The Role of Digital Service Encounters on Customers’ Perceptions of Companies

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ABSTRACT

The service encounter occurs whenever a customer interacts with a company personally or through technology through, for example, the Internet, e-mail, or telephone. Nowadays, customers frequently initiate the encounter as, for example, inquiries, information searches, and complaints are conveniently performed online. This article explores the role of digital service encounters on customer perceptions of companies. Digital service encounters in this article denote remote customer-company interactions via the Internet or e-mail. The focus is on active customers initiating interactions and on customer perceptions of company responses to these interactions. A conceptual framework that captures customer perceived service encounter value on two dimensions (responsiveness and personalization) is proposed. An empirical study exploring the value of company responses to digital contacts indicated that many contacts are responded to promptly and satisfyingly. However, there are also significant differences in the value of the service encounter. Some service encounters are perceived as unpersonalized, and some are even left without response.

Keywords: customer interface; customer perceptions; customer relationship management; customer service; digital channels; remote interactions; service encounter

INTRODUCTION

The service encounter or the “moments of truth” (Normann, 1991) occurs every time a customer interacts with a company. Customers can interact with companies in many ways, personally or through technology. Customer interaction and participation in the delivery of services has increased with the use of self-service technologies, such as online banking, automated filing of legal claims, or self-scanning at retail stores. The service encounter represents a building block from which the customers form their perceptions of the product or service and the company as a whole.

There are different types of service encounters, and traditionally the service encounter denoted the personal interaction between the service employee and the customer. In the personal service encounter, the service delivery process was highly controllable by the service employee. Nowadays, when customers contact the company through different technology
interfaces it is frequently the customers that initiate and control the interaction. For example, inquiries, information searches, and complaints are conveniently performed on the Internet without the involvement of the service employee. These technology-based service encounters are challenging for companies, because technology extends the distance between the parties in the interaction and increases customer input in the service process. As a result, the interaction process becomes potentially more complex. Consequently, it becomes more difficult for the company to influence customers’ perceptions of the company through the service encounter.

The purpose of this article is to explore the role of digital service encounters on customer perceptions of companies. Digital service encounters in this article denote remote customer-company interactions via the Internet or e-mail. The focus is on the active role of customers in initiating interactions and how well the customer perceives that the company responds to these interactions.

The article has the following structure. First, we discuss previous research on service encounters and illustrate how service encounters influence customer perceptions of companies. The focus is on the service management and e-service research. Then we propose a conceptual framework of service encounter value from a customer perspective. An empirical study is conducted to illustrate the practical use of the proposed framework and to give empirical findings on how successful companies are to respond to customer contacts through digital channels. We also discuss theoretical implications concerning the proposed framework as well as practical implications and challenges regarding how to evaluate and successfully manage digital service encounters. We conclude the article with future trends, suggestions for future research and concluding remarks that summarize the contribution of the article.

**SERVICE ENCOUNTERS**

It has been argued that perceptions of service encounters differ depending on the type of service encounter (Shostack, 1985). Service encounters have been categorised differently (Bitner, 2006; Lovelock, 1983, Shostack, 1985), but all classifications denote the level of customer input in the service process and the type of interaction between the customer and the service employee. At one end is the personal encounter between the customer and service employee and where the customer’s input in the service process is low. At the other end is the remote service encounter where the interaction occurs through a technology interface and where the customer’s input in the service process is extensive. For example, Shostack introduced three general types of service encounters: remote encounter, phone encounters, and face-to-face encounters. Remote interactions take place through ATM, the Internet, or a mobile phone. Similarly, Lovelock and Wirtz (2005) discuss differences between high-contact services and low-contact services, where the former emphasises encounters with service personnel and the latter involves encounters with equipment. Whereas the role of service employees is large for the people-dominant service encounters (Lewis & Entwistle, 1990), the remote service encounters enable the customer to more independently create the service encounter. The remote service encounter, that is, the service encounter that occurs through technology, is in focus in this article.

There is research on customer perceptions of service encounters although most research has focused on the *overall* quality or value of the service. For example, Walker (1995) studied service encounter satisfaction and developed a model of service encounter satisfaction based on three stages of disconfirmation. In the model, customers evaluate the perceived performance of both core service and peripheral service against their expectations. In other words, Walker separated the overall service encounter evaluation into different stages, but he did not conceptualise the sources of either satisfaction or dissatisfaction in each stage. Meuter, Ostrom, Roundtree, and Bitner (2000) studied customer satisfaction of technology-based service encounters, and they found four different sources of satisfaction and dissatisfaction of interactions.
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