

27. Service Quality [3]

INFO 210 - 3 December 2007

Bob Glushko

Plan for Today's Class

Multichannel Services

Design Issues and Challenges

Multichannel Integration

Quality in Multichannel Services

Defining Multichannel Services [1]

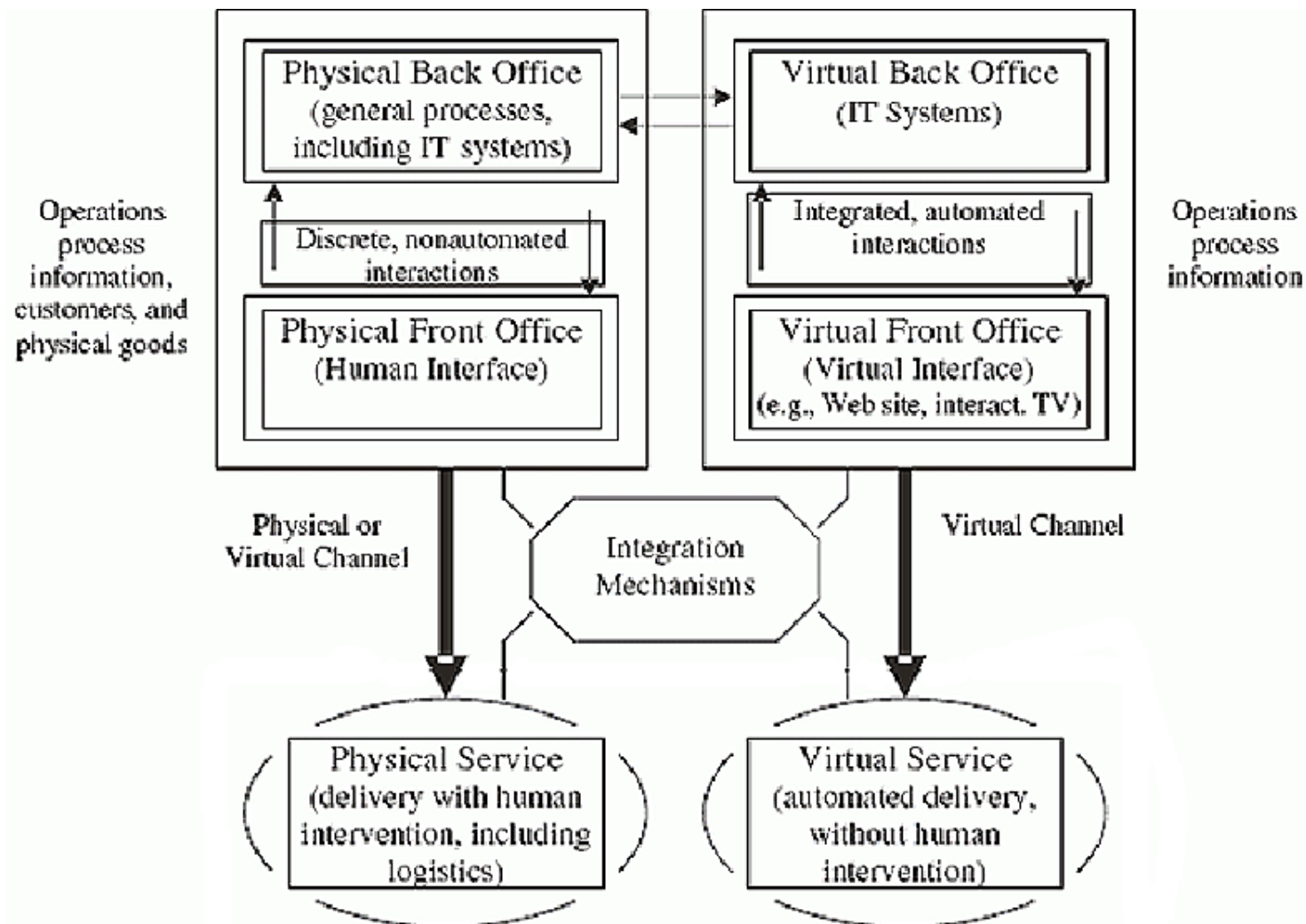
Sousa & Voss (May 2006) point out that many service systems contain both PHYSICAL and VIRTUAL channels

- They define physical channels as those that involve face-to-face contact between employees and the customer
- Virtual channels use the Internet without any human intervention

Where do self-service "physical" technologies like ATMs and kiosks fit in this framework?

Where does VOIP or chat support associated with a web site fit into this framework?

"Multichannel Services" for Sousa and Voss



Defining Multichannel Services [2]

Let's define channel as "a means by which suppliers of goods or services provide access to them"

So any service that offers customers more than one way to obtain a service is "multichannel"

This broader definition admits different chain stores or franchise outlets, different bank branches, etc. as multiple channels

Maintaining Multiple Channel Service Quality in Dublin



Sears Catalogs



Sears catalogs and stores formed an important multichannel service for much of the 20th century in the US

Contemporary Examples of Multichannel Services

Stores with both physical and web presence (for tangible goods)

Banks with physical branches, web, and IVR interfaces (for information services)

Government agencies that provide web options for face to face service transactions like DMV

Paths to Multichannel Services

Start physical, and add (or acquire) online presence

Start online ("pure play") and add (or acquire) a physical presence

NY City flower shop started 1-800-flowers phone service, then became 1-800-flowers.com, which spawned the expansion of physical stores

Advantages for the Online Channel

Time and location independence

"Long tail" inventory

Easy search through inventory

Potential for much more information about offerings

Potential to track fine details of shopping behavior

Dynamic tailoring of content and interaction structure on website

CDW "Product Finder" -- Notebook Computers

CDW CDW-G CDW Canada 800.750.4239 Shopping Cart 0 Items Support Log On

CDW
Shop CDW
My Account

All Products
Find it
Advanced Search

Products
Services
Solutions Center
What CDW Offers

NOTEBOOK FINDER

Your Guide To The Right Notebook

SELECT SPECIFICATIONS BELOW:

Showing 1 - 25 of **1320** Results

Sort By: Best Match

1 2 3 4 5 Next >>

		Product Details	CDW#	Availability	Advertised Price
<div style="font-size: 10px;">Battery Life (est.)</div> <div style="font-size: 10px;">Brand</div> <div style="font-size: 10px;">Hard Drive Size</div> <div style="font-size: 10px;">Memory / RAM</div> <div style="font-size: 10px;">Operating System</div> <div style="font-size: 10px;">Optical Drive</div> <div style="font-size: 10px;">Platform</div> <div style="font-size: 10px;">Price Range</div> <div style="font-size: 10px;">Processor Mfr</div> <div style="font-size: 10px;">Processor Speed</div> <div style="font-size: 10px;">Processor Type</div> <div style="font-size: 10px;">Screen Size</div> <div style="font-size: 10px;">Warranty</div> <div style="font-size: 10px;">Weight</div> <div style="font-size: 10px;">Wireless Protocol</div>	<input type="checkbox"/>	HP Compaq Business Notebook 6710b - Core 2 Duo T7100 1.8 GHz - 15.4" TFT Core 2 Duo T7100 / 1.8 GHz - RAM 1 GB - HDD 120 GB - DVD±RW (+R DL) / DVD-RAM - GMA X3100 - Gigabit Ethernet - WLAN : 802.11a/b/g - TPM - fingerprint reader - Vista Business - 15.4" Widescreen TFT 1280 x 800 (WXGA) - Smart Buy MFG#: GF938AT#ABA	1208211	In Stock	\$999.99
	<input type="checkbox"/>	HP 530 - Celeron M 410 1.46 GHz - 15.4" TFT Celeron M 410 / 1.46 GHz - RAM : 512 MB - HD : 80 GB - CD-RW / DVD - WLAN : 802.11b/g - Vista Home Basic - 15.4" Widescreen TFT 1280 x 800 (WXGA) MFG#: GH635AT#ABA	1213307	1-3 days	\$549.99
	<input type="checkbox"/>	HP Compaq Business Notebook 6910p - Core 2 Duo T7300 2 GHz - 14.1" TFT Core 2 Duo T7300 / 2 GHz - RAM 1 GB - HDD 80 GB - DVD±RW (+R DL) / DVD-RAM - Mobility Radeon X2300 - Gigabit Ethernet - WLAN : 802.11a/b/g, Bluetooth 2.0 EDR - TPM - fingerprint reader, SmartCard reader - Vista Business - 14.1" Widescreen TFT 1280 x 800 MFG#: RM231UT#ABA	1208241	In Stock	\$1,279.99
	<input type="checkbox"/>	HP 530 - Celeron M 420 1.6 GHz - 15.4" TFT Celeron M 420 / 1.6 GHz - RAM : 512 MB - HD : 80 GB - CD-RW / DVD - WLAN : 802.11b/g - Vista Home Basic - 15.4" Widescreen TFT 1280 x 800 (WXGA) MFG#: GU330AT#ABA	1283493	Call	\$524.99
	<input type="checkbox"/>	Lenovo ThinkPad T61 7658 - Core 2 Duo T7100 1.8 GHz - 14.1" TFT Core 2 Duo T7100 / 1.8 GHz - Centrino Duo - RAM 1 GB - HDD 80 GB - DVD±RW (±R DL) / DVD-RAM - GMA X3100 - Gigabit Ethernet - WLAN : 802.11a/b/g - TPM - fingerprint reader - Win XP Pro - 14.1" Widescreen TFT 1280 x 800 (WXGA) - TopSeller MFG#: 765801U	1263422	In Stock	\$1,149.99
	<input type="checkbox"/>	Lenovo ThinkPad T61 6460 - Core 2 Duo T7300 2 GHz - 15.4" TFT Core 2 Duo T7300 / 2 GHz - Centrino Pro - RAM 1 GB - HDD 160 GB - DVD±RW (±R DL) / DVD-RAM - Quadro NVS 140M - Gigabit Ethernet - WLAN : Bluetooth 2.0 EDR - 802.11 a/b/n/n (draft) - TPM - fingerprint	1262759	In Stock	\$1,449.99

Result display options:
 Show only ready to ship
 Hide product images
Tell us what you think

CDW "Product Finder" -- Faceted Selection

CDW CDW-G CDW Canada 800.750.4239 Shopping Cart 0 Items Support Log On

CDW
Shop CDW
My Account

All Products
Find it
Advanced Search

Products
Services
Solutions Center
What CDW Offers

NOTEBOOK FINDER

Your Guide To The Right Notebook

SELECTED SPECIFICATIONS:

Showing 1 - 6 of 6 Results

Sort By: Best Match

Hard Drive Size
120GB or more

Screen Size
15" - 17"

Brand
Lenovo

Memory / RAM
2GB or more

Click to remove Clear All

Select more specifications:

Battery Life (est.)

Operating System

Optical Drive

Price Range

Warranty

Weight

Wireless Protocol

Result display options:

Show only ready to ship

Hide product images

? Tell us what you think

	Compare	Product Details	CDW#	Availability	Advertised Price
<input type="checkbox"/>		Lenovo ThinkPad T61p 6457-7WU T7700, 2GB RAM, 160GB 7200rpm HD, 15.4in 1920x1200 LCD, 256MB nVIDIA Quadro FX 570M, CDRW/DVDRW, Intel 802.11agn(n-disabled), Bluetooth, Modem, 1Gb Ethernet, UltraNav, Secure chip, Fingerprint reader, 9c Li-Ion, WinVista Ultimate 32 MFG#: 64577WU	1307420	9-11 days	\$2,402.99
<input type="checkbox"/>		Lenovo Custom TP T61p - Customer Specific Intel Core 2 Duo T7700 processor, Win XP 32, 15.4" WUXGA, 1x2GB, 160GB 5400rpm, 9-cell Li-Ion, modem, Gigabit, NV 256MB Grx, VRAM, Bluetooth, Super Multi-Burner, Intel Kedron a/b/g (4965AGN w/ N), 4n1 Media c/r, iAMT, Multiburner, FPR, 3yr onsite wty MFG#: 6458A67	1259377	In Stock	\$2,339.99
<input type="checkbox"/>		Lenovo ThinkPad T61p 6457 - Core 2 Duo T7700 2.4 GHz - 15.4" TFT Core 2 Duo T7700 / 2.4 GHz - Centrino Pro - RAM 2 GB - HDD 160 GB - DVD-Writer - Quadro FX 570M - Gigabit Ethernet - WLAN : 802.11 a/b/g/n (draft), Bluetooth 2.0 - TPM - fingerprint reader - Vista Ultimate - 15.4" Widescreen TFT 1920 x 1200 (WUXGA) MFG#: 64577WU	1304993	In Stock	\$2,717.99
<input type="checkbox"/>		Lenovo ThinkPad T61 6460 - Core 2 Duo T7700 2.4 GHz - 15.4" TFT Core 2 Duo T7700 / 2.4 GHz - Centrino Pro - RAM 2 GB - HDD 160 GB - DVD-Writer - Quadro FX 570M - Gigabit Ethernet - WLAN : Bluetooth 2.0 EDR, 802.11 a/b/g/n (draft) - TPM - fingerprint reader - Win XP Pro - 15.4" Widescreen TFT 1920 x 1200 (WUXGA) - TopSeller MFG#: 64608VU	1346424	1-3 days	\$1,949.99
<input type="checkbox"/>		Lenovo 3000 N200 0769 - Core 2 Duo T7500 2.2 GHz - 15.4" TFT Core 2 Duo T7500 / 2.2 GHz - Centrino Duo - RAM 2 GB - HDD 160 GB - DVD±RW - GF Go 7300 - WLAN : Bluetooth, 802.11 a/b/g/n (draft) - fingerprint reader - Vista Ultimate - 15.4" Widescreen TFT 1680 x 1050 (WSXGA+) - TopSeller MFG#: 0769A9U	1340639	1-3 days	\$1,399.99
<input type="checkbox"/>		Lenovo ThinkPad T61 6460 - Core 2 Duo T7700 2.4 GHz - 15.4" TFT Core 2 Duo T7700 / 2.4 GHz - Centrino Pro - RAM 2 GB - HDD 160 GB - DVD±RW (±R DL) / DVD-RAM - Quadro FX 570M - Gigabit Ethernet - WLAN : Bluetooth 2.0 EDR, 802.11 a/b/g/n (draft) - TPM - fingerprint reader - Vista Business - 15.4" Widescreen TFT 1920 x 1200 (WUXGA) - TopSeller MFG#: 64608VU	1346427	1-3 days	\$1,999.99

Advantages for the Physical Channel

Customers can experience goods and services with more fidelity

Customers can more readily negotiate prices, terms and conditions in face to face environment

Service providers have potential for real-time dynamic adjustments of product and service offerings and of "service intensity" (by observant and trained sales personnel) using many characteristics that are not available to service provider in online environment

Multichannel Issues for Service Consumers

Different customer types might prefer different channels or in the way they use multiple channels

Different channels may be perceived differently on security, privacy, reliability dimensions

Can customers choose which channel to use, or is this choice made by the service provider?

Can customers use multiple channels together for their benefit?

Multichannel Design and Delivery Considerations for Service Providers

Do new channels complement or cannibalize existing ones?

If new channels require new technology or organizational capabilities how are these developed or acquired?

What impact will the latent demand for a new channel have on capacity, possibly impacting existing channels?

Can customers be segmented and "managed" to use particular channels

What aspects of the customer experience need to be the same across channels and what can vary (to take advantage of different capabilities)?

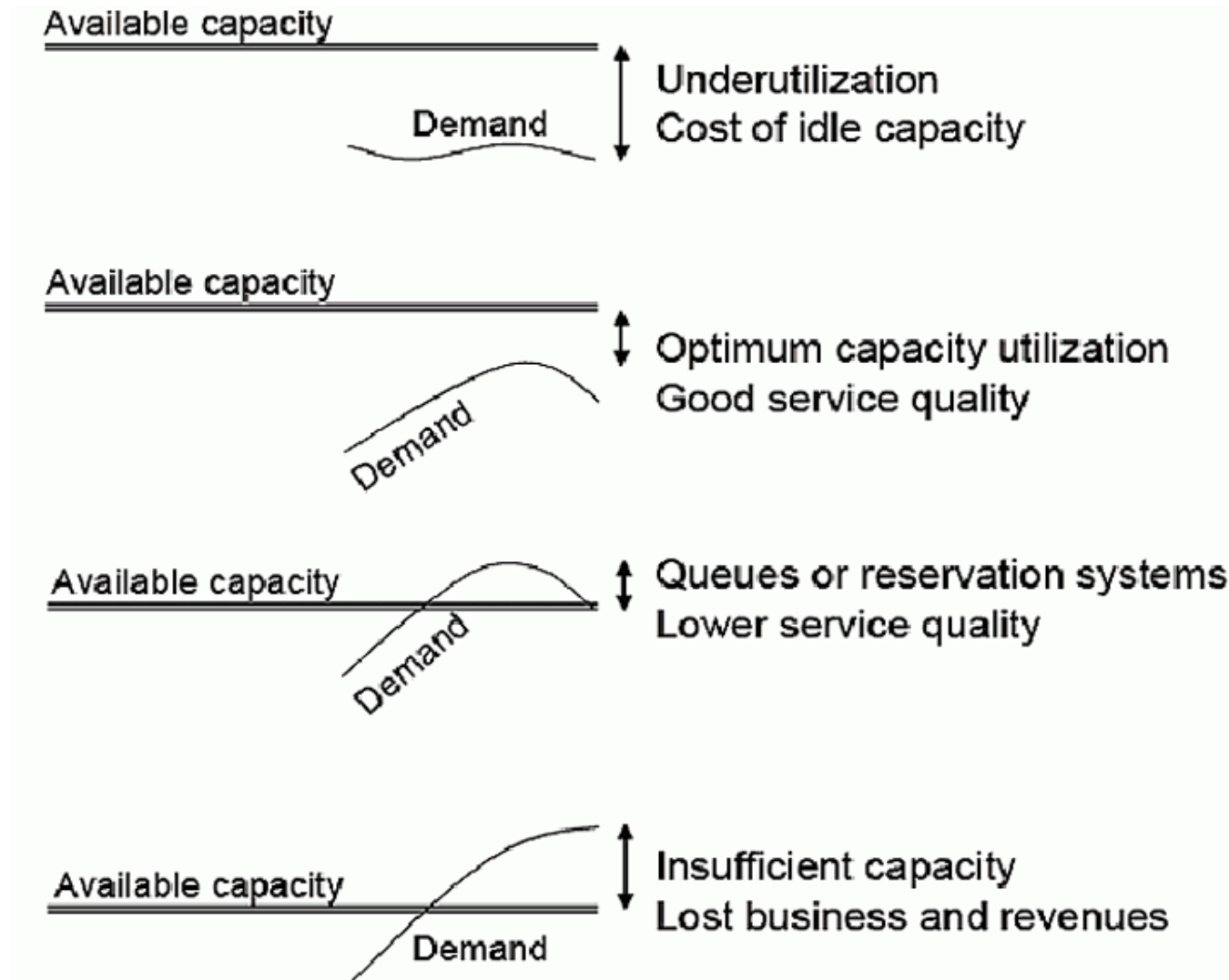
Choosing a Channel

Some services (like fulfillment for real goods) are intrinsically physical and are complementary to virtual channels

Other services can be carried out either in physical or virtual channels

- Should the customer be given a choice about which to use?
- What demand management techniques can or should be applied to influence the choice?

FLASHBACK to 9/19: Demand Vs Capacity



Influencing or Shifting Channel Choice

PRICE DISCOUNTS or SURCHARGES

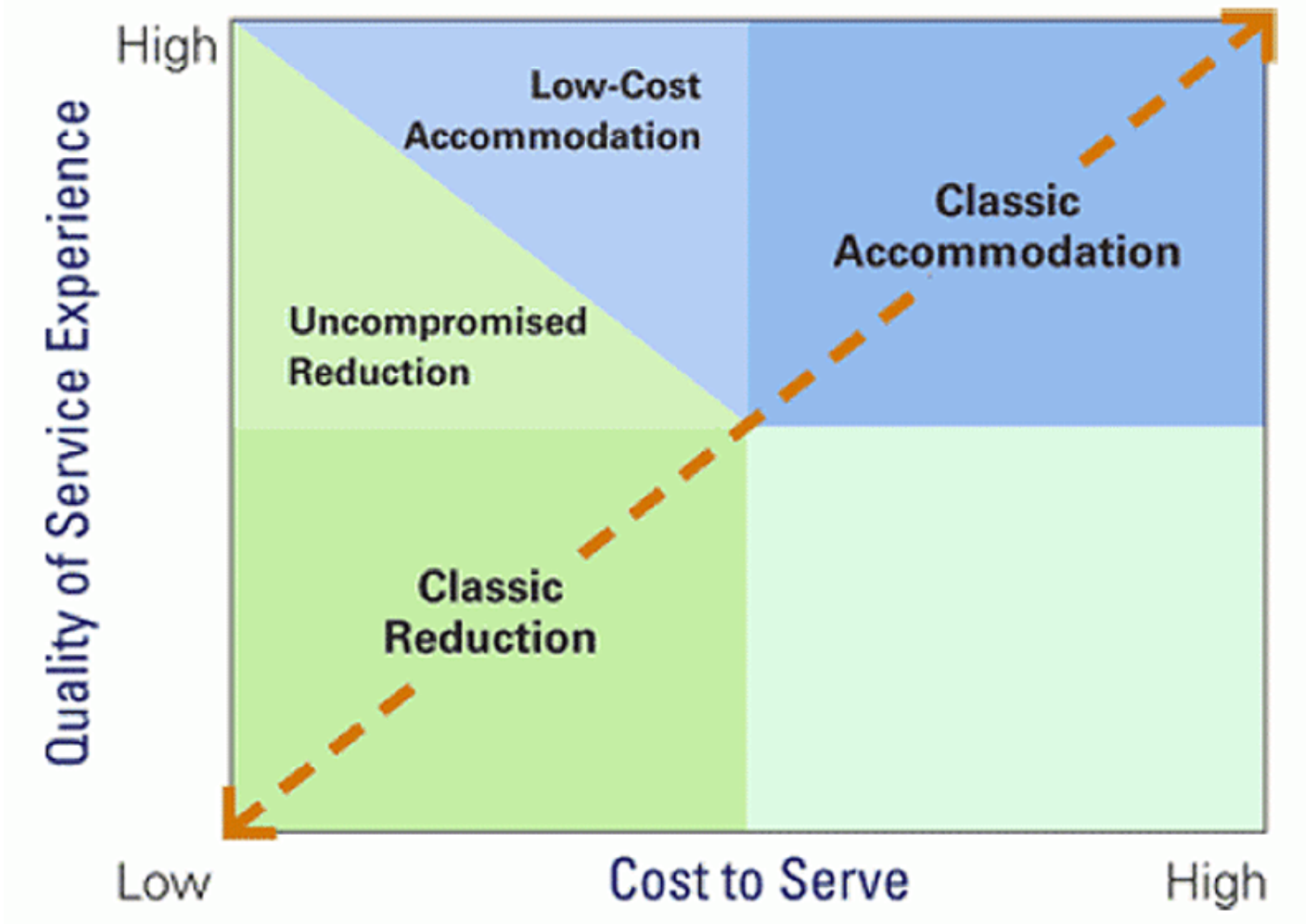
Demand can also be shifted by offering a comparatively less attractive service package in one channel

BUNDLING

PROMOTION AND ADVERTISING

LOYALTY PROGRAMS

Does Frei's Framework Still Fit?



Gethuman.com

Gethuman.com is "an all-volunteer effort to improve the lamentable state of present day telephone customer service"

A "gethuman" standard was developed as a set of design principles, and hundreds of IVR applications have been rated using it

Most companies get failing grades

Why eBay Customer Service Gets an "F"

Gethuman discussion group recent post

(http://groups.google.com/group/gethuman/browse_thread/thread/32629a1)

You can call eBay at 800-322-9266, but it won't do any good. The operators are extremely nasty people, the moment you say "customer service," they'll dump you to the voice message that says to use the e-mail only customer service, and then it hangs up on you. I called again, said don't dump me to the voice message, he does it again. Call up a third time, demanded to speak with his supervisor, he said I couldn't speak to any manager or supervisor unless I knew their name. So it's a real catch-22. After demanding several times to speak to his supervisor, I was again dumped to the voice message. Same operator all three times.

Why Customers Desire Multichannel Integration

Customers may prefer one channel over another, but they often want to use channels in complementary ways

- Use search capabilities and rich information of online channel to determine what's available
- But can avoid shipping costs and delay by purchasing at nearby physical store
- Or can return product ordered online to nearby store

Why Service Providers Desire Multichannel Integration

Achieve business efficiencies by eliminating duplicate functions

While customers may have different preferences or behaviors in different channels, some issues are inherently cross channel (their shopping history, payment and credit activity) - so you need a "cross-channel" view of the customer

Use channels to cross and upsell

Multichannel Personalization {and,or,vs} Customization

In previous lectures we've discussed personalization and customization in the context of a single channel

But they can also take place across channels, and are one of the primary benefits of multichannel integration

The extent of cross-channel integration shapes the amount of cross-channel customization and personalization

Customer Expectations about Multichannel Integration

What are "reasonable" expectations for customers to have about multichannel integration?

How much of the information provided in an online or self-service channel should be available to service providers in the physical channel?

How much of the information provided in physical channel should be available/exploitable to service providers in the virtual channel?

What is an acceptable latency for multiple channels to be "synchronized" in these ways?

Get The Right Mix of Bricks and Clicks -- Gulati & Garino

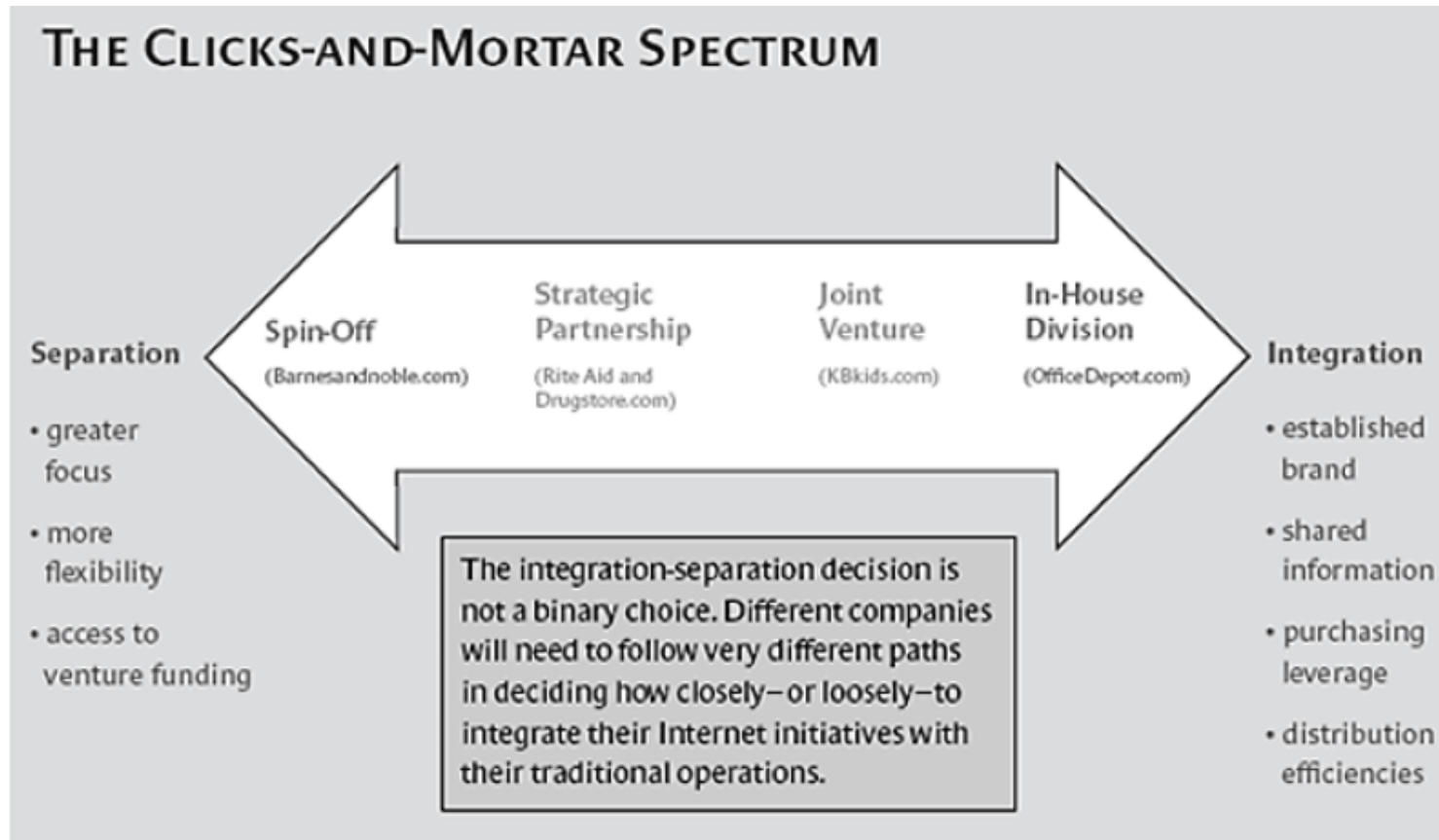
Harvard Business Review article

The extent of multichannel integration is a difficult but critical decision

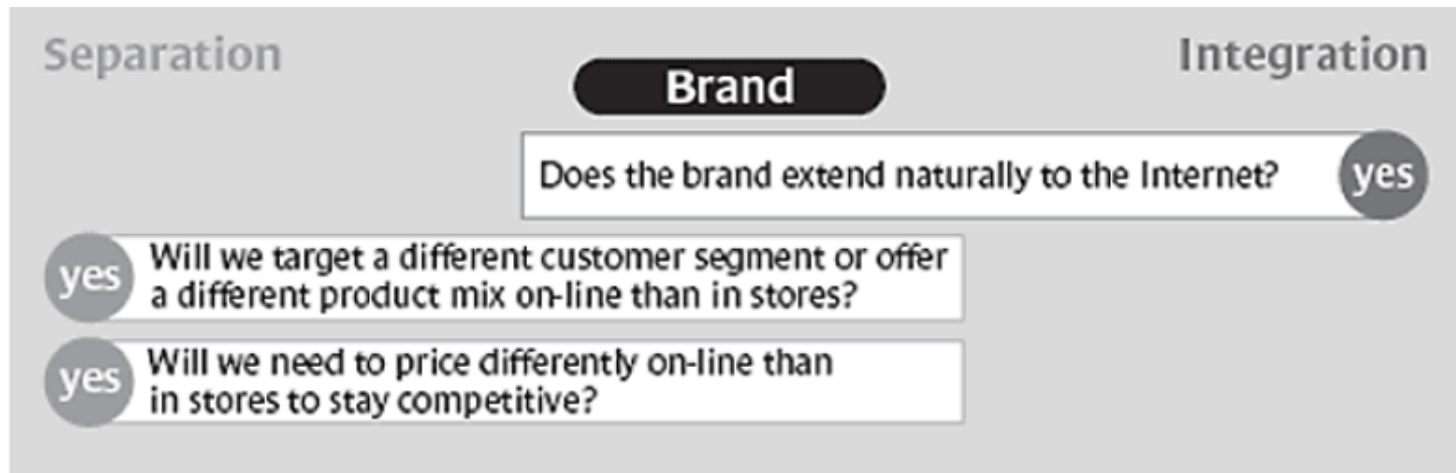
The "Innovator's Dilemma" warns firms that online channels are hard for firms with extensive physical ones to establish

But this isn't an either/or decision; it is multidimensional and firms can choose the extent of integration on each dimension

The Right Mix of "Bricks and Clicks"



Clicks {and,or,vs} Mortar Decisions -- Brand



Clicks {and,or,vs} Mortar Decisions - Management

Management

Do current executives have the skills and experience needed to pursue the Internet channel? **yes**

Are they willing to judge the Internet initiatives by a different set of performance criteria? **yes**

yes Will there be major channel conflict?

yes Does the Internet fundamentally threaten the current business model?

Clicks {and,or,vs} Mortar Decisions - Operations

Operations

Do our distribution systems translate well to the Internet?

yes

Do our information systems provide a solid foundation on which to build?

yes

Does either system constitute a significant competitive advantage?

yes

Clicks {and,or,vs} Mortar Decisions - Equity

Equity

yes

Are we having trouble attracting or maintaining talented executives for the Internet division?

yes

Do we need outside capital to fund the venture?

yes

Is a certain supplier, distributor, or other partner key to the venture's success?

Complications about Quality in Multichannel Services

Traditional measures of service quality have focused on the front stage, especially on the intensity of interactions

When the front stage became "virtual" as a web site, the quality of the web site became an additional place to assess quality

But all this did was add a notion of "website usability" to the measures of quality

Outcome- and System-Based Quality Measures

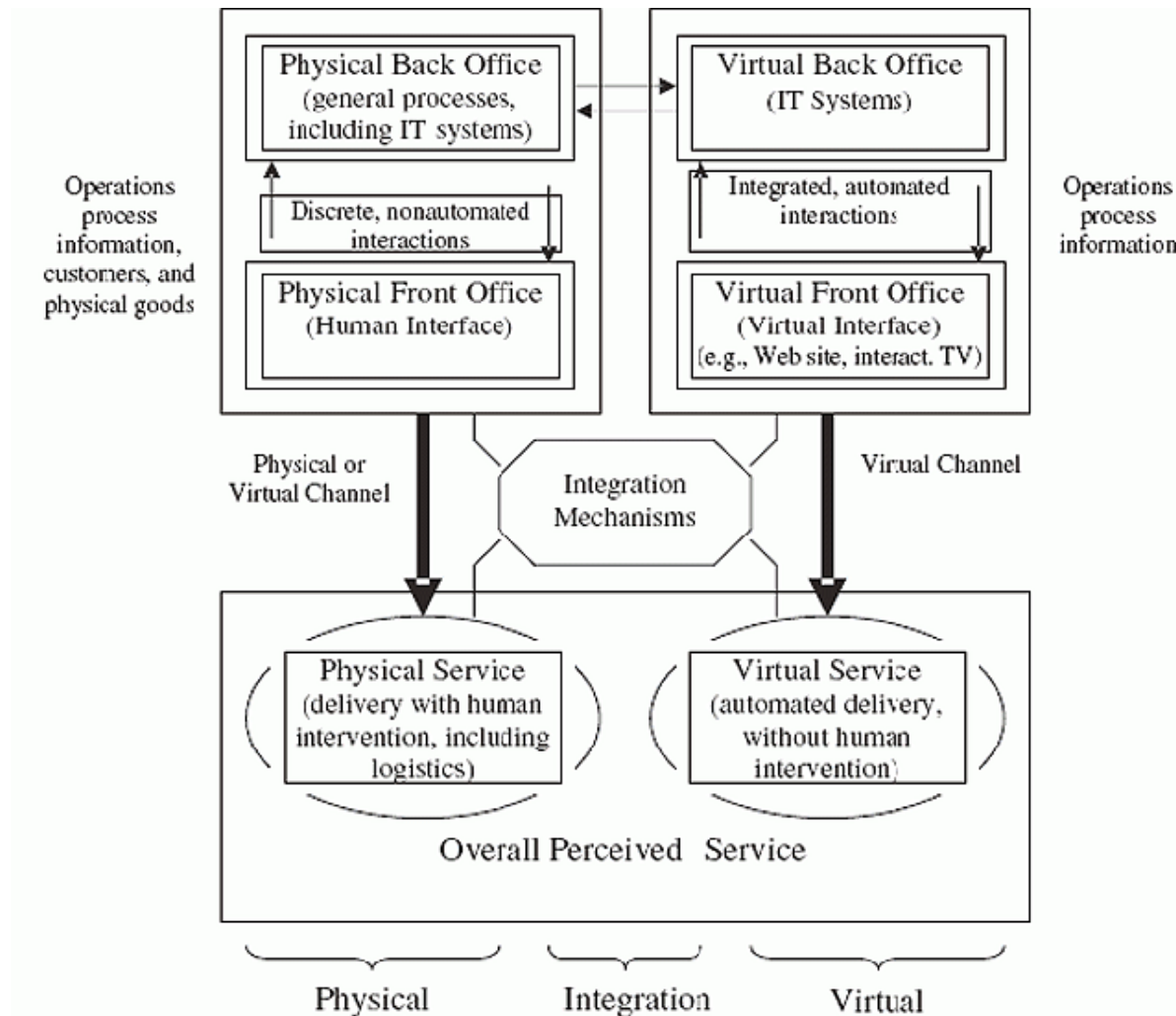
Some services (like ordering goods via Internet commerce) are initiated in a virtual channel but fulfilled in a physical one

The complexity and deferred nature of physical fulfillment provide many ways for the service to fail (for the goods to be out of stock, to fail to arrive when promised, to arrive damaged, etc.)

So the quality of service isn't apparent during the virtual service encounter; or put another way, measures of the quality of the virtual service can't alone suffice as measures of overall service quality

Instead, quality is dependent on the entire service delivery system and especially on the fulfillment outcome

Quality Framework in Multichannel Services



Emerging Considerations

Many devices can support multiple channels - eg a phone or PDA can have phone, computing, SMS and Internet capability

Users in a ubiquitous computing world will interact with several devices simultaneously. This multi- or federated-device interaction paradigm presents significant design challenges

"Web 2.0" applications can be thought of as multichannel services in which one or more of their channels are controlled by other customers

The "MySpace/Facebook/SecondLife" Effect

People are increasingly sharing information about their personal experiences (both offline and online ones) in blogs, wikis, social networking sites, Second Life

Many of their interactions with each other have implications for service providers like online retailers

So many online retailers are experimenting with or adopting these techniques and technologies to enable them to better interact with and track their customers

But how do you effectively design a service when one or more of its channels are controlled by other customers

Multichannel Services and "Digital Divide" Considerations

Banks and retail organizations can choose their customers and build multichannel services with different quality of service to attract particular customer segments

But for public sector service providers like governments, this runs into "digital divide" issues; is it "right" or "fair" to offer different classes of services on different channels

And you certainly shouldn't provide services in channels for which the intended customers lack technology or capability to use

Some services probably need to maintain a high face to face component because there are aspects of the encounter that reveal essential information to the service provider that can't be obtained any other way

For 5 December

Yochai Benkler "The Networked Information Economy & Some Basic Economics of Information Production and Innovation" pp 29-58, *The Wealth of Networks*, 2006

L.C. Hunter, Elizabeth Webster, and Anne Wyatt "Measuring Intangible Investment" *Australian Accounting Review* (2005)