OFR:
Implications, Agenda, and A Call to Action

Mike Brady, Florida State University

Overview:

- Our Research Journey
- The Agenda
- Your Journey?

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Service Research

- At roughly 35 years old, service research has reached a certain level of maturity (as have I…).

- Like my own research journey, the literature has tended to follow a relatively general to more specific trajectory.

Service Research

- One emphasis of early service research was understanding constructs:
  - Service quality (PZB 1985, 1988; Brady & Cronin 2001)
  - Value (Zeithaml 1988)
  - Satisfaction (Oliver 1981, 1997)
  - Behavioral intentions (ZBP 1996)
  - Loyalty (Oliver 1999)
  - Service recovery (Smith, Bolton & Wagner 1998; Tax and Brown 1998)

Service Research

Another focus had to do with understanding how constructs relate to each other ("path models"):

- Bolton & Drew 1991
- Ostrom and Iacobucci 1995
- Fornell et al. 1996
- Boulding et al. 1993
- Sweeney, Soutar, and Johnson 1999
- Andreassen 1998
- Cronin, Brady, and Hult 2000

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Service Research

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Service Research

- Over time, more specific sub-areas within services marketing naturally emerged.
    - ….. And then they themselves are fairly broad and ultimately narrow

- Transformative Service Research
    - How do we know "it's a THING"?

Editorial

Transformative Service Research: Advancing Our Knowledge About Service and Well-Being

Laurel Anderson[1] and Amy L. Ostrom[1]

Service Research

- Likewise, my own research was fairly general …

Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments

Customer Orientation

Effects on Customer Service Perceptions and Outcome Behaviors

Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach

Service Research

- And then became more specific and focused … on OFR.

Customer Rage Episodes: Emotions, Expressions and Behaviors

Janet R. McColl-Kennedy [a,*], Paul G. Patterson [b,1], Amy K. Smith [c,2], Michael K. Brady [d,3]

Service Sweethearting: Its Antecedents and Customer Consequences

Pleasantly Plump: Offsetting Negative Obesity Stereotypes for Frontline Service Employees[☆]

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Service Research

- So what's OFR??

OFR

- Organizational Frontlines Research (OFR) is the study of *boundary interactions and interfaces* involved in the exchange of valued resources between an organization and its external stakeholders.

  - OFR is about *what* happens at the *boundary* of the firm, *how* it happens, and *why* it happens.

Boundary:

OFR

- **Interactions:** the *actions, communications, and processes* that occur during contact between the customer and firm.
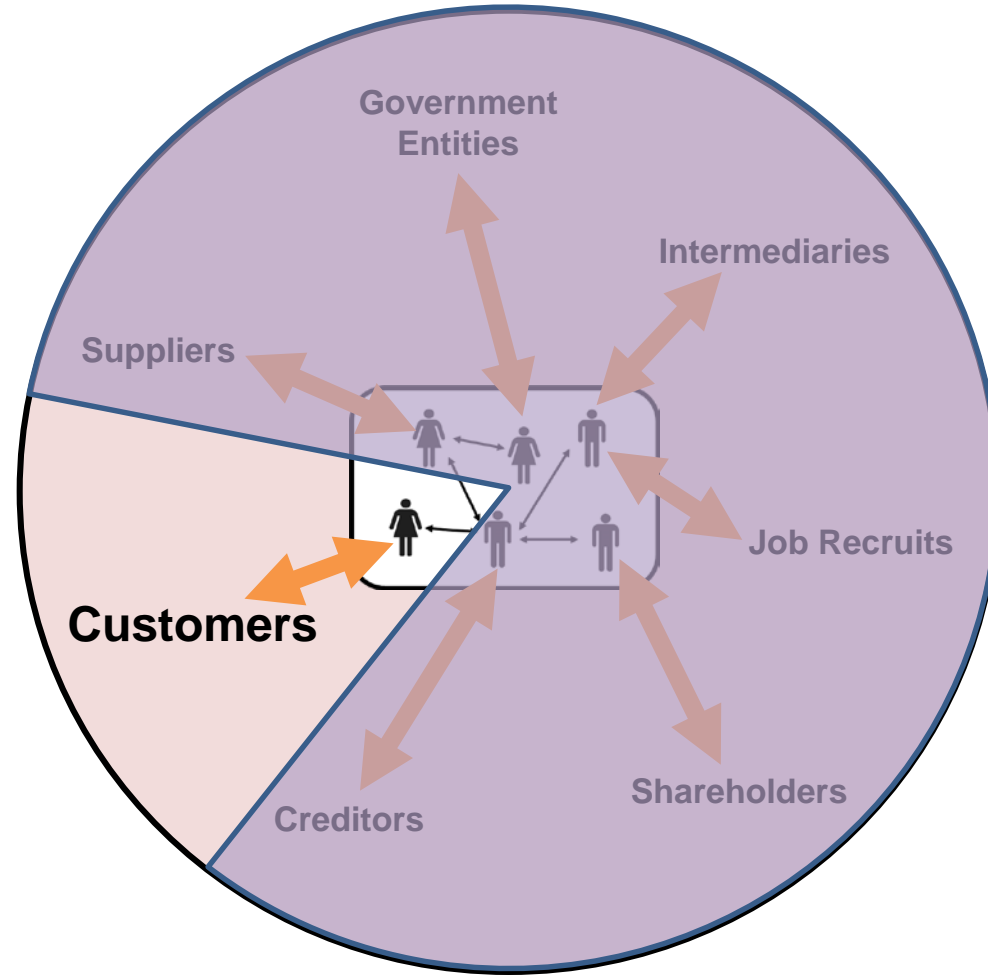

- **Interfaces:** *the modes, artifacts, and servicescapes* that serve as the medium and/or foreground for the contact between the customer and the firm.

OFR
Key Stakeholders

Focus on:

Customers

OFR

- Yes, but is it a THING??

Organizational Frontlines: Emergent Field, Engaging Agenda

Jagdip Singh[1], Michael Brady[2], Todd Arnold[3], and Tom Brown[3]

It's a THING!!

Our purpose is to promote knowledge of, and stimulate interest in, the emergent field of Organizational Frontline Research (OFR)

Today's Agenda

- **OFR Background**
  - History
  - From an adjective to a Noun
  - Where, Why OFR?

- **OFR's Domain**
  - Interactions x Interfaces
  - An Example of Research in the Domain

- **Why is OFR for You?**

- **What's Next?**

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Frontline History

- First used in 1520 as a military term
  - the location of war operations or "foremost part of the army"
  - at the boundary of the opposing army
  - use as an adjective (frontline personnel) and noun (sent to the frontline)

- Early use in OB in the 60s (e.g., Smith 1965, ASQ), in Health in the 70s (e.g., Ronaghy 1976), and Marketing (Berry 1981) and Psychology in the early 80s (Friedsen 1980)
  - As an adjective, as in *frontline management*

- Also adopted by the Popular Press
  - 1983: PBS Frontline Series

FRONTLINE.

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Frontline History

- Growth period: 1990s, mostly in services
  - frontline employees/managers (boundary spanners)
  - Used as an <u>adjective</u> that signifies a job description (FLE), group of employees (frontline staff), or type of service (frontline service encounter)
  - To qualify constructs: interaction quality, functional quality, service delivery

- 2010 and beyond: *from* adjective *to* <u>noun</u>

Rust and Oliver 1994

An no, this doesn't count …

Frontline as a Noun

- We argue that frontline should hold much more meaning than in just the word it qualifies, as in FLEs

- As a noun, frontline is the site of a service firm's contact with customers
  - it deserves attention in its own right

FRONTLINE

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Where Frontline?

- As a site, or place, where contact occurs customers, the frontline has soft boundaries
  - The back of the house can sometimes become the front of the house
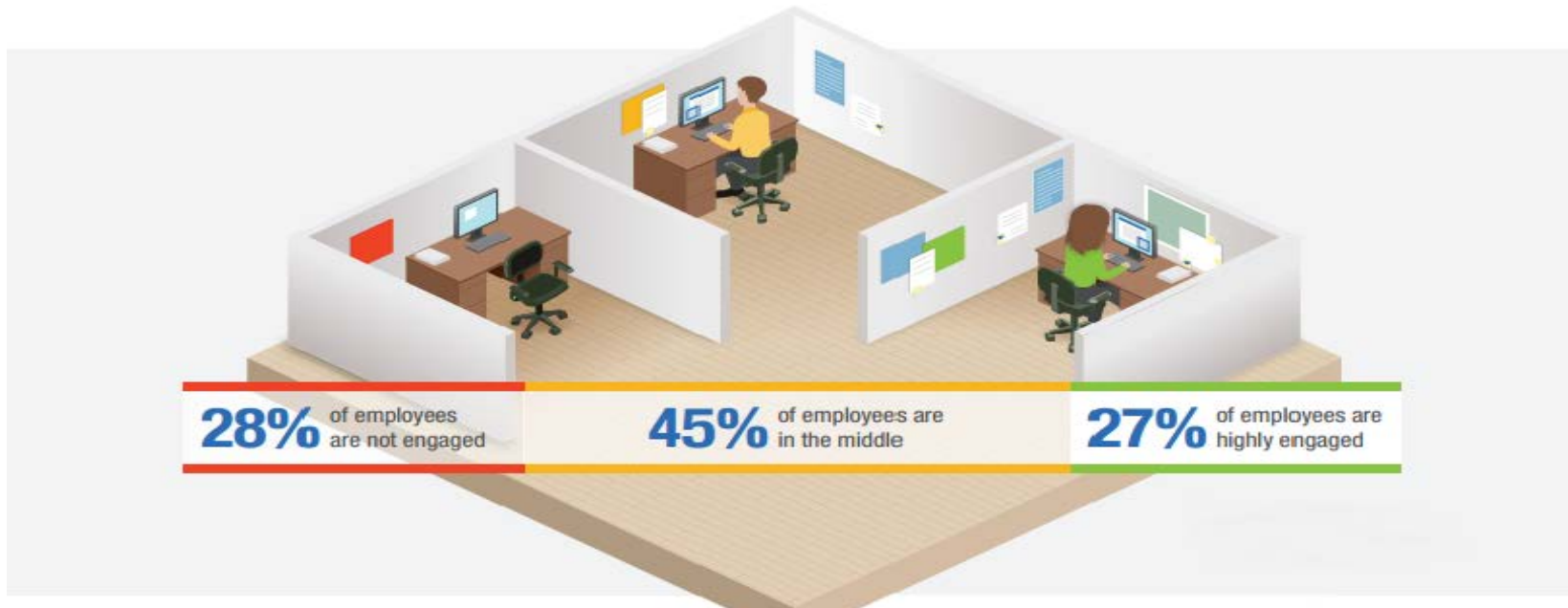
Why Frontline?

- ## It matters
  - Companies that provide superior frontline experiences yield 4%-8% revenue growth above market and 6-14 times greater CLV (Bain & Co., 2015).

- ## The frontline is the site where:
  - the customers' service experience is shaped (Verhoef et al., 2009)
  - customer needs and wants and uncovered and met (or not)
  - loyalty is built (Bove & Johnson, 2001; Rafaeli, Ziklik, & Doucet, 2008)
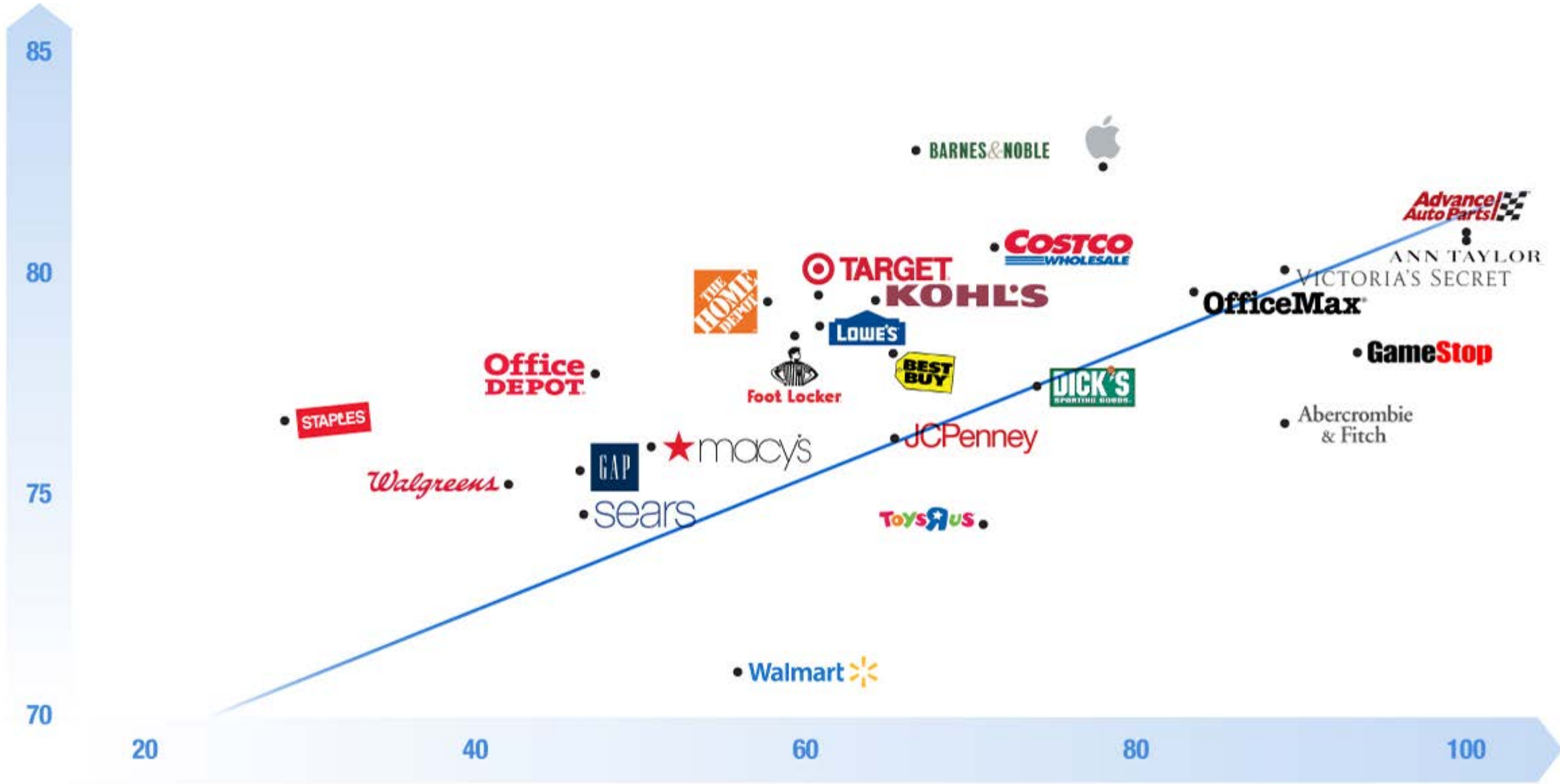 - Additional revenue is generated (Yu, Patterson, & de Ruyter, 2012)

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Why Frontline?

- **Because the frontline presents real and interesting problems**
  - There's an old adage: "People are the most important asset"
  - Wirtz and Lovelock (2016, p. 417) added: ' … and the wrong people are a liability that is often difficult to get rid of.'

28% of employees are not engaged 45% of employees are in the middle 27% of employees are highly engaged

CUSTOMER SATISFACTION (y-axis: 70, 75, 80, 85)

EMPLOYEE ENGAGEMENT (x-axis: 20, 40, 60, 80, 100)

Data points labeled:
- BARNES & NOBLE
- Apple
- Advance Auto Parts
- COSTCO WHOLESALE
- TARGET
- KOHL'S
- ANN TAYLOR
- VICTORIA'S SECRET
- THE HOME DEPOT
- OfficeMax
- LOWE'S
- Office DEPOT
- Foot Locker
- BEST BUY
- GameStop
- DICK'S SPORTING GOODS
- STAPLES
- JCPenney
- Abercrombie & Fitch
- Walgreens
- GAP
- macy's
- sears
- ToysЯus
- Walmart

The Frontline Domain

*Interactions*Interfaces*

- OFR exists at the intersection of interactions and interfaces
  - It used to be that frontline interactions were face-to-face or voice-to-voice (phone)
    - Focus was on body language, eye contact and vocal cues
  - Advances in technology have enhanced the nature of variety of possible interactions

The Frontline Domain

*Interactions*Interfaces*

- The Henn'na Hotel – staffed almost entirely by robots who can speak four languages
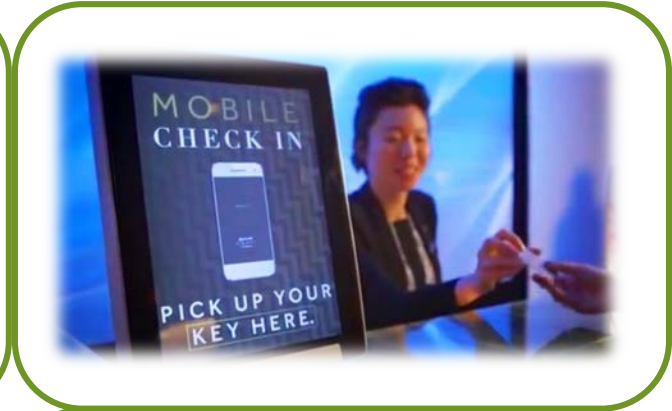 - translates to "strange hotel"
  - near Nagasaki, Japan

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Framework: *Interactions*Interfaces*

Face-to Face

Interactions

Remote

Lo Tech

Tech

Interfaces

An Example of Research in the OFR Domain

Face-to-Face / Tech Quadrant:
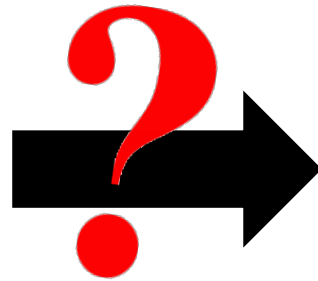

Face-to-Face

Interactions

Interfaces   *Tech*

An Example of Research in the OFR Domain

Touch v. Tech

What is the impact of self-service technology on frontline service encounters?

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Touch v. Tech

Touch v. Tech

Rapport

- Positive rapport between employees and customers is a key factor that drives service assessments and long term financial returns (Gremler & Gwinner 2000, 2008)

- Rapport building behaviors:
  - Warmth
  - Courtesy
  - Knowledge sharing
  - Responsiveness

Technology as a Barrier in Frontline Exchanges

Technology may prevent consumers from reciprocating employee rapport-building behaviors

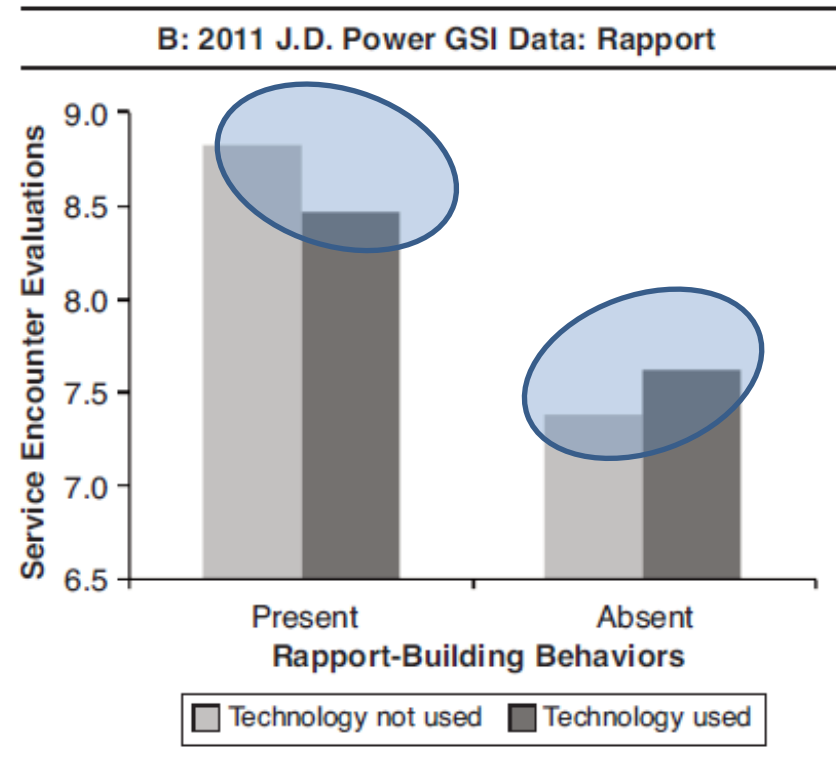- Causes a violation of reciprocity norms

Technology may also provide welcomed relief from an unpleasant interaction

S1 Results

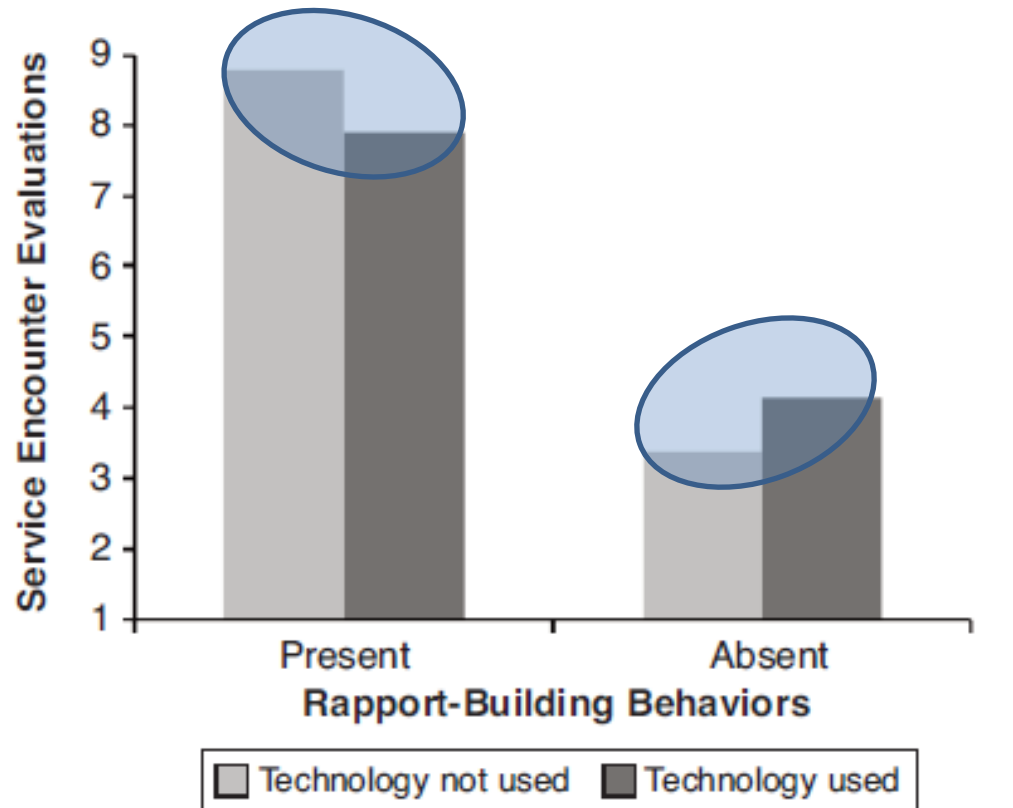**J.D. Power North American Hotel Guest Satisfaction Index**

- n = 43,357

B: 2011 J.D. Power GSI Data: Rapport

2 Rapport (positive, negative) **x 2 Technology** (present, absent)

Study 2 - Results

Study 2: Effects of Rapport and Technology on Service Encounter Evaluations

Touch Versus Tech: When Technology Functions as a Barrier or a Benefit to Service Encounters

Michael Giebelhausen, Stacey G. Robinson, Nancy J. Sirianni, & Michael K. Brady

An Example of Research in the OFR Domain

Remote / Tech Quadrant:

Interactions

Remote

Interfaces   *Tech*

What do these companies have in common?

Research Context

- Factors like brand strength, prior experience, and price are known heuristics that have broad effects on purchase

- Less is known about purchases that involve <u>unfamiliar brands and first-time purchases</u>

- Context: Unfamiliar online firms where a prospective consumer is considering buying a (big ticket) product for the first time
  - Trust is understandably low

Defining Some Terms

- Bricks & Mortar retailer – a retailer that operates only in a physical space; no online presence

- Hybrid retailer – a retailer that operates both in a physical space and online

- Virtual retailer – a retailer that operates only online

Research Questions

- What is a key mechanism behind the mistrust and, hence, the hybrid retailer advantage?

- How can virtual retailers offset some of the advantages of hybrid retailers?

- Is it possible to compete effectively without a large capital outlay for branding and bricks & mortar?
 - If so, how can virtual retailers mimic hybrids?

Psychological Distance

- We draw on Psychological Distance as the foundation for our predictions

- Psychological distance refers to the <u>degree to which an object is perceived to be close/far, tangible, or immediately present.</u>

- Sometimes distances seem closer or farther than they are in reality

- We believe that virtual retailers *feel far away* and this accounts for some of the hybrid retailer advantage

Results

Told respondents they were buying <u>online</u> from a retailer with local store, a store very far away, or one without a physical store at all
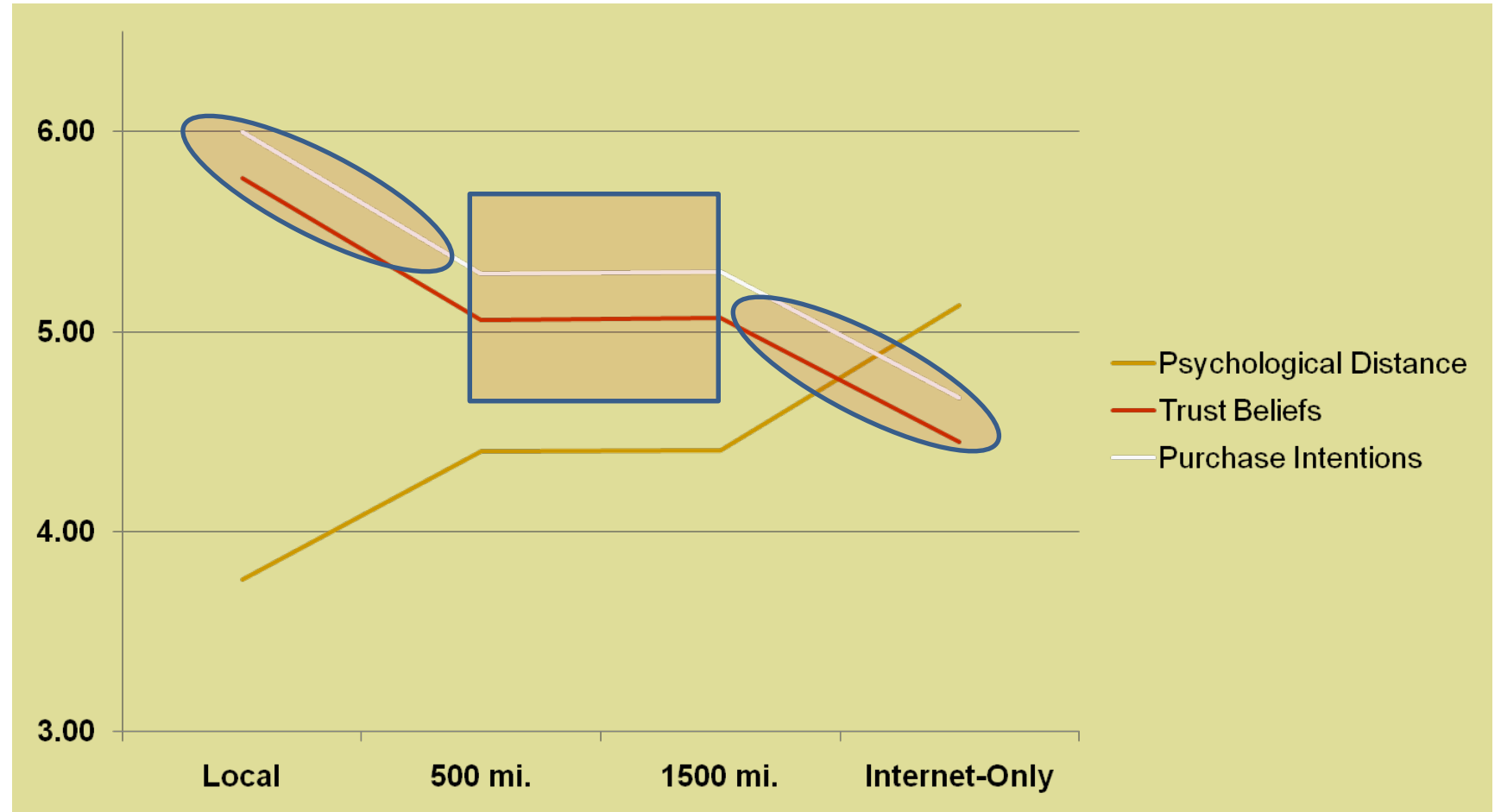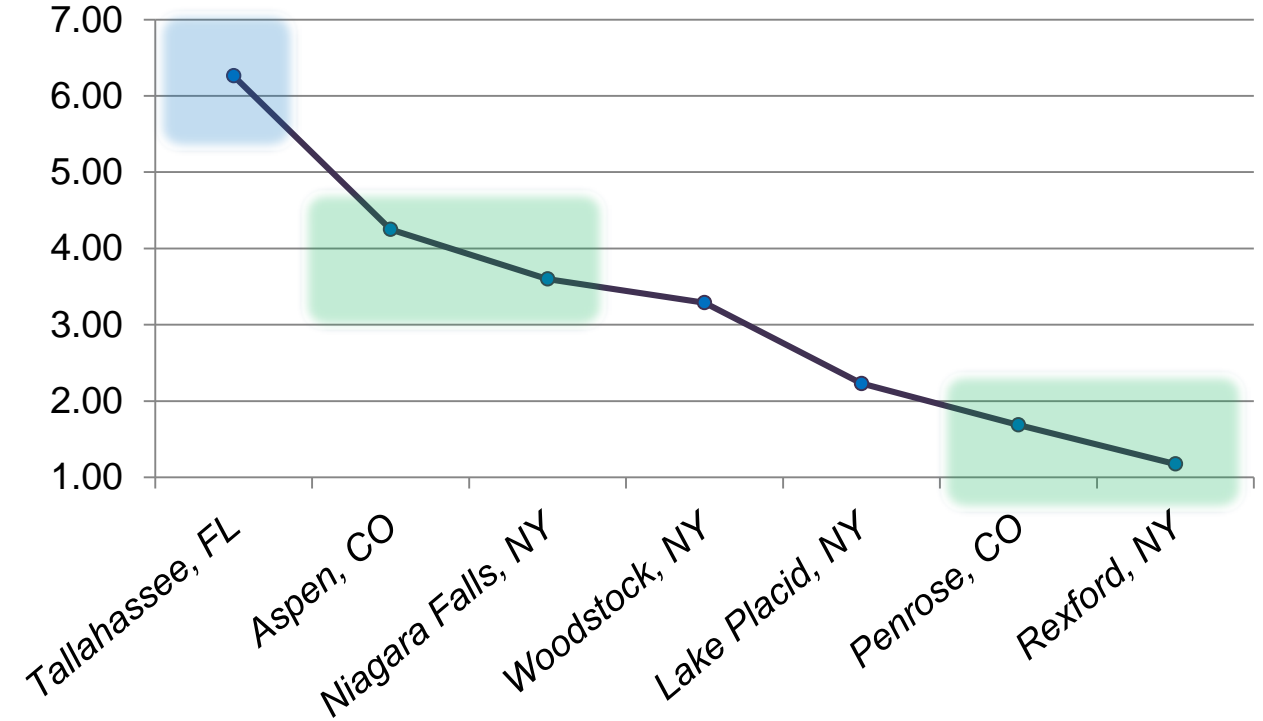
Managing Psychological Distance

- Theory suggests that location familiarity should be a surrogate for psychological proximity
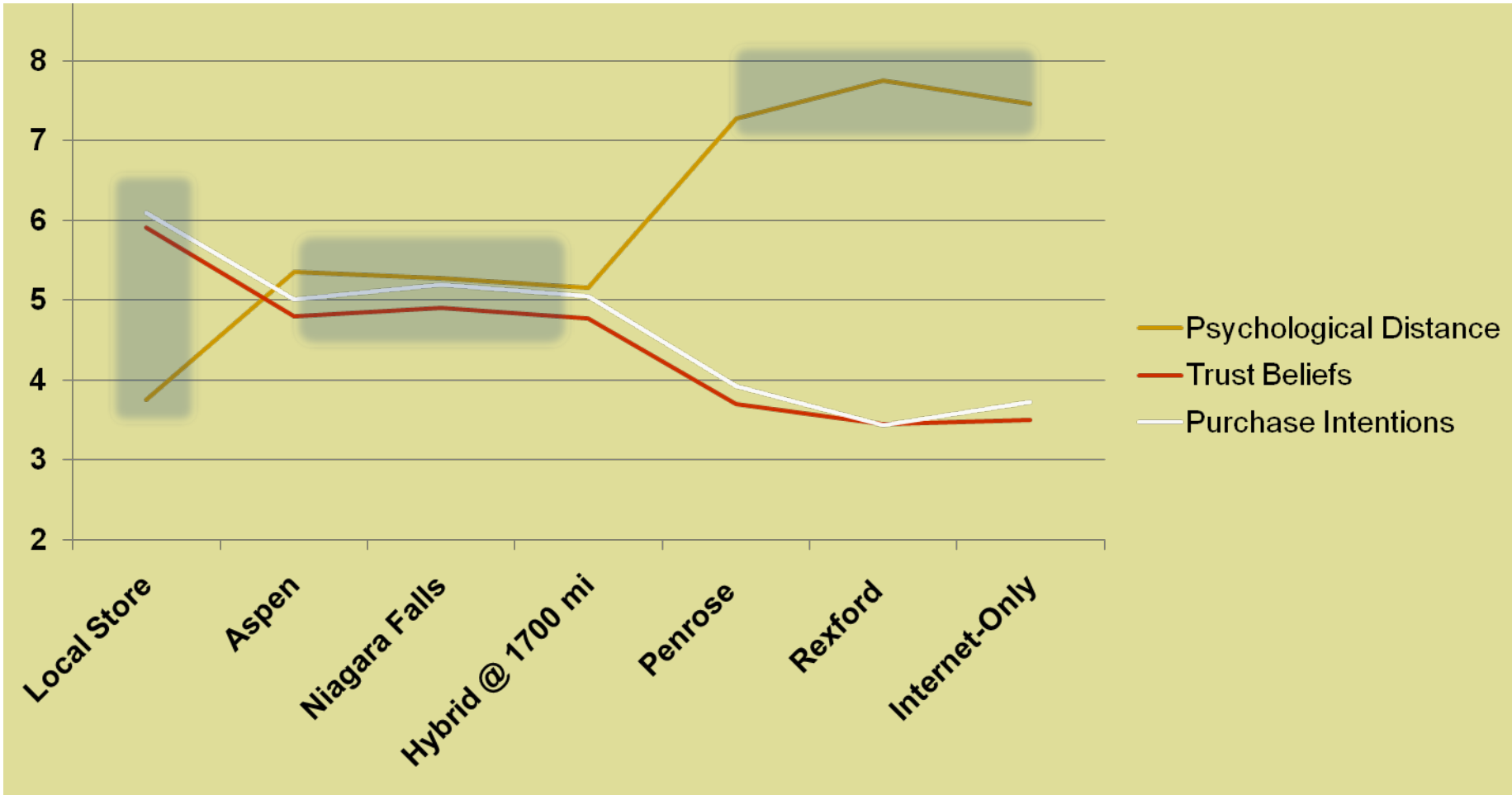 - Familiar locations should *feel closer* and therefore enhance trust and encourage purchase

Identifying Familiar Cities

Results

Legend:
- Psychological Distance
- Trust Beliefs
- Purchase Intentions

X-axis categories: Local Store, Aspen, Niagara Falls, Hybrid @ 1700 mi, Penrose, Rexford, Internet-Only

Why Is Frontline for You?

- It exists at the intersection of theory and practice
  - It passes the HBR test

The Service-Driven Service Company

HARVARD BUSINESS REVIEW   September-October 1991

Putting the Service-Profit Chain to Work

HARVARD BUSINESS REVIEW   March-April 1994

Reaching and Changing Frontline Employees

HARVARD BUSINESS REVIEW   May-June 1996

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Putting the Service-Profit Chain to Work

Harvard Business Review | **July–August 2008**

THE TRUTH ABOUT CUSTOMER EXPERIENCE

Harvard Business Review **September 2013**

Manage Your Human Sigma

HARVARD BUSINESS REVIEW • JULY–AUGUST 2005

Breaking the Trade-Off Between Efficiency and Service

HARVARD BUSINESS REVIEW • NOVEMBER 2006

Why Is Frontline for You?

- It exists at the intersection of several fields of study
  - Marketing, OB/HR, Strategy, Sales, Technology

Michael D. Hartline & O. C. Ferrell

The Management of Customer-Contact Service Employees: An Empirical Investigation

Technology Infusion in Service Encounters

Mary Jo Bitner
Stephen W. Brown
Arizona State University

Matthew L. Meuter
Villanova University

Detelina Marinova, Jun Ye, & Jagdip Singh

Do Frontline Mechanisms Matter? Impact of Quality and Productivity Orientations on Unit Revenue, Efficiency, and Customer Satisfaction

Customer Loyalty to Whom? Managing the Benefits and Risks of Salesperson-Owned Loyalty

ROBERT W. PALMATIER, LISA K. SCHEER, and JAN-BENEDICT E.M. STEENKAMP*

Why Is Frontline for You?

- **Because important problems and opportunities remain**

  - Beatty et al. 2015 found that only 29% of executives believe that employees have the tools and authority necessary to solve customer problems and to delight customers.

  - A recent Gallup survey showed a customer who is emotionally connected to your place of business is likely to spend 46% more money than a customer who is merely satisfied but not emotionally bonded.

What's Next? *JSR* Special Issue

Leveraging Frontline Employees' Small Data and Firm-Level Big Data in Frontline Management: An Absorptive Capacity Perspective

Son K. Lam[1], Stefan Sleep[2], Thorsten Hennig-Thurau[3], Shrihari Sridhar[4], and Alok R. Saboo[5]

Getting Smart: Learning From Technology-Empowered Frontline Interactions

Detelina Marinova[1], Ko de Ruyter[2], Ming-Hui Huang[3], Matthew L. Meuter[4], and Goutam Challagalla[5]

Domo Arigato Mr. Roboto: Emergence of Automated Social Presence in Organizational Frontlines and Customers' Service Experiences

Jenny van Doorn[1], Martin Mende[2], Stephanie M. Noble[3], John Hulland[4], Amy L. Ostrom[5], Dhruv Grewal[6], and J. Andrew Petersen[7]

What's Next? *JSR* Special Issue

The Role of the Sales-Service Interface and Ambidexterity in the Evolving Organization: A Multilevel Research Agenda

Adam A. Rapp[1], Daniel G. Bachrach[2], Karen E. Flaherty[3], Douglas E. Hughes[4], Arun Sharma[5], and Clay M. Voorhees[4]

Emotional Convergence in Service Relationships: The Shared Frontline Experience of Customers and Employees

Alex R. Zablah[1], Nancy J. Sirianni[2], Daniel Korschun[3], Dwayne D. Gremler[4], and Sharon E. Beatty[2]

The Future of Frontline Research: Invited Commentaries

Anat Rafaeli[1], Daniel Altman[1], Dwayne D. Gremler[2], Ming-Hui Huang[3], Dhruv Grewal[4], Bala Iyer[5], A. Parasuraman[6], and Ko de Ruyter[7]

What's Next?

- The Third Annual OFR Symposium
  - Oklahoma State
  - Florida State
  - Winter AMA – Orlando
  - Winter AMA – New Orleans 2018!!

QUESTIONS???

- Our Research Journey
- The Agenda
- Your Journey?

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