Customer service: Quo vadis?

Hester Nienaber1,
Department of Business Management,
University of South Africa
nienah@unisa.ac.za

ABSTRACT

The purpose of this paper is to reflect on the status of customer service. The objective is to stimulate debate in this area and to indicate possible future areas for research in connection with customer service implementation. The approach followed is that of a conceptual paper based on a synthesis review. The findings show that, according to theory, customers are central to organisations. However, organisational performance is judged by the economic results the organisation achieves. In essence these statements show that a balanced view should be maintained between the customer and the organisation if long-term prosperity is to be assured. Accordingly, research has shown that those organisations that succeed in balancing stakeholder demands and integrating the right mix of a host of multifaceted variables impacting on customer service do indeed achieve success. However, not all organisations are successful in implementing customer service. Although executives indicate that they are paying increasing attention to their customers, they still do not understand them fully, which limits their success. The fact that executives do not fully understand their customers can be attributed to a number of factors, the most important being the fragmented presentation of customer service, ostensibly to simplify the complexity associated with this concept. A holistic approach is needed that balances stakeholder demands while including the right mix of variables that affect customer service. This holistic approach needs further investigation.

INTRODUCTION

Drucker once observed (1954:7) that the customer is the only reason for any organisation’s existence. This statement refers to the marketing concept which holds that the customer will only buy what he/she needs and wants, provided that he/she obtains value at the same time (see for example Smith & Colgate, 2007). Further, Drucker (1954) further observed that marketing encompasses the entire business – it is the whole business seen from the point of view of its final results, that is, from the customer’s point of view. Therefore, concern and responsibility for marketing must permeate all areas of the enterprise. Despite the importance of the customer, he (Drucker, 1954) also remarked that the vital principle that determines the essence of enterprises is economic performance, the economic results these enterprises produce. This statement points to a balance between customer orientation and organisational performance requirements, which have recently been reiterated by, inter alia, Gummesson (2007; 2008a;

1 I dedicate this article to Fanie for his interest and support in my career.
2008b) and Helgesen (2006:246). This view is supported by scholars such as Smith and Colgate (2007), who highlight the idea that customer value relates to both customer perceived value and customer lifetime value for the organisation.

A customer orientation is a prerequisite for understanding customers’ needs, wants and desires, and perception of value and the way this can contribute to organisational value. Understanding customers is achieved in numerous ways, inter alia, listening to the voice of the customer (Katcher, 2003; Krepapa, Berthon, Webb & Pitt, 2003; Mayer, Bowen & Moulton, 2003; Markey, Reichheld & Dullweber, 2009; Stuart & Tax, 1996; Swan, Bowers & Gover, 2000). Understanding one’s customers leads to the delivery of the expected customer service, which is a precursor to satisfaction, loyalty and profitability (Helgesen, 2006; Smith & Colgate, 2007).

Customer service seems to suggest the obvious route to business success. Furthermore, research has shown that organisations that succeed in being customer centric, by implementing customer service matching their customers’ expectations, reap the benefits in terms of profitability (Cranage, 2004; Duncan & Elliot, 2004; Epstein & Westbrook, 2001; Helgesen, 2006; Newman, 2001; Payne, Holt & Frow, 2000; Soteriou & Zenoid, 1999; Heskett, Jones, Loveman, Sasser & Schlesinger 1994; Van der Wiele, Boselie & Hesselink, 2002).

Alas, for some organisations the successful implementation of customer service seems to be elusive. According to Shah, Rust, Parasuraman, Staelin and Day (2006), most organisations are still struggling to fully align themselves with the customer-centric paradigm advocated by Drucker (1954). Furthermore, most organisations that profess to provide customer value are deceiving themselves (Allen, Reichheld, Hamilton & Markey, 2005). A survey by these authors revealed that 80% of participating organisations indicated that they believe that they delivered a superior experience to their customers. However, their customers, in turn, indicated that only 8% delivered on their expectations. This finding seems odd in view of the fact that organisations today are preoccupied with customers – how to acquire them, keep them, satisfy and delight them (Rigby & Bilodeau, 2007). These observations rather suggest that organisations go after “bad profits”, destroying value in pursuit of long-term success (Cranage, 2004; Rigby & Bilodeau, 2007; Ryals & Knox, 2005; Selden & Colvin, 2003), “tormenting” rather than delighting them. Hence, Gummesson (2008b) and others (Gebauer, 2009; Wiersema, 1983) maintain that most organisations have never been successful in implementing customer service. Consequently, success in terms of happy customers resulting in profitability inevitably evades these organisations and the promise of customer service remains a theory rather than a practice.

PURPOSE AND RESEARCH STRATEGY
The purpose of this paper is to reflect on the status of customer service, while the objective is to stimulate debate in this area and to indicate possible future areas for research on this concept.

This paper explores and reflects on the status of customer service in terms of theory and application by way of a synthesis review based on the approach described by Kirkevold (1997). This type of review integrates isolated information into a more comprehensive and internally consistent whole. It thus facilitates the integration of separate studies with different focuses and uses a variety of methodologies to provide a comprehensive account of the phenomenon being reviewed. This type of review is a powerful knowledge-development tool as it enables knowledge to be accumulated that goes beyond merely evaluating the strengths and weaknesses of existing knowledge to create a whole new and more informative understanding of the
phenomenon studied (Kirkevold, 1997). The literature in the field of customer service shows that its application is becoming increasingly fragmented (see, for example, Gummesson, 2007:116). Furthermore, the focus is rather on services marketing and service quality as opposed to customer service per se. The former deflects attention from a holistic view, while encouraging fragmentation. As such, the synthesis review is deemed the most appropriate approach for this conceptual study.

The search methods
The literature search followed the typical format of a literature review in research (Babbie, 2007; Creswell, 2009). The search was done on recent literature, from 2005 until 2010. In addition, original works of “evergreens” were included as significant sources indicated by recent publications. Original texts were consulted as they provide a verifiable history (Wrege, Greenwood & Hata, 1999). The databases searched were ProQuest, EBSCOHost, Emerald and SABINET, which enabled searches in many different journals. ProQuest (ABI/INFORM) searched more than 3 000 periodicals, EBSCOHost (Business Source Complete) explored more than 1 200 journals, Emerald investigated more than 200 journals and SABINET covered more than 800 journals. These databases are considered to be the leading databases in marketing. The search terms used were “customer service”; “customer loyalty”; “customer value”; “customer service models”; “customer service strategy”; “customer relationship”; “customer relationship management”, “conceptualising customer service”; “customer satisfaction”; “conceptualising customer satisfaction”; “competitive advantage”; ‘differentiation”; “customer centricity”, “service quality”, “customer experience” and “service excellence”. The following inclusion criteria for literature sources were applied:

- The work reported on the concept of customer service and its dimensions, such as quality, value, satisfaction, loyalty and profitability.
- The work reported on research in the area of customer service and its dimensions like value, quality, satisfaction, loyalty and profitability, including models and frameworks used in customer service and its dimensions.
- The origin/history/evolution/development/future of customer service and its dimensions.

The 62 works reviewed may not be all inclusive, but they do represent a range of customer service work and cover various aspects, which will be dealt with in the literature review. Topics include the meaning of the terms in their contemporary subject matter-specific interpretation; the contributions of practitioners to academia, and research results for viewpoints adopted.

CUSTOMER SERVICE THEORY
This section briefly highlights the theory underpinning customer service starting with the definition of customer service and followed by the evolution of customer service, challenges in implementing customer service and an approach to interpreting and applying customer service holistically.

Definition of customer service
According to McGuinn (2009:57) there is no commonly accepted definition of customer service, despite its widespread use. This is clear from scrutinising the literature for a definition of customer service. The most commonly cited definition of customer service relates to an “exchange” – the customer gives money to obtain benefits from the organisation. Descriptions of customer service vary from “a key differentiator” (Voudouris, Owusu, Dorne & Lesaint, 2008:19; Rust & Chung, 2006:561;
Zeithamel & Bitner, 2000) to “a synonym for value” (Gummesson, 2007:117).

Grönroos (1994:6) describes customer service as a perspective encompassing the total, synchronised organisational system in rendering (quality) service to its customers in terms of their needs, wants and requirements. McGuinn (2009:58) also points out that some authors view customer service as a tool for achieving competitive advantage over rivals, and in other instances it is described as encompassing a number of activities, while others still allude to the benefits of customer service such as satisfaction, loyalty and profitability. Voon (2006:595) maintains that customer service is defined and developed from either a management or an employee perspective, rather than a customer perspective, without putting forward any specific definition. Helgesen (2006:246), on the other hand, maintains just the opposite – customer service is heavily focused on the customer, rather than the value the organisation obtains from these exchanges, again without specifically stating any definition.


From the literature review it transpires that customer service is a complex concept that is influenced by a host of broad variables such as contexts, expectations (both customers and employees), perceptions, customers, employees, communication, technology and enterprise architecture, and that is includes systems and processes, environments, physical resources and value, to mention a few. Each of these variables constituting customer service, in turn, is multifaceted in its own right (eg see the discussion on customer value by Khalifa, 2004). It is clear from the literature review that customer service is a multidimensional concept, which has not yet been adequately investigated. This raises the question whether customer service is adequately based in theory. Analytical models that are based in theory are more likely to be more selective and effective in allowing decisionmakers to identify the most critical elements in a situation and recognise how these elements relate to one another, in abstracting complexity (Grant, 2009).

In order to gain a better understanding of customer service, it is necessary to attend to the development of this concept, which is presented next.

**Development of customer service**

Various authors (McGuinn, 2009; Shah et al., 2006) attend specifically to the development of customer service. In studying sources (Cravens & Piercy, 2002; Gummesson, 2007, 2008b; Mascarenhas, Kesavan & Bernacchi, 2006; McGuinn, 2009; Payne & Frow, 2006; Pollack, 2009; Shah et al., 2006; Voss, Roth & Chase, 2008) it is clear that customer service evolved from the marketing concept, with an emphasis on products, to a customer orientation, including relationships with customers especially in a services economy, entering the value proposition which refocused to customer centricity and most recently to providing a customer experience that involves and evokes emotions. The development of customer services...
is reflected in three phases (McGuinn, 2009:58).

Customer service entered the marketing literature in the 1960s (Gummesson, 2007:114), which represent the emerging phase of customer service (McGuinn, 2009:58). At the time, manufacturing dominated the market with a consequent focus on products and scant attention being paid to the service accompanying the products (Gummesson, 2007; Rust & Chung, 2006). At the time it was argued that service, although coupled with products, is different from products and needs to be treated differently (see, for example, Shah et al., 2006). Literature on the topic was scant and emergent (Gummesson, 2007; Rust & Chung, 2006; McGuinn, 2009). Pioneering authors included Drucker (1954), Kotler (1967) and Levitt (1960). The realisation was that the product is important, but the satisfaction of the customer in consuming the product is equally important (Shah et al., 2006:115).

By 1980 customer service development had entered the second phase and lasted until 2000 (McGuinn, 2009:58). This period witnessed a marked increase in the literature about customer service (Gummesson, 2007; Rust & Chung, 2006; McGuinn, 2009). Topics addressed included customer care, customer satisfaction, customer loyalty, service quality, customer relationship, market orientation and market driven (see Shah et al., 2006) and competitive advantage. Some contributions may have included the financial impact of the new marketing (see Rust & Chung, 2006:562). The role of technology in delivering customer service was also highlighted in this period as well as internal marketing (McGuinn, 2009). In addition, the importance of employees for customer service came under scrutiny in this phase (Payne et al., 2000:259–261). Contributors included Carson and Gilmore (1989), Grönroos (1994), Heskett et al. (1994), Lovelock (1988), Oliver (1980) and Parasuraman, Zeithamel & Berry (1985) to mention a few. During this phase it seems that dimensions of the concept of customer service were increasingly applied in a fragmented, rather than a holistic, way.

The third phase of customer service development started in 2000 (McGuinn, 2009). McGuinn (2009:60) refers to this era as “authenticating” customer service. In scrutinising the literature (see, for example, Gummesson, 2007; 2008b; Shah et al., 2006; Svensson, 2004; Zineldin & Bredenlow, 2001) it seems as if scholars had realised that customer service was not delivering on its promise of success. In examining the literature there appears to be two main streams of thought contributing to the realisation of customer service. The one focuses on improving and refining the different dimensions of the concept of customer service independently, such as planning, delivering and monitoring customer service with due attention to the emotional experience of the customer (Cranage, 2004; Katcher, 2003; Krepappa et al., 2003; Lasser, Manolis & Winsor, 2000; Payne et al., 2000; Mascarenhas, et al., 2006; Mayer et al., 2003; Newman, 2001; Swan et al., 2000; Voss et al., 2008). The other stream focuses on value creation, involving broader dimensions – either the customer or the organisational perspective or both (Gummesson, 2007; 2008b; Payne & Frow, 2006; Shah et al., 2006).

The third phase of customer service seems to return to the original roots of the theory as proposed by, inter alia, Drucker (1954) and Grönroos (1994) who addressed the concept holistically in terms of the total, integrated system.

**Challenges**

A number of challenges hamper the implementation of customer service. These include the nature and scope of the concept/construct of customer service that have not been adequately investigated (Gummesson,
2008b; Svensson, 2004); the concept is treated in isolation instead of holistically (Gummesson, 2007; 2008b; Zineldin & Bredenlöw, 2001:484); promoting either a customer or organisational perspective and/or a product versus service orientation (see, for example, Gebauer, 2009; Gummesson, 2007; Shah et al., 2006); focusing on value offered to the client or the organisation, instead of a balanced view (Gummesson, 2007, 2008b); lack of guidance to organisations (Blose & Tankersley, 2004); weaknesses in “management tools” (including enterprise architecture) advocated to assist in implementing customer service (Newman, 2001; Payne et al., 2000); inadequate intelligence (Katcher, 2003); separation between “management” and “marketing” (Kreppappa et al., 2003; Mayer et al., 2003; Meers, 2007; Newman, 2001; Payne & Frow, 2005, 2006; Shah et al., 2006; Swan et al., 2000, Tyler & Stanley, 2001, Stuart & Tax, 1996).

The nature of customer service lends itself to becoming a vicious circle of continuous improvement. Once excellence is provided customers need an improvement, which the organisation strives to meet proactively. At the same time costs are incurred to deliver better and faster, resulting in more demanding customers. In the end, customer orientation becomes a commodity and competitive advantage is eroded (Gummeson, 2008b).

The scope of customer service per se also presents a challenge to the implementation of customer service. There is general agreement in the literature that customer service is a multidimensional concept; however, debates persist on the number and types of dimension (Svennsson, 2004: Pollack, 2009) that should be considered in its implementation. Ill-explained linkages between dimensions compound the problem of customer service implementation (Gummeson, 2008b). Organisations are thus confronted with ambiguity in deciding on which dimension(s) to concentrate their efforts.

The challenge is further exacerbated by an “either product or service” focus, which constrains the implementation of optimal customer service, as these perspectives are mutually exclusive. The one would benefit the organisation to the detriment of the customer and vice versa.

Further challenges include the “human factor” whether this relates to customers or employees and their complex psychologies that cannot be captured in any model to warrant exact prediction.

And finally, when everyone thought that they had succeeded, the dynamic environment changes unexpectedly, upsetting the whole equation.

These challenges show that the concept of customer service needs to be reconsidered, both from an academic and a practitioner view. A consideration that needs to be considered is what Gummesson (2007; 2008b) describes as a “balanced” stakeholder view. In essence, this balanced stakeholder view corresponds to the view of Drucker (1954): customer service should permeate all areas of the enterprise to ensure that both the customer and economic performance are satisfied. As such, a holistic approach balancing all stakeholder interests, as advocated by Gummesson (2007, 2008 a & b), is appropriate. A brief exposition of customer service as a “holistic and balanced” approach is presented next.

A holistic and balanced approach to customer service

The theory presented demonstrates that customers are central to organisations and that customer service is the vehicle for ensuring competitive advantage, culminating in organisational performance, including profitability. As such research has shown a positive correlation between satisfied customers and organisational performance, both in terms of efficiencies and financial performance (Duncan & Elliot, 2004; Helgesen et al., 2006; Heskett et al., 1994; Selden & Colvin, 2003), the
theory presented further advocates a holistic or balanced approach to achieving organisational performance (Gummesson, 2007).

It is argued that the starting point for this balanced approach is the corporate strategy of an organisation – that is, beginning with the purpose of the organisation as manifest in the direction-setting task (vision, mission, values and principles) that cascades down the different hierarchical levels to a customer strategy. To succeed in aligning and integrating the strategy at the different hierarchical levels an intimate knowledge of the business, both inside and out, is required. This includes a knowledge of the arenas to compete in, what do customer consider as value and how does the organisation compare with competitors in offering customer value in the chosen arena(s)? What will it take in terms of assets, resources, processes, systems, structures, skills, competencies and the like to provide customer service in the chosen arenas? Will it be possible and worthwhile to provide customer service in the chosen arenas? To ease conceptualisation the holistic and balanced approach is graphically illustrated in Figure 1 below.

Figure 1 needs some explanation. The circle presents a specific context, which changes over time given the dynamic nature of the environment. The context encapsulates the variables that impact on customer service at any given time. Variables embedded in the environment, such as the economy, technology, political/legal, do not receive significant attention in the literature, although they have a significant impact on customer service. These variables affect the primary relationship between the customer and the
organisation and manifest as organisational strategy. Given the dynamic nature of the environment, it goes without saying that organisational strategy evolves and adapts with changing conditions. So too does the competitive advantage that underpins the strategy, which in effect anchors customers and organisations. Customer needs and wants change over time as does the organisation in terms of management/leadership – if not the people then their views, enterprise architecture (including structures, processes, procedures, people in terms of skills and experience), behaviour of staff, performance (which depends to a great degree on metrics) and consequences, which all facilitate (or hamper) strategy execution. The graphic presentation of customer service provides an illustration of the complexity of customer service. It also serves as a framework to indicate that customer service is a trade-off – what to do and what not to do to benefit the whole system in the long term. Given the host of variables to consider in customer service, it stands to reason that it is no easy task to integrate all the parts in a consistent whole. Yet it is not impossible to master this daunting task as is evidenced by organisations that have been in existence for more than a century. These include British American Tobacco, Coca-Cola, Nestlé, Phillips and Siemens to mention a few – suggesting an intimate knowledge of the (total) business.

**CONCLUSIONS AND RECOMMENDATIONS**

Customer service has evaded most organisations since the view was expressed almost five decades ago that the customer is central to the organisation, and success is manifested in economic performance. Various reasons exist for this state of affairs. One is the inability of most organisations to strike a balance between conflicting stakeholder demands and the integration of the right variables in the right amount in providing customer service. On the other hand, the organisations that have succeeded in providing customer service have reaped the benefits of organisational performance (*inter alia* financial prosperity) and loyal customers.

Long-term success is key to implementing customer service. This is a daunting task, in view of the various stakeholders and their conflicting demands. Stakeholders include customers, employees, intermediaries, governments and their policies and regulations, shareholders and society to mention just a few. This is compounded by the challenging task of integrating a number of multifaceted variables, which are dynamic in nature, while balancing stakeholder demands.

The balanced view of customer service is nothing new. It did not arrive on the scene in the third phase of customer service development in search of authenticating customer service, but has been advocated since the advent of customer service in the 1960s. However, this view has not been popular in the literature.

Perhaps the complexity of customer service in itself explains the elusive nature of successfully implementing customer service in most organisations. Academics are charged with the responsibility of providing guidance to practitioners in this regard. In recent years the literature on customer service has increased exponentially, yet seems to have failed to deliver on its promise of organisational success. A possible explanation is that, in an effort to deal with the complexity, some academics have lost sight of the dimensions to be included, leading to an oversimplified, one-sided “equation”. As such a different approach is required to ensure coping with complexity in a way that assures the successful implementation of customer service, like using models that are based in theory. This needs further investigation.
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