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Small details that make big differences : A radical approach to consumption experience as a firm's differentiating strategy

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Small details that make big differences

Small details
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differences

A radical approach to consumption experience as a firm's differentiating strategy

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Abstract

Purpose – Service organizations and marketers have focussed too much of their energy on their core service's performance and too little emphasis on designing a customer journey that enhances the entire customer experience. There is nothing wrong with firms seeking continuous improvement in service quality and customer satisfaction. These efforts are needed for firms to be competitive in the marketplace. The problem occurs when performance levels and service offerings become too similar within an industry, so that price is the only competitive weapon that remains. The purpose of this paper is to argue that in order to break this deadlock, companies need to focus on the small details that make big differences to customers.

Design/methodology/approach – The paper builds on interviews with executives in successful service organizations. It provides an analysis of differentiation strategies in diverse service organizations across consumption contexts, nations and cultures around the world.

Findings – The paper develops three research propositions and argues for radical approaches to help service organizations truly understand customers and provide service experiences that engage and delight them. The paper argues that the new challenge for marketing is to help companies find and implement these small details to make a large impact on the overall customer experience.

Originality/value – In order to truly understand the customer experience, we need a holistic view of all interactions customers have with a company. We need to understand the customer-firm interactions at all touch points, that is, during search, purchase, consumption and post-consumption. Customer experience involves the customers' cognitive, affective, emotional, social and sensory responses to the firm. The originality of this research lies in the focus on the small details that make a difference to customers during the service process rather than in the final outcome of the service performance.

Keywords Service innovation, Experience, Customer behavior, Customer requirements, Service delivery system, Service encounter

Paper type Research paper



Introduction

Service organizations operate in a highly competitive marketplace where it is imperative to produce high-quality services that delight customers, thereby creating and building strong customer-firm relationships (e.g. Barwise and Meehan, 2004). However, in many service industries, high service quality is not sufficient to create brand loyalty for two reasons. First, competing firms may also offer high-quality service. Second, there is a perception that customers are unlikely to notice or appreciate small improvements or differences in service quality because today's offerings (physical goods and services) are already at a relatively high standard. Customers are not prepared to pay a price premium or remain loyal on the basis of small differences in (already high) quality. In fact, they may not notice these small differences, so that price may be the only noticeable difference. Hence, despite high-quality offerings, many firms find customers' brand loyalty eroding and they increasingly face a new challenge: what aspects of service can be leveraged to differentiate the firm's offerings? Today is the new consumer era of "here and now." If consumers want to know whether or not they are getting a good deal on a service offering from a particular firm, all they have to do is run a Google search to learn about the competition's service offering. They can even do this while they are in your store! The same technologies that have eliminated information costs have also increased the consumer's ability to access alternatives for services offered by different providers.

Interestingly, Flytoget, the most recent winner of the Norwegian customer barometer, stated that its new top priority is customer experience followed by a focus on employees and company culture. Consistent with this statement, this paper argues that service organizations that have achieved high levels of service quality must shift their focus. Instead of seeking further service quality improvements, which leads to an emphasis on attributes that are similar across competing offerings, service organizations should develop a strategy that focusses on differences between competing offerings (Zhang and Markman, 1998).

We are especially intrigued by "small details" that make a big difference to customers. Our paper identifies successful examples of this differentiation strategy across consumption contexts and cultures in North America, Europe and Asia-Pacific. Analyzing these cases, we present three research propositions and argue for radical approaches to truly understand customers and provide service experiences that engage and delight them. We argue that the new challenge for marketing is to help companies find and implement these small detail that make a large impact on customer experience.

Prior research on the customer experience

Our interest in small details as a differentiation strategy for service organizations builds on recent work by both service managers and researchers that has emphasized the importance of managing the customer experience (Klaus *et al.*, 2014). Customer experience is usually conceptualized as holistic in nature and involving the customers' cognitive, affective, emotional, social and sensory responses to the firm (e.g. Verhoef *et al.*, 2009). It encompasses every customer experience with the firm over time – that is, during search, purchase, consumption and post-consumption. It includes all of the touch points in a customer journey (Neslin *et al.*, 2006). This conceptualization is consistent with the view that a customer's service experience is necessarily a process rather than an outcome (Grönroos, 1998; Yang *et al.*, 2012). We consider a small detail to be a specific aspect of the service consumption experience – a sensory input, a discrete

emotion, a process element, an employee action and so forth – that is non-alignable with competitive offerings. By non-alignable, we mean that the small detail cannot be directly compared with competitive offerings along a common dimension and has the potential to favorably differentiate the offering.

A strategic emphasis on customer experience implies that service organizations must assemble and interpret information that describes each individual customer's experience with the service process over time. This would include every interaction between the customer and the business, physical good or service (Grewal *et al.*, 2009). It also implies a relationship viewpoint that recognizes a longitudinal perspective with chronological order, rather than a snapshot at one point in time that ignores path dependencies (Verhoef *et al.*, 2009). This issue is important because it has been shown that the sequence in which the positive and negative events occur matters in the formation of retrospective evaluations (Chen and Rao, 2002; Labroo and Ramanathan, 2007). Considering creativity and collaboration in design, Sanders (2005, p. 3) notes that "Experiencing is the point where memory and imagination meet."

Managing customer experiences is extremely complex. Services are often co-produced by different service providers and (perhaps) with multiple customers. For this reason, the service environment can be viewed as a service ecosystem. Lusch (2011, p. 14) explains: "The service ecosystem concept views actors as making value propositions to each other vs delivering or adding value. It also puts emphasis on the co-production and co-creation that occurs between actors in the service ecosystem and hence has a strong focus on collaborative processes." The evaluation made by the customer is affected by the complete set of activities, responsibilities and experiences occurring within the service ecosystem such as acquiring, receiving and benefiting from a particular service. This notion is consistent with early conceptual work in marketing. For example, Alderson (1957, p. 69) called for "a marketing interpretation of the whole process of creating utility."

Grewal *et al.* (2009, p. 1) observe in a retail context that "Many retailers are realizing that their growth and profitability are being determined by the little things that make a big difference in customer experience. For example, easy interactions between the customer and the firm, consistency of the message across all communication channels, providing multiple channels to interact and shop, and finally, being responsive to customer needs." More broadly, Schmitt (2003) defines customer experience management as the process of strategically managing a customer's entire encounter with the firm across five different types of experiences. They include creating sensory experiences, feeling or emotional experiences, "think" experiences involving cognition and creativity, "act" experiences which involve lifestyle and physical behavior, and "relate" experiences which entail connecting with a culture or other reference group. We build on these observations by emphasizing that designing and managing these five customer experiences should be a service firm's core differentiating strategy – and that it is critical for enhancing business performance.

Based on prior theory and burgeoning practice in the area, we define the customer experience as all interactions with the focal firm, including its servicescape, employees and potentially other customers (Lovelock, 1994), through face-to-face, electronic and other channels. These are all the "little things" experienced in moments in time and space. Thus, designing and managing the consumption experience necessarily involves small details that – when strategically orchestrated across every customer touch point, make big differences to customers.

Value co-creation

There are many ways to view a customer in a process. Depending on how much a customer is engaged in a servuction system (Langeard and Eiglier, 1987), they can be a consumer, user, participant or co-creator. Co-creation occurs when consumers interact with organizations (through diverse channels) or products and thereby have an active role in the shaping of their personal experience. The term value co-creation represents an evolution in marketing thought that transforms customers from passive audiences to “active players” that create value (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004). The customer’s value creation process can be defined as a series of activities and interactions performed by the customer with others to achieve a particular goal (McColl-Kennedy *et al.*, 2012, p. 5). Accordingly defining it as “benefit realized from resource integration through activities and interactions with collaborators in the customer’s service network. That is, value co-creation is a multiparty all-encompassing process including the focal firm and potentially other market-facing and public sources and private sources as well as customer activities (personal sources)” (McColl-Kennedy *et al.*, 2012). In brief, value co-creation occurs when a customer personalizes his or her experience through a physical good or service, in the lifetime or its use, to a level that is best suited to reach the goals activated in a specific situation.

Customers who co-produce can be considered part-time employees of the firm; albeit individuals who do not receive a paycheck (Gummesson, 1991; Etgar, 2008). Customers usually co-produce for their own consumption (Saxena-Iyer and Bolton, 2009; Xie *et al.*, 2008). However, customer engagement behaviors, which are typically conceptualized as non-purchasing behaviors, include many customer-organization and customer-to-customer interactions that create value for others. These interactions include information sharing in brand or user communities (Brodie *et al.*, 2013; Van Doorn *et al.*, 2010). These notions are recognized (and widely accepted) in service-dominant logic, which defines co-production and value co-creation as phenomena connected to the production and delivery of service. In other words, how organizations incorporate customer participation into the joint creation of value (Etgar, 2008; Vargo and Lusch, 2004, 2008), with value co-creation being a broader concept (Vargo and Lusch, 2011).

However, the concepts of value co-creation and co-production had their genesis in much earlier work by Normann and Ramirez (1994), who argued that economic actors come together to co-produce value, and Gummesson (1996) who argued that co-production is joint value creation through dyadic interaction. Prior to these authors, Toffler (1980) introduced the term “prosumer,” an abbreviated form of “producer and consumer,” to explicitly recognize that customers are active parties in the production of value[1]. In sum, individuals are not always satisfied with being consumers; they may want to be creators as well (Moreau *et al.*, 2011). When individuals invest financially, they want a return. Similarly, when individuals invest emotionally, they are likely to want to contribute and create value (Dahl and Moreau, 2007; Moreau and Dahl, 2005).

Increasingly, firms such as T-shirt manufacturer Threadless.com are harnessing consumer creativity in their new product-development processes as well as their service delivery efforts (Hoyer *et al.*, 2010). For example, customers may provide ideas for new service development, improvements in service delivery or in the redesign of a service (Kristensson *et al.*, 2004). Von Hippel (1994) explains that customer value is “sticky information,” which means it is costly to transfer from one place to another

because it is tacit (Luthje *et al.*, 2005). Therefore, service organizations find it difficult to identify, understand, and adopt knowledge about the value-creation processes that customers experience.

It follows explicitly from service-dominant logic that value-creation processes are inherently subjective and must be understood in relation to each specific time and place in which they occur (Lusch *et al.*, 2007). Accordingly, many firms have begun treating their customers as active collaborators when developing various offerings. For example, companies such as Ericsson and Volvo develop new offerings together with their customers. After customizing a solution for their customers, they bring it back into the organization and standardize it before launching the new innovation to the rest of the market. McColl-Kennedy *et al.* (2012) showed that some patients assisted with administering treatments, re-designing their treatment programs and even in assisting with the reconfiguring of their medical teams.

Sanders (2001, 2005) describe four levels of creativity in design: doing, adapting, making and creating (see Table I). She argues that researchers must go beyond elicitation of self-reported data or observation of behavior to understand individuals as they adapt, make and co-create. In human-centered design, researchers study what people make or create by providing subjects with toolkits that they can use to express their thoughts, feelings, dreams and new ideas (e.g. Burroughs *et al.*, 2011; Moreau, 2011; Witell *et al.*, 2011). When all three dimensions of creativity (i.e. what people say, what they do, and what they make) are simultaneously explored, researchers can better understand the service-consumption experiences – and how people can be better served through improved service designs.

Companies are also harnessing technology, employees and social media to better understand customers, engage them and enhance their service experiences. For example, online retailer Zappos has posted short, entertaining videos on YouTube that show their products and (especially) feature their employees serving customers. The videos have been highly effective in engaging consumers who have a fondness for reality television. They provide an internet portal that enables people to (virtually) participate with employees who create the customer service experience and communicate Zappos' ideals and values.

Little things can lead to big effects

Small details have multiplier effects

For more than 25 years, academic research has used a service quality lens to understand and manage the service consumption experience (Edvardsson and Gustafsson, 1999;

Level of creativity	Motivations	Requirements
Doing	To get something done/to be productive	Minimal interest Minimal domain experience
Adapting	To make something my own	Some interest Some domain expertise
Making	To make something with my own hands	Genuine interest Domain experience
Creating	To express my creativity	Passion Domain expertise

Source: Sanders (2005)

Table I.
The four levels of
everyday creativity

Parasuraman *et al.*, 1985, 1988; Rust *et al.*, 1995). In general, this approach analyzes discrepancies between expectations and perceptions of service quality (Tse and Wilton, 1988; Boulding *et al.*, 1993). In this way, service organizations can better understand customer expectations, design service processes and standards that match customer expectations, utilize all aspects of service operations (including technology and employees) to meet these standards, and develop appropriate communications about its service. This all leads to customer satisfaction and loyalty. Service quality is a multi-dimensional construct, such that improvements in these dimensions (through changes to underlying service attributes or processes), enable service organizations to meet or exceed the expectations or needs of consumers. This approach has immensely improved services, lowering dissatisfaction and complaints both at national and industry levels.

During the same time span, academics and managers have also recognized that small details or critical incidents can have a profound and favorable effect on the customer service experience (Gremler, 2004). Figure 1 shows that small details can create very high levels of customer satisfaction and stimulate arousal and pleasure, engendering “delight” and (ultimately) fostering loyalty (Oliver, 1999). For example, Mandarin Oriental hotel has a “moments of delight” program whereby service representatives are empowered to provide small low-cost, delights to their customers. Disney has long established traditions of treating every visitor as a guest, attempting to make their visit extraordinary, even “magical,” each and every time; street sweepers and security guards are trained to recognize such opportunities when visitors (or more accurately “guests”) will ask them for directions to rides. This is all part of Disney’s famous “guestology” training (http://disneyinstitute.com/blog/blog_posting.aspx?bid=90#UEg0npb4LP8). The success of favorable critical incidents provides two important insights regarding enhancements to the customer service experience

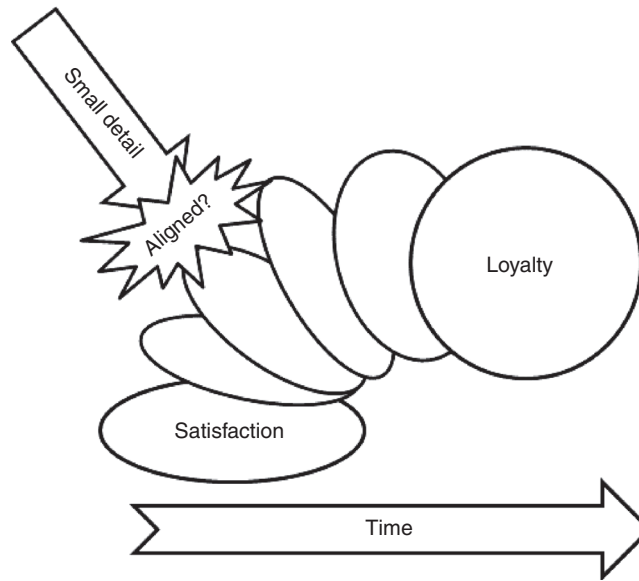


Figure 1.
Small details or critical incidents can have a profound and favorable effect on future behavior

Source: Adapted from Oliver (1999)

(Bitner *et al.*, 1990). First, the effect of little things is often not detected by traditional multi-dimensional approaches to service quality. Yet, detailed analyses of critical incidents, contact points or a customer's chronological journey show that little things can have a big effect on customer satisfaction and loyalty. Second, service quality models do not exhaustively capture all the psychological antecedents in customer satisfaction and loyalty. It is well known that customer satisfaction and loyalty are influenced by multiple psychological processes beyond expectancy-disconfirmation (Oliver, 1980, 1999), including normative comparisons regarding justice (e.g. Smith *et al.*, 1999), emotions (Oliver, 1997), regret (Inman *et al.*, 1997), customer rage (McCull-Kennedy *et al.*, 2009), causal attributions (e.g. Sparks and Callan, 1996; Tsiros *et al.*, 2004), judgments about price (Bolton and Lemon, 1999) and so forth.

For example, if a passenger blames an airline for a negative incident (such as a problem with shared luggage space on a flight) and becomes angry, he will be very dissatisfied. However, it is not likely to be detected by conventional service quality frameworks and metrics. Yet, research suggests that the customer's negative emotion will magnify the effects of this incident on evaluation of the service consumption experience. An interesting example of this mechanism is the "United Airlines breaks guitars" incident (Carroll, 2012). This event is featured on YouTube and has generated an enormous amount of viewers from all over the globe.

Traditional approaches encourage organizations to focus on service quality dimensions (and attributes) that are similar across service encounters and (often) across all competitors. We believe that, except for a few highly innovative firms, most service organizations are not aware of the salient, enhancing and multiplicative effect that little things can have on the customer's (holistic) evaluation of the service consumption experience. In the language of statistical modeling, conventional service quality frameworks focus on main effects, whereas small details operate through constructs (such as emotions) that have moderating effects on antecedents of customer satisfaction and loyalty. This aspect of how customers holistically evaluate services and form repurchase intentions or behaviors has been shown in many studies (Lynch, 1979; Mittal and Kamakura, 2001; Mittal *et al.*, 1999; Seiders *et al.*, 2005). For example, they reveal that emotions (Smith and Bolton, 2002), relationship with the service provider (Yim *et al.*, 2008), participation by customers (Chan *et al.*, 2010), multi-channel effects (Godfrey *et al.*, 2011), evaluations of threats to resources during service failure and recovery attempts (Surachartkumtonkun *et al.*, 2013) and service recovery strategies (Chan *et al.*, 2009) are important moderating variables. In Figure 1, we posit that little things are capable of having a large effect (specifically, a multiplier effect) on a customer's overall evaluations of the service consumption experience. This notion is theoretically well grounded. Formally:

- P1.* Small details influence constructs, such as emotional response, that have a moderating effect on the antecedents of overall customer satisfaction, loyalty and subsequent purchase behaviors.

Small details operate through sensory perceptions and emotions

There are many examples of service organizations leveraging sensory perceptions or emotions to enhance customers' holistic evaluations of the service consumption experience (Lam, 2001). According to Krishna (2012), subconscious triggers that appeal

to the five senses are an effective way to involve consumers while affecting their perceptions and behavior. For instance, the tempo of background music in a store affects customers' perceptions of wait times, the pace of store traffic flow, shopping behavior and sales volume in complex ways (e.g. Milliman, 1982, 1986). Pleasant scents can enhance the shopping experience. For example, when people walk down the hallways at the Gramercy Park Hotel, motion-sensor devices trigger machines to emit a puff of a sandalwood and cedar fragrance. The Body Shop has a long tradition of spraying their fragrances in the mall to attract customers to the store. Moreover, when ambient scent and music are congruent in their arousing qualities, shoppers have favorable perceptions of the store environment, and exhibit more frequent impulse buying behavior. They also, report higher levels of satisfaction (Mattila and Wirtz, 2001).

Retailers can take advantage of how customers process their consumption experiences in chronological order and add a small detail designed to create a pleasant beginning or a delightful ending (Andersson *et al.*, 2012; Fombelle *et al.*, 2011). For example, restaurant waiters often bring a mint or candy with the customer's bill. San Chez Bistro, a restaurant in Grand Rapids, Michigan, started using "Tweet-ahead seating." By doing this, they are accommodating the customer but also are getting their name out to all the Twitter followers of that customer. Many international airlines such as Korean Air, Singapore Airlines and Qantas give their business and first class passengers special presents in fancy gift bags (including perfumed toiletries), as well as warm hand towels on take-off and descent. We believe that sensory triggers have powerful effects when they are congruent with other antecedents of the holistic customer experience. Formally:

- P2. Small details stimulating sensory responses have a favorable influence on customers' holistic evaluations of the service consumption experience; these effects are larger (smaller) when they are congruent (incongruent) with customers' perceptions of other aspects of the service experience.

Small details should be grounded in a humanistic view of the customer

From a humanistic perspective, service experiences are socially constructed. The individual consumer's unique values, actions, beliefs, motives, traditions, possessions and aspirations shape their response to the service experience. Hence, a small detail that effectively creates a favorable experience for one consumer will not necessarily be effective for another consumer. This logic dictates that service organizations must seek to understand the customer experience through humanistic inquiry rather than traditional market research methods. They should seek insights that are transferable, rather than generalizable (Hirschman, 1986). It also suggests that frontline employees, who are immersed in the service delivery process, can act as participant observers. If organizations appropriately select and train their service representatives, they can empathize with an individual consumer and provide a personalized, hyper-individualized, small detail that will create a favorable service experience.

For example, a business blog recently reported the story of a woman traveling in London who discovered she had lost her purse, including all her identification, money and credit cards. She called various banks to cancel her cards and their service was satisfactory. However, the representative at First Direct (a division of HSBC) offered a small detail but with a big effect. Empathizing with the customer's predicament,

the service representative asked “would you like for me to arrange for £200 to be collected from a nearby HSBC bank? I’ve worked out where the nearest branch to your hotel is. If you tell me what you’ll be wearing, I’ll get them to look out for you and you can collect your money.” During 2011, First Direct was the UK bank most frequently recommended by customers, suggesting that it has been successful in inculcating human touch (hyper individualized) principles in its representatives. If we all think back about our own experiences it is likely that we all have a favorite “small detail” from a company encounter that we readily share with friends and family:

- P3. Small details have a favorable influence on a customer’s holistic evaluations of the service consumption experience when they match or fit his/her specific needs, where these effects are larger (smaller) for human touch (impersonal) service experiences (Tables II and III).

Ways to enhance the service consumption experience

We believe that small details are critical elements in a firm’s service system that can have an influence beyond their positive main effect on customer’s perceptions of service quality. We argue that small details can be moderators that enhance customer experiences to create exceptional service experiences. In this section, we showcase how “the little things that make a big difference” can be realized along three major dimensions (see Table III for additional examples).

Approach 1: designing and delivery human touch experiences

One way to use small things to make a big difference is to ensure that all customer-organization touch points reinforce the core customer-centric experience – thereby creating a holistic experience. A holistic approach generates a strategically organized service experience centered on the customer (Verhoef *et al.*, 2009). It combines seemingly unrelated elements (e.g. technology, brand messaging, third party providers, personal selling or sales promotion) seamlessly, so that the customer does not sense each component separately, but senses an integrated experience. In particular, design thinking is a process that centers on empathy and uncovering customers’ feelings to better understand their explicit and latent wants and needs to create meaningful connections with customers (Brown, 2008). This approach is consistent with a responsive and proactive market orientation (Narver *et al.*, 2004). Most high-quality service organizations have embraced service design principles (Voss and Zomerdijk, 2010). For example, many hotel chains have integrated information technology systems, professionally trained staff and orchestrated

	Emphasize functional components that provide main effects on customer experience	Emphasize emotional components that provide multiplicative effects on customer experience
Quality and contractual approach to service design	Current approach: service quality frameworks	Approach 2: emotionally engaged experience
Humanistic approach to service design and delivery	Approach 1: humanistic approach in design and delivery	Approach 3: humanistic in design and delivery with emotionally engaged experience

Table II.
Different approaches
to the customer
experience

Table III.
Three approaches to creating service experiences

Service experience	Little things	Makes big differences in customer experience and service performance
<i>Approach 1: creating humanistic experiences</i>		
Disney Themeparks	Employees are encouraged to make meaningful connections with customers during every touch point. For example, when asked for directions to specific attractions, employees are trained to stop what they are doing and escort customers to their intended destinations	Guest experiences at Disney theme parks are warm and welcoming and hence, support its claim to be “the happiest place on earth”
Shen Zhen Mass Transit Rail (underground)	Offers umbrellas for passengers to borrow when it rains	Passengers regard such gestures as humanistic treatment from MTR ... Service with a heart
Hong Kong Airport Express	Offers passengers to check-in their baggage downtown 24 hours before their flight	Many business travelers check their baggage early, work and take the flights in the evening without carrying them whole day
Hong Kong Immigration Services	Using RFID technology to design identity cards for cross-border immigration services	Hong Kong residents use their identity cards and they move through immigration counters much faster. Ten minutes is considered a long wait
E-retailer Bonobos	Building e-commerce showrooms that allow shoppers to try on items but not take them home	Shoppers can make an appointment with a Bonobos guide who will help them find just what they need. This concept helps staff focus on service and customer experience
Guideshops (brick and mortar store)		
<i>Approach 2: creating emotionally engaged experiences</i>		
Mayo Clinic	Take ownership of patients' physical and emotional concerns	Patients feel peace of mind knowing that they are being wholly taken care of by their doctors and support staff
Apple	Encourages customers to physically touch and “test drive” products in stores	Allows customers to engage their senses, bond with products and fully experience the brand during in-store shopping
Harrah's hotels, resorts and casinos	CRM program rewards customers for patronage while monitoring how they behave, and then delivers recognition and rewards accordingly	Allows customers to receive real-time customized rewards based on what is most important to them in response to “when,” “where” and “outcome” of different gambling activities. This enables customers to feel understood
Pangu Five-Star Hotel in Beijing	Allows guests to consume all items in room fridge (snacks and drinks) for free	Guests were very pleasantly surprised and delighted. This results in greater customer loyalty for the hotel
Hong Kong's Dragon Air	Offers Hagen Dazs ice-cream for all guests in the economy class	Very positive image for the airline. Hagen Dazs becomes a symbol for all passengers

(continued)

Service experience	Little things	Makes big differences in customer experience and service performance
Pacific Place shopping malls in Hong Kong	Redesigns/innovates the mall every two years	Their design actively blends customer emotional experiences through innovative lighting and music. Average shopper spends three to four times more in this mall compared to other malls
Café De Coral (fast food chain) in Hong Kong	Redesigns/innovates the store every two years	During busy hours, it provides fast and efficient service. In non-busy hours, it offers a relaxing environment. It beats MacDonald's and KFC in market shares
Bergvik shopping mall in Sweden	Play music on the parking lot	Help customers to be less stressed and it has decreased the number of collision
Nespresso, coffee company, London, UK	The London flagship boutique offers customers a multi-sensorial space where they can discover the entire Nespresso product range while enhancing their own coffee expertise	The boutique provides consumers with a uniquely personalized experience, featuring a number of zones that cater to the specific needs of the customer
<i>Approach 3: creating humanistic and emotionally engaged experience</i>		
Mayo Clinic	Patients are encouraged and often required to co-create their experiences with physicians	Patient engagement and value co-creation with medical services are associated with less doubts and higher confidence toward the medical service provider
Hong Kong Postal Service. New product design	Asks public to design stamps for its top popular singers	The stamps were extremely well received. They top sales, and the postal service gains a strong positive image
Shenzhen traffic police – co-creating traffic safety	Asks those who jaywalked to volunteer to advise others for 15 minutes not to jaywalk for or be fined US\$3	The jaywalkers change their behavior. Other jaywalkers are more receptive to these volunteers than to traffic police, and the public image of traffic police improves
Shen Zhen Mass Transit Rail – harmonious journey	Actively broadcasts the Chinese cultural value to give seats to elderly, mothers and young children	This helps create a harmonious travel experiences for all. The result is that more people give up their seats in Shenzhen than other Chinese societies (Beijing, Hong Kong and Taipei)
C&A clothing store in Brazil	Is putting real-time “like” data counters on its hangers in retail locations around Brazil. The data are taken from C&A's Facebook page, where the company lists its various wares for people to interact with. When a person “likes” an item online, it shows up on the hanger in the store	It helps customers with purchasing decisions. If they are unsure of one item, they can see how many people online think the product is a good buy

Small details
that make big
differences

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Table III.

physical supports. What remains to create a differentiating strategy is that it must be elevated to a “uniquely human” approach.

This “human touch” approach can be achieved in many ways. First, the service needs to be delivered in an authentic manner (at individual, service role and brand levels) to transform the commercial contact into a one-to-one human relationship (Siriani and Bitner, 2011). A service encounter that is genuinely empathic and heart felt is significantly better than a “hi and bye” transaction – especially as a foundation for a relationship. Instead, real connections must be naturally and genuinely formed by service representatives who are motivated by a meaningful purpose and work with a true sense of passion. In human touch service systems, customers feel privileged to be served in this manner. For example, guest experiences at Disney theme parks support its claim to be “the happiest place on earth.” Remarkably, this favorable holistic experience requires Disney employees to make meaningful connections with customers during a myriad of touch points during a single park visit.

Schneider and Bowen (1999) and Patterson *et al.* (2009) highlight the importance of recognizing that customers are people first and foremost, and consumers second. As such they emphasize the need to recognize that people have a range of needs, such as the need for security, self-esteem, belonging, control and fairness. Service organizations in different country-cultures also illustrate the effectiveness of a human touch perspective. A senior executive at the largest telecom provider in northern Europe recounted how the telecommunications firm used small details to address an important latent need of its business customers. The company was faced with a service paradox. American business customers were dissatisfied with the support provided by a highly skilled technical team working (from Finland) to resolve network outages in the USA. Yet, European customers were highly satisfied with their support from the same team.

Inquiries suggested that the limited amount of communication from the Finnish engineers, which typically took place via conference calls, led Americans customers to doubt the team’s technical skills. The Finnish support team invited the American customer support team to spend several days onsite to observe work in the “emergency room.” They saw how highly skilled engineers used their time to think and analyze, rather than directly communicate with end-users. The visit immersed the customer support team in the company’s service processes. Notably, they underwent the five types of experiences previously mentioned (i.e. sensing, feeling, thinking, acting and connecting). Customers were favorably impressed with the way the engineers worked and cooperated (which they never heard through the phone). The authenticity of the experience was convincing. Their expectation of frequent communication from the Finnish engineers vanished, and communications with the team leader were considered sufficient to achieve excellent service outcomes. The telecom provider did not change its processes, instead a human approach helped it make real connections with customers and their needs.

Approach 2: creating emotionally engaged experiences

A second way to create and deliver exceptional service experiences is to foster customers’ emotional engagement with the service firm or brand (Brodie *et al.*, 2011). Many service systems deliver satisfying experiences but customers do not necessarily feel an emotional bond or attachment to the brand (e.g. Mende and Bolton, 2011). For example, most customers are highly satisfied with McDonald’s, KFC and other fast food restaurants, but they do not have feelings of trust or pride in the brand. If someone gave them a shirt with the company logo, they would not wear it because they might be

perceived as working for the firm. In short, satisfying experiences do not necessarily create brands with which consumers are willing to associate and bond. Hence, service organizations should focus on integrated service design that is emotionally engaging, rather than just logistically functional. This notion is consistent with an emphasis on human and mechanic “clues” (or sensory cues). Berry *et al.* (2002, p. 87) write: “Companies must manage the emotional component of experiences with the same rigor they bring to the management of product and service functionality.”

Emotions are enormously important in the health care sector. A senior manager at the Mayo Clinic describes how people differ from each other, whereas a “one size fits all” approach only pleases those it fits but alienates all others:

One has to be sensitive to a patient’s needs that are not only their physical/medical problems, but their emotional state, their family expectations, etc. A frequent question I get from patients with mild Alzheimer’s, for example, is, “What do I tell people who ask me what’s wrong?” They don’t want to say they have Alzheimer’s, and are looking to me for an alternative. If I tell them they are on their own, or that they have to fess up, that won’t help them. I need to give them some kind of face saving, not a lie, alternative. Or the family that feels obliged to ask about research even if they don’t really understand a word of it so they can satisfy the current peer pressure to “be informed, ask your doctor.” Alternatively, there is the person for who “one in a million” means “so you’re telling me there’s a chance” (to quote Jim Carrey in *Dumb and Dumber*) and wants every test known to mankind pursuing that chance. It really is a question of understanding people’s specific needs and expectations and trying to surpass them. Surpass not just to look good, but to defuse the situation and give them peace of mind that I “own” their concern and have soundly put it to rest.

Furthermore, a major aged care home in Australia on learning that a resident had a preference for espresso coffee over instant, purchased an espresso coffee machine and now a latte is delivered each morning to the resident’s room. The resident is delighted and indeed, when asked about this “little thing” she replied “I would say that it is the best coffee I have tasted in a while [...] It fits the bill very well I can assure you.”

When consumption experiences are engaging, consumers will have more cognitive links to the service firm in memory, as well as stronger emotional bonds and behavioral loyalty toward the brand (Brodie *et al.*, 2011). These bonds can be forged in several ways. First, they can be forged through sensory-rich experiences. Verhoef *et al.* (2009) conclude that customers’ sensory-rich experiences stimulate favorable behavioral responses to the retailer. Mattila and Wirtz (2001) show that when ambient scent and music are congruent in terms of their arousing qualities, consumers rate the environment significantly more positively, exhibit higher levels of approach and impulse buying behaviors, and experience enhanced satisfaction than when these environmental cues were at odds with each other. Another example is Apple stores, these are built like test labs that encourage people to touch and test drive their products. The Apple stores even have their employees make sure that the laptops’ screens are tilted to a certain angle that invites customers to touch the product in order to test them. This makes sense from a bonding perspective with the products, as touch is often the first step toward making a purchase. We posit that enhanced memory and/or consumer enjoyment are the potential mediating mechanisms. The conclusion is that sensory-rich experiences operate as enhancers as they increase repurchasing, and thus, add financial value to the firm.

Second, this can be achieved by customizing and personalizing experiences to meet customers’ underlying desires – i.e. “customerizing.” For example, Harrah’s hotels, resorts and casinos have implemented a customer relationship management program

that is distinctive in comparison with loyalty programs that simply reward people for their business without recognizing personal differences and individualistic desires, Harrah's monitors how individuals or groups of customers behave, uncovering what they care about most and then delivering recognition and rewards accordingly. Their CRM tools are customized in real time and individualistic in response to "when," "where" and "the outcome" of different gambling activities. Similar emotionally engaged experiences can be found in other companies and cultures with equally powerful results as follows.

Approach 3: creating human touch and emotionally engaged experiences

The third approach goes one step further, combining the human touch and emotionally engaged dimensions in delivering memorable customer experiences. This integration can be achieved by redesigning services to allow for co-creating opportunities by the consumers (Högström *et al.*, 2010). Co-creation begins with an orientation that a firm is an open platform, allowing outsiders (such as customers) to source the resources (and service talents) of the firm to create something uniquely of value to them. Recent customer participation studies in retail banking contexts (Chan *et al.*, 2010) show that co-creation leads to higher trust toward the service firm. For example, at the Mayo Clinic, patient engagement and value co-creation with medical services are associated with less doubts and higher confidence toward the medical service provider, as well as higher service quality (Berry and Seltman, 2007). McColl-Kennedy *et al.* (2012) found that customers who were engaged in co-creating value by undertaking a wide range of activities and interactions tended to report a higher level of quality of life.

We would like to suggest that emotional sentiments such as attachment, love, feelings of belonging, warmth, nurturing, happiness and well-being that emerge with higher level of customer participation have strong benefits for consumers. Berry *et al.* (2002, p. 86) note "Customer value can't be reduced to functionality vs price. Instead, it is comprised of both the functional and the emotional benefits that customers receive minus the financial and the non-financial burdens they bear."

In the following, other co-creation experiences show that indeed, a human touch and emotionally engaged experience can lead to high-performance results.

Implications for practice

Thus far, we have proposed a number of postulates and supplied anecdotal evidence to support our central tenet that "small details make big differences" can be a differentiating strategy for service organizations and thus, increase the strength and influence of marketing departments within these organizations (Wirtz *et al.*, 2014). Conceptually, our tenet emphasizes the role of marketing, with its organizational mandate to focus on the customer as critical in guiding on how organizations can create and deliver a differentiated service offering. Our discussion yields the following insights for organizations and managers.

First, marketing is focussed on understanding customers, delivering value by collaborating with them to satisfy their needs, and managing the customer-organization relationship. We have argued that service organizations require detailed information about their customers that can execute a human touch in engaging ways. Hence, as economic and social factors move organizations toward a differentiated service-orientation, marketing managers need to think more like designers. They need to create meaningful consumption experiences with emotional engagement (Brown, 2008). To build a strong customer experience, design experts advise service

organizations to focus on creating consistency in the “choreography of the experience” across each customer touch point in a customer journey (Brunner and Emery, 2009). They also need to consider a customer life-time perspective. Once a firm has created a meaningful experience at every point of customer contact, they require research to understand what actions emotionally resonate with customers so they can continue to develop and enhance what works, even if it appears to be a small part of the overall experience. If the customer experience is not continuously growing and changing to answer consumers’ needs, it can become stale, merely mechanical and without soul. Attention to details surrounding the experience is what counts for customers. The keys to success are building consistency and keeping those small, yet meaningful details, fresh. A company should be like a good host that sincerely helps their customers feel comfortable in the service environment. Music, scents, ambiance and warm interactions help to boost that feeling. An organization should think more in terms of good hosts for their guests.

Furthermore, companies must solicit input from frontline employees when considering ways to continuously evolve the customer experience. Rather than enforcing uniform employee behaviors such as rote scripting, we suggest that managers empower their staff with flexibility to modify their approaches to fine-tune how they meet individual customers’ needs while ensuring an overall consistency with the firm’s service strategy. With the rapid growth of self-service technologies, employees who genuinely play the role of good hosts may serve as a key competitive advantage, perhaps even lowering customer price sensitivity in the process. Managers should also encourage and reward inventive employees who collaborate with their peers to develop “human touches” that work most effectively with customers. By including employees as well as customers in design efforts and then sharing best practices across the organization, managers can keep their frontline training programs fresh while also increasing employee ownership in building a more human touch customer experience.

Second, the organizational context is important for embedding a focus on little things that count most with customers (Gronroos, 1990). Service designers must develop strategies to align, motivate and empower employees across functional areas and business units to create a coherent and consistent customer experience. A single executive may lead this effort across channels and business units with human resources reinforcing a human touch view inside the organization. For instance, Fidelity, General Motors and the Washington Post have appointed such leaders at high levels in their organization. Pharmacy retailer Walgreens recently hired a Chief Customer Officer who works in tandem with their CEO to lead change management efforts to transform how the entire firm interacts with customers.

IKEA is also extensively discussing the notion of company culture. We interviewed an IKEA manager responsible for the customer experience. They view the task of setting customer orientation as an enormous challenge. IKEA has developed a program based on the top ten expectations customers have during their entire shopping experience from home, to the store and home again. The visit to the IKEA store is a very brief part of the entire process. This journey actually begins with the consumer spending time online with the retailer’s web site in preparation for the store visit. They may also stop at other companies en route to IKEA. Upon arrival at IKEA, the customer selects items for purchase by taking a long winding path through IKEA’s numerous departments. This is termed the “long natural way,” which leads customers from show rooms to the warehouse pick-up areas of the store. This was developed

when the average store was 19,000 square meters, compared to a current average of 40,000 square meters. The journey finally ends with consumers purchasing items, driving home and co-producing the item with IKEA's assembly instructions. This home-to-home journey is replete with emotional and sensory stimulation. There is potential for positive and negative sensations at every touch point. It is the main tool to realize the positive and negative experiences IKEA customers might experience. This provides management with a detailed blueprint for shaping a more empathetic and customer-centric company culture.

Third, companies must learn better ways to co-create value with their customers. Value co-creation builds engagement and loyalty, not just productivity gains. For example, BT is a global material handling company owned by Toyota. It provides high-density warehouse storage solutions, including narrow aisle trucks, forklifts and other equipment. BT is building a differentiated strategy by focussing on the driver experience. It creates and delivers favorable sensory and emotional experiences for the driver because its equipment is designed to allow a fast change of driver position to suit pallet handling, fingertip controls for fast and accurate handling and so forth. This strategy may seem odd for a business-to-business (B2B) marketing strategy; B2B firms are more likely typically emphasize productivity and efficiency – not how end-users feel when using the product. However, senior management is motivated by the fact that there are very small differences between suppliers offering competing storage solutions. Therefore, driver experience could be the deciding factor in favor of BT.

Finally, we suggest that service organizations consider the cross-cultural challenges inherent in translating a customer experience from country to country when applying these principles. One issue is the debate between customization vs standardization. It is important that companies identify small details that are specific and transferable (not generalizable) to a nation or region and ensure that these details are not lost in translation to another culture. It is also critical to recognize that customers are, first and foremost, people with needs. Fundamental human needs are the same the world over (Patterson *et al.*, 2009). However, the way(s) in which they are met should be locally interpreted and contextualized, and thus meaningful to the individual customer. Only by being close to the customer and thinking about the small things can organizations realize big differences in practice.

Note

1. Humphreys and Grayson (2008) used the term in a different way to Toffler, combining the meanings of professional and consumer. In this sense, a prosumer is an expert-user who demands advanced and/or high-performance features. As explained by Xie *et al.* (2008), the success of the consumers' role as a prosumer depends on their qualifications and interests.

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