



How some service firms have become part of “service excellence” folklore

“Service excellence”
folklore

An exploratory study

179

David Solnet

The University of Queensland, Ipswich, Australia, and

Jay Kandampully

The Ohio State University, Columbus, Ohio, USA

Abstract

Purpose – This paper aims to address the concept of customer advocacy through storytelling, urban legends and folklore. The main purpose of the paper is to identify firms that are frequent subjects of positive customer storytelling, and to examine these firms for common practices.

Design/methodology/approach – Following an assessment of various literature, this paper incorporates a two-stage design. The first stage identifies a set of companies that are frequently the subject of customer service storytelling. The second stage takes a grounded theory approach, utilizing a thematic analysis of data collected in relation to the exemplar firms.

Findings – Ten exemplar firms were identified. Themes and sub themes were drawn from data about the firms and categorized into ten theme clusters. A single theme – related to customer and employee obsession – was determined to be the common thread. An assessment of customer and employee practices from the exemplar firms is provided to give illustrations of specific practices and beliefs.

Practical implications – When customers and non-customers engage in positive dialogue, narrative and storytelling about a business, it is seen as the ultimate marketing outcome. By understanding some of the practices of firms that are subjects of customer service folklore, managers can gain insights into how customer and employee treatment strategies can be incorporated into their businesses.

Originality/value – Storytelling and myths have been examined (and utilised) from the perspective of organizational culture, communication and change – but rarely from the perspective of customer-to-customer communications.

Keywords Storytelling, Postmodernism, Best practice, Services

Paper type Research paper

Introduction

Customer-to-customer advocacy through “word-of-mouth” (WOM) communication can have a profound influence on customer attitudes and purchasing behaviour (Brown *et al.*, 2000; John, 1994). Indeed, WOM communication has been described by Mangold *et al.* (1999, p. 73) as a “dominant force in the marketplace”, and Reichheld (2003) has argued that a crucial issue for any company is whether customers are willing to recommend the firm’s products or services to their friends and acquaintances. Moreover, Keiningham *et al.* (2007) stress the importance of balancing and managing the various aspects of the customer experience simultaneously if firms are to optimise the loyalty behaviours they desire from their customers.



Customer loyalty has been defined and measured mainly from two perspectives: behavioural and attitudinal (Kandampully and Suhartanto, 2003). The behavioural perspective views customer loyalty as the actual behaviour of repurchasing products/services from the same provider and distributing positive word-of-mouth (Osman, 1993). WOM has usually been associated with unsolicited communication among customers, and such customer advocates are said to be the most loyal customers (Sasser and Jones, 1995). However, WOM can also be utilised as an intentional proactive marketing strategy; such strategies have been variously described as “buzz marketing” (Rosen, 2000), “viral marketing” (Kelly, 2000), and “evangelist marketing” (McConnell *et al.*, 2003).

Whether intentional or unintentional, if a firm is repeatedly endorsed by positive WOM, such communication among customers can grow beyond the sharing of direct experiences to become storytelling folklore. According to Tonklin (1992), who has studied the social construction of oral history, oft-repeated stories turn into folklore – which then conveys beliefs and norms among the members of a culture or subculture. In a similar vein, Weick (1995), who has investigated sense-making in organisations, has contended that such stories are used by people to help them make sense of their world.

In business terms, positive stories passed between customers serve as a form of extended and enduring WOM advertising. Stories often become connected with a brand or a company, such that the mere mention of that company or brand can evoke a folklore story that has an impact on the business fortunes of the company (McNeil *et al.*, 2001). Becoming the subject of positive stories or folklore represents a powerful and enviable marketing tool for a firm, and most firms aspire to such “legendary” status. Such a positive perception of a firm among customers can overcome otherwise poor financial performance. However, the achievement of such a status does not come easily or quickly.

The purpose of this paper is, therefore, to review the role of storytelling in an organisational communication context with a view to determining whether the companies identified possess common traits and characteristics that instigate customer storytelling. The remainder of the paper is organised as follows: some background information to the study is provided, including an overview of word of mouth communications. The research design is then discussed, followed by the presentation of findings. The findings include a list of attributes identified as being prevalent among the ten selected firms. Based on these findings we provide some suggestions for future research and for management implications.

Background to the study

Stories, myths, legends, narratives, and metaphors are important in many aspects of day-to-day life; indeed, Stephens and Eisen (1998) have contended that stories and myths become the “truths” to which people refer when seeking guidance on how they should think, feel, and act in conducting their lives. This view is in accordance with a post-modernist view of the world – whereby the existence of external objective truth is doubted and human social experiences (including the interchange of stories of experiences) are posited as the foundation upon which frameworks of reality are now based (Brown, 1993; Hicks, 2004). Indeed, elements of post-modernist thought have been incorporated into contemporary marketing theory – as researchers investigate

how consumers' perceptions of companies and brands are influenced by “narrative discourses” about companies (Kelly and Zak, 1999), which subsequently lead to the formation of so-called “regimes of truth” (Firat *et al.*, 1995) in the minds of consumers.

It is the contention of this study that the creation of a narrative discourse about a company or brand is essentially an extended and enduring form of WOM communication. Indeed, it can be argued that the creation of a narrative discourse (or “urban legend”) about a company or product is more influential than mere person-to-person recommendation – because an “urban legend” can be perpetuated by anyone, regardless of whether that person has ever purchased from the particular firm in question. Moreover, with the advent of modern electronic communications, “urban legends” proliferate widely (and very rapidly) through “friend-of-a-friend” (FOAF) networks (Roche *et al.*, 2005). In a post-modern world, these urban legends can soon become consumer “truths”.

Apart from the theoretical argument that there is a tendency in the post-modern world to rely on narrative discourse as a basis for “truth”, there is also empirical evidence to suggest that consumers place more credence on informal personal communication than traditional marketing campaigns in making their consumption decisions (Schiffman and Kanuk, 1997). WOM communication is considered to be more credible because the sender of the information usually has nothing to gain if the recipient subsequently decides to buy (Bansal and Voyer, 2000). Moreover, within a services context, prospective customers tend to rely on communication from other customers because the intangible nature of services is inherently associated with greater purchase risk (Bansal and Voyer, 2000; Zeithaml and Bitner, 1996).

Prospective customers thus rely on the testimony of other consumers because they are intuitively aware that WOM recommendation is fuelled by satisfactory experiences for their fellow consumers and that these experiences are, at least in part, a reflection of an organisation's orientation towards customer service and service recovery (Hallowell *et al.*, 1996; Lytle and Timmerman, 2006; Parasuraman *et al.*, 1988, 1991; Blodgett *et al.*, 1995). Prospective customers are thus inclined to believe the testimony of those who have been described by Sasser and Jones (1995) as “apostles” – that is, customers who are so exceptionally loyal that they feel compelled to tell everyone about their positive experiences with a firm.

It is apparent from the above discussion that WOM recommendation is of great significance to the credibility and marketing efforts of any firm. It is also apparent that, in a post-modern world, the evolution of such WOM recommendation to the status of urban legend has the potential to establish a firm's positive image as an accepted “consumer truth” among present and potential customers. The purpose of this study was, therefore, to investigate whether commonalities exist among firms that have consistently achieved “urban legend” status in relation to their provision of service excellence.

Research design and methodology

The research design, which utilised a “grounded theory” approach (Glasser and Strauss, 1967), involved two steps. The first was the identification of firms that had frequently featured in customer storytelling and folklore as demonstrating undisputed “best practice” in service. The second was to undertake a thematic content analysis to identify common attributes shared by these firms.

Identification of firms

The following sources were utilised to identify firms for study in the present research:

- review of the literature related to service excellence;
- trade publication lists;
- survey of firms using senior managers, academics, and experts; and
- the authors' personal experiences as researchers and customers.

Approximately 50 firms were initially identified from the sources listed above. This list was then refined by perusing specific information about the firms obtained from academic journals, newspapers and magazines, books, and online sources of information. This process led to several firms being eliminated on the basis of negative publicity and/or doubts about their status as exemplar firms in best practice. The final list contained ten firms. Table I provides the names of the firms and a brief description of each.

Thematic content analysis

The listed firms were then subjected to a process of thematic content analysis (Boyatzis, 1998) based on an extensive analysis of printed materials found in relation to each. The relevant data was first listed in bullet-point form, and then thematically analysed. This analysis enabled the data to be organised into manageable categories and themes related to commonalities in content (Weber, 1990).

The thematic analysis was conducted in four stages in accordance with the recommendations of Boyatzis (1998): recognition that a codable theme is developing; identification of these codes reliably and consistently; development of a coding procedure; and interpretation of the information. Following the completion of these procedures, a taxonomy of themes and theme clusters was developed from the information gathered about the respective firms and placed onto index cards. These cards were coded and sorted into primary attributes.

Findings

Primary attributes

The list of primary attributes drawn from the ten exemplar cases were as follows:

- (1) Brand strength.
- (2) Market leadership.
- (3) Commitment to customer orientation.
- (4) Commitment to employees.
- (5) A focus on the "process" of service (rather than the core offering).
- (6) Effective use of non-financial metrics (such as customer and employee measures).
- (7) Leadership in innovation and use of technology.
- (8) Adherence to standards (often made public).
- (9) Frequent recipients of awards for excellence (including best employers).
- (10) Effective leadership and direction from a single founder/entrepreneur.

Name of firm	Short description
Ritz Carlton Hotels and Resorts	Luxury hotel – renowned for its personalised service and famous (and generous) employee empowerment policy; has its own leadership centre often used by other companies for development and training; Motto, “We are ladies and gentlemen serving ladies and gentlemen” has impact internally and externally
Nordstrom	Department store – synonymous for service – most notable is the Alaskan “Tire chain return” story and the simple policy of “using good judgement in all situations”
Harrah’s Entertainment	Gaming/entertainment – CEO is co-author of the service profit chain; uses leading edge database system to do “surgical marketing”; belief that business should be grown by investing heavily to focus the firm on the customer rather than investing on the tangible assets of the firm only
FedEx	Shipping / Business solution - network of supply chain, transportation, business and related information services – known for many ‘firsts’ including first overnight mail; Absolutely, Positively spirit pervades.
The Walt Disney Company	Entertainment – in addition to its reputation as the provider of family entertainment and fun, is known for many customer-focused approaches such as “guestology” and the “imagineers”
Four Seasons	Luxury hotel – Embodies a true “home away from home” experience with exceptional personal service; ranked number two in recent <i>Business Week</i> survey of best customer service
Club Med	Resorts – the carefree all-inclusive holiday package company – in search of the “alchemy of happiness”; has been able to make necessary adjustments along with demographics of customer base
Lexus	Luxury cars – Toyota’s luxury car brand; known for innovation and luxury, but great recognition due to the “Lexus Covenant” – focused on the customer experience and treating customers as if in their own home
Southwest Airlines	Airline – innovation of the “low cost” carrier – has continually run contrary to most of the airline industry through its customer-service culture; considers itself in the “customer service” business which just happens to provide transportation
Singapore Airlines	Airline – at the premium end of the market Singapore Airlines (SIA) has consistently outperformed its competitors throughout its three and a half decade long history. SIA has sustained its competitive advantage by effectively implementing a dual strategy: differentiation through service excellence and innovation, together with simultaneous cost leadership

Table I.
List of exemplar firms
and brief description

Upon further reflection and assessment of the attributes that emerged from the data, a common thread was identified – an overt commitment to people both inside the firm (employees) and outside the firm (customers and suppliers). This single-minded commitment to people had several implications that are worthy of note. These are discussed below.

An extended notion of inseparability

The first implication relates to the notion of inseparability. The term “inseparability” has traditionally been used to describe the simultaneous production and consumption of services in the context of relationships between customers and front-line employees. However, the present analysis of the practices of the exemplar firms suggests that the notion of inseparability effectively permeates all levels of the firm. As a result, all of the firms demonstrated (through policies, strategies and actions) effective integration of their key organisational functions, including human resources, operations, and marketing. The theoretical desirability of such an integration of internal functions has received significant scholarly endorsement (Grönroos, 1983; Kandampully, 2002, 2006; Lovelock and Wright, 1999; Schneider, 2004), and it is the contention of the present study that this internal “inseparability” (or alignment of functions) was an important factor in ensuring that these exemplar firms remained focused on outperforming their competition. Moreover, in addition to the diffusion of the theme of “inseparability” inside the organisation, a similar diffusion occurred outside the firm in the form of story telling and “urban legends”.

In relating these “urban legends” the storytellers were attesting to the exemplar firms’ single-minded focus on customers and employees. Indeed, these firms seem to have adopted such a philosophy long before academics had formalised the ideas in such frameworks as the service-profit chain (Heskett *et al.*, 1997) and employee-customer linkage research (Pugh *et al.*, 2002; Schneider and Bowen, 1985; Schneider *et al.*, 1980). It was apparent from this study that incessant positive talk about a commitment to people had impacts both outside and inside the exemplar firms. Indeed, it seemed that employees in these firms felt obliged to ensure that these positive tales were fulfilled during their “watch”.

A prime exemplar of this extended notion of inseparability is Ritz Carlton. One of their trademarks is their Gold Standards of service, and their motto:

We are ladies and gentlemen serving ladies and gentlemen.

This simple phrase, which is well circulated in trade and academic literature conveys professionalism and value accorded to both employees and customers. This simple motto crosses all inter-organizational boundaries, and has been well circulated outside the organisation such that a very large number of customers and non-customers of the Ritz Carlton are not only aware of this motto, they talk about it!

There are many stories of service folklore surrounding Disney that exemplify this inseparability between employees, customers and internal organisational functions. One such story recounts how even the cleaning staff (known as custodial hosts) are trained to enhance the customer’s experience. A young child, having dropped her ice-cream cone and soiled her shirt, is rescued by a custodial host, who not only buys her a replacement ice cream, but also buys her a new shirt to replace the soiled one (and in cooperation with the parents, has the soiled clothing cleaned and returned to the hotel room). Indeed, the Disney message percolates through all levels of the organization – a true alignment of mission, strategy and processes (for good insights into organizational alignment, see Crotts *et al.*, 2005).

Another of our exemplar firms, Harrah’s, has the unique distinction of having Gary Lovemen, as its CEO. Lovemen, one of the co-author’s of the very popular 1994 *Harvard Business Review* article titled “Putting the service profit chain to work” (Heskett *et al.*, 1994) has very effectively put the “chain” to work – instilling the

importance of customer and employee loyalty into the company. For example, Loveman participates in regular “time to talk” sessions with employees. The organization also engages in intensive recruitment and selection processes and programs such as the “realistic job previews”, during which prospective hires spend time shadowing a person in the role for which they are interviewing. This enables a prospective hire to determine their “fit” with the role before formally accepting the position, thus reducing employee turnover. Bill Harrah, founder of Harrah’s has surely never heard of the service-profit chain, and yet this philosophy has long been a part of an integrated culture centred on service to both customers and employees.

Customer orientation

The second implication of the unifying thread (of a commitment to people) relates to the exemplar firms’ overtly manifested customer orientation. All of the exemplar firms demonstrated a decision process intensively focused on customers – who they are, what they want, how to serve them better, and so on – as opposed to decisions based on internal motivations (such as cost savings, ease of distribution, and/or convenience for the firm).

The employees in all of the exemplar firms demonstrated explicit and implicit actions that demonstrated their full commitment to a customer focus. It was as if the employees had been indoctrinated into a “cult-like” consciousness (Collins and Porras, 1994) that not only imbued them with the pride that ensued from being disciples of the firm, but also resulted in their intense loyalty. The behaviour of the employees had much in common with the so-called “satisfaction mirror” (Heskett *et al.*, 1997), which posits the relationship between employee and customer as being based on mutual feelings of loyalty and satisfaction.

Disney is a prime example of a customer-oriented firm. Disney is known the world over not only for their family entertainment, but also for their never-ending quest to know and understand their customers, defined by the term they coined – guestology – which describes the art of knowing and understanding customers. Guestology challenges traditional management thinking. Instead of focusing on organizational design, managerial hierarchy, and production systems to maximize organizational efficiency, it forces the firm to look systematically at the customer experience from the customer’s (or guest’s) point-of-view. There are many examples of Disney’s use of guestology. For example, the value that Disney accords its young customers (children) is demonstrated in the design features of their hotel room doors: there are two peepholes – one at the usual height, and one at a child’s level. In response to the importance Disney’s customers have placed on cleanliness, rubbish bins are placed at 27-foot intervals around the parks, the calculated distance a person would walk before dropping garbage on the ground.

When Disney’s managers design an attraction for the park, they “imagineer” the entire experience – their focus is not on how the ride operates mechanically, but on the entire experience it needs to create for the customer – the things they see, hear sense and interact with – the physical evidence all around them. Management could design the rides to run faster and shorter for productivity but instead they design in sufficient time for their customers to look around, talk with fellow travellers, scream out with excitement, and become immersed in the surroundings, thus allowing every participant to enter and engage in an imaginary world. Disney provides entertainment designed to keep people occupied in queues based on their studies of how long people are willing to

queue for a ride. Furthermore, they study phenomena such as how many drops the elevator in the Tower of Terror must have to create the necessary thrill. In the theme-park industry, Disney redefines what can be done for the customer. It is this meticulous focus on customer experience that renders Disney uniquely and consistently superior for the last five decades in the themepark industry that it created.

Ritz Carlton, like others in our list of firms, takes advantage of cutting edge technology to obtain information about customers. Although this has become a feature of many other firms today, both Harrah's and Ritz Carlton were among the first to do this effectively. Ritz Carlton has adopted the term "customer customisation" to communicate the importance placed on personalized service. Ritz Carlton also employs a variety of methods to effectively listen to their customers; their staff are trained to pick up on cues from customers that can later be used to surprise the customer. There are many stories about how, for example, a housekeeper, upon overhearing that it was a child's birthday, arranged for balloons and a cookie to be left in the room when the family returned. Ritz Carlton makes a habit of preparing each room in accordance with the specific needs of the guest who will stay in that room.

While many Las Vegas businesses take the position that the attractiveness of the property drives customer's repeated visits, Harrah's take the view that customer relationships drive loyalty. Their Winners Network (WINet) links and allows enormous amounts of personal and spending information to be shared across all of their properties and subsidiaries. Harrah's (like others in our list) is able to tailor their marketing efforts to each customer, which they refer to as "surgical" marketing.

Examples abound about Nordstrom's customer obsession. Terms such as "Nordy Stories" and "Nordstromisms" emanate from this customer-oriented company. Examples of Nordstrom's practices include the presence of "personal shoppers" in their stores, for those customers who prefer to take a guided personal shopping experience. Customer comfort is ensured by the strategic placement of chairs and couches throughout the store. The aisles are wide enough to accommodate parents and children walking side-by-side (passing other shoppers). There are signs in meetings rooms, espousing sayings such as, "we built our business one customer at a time" and "is the customer having an exceptional experience?" Stories about employees' extraordinary efforts to assist customers pervade not only the employee orientation programs at Nordstrom, but also the press. However, Nordstrom often prefers to downplay its legendary customer stories, preferring rather to let the stories be told by the recipients of the experience.

Nordstrom is renowned (through storytelling and WOM) for its exceptionally liberal returns policy – offering an unconditional guarantee and a no-questions-asked policy on returns. There are numerous stories circulating in the press about this policy. One often cited example is a story about a disoriented customer who tried to return a set of tire chains to Nordstrom, even though Nordstrom does not sell tire chains (some stories suggest it was tires – it depends which "myth" you hear!). The employee, following the company's focus on customer satisfaction, accepted the chains and gave the customer the refund! Nordstrom's philosophy is that its policy is aimed at the 98 per cent of customers who are honest! Nordstrom not only "accepts" returns, they actually encourage them. For example, all mail orders through Nordstrom's contain a filled in exchange/return packing slip just in case! Nordstrom employees are ever reminded about the company's commitment to customers by the note on the bottom of their pay checks (or stubs) which reads, "from Bruce Nordstrom, on behalf of the customer."

FedEx has its share of customer-focused practices, starting with the “absolutely positively” spirit (or zeal) which crosses into their customer and employee practices. Unlike other delivery companies, FedEx drivers are trained to treat deliveries as a customer contact opportunity. They take the time during package delivery to engage in connecting with their customers to check if there is anything they might need (e.g. packing slips, future order forms) rather than simply leaving a package at the door. There are many FedEx stories about the customer focused spirit in the firm, such as how a FedEx employee in Hawaii, upon realising that a package had fallen off the back of his truck, dived into the river to retrieve the package.

Four Seasons has what they call a “healthy paranoia” for ensuring that they are on the cutting edge of customer-oriented policies and practices. For example, they recently instituted a practice of handing keys to regular guests as soon as they step out of their arrival vehicles – thus eliminating the need to actually check in at the front desk. Four Seasons strives to help employees to become more empathetic with customers by offering a free hotel stay (including meals) at the end of their training program. This has the additional benefit of allowing employees, irrespective of their position, to experience the hotel from the point-of-view of a customer. The longer an employee stays with Four Seasons, the more free room awards they earn, thereby simultaneously increasing employee loyalty and satisfaction.

Employee orientation

Based on our study, all of the firms identified through storytelling also demonstrated their commitment to employee orientation. This is in keeping with a gradual shift that has occurred in human-resource management (HRM) since the early 1980s. The traditional administrative view of HRM (or “personnel management” as it was often termed) perceived employees in terms of administrative functions (payroll, benefits, taxation, and so on) and costs. In contrast, the contemporary strategic view of HRM sees people as a valuable resource that enables the firm to gain a competitive advantage – particularly in service businesses that are characterised by a high frequency of employee-customer interactions. Huselid (1995, p. 636) encapsulated the idea this way:

The belief that individual employee performance has implications for firm-level outcomes has been prevalent among academics and practitioners for many years. Interest in this area has recently intensified, however, as scholars have begun to argue that, collectively, a firm’s employees can also provide a unique source of competitive advantage that is difficult for competitors to replicate.

In a similar vein, Wright and McMahan (1992, p. 298) defined strategic HRM as a “. . . pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals”.

All of the exemplar firms practised HRM strategically (rather than administratively). This strategic management of human resources was an aspect of an organisational alignment (Crotts *et al.*, 2005) between mission and process in their service businesses. The firms were committed to creating an environment that was conducive to customer satisfaction. This was consistent with a holistic approach that nurtured every employee within a framework that aimed to engender fiercely loyal customers.

Disney is steered by a belief statement which says, “the broader the base, the higher the peak”, meaning that the more employees understand and practice the organizational philosophies, the more likely Disney is to achieve its aims. Disney therefore goes to extraordinary lengths to train and develop their people (including the “traditions” program which indoctrinates each employee into the Disney philosophies). To strengthen their customer orientation internally, Disney have literally changed their internal vocabulary. For example, employees are cast members, customers are guests, a shift is called a performance, a job description a script, the human resource department is referred to as the casting department, and being on duty is known as being on stage. This clever use of internal terminology seems to drive home the importance of Disney’s main function – to create happiness for all people of all ages.

Ritz Carlton, itself a winner (twice) of the Malcolm Baldrige National Quality Award, has its own Leadership Training Centre – which is used to train its managers, and is also used by many other companies (such as Southwest and Nordstrom) for training and management development. Their Gold Standards Program clearly sets out the company’s expectations for employees and customers. Interestingly, many of their standards are displayed publicly (<http://corporate.ritzcarlton.com/en/About/GoldStandards.htm#diamond>) – which may be seen as an invitation to anyone to try and create what they have done so successfully. Ritz Carlton uses the term “select” rather than “recruit” as an important distinction. They also seek, often outside the company, information which might be helpful in the creation of the “perfect employee” for each position in the company (the “perfect employee profile”). The most well known activity of Ritz Carlton is their legendary empowerment policy – where any employee can spend up to \$2000 (some of the stories suggest \$2,500) to rectify a problem or exceed a customer’s expectations.

Nordstrom also has renowned employee-related practices. They have taken a somewhat different path to other firms (e.g. Ritz Carlton, which takes a far more structured approach) in that they spend less time and effort with structured training and focus more on philosophical training and hiring. They foster an entrepreneurial approach, with the primary guide being to “use good judgement in all situations.” Bruce Nordstrom was once asked who does most of the employee training for Nordstrom. His reply was “their parents!”

The Nordstrom family have always considered employee loyalty as something to be earned, not expected, espousing the point that loyalty must start with them. By providing an opportunity for employees to have fulfilling careers and make well-above average wages, they believe that loyalty is enhanced, and that loyalty spills over into their customers.

FedEx’s successes, insiders (including founder Fred Smith) claim, may be attributed less to technology and innovation and more to their “People First” philosophy. This philosophy is executed through an approach known as people-service-profit (PSP). Although many companies espouse such principles, FedEx has breathed life into the approach through its practices (and recognized by being a recipient of the Malcolm Baldrige award for quality), and through the belief amongst employees that they “bleed purple”. The company uses a three-legged stool as an analogy for new employees – so that they understand that each of the letters in PSP are equally important – but that their placement is deliberate. In other words, if people are taken care of, service will improve and profits will flow. Like most of our exemplar firms,

FedEx has won many awards in relation to its employment practices. A student of one of the author's of this paper works for FedEx, and recently remarked, “I have never seen so many people working so hard, so passionately and so enthusiastically for the sake of customers whom they will likely never meet.”

At Southwest Airlines, the common mantra is “customers come second – and still get great service.” South West's core belief “the better its people are treated the better they perform” helped them to gain three very important outcomes, namely: employee relationships, a service culture, and a customer relationship. Their employee relationships spontaneously created the coveted service culture that Southwest enjoys (Bunz and Maes, 1998; Rhoades, 2006). The commitment and loyalty of their employees is what differentiates Southwest from their competition. The sense of employee “ownership” within a service-oriented culture has reaped significant dividends for the firm, with the loyalty of their internal customers duly reflected in the loyalty of their external customers. Southwest's customer focused service culture is the result of its relationship with the employees. Moreover, customer and service-oriented practices at Southwest are instigated by employees. At every moment of the service experience, Southwest's employees create positive and memorable moments-of-truth that have enabled them to gain and enhance the customer relationship, loyalty, and positive word-of-mouth. The spontaneous and personalized service of their employees communicates Southwest's superiority, and enhances their image in the market.

The *Gentil Organiseateurs* (GOs) at Club Med, similarly differentiate the firm from all other resort hotels. Club Med's focus is their people, and how their people connect with their guests. From the moment the guest arrives at the airport, GO's are there to welcome and help them with the transition to the resort, referred to as The Village. The GO at Club Med is a unique host and friend to every guest during their stay, helping to expedite their integration into the life of the village. Through their GOs, Club Med is able to meticulously manage every moment-of-truth, not only in terms of creating memorable experiences for their guests, but in also creating the all important relationship. Thus, their employee centred customer experience has helped Southwest and Club Med to successfully create customer satisfaction and a long-term relationship with their customers.

There were many other examples from each of our exemplars, which help to explain how some firms have gained market leadership and legendary status.

Conclusion and final remarks

This paper began as a case study analysis of service best practice. But as the initial findings unfolded, so too did our focus. Rather than examining the practices of firms based directly on financial performance, market penetration or other predetermined factors, we took particular interest in a customer-to-customer “storytelling” perspective – a phenomenon which was salient among a small selection of our original group of cases.

We were interested in eliciting “clues” from those service firms who find themselves frequent subjects of customer and service-related storytelling, urban legends, and folklore. One of the many enjoyable parts of writing this paper was the actual research into the firms that we identified as exemplars. We found many different examples of practices that illustrated some of the extreme measures taken and profound histories, policies and philosophies that underlie these firms.

There were further insights from this research. For example, we found that a majority of the practices and philosophies which have guided these exemplar firms were not related to cost or product status. For example, Ritz Carlton and Four Seasons, high-end “luxury” hotels, listen and record customer preferences, empower employees to solve a customer problem and/or exceed a customer’s expectations; these are all practices which nearly any business can incorporate. Southwest Airlines, known as a “low-cost” carrier, has been able to create a customer and employee culture; this is in contrast to their “full-service” airline counterparts. In other words, not only do the exemplar firms seem to practice basic management and service management principles, but they do this consistently well.

Another conclusion we drew from this research related to the ability of these exemplar firms to balance short-term productivity requirements with long-term focus. All too often, businesses are compelled to cut corners in the short term. Yet each of these exemplar firms have experienced long periods (we acknowledge that some of our firms are younger than others, and some have had financial challenges) of sustained success, because of their continued efforts to focus on customer and employee well-being. As recently suggested in the *Harvard Business Review*, it is vitally important for businesses today to stare down the medium to long term horizon rather than be continually caught up in short term productivity/success, an approach which can eventually destroy what has often taken so long to build (Mintzberg, 2007). These exemplar firms appear to have been able to strike such a balance.

We also identified an expanded form of “inseparability” in these firms. Traditional service management/marketing literature often identifies the near inseparability between production and consumption in services. In these exemplar firms, this inseparability exists far beyond the point of employee-customer contact. Instead, the mission and reason for being of these firms extends across organizational boundaries (e.g. support staff who do not normally have direct contact with customers) and across customer boundaries (e.g. even non-customers have heard these stories and have a respect for the firm). Hence inseparability, within these exemplar firms, exists at all ends of the customer-employee continuum.

We are certain that our list of exemplar firms is not exhaustive. There are inevitably many others that fit the criteria that we created. In fact, we are certain that there would be many smaller or regional businesses which share a similar folklore, but among a smaller group of customers. We are thus left to ponder whether the resulting themes would be different for smaller or more regional business? We also acknowledge that our approach is qualitative and exploratory. Further, a more comprehensive examination of the practices of firms which are subjects of service folklore would be intriguing, both in the selection of firms and in the analysis of the data.

If, in fact, there is merit to this intense people focus, then even more credibility must be given to business performance measures that go beyond financial measures. For example, balanced scorecard type programs (Kaplan and Norton, 1992) – where strategy and performance measures are correspondingly aligned, or more intensive customer satisfaction and employee opinion programs would all facilitate a businesses capacity to measure whether a firm is at least heading toward service folklore.

Finally, we acknowledge that we have not actually empirically proven, or shown causality. We cannot confirm that the people-practices we have identified have led directly to the customer-to-customer service folklore of these firms. All we can

comfortably claim is that these firms do have this factor in common, which at least suggests the possibility of causality. This mere suggestion is certainly interesting, and, for us, creates a curiosity that encourages us to undertake further research.

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About the authors

David Solnet is a senior faculty and the Director of Industry Partnerships for the University of Queensland’s School of Tourism. His consulting practice, Solnet Advisory Services, provides a range of programs and advice to a select group of high profile businesses. He has successfully implemented many “balanced scorecards” into businesses, allowing these businesses to more effectively measure performance across a range of financial and non-financial measures. David has authored a number of academic papers since commencing his academic career and has been awarded two “best paper” awards (I-CHRIE – The International Council for Hotel, Restaurant and Institutional, and CAUTHE – The Council for Australian University Tourism and Hospitality Educators), as well as being a finalist for best paper for the internationally recognized academic journal, *Managing Service Quality*. His research interests include turnaround from declining performance, service orientation, service climate, and practical managerial applications for the Social Identity Theory. David Solnet is the corresponding author and can be contacted at: david.solnet@uq.edu.au

Jay Kandampully is a professor in services management and hospitality at The Ohio State University, USA. He also serves as the Editor in Chief of the international journal, *Managing Service Quality*; and serves on the editorial advisory board of 12 refereed international journals. He holds a PhD in service quality management, and an MBA, specialising in services marketing, both from the University of Exeter, England. Jay is the author of the book *Services Management: The New Paradigm in Hospitality* (this book is being translated into Chinese), and the lead editor of the book, *Service Quality Management in Hospitality, Tourism and Leisure*, which has been translated into Chinese, Korean and Arabic. Jay has published over 70 articles and has presented numerous papers at international conferences on issues relating to services management and marketing, service quality, service orientation and service innovations. His recent paper on “service orientation” received the best paper award at the 2006 International CHRIE conference.