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## Conducting service research that matters

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## **Conducting Service Research that Matters**

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**Purpose** –The purpose of this essay is to encourage the reader to think differently about service related issues, and to strive to conduct service research that makes a transformational impact on individuals, organizations, and society. The authors suggest that service researchers are in an excellent position to develop *research that matters* by making stronger connections with theory, and elevating purely applied research to research that is higher in *both* practical relevance and methodological rigor.

**Design/methodology/approach** – This paper takes a conceptual approach, connecting pertinent literature with new ideas highlighted in this special issue.

**Findings** – This essay proposes that service researchers look beyond traditional service applications, take a multi-disciplinary approach to problem solving, and make greater strides towards connecting theory and practice. The authors propose a Model of Rigorous and Relevant Research, and call for fresh thinking across a wide range of research areas, including: enhancing the customer experience, crafting innovation, integrating technology, and measuring service outcomes.

**Originality/value** – The originality of this essay lies in its focus on revitalizing the discussion on relevance and rigor as a path forward for service research. Additionally, this essay offers new insights on core management aspects of service provision that provide a solid platform for future work in service research.

**Keywords:** Rigor, relevance, customer experience, service innovation, service technology, service outcomes

**Paper type:** Essay

## Conducting Service Research that Matters

Service as a research area affects almost everything and everyone in our society as approximately 80% of the gross domestic product (GDP) of developed countries originates from service related activities. Consumers in these countries spend around 60% of their share of wallet on services and service provision (bea.gov - bureau of economic analysis). The service sector also employs the largest number of individuals and it is the fastest growing sector both in terms of the number of companies and employees. Clearly, service constitutes a major source of growth, value creation, and well-being for both businesses and their customers (Anderson et al., 2013).

Consequently, service research has great potential to make an impact on society, and is well equipped to undertake the challenge of conducting *research that matters*. The purpose of this essay is to develop this notion of conducting service research that encourages the reader to think differently about service related issues. The quest is to challenge the reader's mental models, inspire him or her to think outside the box, and pinpoint issues that will become relevant for service marketing and management in the future. Rather than forming a new stream of research, we aim for fresh thinking on core management aspects of service provision, such as: enhancing the customer experience, crafting innovation, integrating technology, and measuring service outcomes.

### Service Research designed to make a difference

We view service as a context rather than a discipline in itself. The sheer size of the service sector implies that a multi-disciplinary perspective is needed. A field that encompasses the majority of everything that is done cannot be viewed

as an isolated field. Consequently, service research must be regarded as a science that encompasses many disciplines and perspectives (Ostrom, 2010). It is essentially an open field for any researcher or practitioner who aims to contribute to the development of the research field. However, a considerable amount of research and discussion in service research addresses the phenomenon from an 'inside-out' perspective, focusing on issues relevant to service solely as a context or category. Such a focus is likely to diminish the institutional identity of service research as an inter-disciplinary research domain of its own right, with original theories and theorizing. Instead, we propose that service researchers look beyond service applications and focus on issues that are important for business exchanges, such as the value creation processes (Edvardsson, Gustafsson and Roos, 2005), independent of the domain or a particular industry. As real world business problems are not separated in disciplinary silos, research on relevant business problems needs to span different disciplines and fields. To accommodate this perspective, we propose a shift from thinking about service research in a traditional sense to the orchestration of networks and disciplines that coordinate cross-functionally for the purpose of investigating research topics from new and creative perspectives. Building research from cross-functional perspectives should also serve to enhance its practical relevance.

Prior research has criticized research conducted in applied fields (such as business) for lacking a balance between theoretical rigor and practical relevance (Varadarajan 2003). We highlight this viewpoint as one of the challenges moving forward and propose that service research should make greater strides towards connecting theory and practice. We build on Stokes (1987) and analyze

relevance and rigor and how different forms of research can be viewed through these two dimensions. Theoretical rigor can be viewed as “soundness in theoretical and conceptual development, methodological design and execution, interpretation of findings, and use of findings in extending theory or developing new theory” (Zmud, 1996). As such, theoretical rigor comprises methodological rigor as well as theoretical thoroughness and innovativeness. Managerial relevance can be understood as the extent that research focuses on factors that managers can influence and examines effects that are of interest to managers (Varadarajan, 2003).

Based on Stokes’ (1987) *Model of Scientific Research*, we categorize service research into four different areas within a matrix that divides research studies into groups of high and low relevance and groups of high and low rigor (see Figure 1). Note that it is possible to make contributions in each of these categories and that there is no such thing as a “bad” category. However, we do think that service research moving forward should try to move more towards higher relevance and rigor.

Much of what has been published on service has erred on the side of high relevance, without a clear emphasis on rigor, primarily occupying the area on the lower right quadrant of the matrix. For instance, the research stream on servitization is such an area, and it sparked considerable interest through the research presented by Oliva and Kallenberg (2003) and Neu and Brown (2005). In this area the practical relevance has been high and this has guided further research and knowledge creation. The focus at the start of this research stream was to understand and describe the phenomenon of a growing focus on service provision in manufacturing firms. It commenced as an empirical phenomenon

and it was not until the research area had matured that theoretical rigor started to gain increased focus. We use the term “pure applied research” for this type of research, because it develops findings that, while managerially important, encompass only the necessary properties of practice-oriented and relevant research, including some or all of the dimensions as outlined by Thomas and Tymon (1982, p369):

- Descriptive relevance: the accuracy of research findings in capturing phenomena encountered by practitioners in organizational settings
- Goal relevance: the correspondence of outcome variables in a theory to factors that practitioners wish to influence
- Operational validity: the ability of practitioners to implement action implications of a theory by manipulating its causal variables
- Nonobviousness: the degree to which a theory meets or exceeds the complexity of common-sense theory already used by practitioners, and
- Timeliness: the availability of research findings to practitioners in time to solve problems

We suggest that service research is in an excellent position to develop stronger connections with theory, and elevate “pure applied research” to the level of “use-inspired basic research” that is high in both relevance and rigor. That is, we propose that research in service build on its strong foundation of investigating practically relevant business issues to achieve a more powerful level of rigor. According to Shrivastava (1987), this can be achieved with focused attention on the following criteria for research rigor:

- **Conceptual adequacy:** the extent to which a research program is grounded in a base discipline and uses a conceptual framework consistent with existing theories in the field
- **Methodological rigor:** the extent to which a research program uses analytical methods and objectively quantifiable data to empirically examine research questions
- **Accumulated empirical evidence:** the extent to which a research program has generated a substantial amount of accumulated empirical evidence supporting it.

FIGURE 1: MODEL OF RIGOROUS AND RELEVANT RESEARCH

(Adapted from Stokes 1997)

		Practical relevance	
		Low	High
Research rigor	High	Pure basic research Rigor	Use inspired basic research Relevance and rigor
	Low	<div style="border: 1px solid black; width: 100px; height: 40px; margin: 0 auto;"></div>	Pure Applied research Relevance

In spite of the criticism of the lack of theory development in business, there are exceptions in service research with high rigor but lacking relevance. When Vargo and Lusch (2004) started to develop the service dominant logic (SDL) as a theoretical concept, the focus was on the “pure basic research” side of the



phenomenon (upper left section of the matrix). However, research on SDL has now developed into a research stream that has high citations, and the stream has now shifted towards finding applications of SDL where both rigor and relevance is emphasized. As such, studies on SDL, such as McColl-Kennedy et al., (2012), are clearly positioned in the “use-inspired basic research” group on the upper right of the matrix.

Another great example of a research domain characterized by both high relevance and rigor is transformative service research (TSR). TSR is defined as “service research that centers on creating uplifting changes and improvements in the well-being of individuals (consumers and employees), families, social networks, communities, cities, nations, collectives, and ecosystems” (Anderson et al. 2013 p. 1203). TSR is using and adapting concepts and tools from service research to enhance the lives of individuals and communities. We are inspired by this line of inquiry, and propose that more research in service should aim to achieve transformative effects in their respective research fields. We suggest that more focus could be on how an individual, an organization, or a society can be moved from one state to another. Transformative research can be used as a terminology that goes beyond creating well-being to any change towards a positive state. A good example of this is the servitization field where a manufacturing firm can be moved towards becoming a service provider (Oliva and Kallenberg, 2003). Service research *can* and *should* make a difference to the industries, firms, customers, and employees it investigates.

## Overview of the five essays

In this paper, we introduce four essays that challenge current thinking and provide a compelling research agenda to guide future research that is high in *both* relevance and rigor. The ideas of these essays were developed during an international network meeting of 37 renowned service researchers from 13 countries who met in September, 2014 at the Service Research Center in Sweden. To provide fresh thinking on service research, the essays address a number of cornerstones of service businesses, such as enhancing the customer experience, crafting innovation, integrating technology, and measuring service outcomes. The four essays bring together an interdisciplinary and cross-functional perspective on important service research topics. Each of the essays calls for use-inspired basic research and proposes future research avenues designed to lead to theoretical and practical contributions in the context of service research.

First, McColl Kenney et al. (2015) and Witell et al. (2015) discuss different magnitudes of changes related to the customer experience and service innovation in the essays “Fresh perspectives on customer experience” and “Service innovation: can something good be bad?”, respectively. Second, Wunderlich et al. (2015) provide a thought provoking perspective on technology resources in their essay “‘Futurizing’ smart service: implications for service researchers and managers”. Finally, in their essay “Relative Measures in Service Research”, Aksoy et al. (2015) question if fresh thinking in service research can be achieved through the use of relativism, which is described as adopting a broader focus on measuring customer service experience perceptions to include how customers think of the firm/brand experience relative to the competitive landscape.

The first essay (McColl Kenney et al. 2015) centers on fresh thinking in the study of the customer experience suggesting that small changes in the customer experience can make a big difference. Customer experience, and as a consequence, the management of customer relationships, has always been an important topic in service research but it has generated even greater interest and focus lately. Interestingly, most customer experience knowledge has been derived from practitioner-oriented journals or management books (Verhoef *et al.*, 2009), making it an excellent area for future research. There are many reasons for the increased interest in customer experience. For instance, companies are using a multi-channel strategy enabling customers to reach the organization in multiple ways. These touch points need to be managed such that talking about customer experience comes relatively easily. We are also facing an increase in global competition and companies need to do a good job in terms of quality and satisfaction for the sustainability of their business. The next natural step is to focus on customer experience as an even more holistic way of doing business. Finally, big data is enabling companies to analyze the whole customer journey across all touch points. McColl-Kennedy et al., (2015) raises three key sets of research questions to advance customer experience knowledge by highlighting the opportunities afforded by taking a dynamic, multi-actor-centric perspective. Specifically, they highlight three key domains of: (1) broadening the role of customers in customer experience; (2) taking a practice-based approach to customer experience; and (3) recognizing the holistic, dynamic nature of customer experience across all touch points and over time.

The essay of Witell et al. (2015) centers on service innovation and greater scale changes in service management. Service innovation is an area receiving growing interest from service researchers. Previously, theoretical development

has taken place in technology, innovation and management journals, but recently it has become a hot topic in marketing and service journals. Witell et al. (2015) challenge existing research on service innovation and point out that it builds predominantly on analyses of successful services introduced into the market. This is a problem, as about 90 percent of services developed fail. The authors suggest that we should open up service innovation research and start learning from failures in addition to successes. Witell et al. (2015) introduce a conceptual model based on two dimensions (1) Level (individual, organization and society); and (2) Outcome (success, failure) and use it to explore three paradoxes of service innovation; adopt-reject, change-static and good-bad. By challenging the traditional perspective on service innovation, the authors encourage fresh thinking in service innovation.

The third essay by Wunderlich et al. (2015) centers on technology as a key factor defining the service experience. Technology has been a major driving force behind the progress of today's service world. Advancements in communication technologies and the possibility to remotely connect to objects have given rise to the emergence of smart services. Wunderlich et al. (2015) explore the implications of a new technology-driven service type on organizations, customers and the service landscape. They discuss consequences of characterizing aspects of smart service delivered to intelligent objects that will stimulate future research and advance the understanding and practice of smart services. The authors emphasize that smart services vary on the individual level of autonomous decision-making, visibility and embeddedness in products and customer lives. Based on a discussion of these characteristics, Wunderlich et al. (2015) identify research avenues regarding the

perception and nature of smart services, the adoption of smart services, innovation through smart services as well as the development of new business models.

Finally, the last essay by Aksoy et al. (2015) addresses measurement issues in service research. Customer satisfaction and loyalty have traditionally been the two main research streams and we have come a long way in this domain, however, they question how we should proceed. What is suggested in Aksoy et al., (2015) is that it should be beneficial to look at *relative measures in service research*. Specifically, we have not focused enough on matching the matching processes. Most companies measure customer satisfaction and loyalty by focusing on capturing how the customer feels about their firm/brand, yet this approach largely ignores whether their customer is also using or considering competitors and how evaluation of their firm/brand compares to that of competitors. In line with Mazzeo, Oyer and Schaefer's Law (2014): The answer to every strategic question is "It depends." The trick is knowing what it depends on, and being cognizant of known problems with referent-oriented scales (e.g., Peter, Churchill, and Brown 1993). If the answer to a question isn't "It depends," then it's not a strategic question. When working with customer loyalty and measurement in many other service related contexts, the answer to what it depends on is what competitors are doing and customers' relative perception.

#### Fresh thinking through relevance and rigor

The present essay focuses on revitalizing the discussion on relevance and rigor as a path forward for service research and the five essays provide a solid platform for new work along these lines. The multi-disciplinary perspective of service research requires a plethora of research topics, theories, and research

methods combined with curiosity and empirical investigations. It is important to emphasize that there is no “bad” position in our framework on relevance and rigor, but that service research should aim for improving both relevance and rigor to develop and strengthen the field.

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