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Service Spotlights

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Product Return Episodes in Retailing (p. 263)

The return of a product is often one of a series of transactions that a consumer undertakes in search of a good. In this article, the authors analyze returns as part of a product search process: Upon returning a product, consumers may immediately purchase an alternative one, which they may later replace with another product, and so on, until they either ultimately keep their last purchase (*Keep* outcome) or not (*No-keep* outcome). Such a sequence of transactions is called a “product return episode.” In this work, the authors study consumer *Keep* and return abuse behavior using episodic metrics. Using data from a consumer electronics retailer, the authors show that analysis of product returns with episodic metrics provides insights that differ from, and go beyond, analyses with commonly used transactional metrics. They find that although higher average price and larger store assortment at a subcategory level both tend to increase the return probability, they also increase the probability of keeping a product at the end of an episode, which points to profit-improving opportunities for retailers by allowing returns and tracking episodes. They also find that episodic metrics are useful for identifying return abuse.

Price and Service Competition in a Tourism Supply Chain (p. 279)

The tourism supply chain literature has predominantly focused on price-sensitive demand and ignored the service-sensitive demand issue. In competitive practice, both price- and service-sensitive demand play a significant role for tourists in selecting a tour package. In this paper, the authors discuss a case in which two tour operators compete on price and service to offer tour packages and serve the

customers through a common local operator. The authors develop a mathematical model for a tourism supply chain under three scenarios: (i) a decentralized scenario, (ii) an integrated-channel scenario, and (iii) a global scenario. The results show that the tourism supply chain generates more profit when there is competition compared with when there is no competition. Furthermore, the results show that coordination among supply chain members with surplus sharing contracts improves the overall tourism supply chain profit compared with the decentralized scenario.

Smart Homes as Product-Service Systems: Two Focal Areas for Developing Competitive Smart Home Appliances (p. 292)

Smart homes are a strong match for the characteristics of product-service systems (PSSs), but practitioners lack the knowledge necessary to approach their designs from a systemic perspective. Positing that smart home appliances (SHAs) are the building blocks of smart homes as competitive PSSs, this article investigates the attributes of SHAs as design elements and the advantages of PSSs as design goals. Based on systematic literature reviews and interviews with SHA experts in South Korea, the authors propose a revised set of SHA attributes and discuss the two focal areas for developing competitive PSSs with SHAs: smartness for personalized user experiences and smartness for expanded cooperation. The article contributes to the fast-changing smart home industry by capturing the attributes that define today’s SHAs, demonstrating that these attributes can contribute to the development of smart homes as a competitive PSS and identifying areas of focus for those who develop SHAs and systems.