

Consequences of Heterogeneity Across Service Providers (or Vive la Difference)

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The advertisement features six individuals standing in a stock exchange, holding a large sign that reads "WALL ST". The background is a busy trading floor with many people and digital displays. The Sun Microsystems logo is in the top left corner. The text on the right side of the ad reads: "Share the fast lane. The pace of modern-day investing can boggle the mind. And overwhelm the data center. So Sun and AMD are working on faster, next-generation systems for Wall Street. Benchmarks show that Sun Fire™ V40z servers, employing Dual-Core AMD Opteron™ processors, deliver world record performance. And dual-core processing helps save money, too. How much? About \$2 million a year in power costs alone. That's what financial firms call a smart investment. The performance is the asset. The network is the computer. Share."

sun.com/share

AMD 64 share

Dirk Meyer — President
AMD Microprocessor Sector

Sherry Q. Moore — Sun Solaris
Kernel Engineer

John Fowler — Sun Network Systems
Group, EVP

Beth S. Beasley — Sun x86
Product Manager

Wall Street
Financial Analyst

Marty Seyer — Vice President
AMD Microprocessor Sector

Heterogeneity or Variation in the Service Consumers Receive

- Across different service providers (e.g., Berry 1980; Parasuraman, Zeithaml and Berry 1985)
- Within a service provider
- Across consumers and service providers, and even within the same consumer and service provider pair due to co-production of services (e.g., Langeard et al. 1981)
- Across different firms

Implications of Variation Across Frontline Service Providers – Effects on Inductive Inferences



The advertisement features six individuals standing in a stock exchange setting, holding a large green sign that reads "WALL ST". The Sun Microsystems logo is in the top left corner. The text on the right side of the ad reads: "Share the fast lane. The pace of modern-day investing can boggle the mind. And overwhelm the data center. So Sun and AMD are working on faster, next-generation systems for Wall Street. Benchmarks show that Sun Fire™ V40z servers, employing Dual-Core AMD Opteron™ processors, deliver world record performance*. And dual-core processing helps save money, too. How much? About \$2 million a year in power costs alone*. That's what financial firms call a smart investment. The performance is the asset. The network is the computer". Share.

sun.com/share

AMD (share)

Below the sign, the names and titles of the six individuals are listed:

- Dirk Meyer, President, AMD Microprocessor Sector
- Sherry Q. Moore, Sun Solaris Kernel Engineer
- John Fowler, Sun Network Systems Group, EVP
- Beth S. Beasley, Sun x64 Product Manager
- Wall Street Financial Analyst
- Marty Seyer, Vice President, AMD Microprocessor Sector

- Inferences about other service providers within the firm (within-firm similarity)
- Inferences about the firm as compared to competitors (across-firm differentiation)

My Research Has Focused on Information about Individual Frontline Service Providers

- Compares individuals who violate consumers' expectancies with those who do not violate expectancies
- Draws on theories from psychology
- Method - laboratory experiments
- Measures – rating scales
- Limited information given to student participants

Expectancy Violation Elicits Cognitive Elaboration

- Expectancies about services in general (norms for good service)
- Expectancies about occupations from lay theories about service skills (includes stereotypes about the kinds of people that are good at delivering the service)
- Expectancies about the firm (brand commitment)

Types of Causal Inferences from Information about the Individual

Attributions to the:

- Individual Service Provider (e.g., the person has unique traits)
- Situation (e.g., the store was very busy that day)
- Firm (e.g., all service providers share the same characteristics as the individual)

Valence Effects in Inductive Inferences

- Negativity effects in inductive inferences about product quality (e.g., Herr, Kardes and Kim 1991)
- Positivity effects in inductive inferences about service quality (Folkes and Patrick 2003)
 - Norms for good service (Johnson, Anderson and Fornell 1995)
 - Bad service is less typical
 - One individual's bad service can be explained away

Violation of Expectancies in Service Provider Performance

- Atypical service provider
 - For the occupation (e.g., a female financial planner)
 - For the firm (e.g., a trainee, a star performer)

Consequences for

Within-firm similarity

Across-firm differentiation

Gender Stereotypes Create Perceptions of Atypicality for the Occupation



Effects of a Counter-Stereotypical Service Provider (Matta and Folkes 2005)

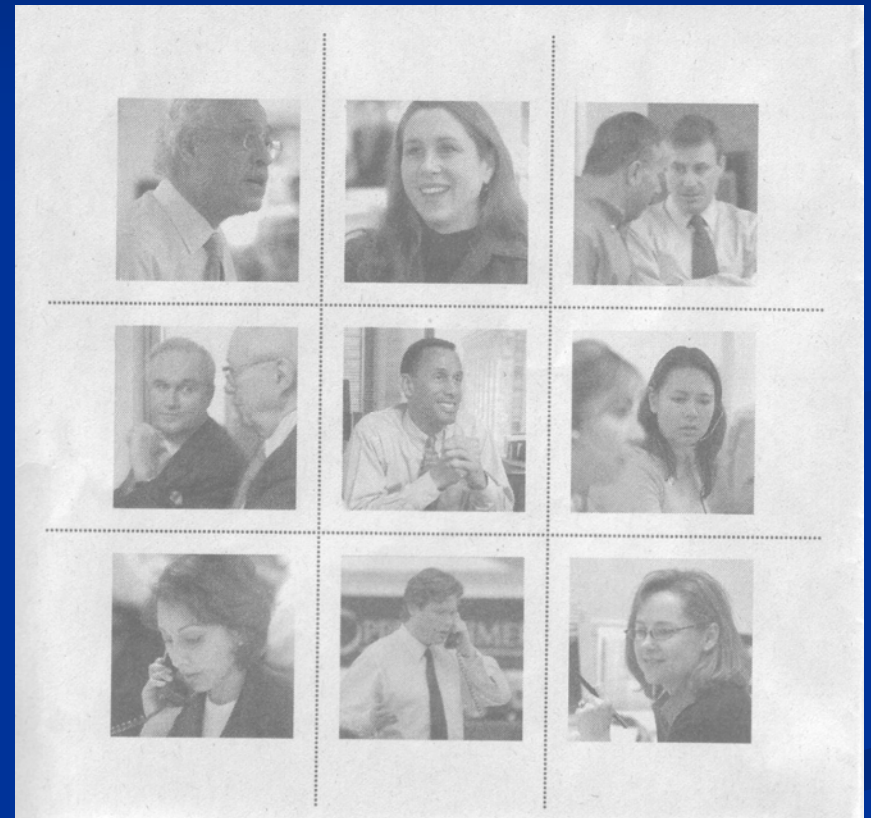
- Individual's gender was counter-stereotypical for occupation
- Excellent performance from counter-stereotypical individual violates expectancies
- Expectancy violation elicits greater cognitive elaboration, leading to within-brand dissimilarity
- Greater across-brand differentiation only when the counter-stereotypical individual performs excellently
- Gender effects symmetrical

Experiment Examining Inductive Inferences When Gender Composition is Known

- Motivated partly by need to eliminate an alternative explanation for brand differentiation finding
- Research about effects of demographic diversity in groups (e.g., Taylor 1981; Heilman and Blader 2001)
- Experiment examining effects of known gender composition on consumers' inferences
- Measures beliefs about stereotypically female traits

Manipulation of Gender Composition of the Firm

- Gender heterogeneity
 - Solo woman
 - Minority woman
- Gender homogeneity
 - All women
 - All men



Mean Ratings of the Excellent Individual Service Provider and the Firm's Other Providers

Dependent measure	Homogenous Male (7 M)	Solo Female (1W, 6M)	Minority Female (3 W, 4 M)	Homogenous Female (7 W)
Individual's communal traits	5.69	6.98	7.00	7.04
Others' communal	5.55	6.75	6.68	6.92
Individual's agentic traits	8.10	7.92	7.79	7.85
Others' agentic traits	7.83	7.53	7.36	6.20
Organization superiority	6.87	8.06	8.19	7.20
Organization similarity	6.56	4.59	4.72	3.97

The Combination of Stereotypically Male and Stereotypically Female Traits in an Outstanding Employee



Father – Math Whiz.
Mother – Master Communicator.
Seems like Kelli was genetically wired to reengineer our telecom centers.

WHAT CAN BROWN DO FOR YOU?

UPS® believes that career growth comes from diverse and challenging assignments that stretch people's abilities. In the case of Kelli Franklin-Joyner, that's been a 20-year process which continues to evolve. A love of numbers and logic handed down from her father led her to engineering when she joined UPS in 1985. But we saw in Kelli an innate understanding of people inherited from her mother — a talent we've nurtured through a series of management assignments. In her current position as a Director of Engineering responsible for UPS Customer Service Centers, Kelli uses these people skills daily to manage a large staff operating dozens of call centers worldwide. Her responsibility is to continually upgrade the quality of UPS customer service. Fortunately for us, it's something Kelli was born to do. community.ups.com



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Other Research - Atypical Service Providers Create Expectancies for Different Service



Service providers identified as excellent performers create expectancies for delivering service better than other employees – how does that influence firm differentiation?

Service Provider Functional Heterogeneity Within the Firm

- Many services have multiple components
- Many firms employ individuals who specialize in a particular function
- Some units/occupations are more typical or central to a service category than others

Functional Heterogeneity (as Opposed to Homogeneity) May be Associated With:

- Larger firms
- Individual provider has greater depth of knowledge about his/her particular service (and so higher quality service given from individual)
- Decreased amount of interaction with each customer (and so less knowledge about customer and less ability to customize; weaker social relationship with each customer)
- More customer uncertainty about the quality of the firm's other services (i.e., less generalization across service providers than within provider across different services)

Consequences of a Behavioral Approach to Investigate Service Heterogeneity

■ Advantages:

- Behavioral theory
- Control from the experimental method
- Insight into cognitive processes mediating effect

■ Disadvantages:

- Ecological validity - Laboratory research vs. field research
- One shot vs longitudinal research
- Relative impact difficult to assess

Mean Ratings of Regular Employees and Outstanding Service Providers and their Firms

	<u>Regular</u>	<u>Provider</u>	<u>Outstan</u>	<u>ding</u>
	<u>Excellent</u>	<u>Poor</u>	<u>Excellent</u>	<u>Poor</u>
Typicality	6.39	4.58	5.96	4.08
Individual's Competence	7.20	3.04	8.30	2.23
Others' Competence	7.28	4.08	6.95	2.88
Brand Similarity	5.96	4.52	5.12	2.89
Brand Superiority	5.88	4.04	7.06	2.11