

Chapter I

Managing Online Customer Service Operations

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Abstract

This chapter investigates the implications of moving customer service operations online. Many organizations believe that e-business can provide opportunities to improve customer service operations by enabling them to get closer to the customer and enhance the customer contact experience. However, use of the Internet fundamentally changes the nature of a customer's interaction with an organization, as the customer interacts with a computer screen rather than a human being. The online customer service encounter within the business processes of ordering and delivering was investigated in eight companies. It was concluded that an enhanced experience was only likely if the emotional aspects of customer service are considered alongside the functional.

Introduction

As marketplaces have become more global and customers more demanding, many companies have realized the importance of improving customer service (Ngash, Ryan, & Igbari, 2003). It has become increasingly difficult for any business in a developed economy, whether a manufacturer or a service provider, to compete on cost alone. A sustainable competitive advantage is only likely to result from strategies of differentiation—offering a product or service package that is perceived by customers to add value, and/or focus—targeting a specific market segment that the organization is well placed to serve (Porter, 1980, 1985). The ability to offer an enhanced level of customer service could play an indispensable part of such strategies (Kardaras & Papathanassiou, 2000; Talley & Axelroth, 2001). Companies have increasingly moved many aspects of their customer service online—seeking to take advantage of the almost limitless connectivity, between both organizations and individuals that the Internet and its associated information and communications technologies (ICTs) of e-business can offer. Company Web sites have now become an important medium through which organizations and their customers can interact (Piccoli, Brohman, Watson, & Parasuraman, 2004). Zeithaml (2002) points out that “Companies are using the web to enhance communications with customers, to sell more products and services through an alternative channel, and to reduce the costs of interacting with customers” (p.135). Similarly, Voss (2003 p.88) argues that “the advent of e-commerce has led to a rethink of the nature of customer service” as organizations can enhance their customer service operations by enabling them to get closer to the customer enhancing the organization-customer contact experience.

The ICTs of e-business are becoming ubiquitous due to their low cost and widespread availability. As such, their use seems unlikely to afford a competitive advantage of itself. As Porter (2001) argues, the Internet is “an enabling technology—a powerful set of tools that can be used, wisely or unwisely, in almost any industry and as part of any strategy” (p.64). The challenge for organizations of all kinds, is how best to utilize Internet-based ICTs within their operations in order to enhance their customer service operations.

This chapter reports on research that investigated the impact of e-business on customer service operations in eight companies that are using e-business in their ordering and delivery processes. The research takes an operations management perspective, examining the customer service encounter from the service deliverer’s point of view. The chapter opens by reviewing relevant literature to identify key aspects of the customer service encounter that can provide a basis for the analysis of these online operations. The results from the case studies are then reported and discussed. General conclusions are drawn about the likelihood of enhancing customer service through the use of e-business, the barriers to so doing, and what needs to be done

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