interaction is a strategic opportunity for many service organisations today. Given that some customers are not comfortable using technology, it has been suggested that customer service needs to be offered to customers via a choice of modes, including the ‘traditional’ interpersonal modes of telephone and face-to-face.

To integrate the human and technological sides of the organisation, marketing, human resources and operations need to work closely together. In the case of delivering electronic customer service, close cooperation with IT personnel is also important. With many organisations offering high-tech customer services, customers like to reminisce about ‘old-fashioned’ service where they would receive the ‘personal touch’. Organisations can use this to their advantage. For example, organisations reverting to humans answering telephones versus having automated systems are using this as a point of service differentiation.

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# Suggested answers

## Exercises

### Exercise 10.1

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Technology-enabled customer services that have been employed by many organisations include: websites for customer service, SMS and IVR. You should discuss each of the technologies being currently offered by your organisation to deliver customer service, and compare your offerings to those of your direct competitors. Questions to consider include: How similar or different are the offerings? Can technology-enabled customer service be used as a point of differentiation?

### Exercise 10.2

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Use Bitner et al's (2002) template for creating SST excellence to evaluate the state of the SSTs currently being offered by your organisation for customer service purposes. Make sure that you answer each question and ensure that you justify your response.

### Exercise 10.3

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Your organisation's website's customer service specific pages should be evaluated in terms of: whether customers know of the website, how easy it is to use and navigate, the quality of information provided and the 'stickiness' of the site, customer feedback areas, provision of contact details for other channels such as 1800 numbers, consistency in colour and design with other organisation, promotional materials and information.