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Service Spotlights

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Theory of Paradox Within Service-Dominant Logic (p. 111)

Do system paradoxes exist in service-dominant logic's (S-D logic) system orientation to service exchange? If so, what is gained from understanding these paradoxes? S-D logic is evolving as a theoretical framework in explaining the true nature of resource exchange at various levels of market systems. S-D logic's framework of exchange is explained through 11 foundational premises that posit behaviors, governance, and outcomes of exchange based on value-hosting service. As with any complex system, the holistic viewing of S-D logic reveals that the complexity of service systems is, at times, inherently paradoxical. Identification of paradoxes can help develop a deeper understanding of a system's behavior. Using a conceptual modeling technique, this paper identifies potential system paradoxes inherent within the framework of S-D logic. These system paradoxes can guide academics and practitioners in decomposing the complexity of service exchange. The insight for academics is that the paradoxes identified within S-D logic's framework provide opportunities to further advance a general theory of service exchange. The insight for managers is that these paradoxes can lead to an appreciation for the plurality of service exchange and value co-creation, better comprehension of system behavior within S-D systems, and a more robust understanding of markets and marketing.

The Effect of Experience Congruity on Repurchase Intention: The Moderating Role of Public Commitment (p. 124)

In this article, the authors investigate the impact of consumer online reviews (congruent versus incongruent) on a focal consumer's repurchase intention, and propose that public commitment (posting a review) moderates the relationship. The findings indicate that, when posting a review about positive experiences, consumers show similar levels of embarrassment regardless of whether other reviews are congruent or incongruent. Conversely, when the consumer does not write a review, other consumers' incongruent reviews induce feelings of embarrassment, thus diminishing attitude certainty and consequent repurchase intention. Additionally, reviewers felt marginally less embarrassed than nonreviewers when they were exposed to other consumers' incongruent reviews. Conversely, nonreviewers felt less embarrassment than reviewers when exposed to other consumers' congruent reviews. However, such an effect is mitigated when the focal consumer's experience is negative. The study findings demonstrate that embarrassment and attitude certainty are the underlying mechanisms explaining the effects. This study has theoretical implications in terms of examining the review writers' perspective and elucidating the importance of public commitment in resisting the power of online reviews posted by others on social media. Moreover, the study findings have practical implications by highlighting potential improvements in companies' online feedback systems.

A Framework for Increasing Sustainability in Services (p. 139)

Environmental sustainability is a growing concern that has not been examined in depth in the service literature. In this article, the authors propose a strategic framework for introducing or increasing sustainability activities in service organizations that acknowledges the role of the customer in the service delivery process. This pragmatic approach can provide service managers with the insights for improving sustainability within their respective organizations. In applying this framework, the ability to increase an organization's sustainability is accomplished by both the service provider and the customer. Based on the degree of importance of sustainability to customers as well as the degree of sustainability of its current service delivery processes, service organizations can focus their efforts on customer-enabled or provider-enabled sustainability. To move to the highest degree of sustainability for their organizations, service managers need to not only design their operations and supply chain processes to align with their sustainability objectives, but to also educate and/or incentivize their customers to be active participants to increase sustainability through value co-creation. Increasing sustainability in services requires a transdisciplinary approach that must involve both the operations and marketing functions of an organization.

Data-Driven Understanding of Smart Service Systems Through Text Mining (p. 154)

Smart service systems are everywhere—in homes and in the transportation, energy, healthcare, and other sectors. Nevertheless, such systems are not fully understood. Given the widespread applications of and research on smart service systems, the authors used text mining to develop a unified understanding of them in a data-driven way. In this article, the authors used a combination of metrics and machine learning algorithms to preprocess and analyze text data related to smart service systems, including text from the scientific literature and from news articles, to identify important keywords, research topics, technology factors, and application areas. They also define “smart service system” based on the analytics results, and discuss the theoretical and methodological implications of the work. By establishing common ground for understanding smart service systems across multiple disciplinary perspectives, this article aims to encourage further research and development of modern service systems.

Value Encounter Modeling—Formalization and Application (p. 181)

The concept of value cocreation has been widely used in the management and service science literatures. Value modeling approaches typically focus on exchange of value rather than cocreation of value. In this paper, the authors propose a new value modeling approach that highlights the notion of a “value encounter,” which is defined as an interaction space where a group of actors meet and derive value by each bringing some of its own resources. The paper provides a formal value encounter ontology, showing that this ontology captures the concept of value cocreation and offering a useful instrument for open innovation projects. The authors review a case study in which the approach is applied in the development of a “green” hospital.

Revenue Management with Customers’ Reference Price: Are the Existing Methods Effective? (p. 195)

Existing revenue management methods and heuristics rely on specific demand-side assumptions such as customers’ independent decisions over time. In this paper, the authors relax the assumption that purchasing decisions depend only on current price and are independent of previous prices of the same or similar products. On the contrary, the model assumes that customer decisions depend on a product’s past prices through a *reference price*. With this new dimension, a firm needs not only to manage its remaining capacity but also needs to control the reference price to maximize its expected future profit. In this situation, the authors show that some of the main analytical properties such as monotonicity or modularity of the firm’s value function no longer hold. Consequently, the effectiveness of existing heuristics that have been developed based on these properties become limited and might generate poor results. Examples of such heuristics are the *bid price* and the *booking limit* that are popular methods of revenue management in practice. For the new setting, incorporating a reference price, the authors update existing revenue management heuristics and measure their updated effectiveness, using a comprehensive simulation study to illustrate the results.