



# **Enhancing Customer Service Operations in E-Business: The Emotional Dimension**

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## **EXECUTIVE SUMMARY**

*In today's increasingly competitive markets, greater emphasis is being placed on customer service as a means of achieving competitive advantage. 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 organization-to-customer contact experience. However, use of the Internet fundamentally changes the nature of the customer contact experience. This article investigates this phenomenon from an operations management perspective, by examining the customer service encounter during the business processes of ordering and delivering in e-business. Empirical results from case research investigating eight companies that use e-business in their customer service operations are reported and discussed. The article concludes that unless the emotional aspects of customer service are considered alongside the functional, then barriers to enhanced customer service in e-business will not be overcome.*

*Keywords:* customer service; e-business; Internet; operations management

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## **INTRODUCTION**

In today's globalized and often saturated markets, it is difficult for organizations (service providers as much as manufacturers) in advanced economies to compete profitably on price alone. As such, many organizations now pursue differentiation (i.e., offering a product or service package that is perceived by customers to add value) and/or focus (i.e., targeting a

specific market segment that the organization is well placed to serve) as alternatives to pure cost-based generic strategies (Porter, 1980, 1985). Furthermore, many of these organizations see enhanced customer service as an indispensable part of such strategies. "They emphasize and capitalise on high levels of service to create a competitive edge" (Talley & Axelroth, 2001). Similarly, as Kardaras and Papathanassiou (2000) put it: "The move toward a service

economy is placing a greater emphasis on the importance of customer support as a source for distinguishing performance and competitive advantage.” The Internet and the associated information and communications technologies (ICTs) of e-business can provide almost limitless connectivity, between both organizations and individuals. Voss (2003) 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-to-customer contact experience. Similarly, 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.” Also, Wagner (1999) notes, “Smart Internet sellers are putting people back in the equation as competition increases the need to improve customer service.”

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.” 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 article investigates the impact of e-business on customer service operations. It does so by taking an operations management perspective, examining the customer service encounter from the service deliverer’s point of view. It does this by

investigating customer service operations in eight companies that are using e-business in their ordering and delivery processes. The article opens by reviewing relevant literature to identify key aspects of the customer service encounter that will provide a basis for analyzing these operations in e-business. The results from the case studies are then reported and discussed. Some 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 to ensure that these processes can better serve customers. The article also points the way to future research that needs to be undertaken.

## LITERATURE

The widespread availability and subsequent adoption of the Internet for commercial use is generally referred to as e-business. Although there are a number of different definitions of e-business, its essence is captured by Poon and Swatman (1999), who argue that e-business is “the sharing of business information, maintaining business relationships, and conducting business transactions by means of Internet-based technology.” E-business transactions can occur between an organization and its customers, suppliers, and intermediaries in the supply chain. (Note: Unlike some authors — e.g., Chaffey, 2002 — we do not seek to distinguish between e-commerce and e-business, and use the terms more or less interchangeably.)

The academic discipline of operations management views organizational activity as a series of business processes that transform resource input into outputs of goods and/or services within an operating system — for producing physical goods or deliver-

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