Customer Experience Quality

An assessment in the context of the insurance and logistics industries in the UK

‘A thesis submitted to the University of Manchester for the degree of Doctor of Philosophy (PhD) in the Faculty of Humanities, Manchester Business School’

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Abstract
The University of Manchester
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Customer experience quality – An assessment in the contexts of the insurance and logistics industries in the UK

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Purpose

There is growing awareness of the role of contextual factors in shaping service research, particularly in customer value (Vargo et al., 2008) and service experience (Verhoef et al., 2009) research, but there is little empirical evidence of such a holistic view in the area of service quality research (Lemke et al., 2011). This thesis considers the search, experience and credence (SEC) concepts associated with quality assessment by customers, recognizing the challenges raised by the emergent customer experience literature, which have led to increased calls for more attention to be paid to the contextual elements affecting customer value assessments (Heinonen et al., 2010; Grönroos, 2006). Traditional SEC theories have adopted industry-, product- or attribute-specific conceptualizations (Huang et al., 2009; Okura and Lee, 2009; Babakus et al., 2004; Mitra et al., 1999; Nelson, 1970; Darby and Karni, 1973). In this thesis, a revised understanding of SEC theory is proposed that considers customer centricity (Helkkula, 2011; Heinonen et al., 2010; Grönroos, 2006) and customer context, highlighting the need to adopt different marketing approaches according to customers’ different evaluative stages. In the context of customer assessment, the terms ‘search’ and ‘experience’ were defined in a study on economics of information (Nelson, 1970). A third concept, credence products, was added later (Darby and Karni, 1973). According to this latter concept, while some offers to the market can have their quality properties or states easily assessed by customers before purchase or use and others can only undergo assessment during or after the service experience, a third type cannot be easily assessed even after customers have experienced the service. Zeithaml (1988) applied SEC (Search, Experience and Credence) theory to marketing questions, including how SEC classification of goods vary according to product features; it has been applied to service marketing with a focus on evaluative cues and customer knowledge (Devlin, 2011) and to service validity and reliability with a focus on SEC services (Galetzka et al., 2006). Alba et al. (1997) suggest that SEC theory should not be used to identify categories of products or services but their attributes. For example, in a restaurant meal, one can identify attributes that are easy to evaluate before purchase (e.g., price of the meal), while the flavour or taste of the meal can only be evaluated after a customer has consumed it. Finally, a third attribute, such as whether ingredients have been processed according to high hygiene standards, cannot be assessed even after experiencing the meal, unless at prohibitive costs.

However, it is proposed in this thesis that SEC quality properties are not embedded in a product or a service attribute but are descriptions of a given situation that customers face. This concept had been mentioned before (Smith and Royne, 2010; Bloom and Pailin, 1995) but had not been empirically tested. In this thesis, an investigation is carried out in order to assess what elements of customer behaviour (functional vs. technical (Grönroos, 1982)) and risk (Mitra et al., 1999)
customers prioritise in search situations relative to credence situations. As suggested by Eisingerich and Bell (2007), the lack of concreteness or tangibility of services high in credence attributes increases the importance of perceived functional quality, for example. These elements (functional and technical) and risk had not yet been conceptually developed and tested in a study that treats SEC classification of goods as reflections of situations.

A case-study approach was adopted because it is suitable to demonstrate a multidimensional view of a situation in a specific context (Järvensivu and Törnroos, 2010). The unit of analysis of the case is the consumer perception of the quality of the service they experienced. The case was formed by the analysis of the most important attribute of the service in verbatim comments. Secondary data were collected from the results of customer satisfaction research carried out by companies A and B, which were participants of the study. Data were obtained from primary and secondary sources of data that originated from verbatim responses to open questions in order to expand understanding of the context of each respondent (Yin, 2009; Creswell, 2007). The main form of data collection was audio-recorded interviews. The use of in-depth interviews is appropriate to explore contextual research (Cassel and Simon, 1995). Fifty-four semi-structured interviews were conducted in the initial and main phases of the research with financial managers and frontline staff in both the insurance and logistics industries, which were the industries where the study was conducted. Case study 1 was formed by the analysis of embedded cases obtained from the coding of responses of quality assessment of the most important service attribute assessed by customers of the logistics industry. This means that in each case studied, customers chose the most important attribute to talk about. Case study 2 was done for the insurance sector. Analysis was carried out using template analysis (King, 2008), enabling the codification of the important themes of holistic customer experience (Lemke et al., 2011) identified during the abductive phase of data collection and theory review. This phase was important to generate the log of questions that was later implemented with managers. Data analysis of the main phase was done with the application of content analysis (Cassel and Simon, 1995), which was used to generate the results of cases. The research standards followed Patton’s (2002) view that the utility and feasibility of findings are key, alongside the accuracy or balance of views (which can be achieved through multiple stakeholders), systematic enquiry, the competence of respondents and obtaining responses in an honest fashion. The results highlight differences in customers’ approaches towards the evaluation of the quality of their service experience when facing different SEC situations, such as differences identified in technical versus functional aspects of the service.

Originality/value

Although the perspective of SEC’s situational specificity was introduced almost twenty years ago (Bloom and Pailin, 1995), there is little evidence of empirical testing. This is despite its alignment with emergent themes on customer experience that incorporate contextual factors (Lemke et al., 2011). Moreover, little has been done to understand how different cognitive and behavioural attitudes (namely technical vs. functional) and risk vary according to different SEC situations. SEC theory suggests that information availability is an essential part of quality assessment, as it explains how savvy customers (for example) are in a privileged position to make judgements. However, SEC theory needs to take into account the volatility of relevant information across different customer contexts. Variation of the nature of information across different contexts affects the ability of customers to judge the quality of their experiences. More importantly, this volatility is a consequence of objective product features and subjective elements, which are intrinsically linked to the customers’ environment. The implications for
managers and public policy makers are that SEC qualities should not be thought of as industry-, product- or attribute-specific qualities. Different forms of information about services should be made available for all offer types.
Declaration

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Dedication

I dedicate this work to my parents and my wife Luana, who witnessed the daily battle involved in getting this research done.
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Author

I have a BA in Administration from Universidade Sao Francisco, Brazil (1992); an MA in Marketing from Escola Superior de Propaganda & Marketing, Sao Paulo, Brazil (1996); and an MBA from Manchester Business School (2008). My professional experience goes back to 1989, when I joined Banco do Brasil as part of a trainee programme for undergraduate Business students. Between 1990 and 2004, I supported my family in setting up a new business in the gastronomy sector, which I left in 1994 in order to pursue my MA in Marketing. Between 1994 and 2001, I worked as an internal consultant for HSBC Bank in different divisions. In the first three years, I was held responsible for sales of insurance products within the retail-banking channel. I trained several hundred bank managers from 22 branches and directly negotiated pension plans for individual and corporate investors. In 1998, as a bank account manager, I managed a portfolio of 80 corporate clients. This was when I improved my understanding of credit risk assessment. In 1999, I was selected to be part of an internal team of 12 consultants that delivered workshops to bank managers on a US$13 million (£8 million) CRM system. This platform allowed managers to improve their unit profitability by better allocating resources according to different customer segments. At this time, I accumulated other functions, including being an instructor for courses in sales skills, team management, credit operations and investment funds at HSBC Training Centre, which was the firm’s only training centre outside the UK at that time. In 2001, I joined Ipsos Group as an account manager in the division of Advertisement Studies and Brand Image. I carried out projects to study the effectiveness of marketing campaigns for companies such as Nestle, L’Oreal, Molson, Unibanco and Banco do Brasil, to mention a few. In 2003, at Ipsos Loyalty, I coordinated three business analysts in a large tracking project for Telefônica Group. This research consisted of 25,000 interviews per year and had the aim of improving service standards in all business units. In 2008, I received my MBA from Manchester Business School; amongst my major projects were a strategy review for Printpack and new product market research for Hilti Group. I also participated in a study for Digital Convergence for Deutsch Telekom in a programme sponsored by Regensburg University and Accenture in Germany. In 2009, I joined the PhD programme of Manchester Business School, sponsored by organization A and partnered by organization B, which is now under assessment. The PhD experience has
been fruitful and has shaped my understanding of how research might be developed. I changed from the more quantitative outlook that I had acquired from my experience with market research to a more pragmatic view, where method and techniques are used as a result of the research problem identified, not the opposite. This has the advantage of opening the researcher’s mind to a myriad of new techniques and allows a flexible but sound approach to a research problem.
Chapter one: Introduction

1.1. Introduction

This chapter opens the discussion of the theory of economics of information (Nelson, 1970), which studies the quality of goods and services. There are three constructs of this theory, namely search, experience and credence (SEC), and they represent the qualities that customers assess during the service experience (Ford et al., 1988). Search qualities are those that a customer can assess before buying the product (Nelson, 1974). In assessing experience quality, the customer needs to buy the product to have an understanding of its quality. Credence means that even when customers have purchased and experienced the product, they cannot reach a clear opinion about the quality of the product (Darby and Karni, 1973). The classical literature on the theory of economics of information (Nelson, 1970) gives jewellery as an example of search quality, where the customer can have an understanding of the quality of the product before acquiring it. Floor covering is used as an example of an experience good (Nelson, 1970), as customers need to acquire the service before being able to assess it. Finally, tax services are an example of credence quality, where, according to Ekelund Jr. et al. (1995), even after acquiring the service, the customer is not able to judge its quality.

1.2. The literature gap

The field of research on the theory of economics of information is diversified, ranging, for example, from topics on consumer behaviour (Calfee and Ford, 1988) and fraud (Emons, 1997) to evaluative cues (Crane and Clarke, 1988); it has been around for at least three decades (Darby and Karni, 1973). However the field has been mainly studied from the perspective of the phenomenon as reflections of products (Darby and Karni, 1973) or attributes (Alba et al., 1997). This means that when the customer evaluates the quality of the product, search, experience and
credence are considered to be the result of the analysis of the quality of that product, taking it as a whole (Product as SEC orientation); or alternatively, one of its attributes (Instead of the product, its attributes are considered to be search, experience or credence oriented). In this thesis, it is instead suggested that SEC qualities are actually reflections of situations. Bloom and Pailin (1995) first developed this idea, but surprisingly little has been done taking this view into account. Moreover, in this thesis, an investigation is carried out in order to assess what elements of customer behaviour (functional vs. technical (Grönroos, 1982)) and risk (Mitra et al., 1999) customers prioritise when judging the quality of the service, in search situations relative to credence situations. As suggested by Eisingerich and Bell (2007), the lack of concreteness or tangibility of services high in credence attributes increases the importance of perceived functional quality, for example. These customer behavioural elements (functional and technical) and risk have not yet been conceptually developed and tested in a study that treats SEC classification of goods as reflections of situations.

The area of marketing has undergone promising transformations, with a change in perspective from the static provider-centric type of research to a more dynamic customer-centric view (Grönroos and Gummerus, 2014; Vargo and Lusch, 2008a). It is advocated here that this transformation in the marketing field has created the right environment for a revision of theories in the service arena. More specifically, the SEC framework might be developed with alignment between the changes in marketing and the contextual issues outlined by Bloom and Pailin (1985).

1.3. The research objective

The objective of this thesis is to offer an empirical assessment of Bloom and Pailin’s (1995) original idea of SEC classification of goods as reflections of situations. This in turn, would support researchers to better understand the transition from a static prescription of what the SEC classification of goods is to a dynamic view, which is aligned with latter transformations in
marketing literature, such as the scope of what is being studied by the service dominant logic advocates (Vargo and Lusch, 2008b). The change in perspective of the SEC classification of goods would allow managers and scholars to amplify the scope of applications related to the study, departing from a simplistic view of the SEC classification of goods as industry or attribute related towards a more encompassing orientation of it, one that is reflected by situations across industries and services. In this thesis, Bloom and Pailin’s (1995) idea is further complemented with some consumer behavioural aspects that were tested in the face of different SEC situations. The two research questions assessed (see below) had never been tested in a study that treats SEC classification of goods as reflections of situations.

- Does the level of perceived risk change according to different situations? Mitra (1999) found that the overall perceived risk was lowest for search services and highest for credence services. However, Mitra et al. (1999) treated SEC classification of goods as product oriented. There is no study on risk that has treated SEC classification of goods as reflections of situations. This thesis explores the idea that risk can vary according to different SEC situations.

- Does the degree of variation in preferences from the customer’s viewpoint concerning technical or functional aspects of the service change in different SEC situations? According to Grönroos (1982), quality service varies between technical elements (what is done) and functional elements (how it is done). This thesis explores whether technical and functional elements vary according to different SEC situations.

1.4. The relevance of the research

The field of economics of information has been extensively studied, with applications in many areas, such as electronic retailing (Alba et al., 1997), customer decision making (Jacoby et al., 1986), customer satisfaction (Alford and Sherrrell, 1996), market fraud (Dulleck et al., 2011), customer behaviour (Babakus et al., 2004) and brand cues (Brady et al., 2005). However, the
study of SEC qualities is usually carried out as if they were reflections of products (Darby and Karni, 1973), industries or attributes (Alba et al., 1997), not of situations (Bloom and Pailin, 1995). Therefore, an empirical assessment that corrects this distortion is of great importance to the field, helping to give insights in the domains of the studied areas.

1.5. Research background

This research was sponsored by company A, which acts in the insurance industry. It was also conducted with the support of company B, a firm in the logistics industry. Both organizations are global companies well positioned in their fields and with a strong presence in the UK, which is where the study was conducted. Insurance is an important industry for SEC classification of goods, as it is usually assessed in classical theory (Dionne, 1984) as a type of credence-based industry. In this type of industry, customers have more difficulties in assessing the quality of the service due to the lack of concreteness in judging it (Dionne, 1984). The logistics industry was chosen for the selection of a counterpart case to insurance, as the former is associated with more search to experience related service relative to the latter; in other words, the logistics industry is associated with a type of service whose outcome is more predictable (Galetzka et al., 2006).

1.6. Research method

For this research, a case methodology was selected. The use of case studies helps to elucidate features of the context that are relevant to the objective of the study. This is important for situational SEC classification of goods, as it is contended that customers’ potential level of information as well as access to information varies across contexts. The study was divided into two phases: one exploratory and the other confirmatory. In the exploratory phase, a log of questions was developed through the use of template analysis (King, 2008). In the second phase, cases were assessed across the insurance and logistics industry using content analysis (Cassel
and Simon, 1995). The frequency of verbatim comments led to the identification of the main trends in relation to the research questions outlined in section 1.3.

1.7. Research findings

In total, ten research questions were tested. Content analysis (Cassel and Simon, 1995) was applied; it was found that low risk tends to be associated with search situations, while high risk tends to be associated with credence situations. Technical factors also tend to be associated with search situations, while functional factors tend to be associated with credence situations. In terms of industries, logistics tends to be more associated with search situations relative to insurance, while insurance tends to be more associated with credence situations relative to logistics. However, the differences were small. Content analysis of experience cases presented mixed results. Experience was discussed as being more than a discrete quality between search and credence. Experience was defined as an all-encompassing activity that is present all the way through the customer’s service experience.

1.8. Research implications

There are theoretical and managerial implications related to this research. In theoretical terms, the field of applications is vast and encompasses areas such as the study of customer behaviour, customer satisfaction and fraud due to economic asymmetry, to mention just a few. In all these areas, the assumption is that search, experience and credence are situations, and this has the effect of requiring empirical and theoretical work to be revised. There are also managerial implications, such as the effect on a company’s communication due to different situations. Companies can have a blend of strategies to put into practice. For example, customers facing search situations should be reached through strategies where extensive attribute information is provided through conventional and new media. Customers in credence states, however, would
benefit more from trials, signals from providers and educational approaches. It is also important that companies adopt the best strategy to cope with differences in the perception of risk when customers are in search or credence situations. Moreover, technical and functional factors tend to be differently associated when customers are in one of the SEC situations. Understanding these differences is important when dealing with customer demands.

1.9. Structure of the thesis

Chapter two introduces the literature on the theory of economics of information, while chapter three explains the research method. The discussion of cases is introduced in chapter four, with a focus on logistics. Chapter five focuses on insurance. A discussion of the research findings is presented in chapter six. Finally, conclusions, research limitations and potential areas for future research are discussed in chapter seven.
Chapter two: Literature review

2.1. Introduction

The theme of this PhD thesis, which centres on the study of the assessment of service quality, has origins in economics (Darby and Karni, 1973; Nelson, 1970; Stigler, 1961) and was subsequently introduced to marketing studies (Zeithaml, 1981). The central concept is the theory of economics of information (Bloom and Pailin, 1995) or the SEC framework (Darby and Karni, 1973). Before discussing the theme in detail, an overview of the literature on service quality is provided in order to allow a better understanding of the location of the theme within the broader marketing field.

2.2. The study of quality

The word ‘quality’ is defined by the Oxford Dictionary as the standard of something as measured against other things of similar kind or the degree of excellence of something (Oxford, 2014). In business, the theme of quality has received a great deal of attention, with Edward Deming contributing to its dissemination (Deming, 1982). Other movements have subsequently played their part in the last 30 years, with particular attention being paid to quality issues emerging from the manufacturing industry, such as total quality management, the Baldrige Awards and six sigma (Golder et al., 2012). Scholars have also tried to understand the interconnection between quality and closely related areas such as satisfaction (Oliver, 1980) and, to a lesser extent, loyalty (Bloemer et al., 1999) and value (Zeithaml, 1988).

An area that has greatly benefited from these studies since the 1990s is the area of perceived service quality, which received a boost after the publication of the work of Parasuraman et al. (1985). Service quality was initially formed around the idea of the difference between customer expectations regarding service and the perception of performance resulting from the service
SERVQUAL consists of a group of 22 statements around the dimensions developed to assess gaps between customer expectations and performance. The dimensions are as follows: tangibles, reliability, responsiveness, assurance and empathy (Caruana, 2000; Parasuraman et al., 1985).

As defined by Parasuraman et al. (1985), tangibles are physical facilities, equipment and the appearance of personnel. Reliability is equivalent to the ability to perform the promised service dependably and accurately. Responsiveness can be seen as the willingness to help customers and provide prompt service. Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence, while empathy includes access, communication and understanding the customer and can be defined as the caring and individualized attention that the firm provides to its customers.

SERVQUAL has received a great deal of attention from practitioners and academics, but critics have also verbalized some weaknesses. Some contributors (Dabholkar et al., 2000; Cronin and Taylor, 1994; Cronin and Taylor, 1992; Boulding et al., 1993; Forbes et al., 1986) do not see it as necessary to measure expectations and identify gaps in customers’ perception in order to assess service quality. They believe instead that measuring perception directly without computing expectations minus perception is sufficient for the assessment and has the advantage of being more convenient in terms of research implementation, as it requires less time of the respondents. Nonetheless, SERVQUAL has been studied by academics and applied by practitioners and is a useful tool for measuring the perception of service quality (Caruana, 2000).
2.3. An alternative view about the formation of perceived service quality

The latest views on quality research advocate that the study of quality requires a multitude of perspectives (Golder et al., 2012; Torres, 2014). Golder et al. (2012) suggest that it is necessary to take into account the views of customers as well as firms in what they call an ‘integrative framework for quality’. Torres (2014) also reinforces the notion that it is necessary to have a customer’s view and an internal (the firm’s) view of quality, and they add the view of experts to the list of perspectives as a third point of reference. Despite calls for a wider view of quality, it is worth noting Steenkamp’s (1990) suggestion that the concept of perceived quality reflects the customer’s viewpoint, who is ultimately who defines what to buy. This issue is also reflected in more recent service research, which is discussed in more detail in section Erro! Fonte de referência não encontrada. Furthermore, Steenkamp (1990) suggests an alternative to the SERVQUAL model as a way to explain how perceived quality is formed. According to Steenkamp (1990), there is a connection between environmental cues and the perception of quality observed by customers. The cues, which can be categorized as extrinsic and intrinsic (see section 2.6.6 for more explanation), are the elements that support how customers perceive the quality of products. The intermediation between environmental cues and perceived quality happens, according to Steenkamp (1990), through experience and credence qualities. These are known in the literature as the attributes that customers use to assess the quality of products (Steenkamp, 1990). Experience and credence attributes are part of the tripartite SEC framework (Darby and Karni, 1973). They refer to the qualities of product attributes (Nelson, 1970), and they offer an alternative view, with roots in economics, to more-traditional studies of quality research, such as SERVQUAL.

However, the SEC framework requires changes. It is advocated in this thesis that the formation of the SEC framework is wrongly based on the assumption that the SEC qualities are attributes of products. Instead, an alternative explanation is offered in this thesis: the SEC framework is in
fact a representation of the situations that customers face when judging the quality of a product or service. This is in line with the latest thinking in marketing that draws attention to the environmental aspects forming the base of service quality studies (Heinonen et al., 2010). This thesis is therefore dedicated to this important area of study: a theory of how, through the interaction with the environment, situational contexts emerge, leading to customers’ perception of service quality.

2.4. Theory of economics of information

The SEC framework has origins in the theory of economics of information (Nelson, 1970) and was later incorporated into the marketing area (Zeithaml, 1981). The SEC framework was developed by (Darby and Karni, 1973; Nelson, 1974; Nelson, 1970), with the objective of understanding the impact of advertising on customers’ perception of the quality of products. The theory of economics of information refers to the study of customers’ ability to evaluate the quality performance of goods and services (Nelson, 1974). The SEC framework suggests that there are three basic stages categorizing customers’ judgement of the performance of products and services: search, experience and credence. The main economic assumption of the SEC classification of goods is based on rational choice theory (Bec ker, 1965). According to this theory, individuals balance costs in relation to benefits with the objective to arrive at the action that maximizes personal advantage (Becker, 1965). This implies that information is available to the evaluator, which is the underlining rationale for search and experience quality. However, when it comes to assess credence, another economic school has shaped it. This refers to the economic school of behavioural economics that replaced the rational school with the concept of bounded rationality (Simon, 1997). According to this theory, individuals may struggle to reach maximum advantage in a complex world where information is not widely available (Simon, 1997). In order to better understand the meaning of these three concepts search, experience and credence, a revision of the framework’s origins is presented.
2.4.1. The SEC framework

The origins of the SEC framework can be linked to the work of Stigler (1961), who studied how customers identify sellers’ prices, focusing on the economic mechanisms behind customers’ search for information. Stigler (1961) argues that consumers gather product information up to the point where the cost of doing so exceeds the value of further information, and this behaviour helps to determine market phenomenon such as price dispersion (Calfee and Ford, 1988). The problem is that information is distributed freely by providers in the form of advertising (Calfee and Ford, 1988). This free information reduces search costs; however, the information acquired is biased because the seller wants to convey a certain message and persuade consumers. Therefore, consumers are expected to be sceptical of advertising (Calfee and Ford, 1988).

Subsequently, Nelson (1970) studied the effects on advertising, expanding Stigler’s (1961) original search concept to include experience. Nelson (1970) was keen to understand customers’ reactions to advertising claims. He states that price and quality are the two types of information consumers want to know about products. While information about price is relatively easy to obtain (Nelson, 1970), information related to the quality of brands is more difficult to obtain (Sheffet, 1983). When looking to understand the quality of a product, consumers can engage with two different categories of products. The first type is assessed by consumers simply looking for the features of a product, such as the colour, style, fit and feel. In these cases, consumers can easily identify the product’s quality before purchasing it, simply by physically inspecting it (Mittal, 2004). These are called search products (Nelson, 1970). An example would be a dress or jewellery. However, there are products whose quality can only be known after purchasing and experiencing the product. This is the case, for example, with a restaurant meal. This is called an experience product (Nelson, 1970). Customers search for information about the quality of an experience product when its quality can only be obtained with experimentation with the product or, alternatively, when the costs for obtaining information about the product’s quality are higher than its price (Nelson, 1970). In economic terms, this could be explained as
the diminishing returns of the search for alternative products that customers engage in at the beginning of the search process. If customers continue to search, it reaches a point where the benefits obtained from having found a new alternative product (e.g., finding a product at the most convenient price) is lower than the cost of searching; at this point, customers stop searching (Alba et al., 1997).

In the case when searching for information is costly, it is easier for consumers to purchase the product in order to assess its quality. To evaluate tinned tuna, for example, the customer can engage in several purchases, as this is the simplest way to acquire information about the product’s quality. After trying different brands, the consumer can finally identify his or her preferred choice. This process is called experience (Sheffet, 1983), which includes taste, wearability and purchase satisfaction. Table 1 details Nelson’s (1970) definitions of the two different types of products.

<table>
<thead>
<tr>
<th>Search goods</th>
<th>Experience goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewellery</td>
<td>Floor covering</td>
</tr>
<tr>
<td>Tape writers</td>
<td>Garden implements</td>
</tr>
<tr>
<td>Radio and television</td>
<td>Sporting goods</td>
</tr>
<tr>
<td>Heating and plumbing</td>
<td>Furniture</td>
</tr>
<tr>
<td>Bicycles</td>
<td>Paint and mirrors</td>
</tr>
<tr>
<td>Cars</td>
<td>China and glassware</td>
</tr>
<tr>
<td>Musical instruments</td>
<td>Hardware</td>
</tr>
<tr>
<td>Appliances</td>
<td>Hobbies and games</td>
</tr>
<tr>
<td>Derived from (Nelson, 1970, page 319)</td>
<td></td>
</tr>
</tbody>
</table>

In a subsequent study, while studying the different market conditions that affect levels of fraud, Darby and Karni (1973) incorporated the concept of credence into Nelson’s (1970) framework. A credence good would be a good whose quality judgment cannot be obtained even after the consumer has purchased and experimented with the product. Alternatively, to identify its quality, the customer would need to engage in highly prohibitive costs in the search for information. According to Darby and Karni (1973), a customer, for example, who takes his car to repair garage cannot fully appreciate the extent of his car’s problem. The repairer could claim for a service that is not necessary or could use low-quality substitute products to fix the problem.
(Dionne, 1984). The average customer would not be in a condition to easily identify whether the problem is simple or complex (Dionne, 1984). Ekelund Jr. et al. (1995) offer an illustration of the different types of industries, following the SEC framework (see Table 2).

<table>
<thead>
<tr>
<th>Search goods</th>
<th>Experience goods</th>
<th>Credence goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service stations</td>
<td>Plumbing services</td>
<td>Home-security systems</td>
</tr>
<tr>
<td>Restaurants</td>
<td>Pest-control services</td>
<td>Palm readers</td>
</tr>
<tr>
<td>Pharmacies</td>
<td>Electrical contractors</td>
<td>Martial arts schools</td>
</tr>
<tr>
<td>Photo-finishing</td>
<td>Jewellers</td>
<td>Marriage/family services</td>
</tr>
<tr>
<td>Transmissions</td>
<td>Caretaker services</td>
<td>Tax services</td>
</tr>
<tr>
<td>Lumber</td>
<td>Roofing contractors</td>
<td>Nursery</td>
</tr>
<tr>
<td>Off-licences</td>
<td>Men’s clothing</td>
<td>Chiropractors</td>
</tr>
<tr>
<td>Bakeries</td>
<td>Travel agencies</td>
<td>Optometrists</td>
</tr>
<tr>
<td>Book shops</td>
<td>Wedding services</td>
<td>Psychologists</td>
</tr>
<tr>
<td>Bicycles</td>
<td>Carpet cleaning</td>
<td>Transmission</td>
</tr>
</tbody>
</table>

Derived from (Ekelund Jr et al., 1995, page 36)

There are differences in the categorization above compared to some other classifications. In this categorization, for example, restaurants have been classified as being a search good and jewellers have been classified as an experience good, which differs from other works where a restaurant meal is categorized as an experience good (Zeithaml, 1988; Ford et al., 1988) and jewellery is categorized as a search good (Nelson, 1970). Ekelund Jr. et al.’s (1995) SEC framework therefore shows that there are discrepancies in how products and services are categorized by different authors.

The SEC framework has been incorporated into the marketing field by Zeithaml (1981), who was keen to delineate the differences between goods and services. She suggests that the three categories are distributed in a continuum from ‘easy to evaluate’ to ‘difficult to evaluate’, as described in Figure 1.

According to Zeithaml (1981), as can be seen in Figure 1, the majority of goods can be associated with products high in search quality. Zeithaml (1981) affirms that, due to their characteristics (such as intangibility, non-standardization and inseparability), services have high experience to credence qualities.
According to Zeithaml (1981), intangibility pertains to the inability of the service to be physically perceived or touched; non-standardization refers to the inability of the producer to provide consistent performance and quality. For example, periods of low or high demand can affect the consistency with which a service is delivered. Finally, inseparability entails the last characteristics distinguishing goods and services (Zeithaml, 1981), because while goods are firstly produced to be consumed later, services are produced and consumed simultaneously. In later sections, these assumptions separating products and services are questioned. Zeithaml (1981) suggests that the three items (intangibility, non-standardization and inseparability) lead services to possess few search qualities but many experience and credence qualities.

The SEC framework has been portrayed differently by marketing scholars. Now, different SEC conceptualizations are introduced.
2.4.2. Different concept definitions for SEC

In line with the original studies (Darby and Karni, 1973; Nelson, 1970; Stigler, 1961), Zeithaml (1981) defines the three categories of the SEC framework (search, experience and credence) as properties of different goods and services. In her view, a product or service could have one or more of the SEC properties. In this sense, jewellery, for example, could be classified as a search product because it has mainly search properties.

This view opens up the debate for whether the SEC categories should be discussed in terms of goods/services or their related attributes. Some authors categorize SEC categories according to the type of industry or the total product (Dulleck et al., 2011; Hyndman and Ozerturk, 2011; Smith and Royne, 2010; Franke et al., 2004), some categorize them in terms of good/service attributes (Lim and Chung, 2011; Babakus et al., 2004; Ekelund Jr et al., 1995; Sheffet, 1983) and others define SEC in terms of situations (Bloom and Pailin, 1995).

2.4.3. SEC as total product

Zeithaml’s (1981) work, shown in Figure 1, is more explicit on the combination of SEC properties, but her study and others in general (Dulleck et al., 2011; Hyndman and Ozerturk, 2011) have adopted the traditional higher order classification for SEC in terms of total product, which refers not to the specific attributes of a product but to the product as a whole. In this sense, what makes a dress, for example, be classified as a search product is the analysis of the product as a whole, not the analysis of its constituent attributes.
2.4.4. SEC as attributes

Contrary to Nelson’s (1970) view, Sheffet (1983) suggests that the categories are not mutually exclusive. One product may contain properties of search, experience or credence. She also argues that the best way to operationalize the framework is to consider its attributes instead of the total product. Sheffet suggests that the view echoes marketing practice, as marketing personnel working in advertising, for example, generally think in terms of attribute positioning (Sheffet, 1983).

In operationalizing her research, Sheffet (1983) wanted to check if backup claims such as ‘tested products’ would resonate well amongst consumers in the face of different SEC product categories. In other words, she explored whether consumers assessing search products would pay more or less attention to supplier claims that the products had been tested; the results were compared to experience or credence products. Sheffet (1983) classified attributes in terms of experience when an advert claim could not be verified before purchase but could afterwards. These attributes include such things as the taste of a food or beverage, the taste of a toothpaste or mouthwash, the feel of a shampoo and the brightness of washed clothes (Sheffet, 1983, page 21). For these experience attributes, Sheffet’s (1983) hypothesis is that the perception of quality is subjective and therefore consumers do not rely on tests claiming, for example, that x tastes like peanuts; consumers prefer to taste the product themselves. A search attribute is where an attribute quality could be verified by consumers prior to purchase or use. For search products, consumers’ reliance on information regarding tested products backing up a supplier’s claims could vary. In the case of low-cost searching and relatively unimportant purchases, Sheffet (1983) hypothesizes that consumers do not value the information regarding tested products because they could check the claim for themselves. In all other cases, such as the purchase of a refrigerator with a multitude of attributes (for which search costs are high) or in credence cases, in which claims by consumers cannot be verified, information confirming that the attribute has been tested is greatly valued by consumers. The bulk of these hypotheses have not been
confirmed. In Sheffet’s (1983) research, it was only confirmed that for important purchases, where consumers have high involvement, consumers tend to value claims of tested products, yet only in the case of experience and credence attributes. In the case of search attributes, the results have not been decisive (Sheffet, 1983).

The lack of statistically meaningful results in Sheffet’s (1983) work illustrates one of the problems of the SEC framework pointed out by Smith and Bush (2000), which is the need for a precise definition of SEC concepts that could allow the operationalization of the framework’s metrics. Early empirical work conducted by Ford et al. (1988) tried to tackle the problem, raising similar issues regarding the definitions of concepts adopted in the SEC framework. The SEC framework appears to have a great deal of “face validity” (Ford et al., 1988, page 240). Face validity can be seen as the ability of customers to recognize promptly the level of trustfulness of a provider’s claims. For example, regarding printed advertising claims, Ford et al. (1988) suggest that consumers can readily verify which claims can be checked prior to purchase, which ones can be checked only after purchase and which ones cannot be verified at all. In spite of the easy identification of claims, the operationalization of the SEC framework presents great difficulties (Ford et al., 1988).

One of the original premises of Nelson (1970) was that the amount of information in advertising varies directly according to consumers’ ability to check the claims at a reasonable price prior to purchase. Ford et al. (1988), in testing printed advertising claims, wanted to check whether consumers are less sceptical about search claims or more sceptical about credence claims. One of the major issues faced by Ford et al. (1988) was that advertising claims are offered in a variety of ways. They can be humorous, implicit or exaggerated, making the categorization of each advertisement more difficult. However, operational issues aside, the major obstacle that Ford et al. (1988) noticed was an issue in regard to the experience of the evaluator, as illustrated below:
“for the true experts about a product class almost every claim is a search claim while for the true novice the same claims become experience or credence claims.” (Ford et al., 1988, page 240)

Ford et al. (1988) suggest that claims differ amongst consumers according to the level of expertise consumers have about a given good. For example, a claim such as “The XX microcomputer contains the revolutionary 80386 chip” (Ford et al., 1988, page 240) may be one that the novice could never verify, while an expert could check this for themselves. In order to tackle this problem, Ford et al. (1988) evaluated judgements that an average consumer would make.

The concept of an average consumer can bring some operational benefits, as the researcher may adopt assumptions about an action that a typical person would take. However, Ford et al. (1988) reveal a facet of the SEC framework that cannot be ignored. The use of an average consumer leaves questions answered about the true nature of the SEC properties; after all, there are consumers who are capable of ascertaining information and making elaborate judgements about the product. Similarly, there are consumers who cannot judge the service or evaluate the product. Such consumers are simply ignored as a consequence of operational arrangements in research (selecting the average consumer as a criterion for interviewing), but their existence raises questions about the validity of the SEC framework.

This thought is even more relevant in current marketing thinking, which recognizes individuals as having idiosyncratic relationships with its own context, including its unique interaction with providers (Gummesson and Grönroos, 2012; Heinonen et al., 2010; Lusch and Vargo, 2006; Prahalad and Ramaswamy, 2004a). The idea of the relevance of context in service measurement is debated in a later section (refer to section Erro! Fonte de referência não encontrada.) and shows that each individual has a unique relationship with a service provider. The concept of an average consumer might be difficult to accept in an era where the focus is on the centrality of
the individual, where N=1 (Prahalad and Krishnan, 2008). In this sense, the average customer would be no one.

Ford et al. (1988) also acknowledge that third-party information, such as consumer reports, could be used by consumers to transform credence and experience claims into search claims. In this case, the consumer would be able, for example, to verify the ingredients of a product and the level of performance on several dimensions. This is an important move from original works on SEC, as the research suggests for the first time that SEC claims’ properties can change.

In Ford et al.’s (1988) case, there is an assumption that what is classified as search, experience or credence are not the products or services themselves but the claims made by advertisers. While this represents progress from the naïve categorization of SEC as being intrinsic properties of products, this view still seeks to objectify the SEC framework as having properties embedded in the supplier’s offer: if not the product, then the claims made by the supplier. Ford et al. (1988) conclude that there are weaknesses in attempting to classify advertising claims into categories and in expecting consumers to engage with these claims.

### 2.4.5. SEC as situations

Bloom and Pailin (1995) recognize the dynamic aspect of the tripartite categorization, offering the suggestion that the best definition of the SEC framework would be to conceptualize it in terms of situations, as below:

“Instead of seeking to categorize one’s offering (i.e., goods or services) as a search, experience, or credence good, it appears more reasonable to try to identify whether one faces a search, experience, or credence situation when marketing that offering to a specific (homogeneous) market segment.” (Bloom and Pailin, 1995, page 20)

In this way, the definitions elaborated by Bloom and Pailin (1995) are as below:
- Search situation = it is an occasion where a consumer can learn most of what he or she would like to know about the good/service before actually making a purchase.

- Experience situation = it is an occasion where most of what a consumer would like to know about the good can only be learned after purchasing and using the good/service.

- Credence situation = it is an occasion where a consumer can never really learn most of what he or she would like to know about the good/service, even after using it many times.

Bloom and Pailin’s (1995) suggestion is an important step in tackling the issues related to the validity of the SEC framework. It recognizes that goods and services do not contain SEC properties. These characteristics are not physically embedded in goods, nor are they an intrinsic part of services. Consumers, instead, possess or do not possess a given level of knowledge about the goods and services they intend to consume. The difference between situation and goods is that goods are physical entities with embedded knowledge (Vargo and Lusch, 2004), while situations are aspects of the context where these goods are applied. It is in the process of using goods and services in a specific context that they develop, over time, a better understanding of the performance of products and services. It could be argued that there are functional and emotional aspects of the act of consumption and the corresponding quality perceived from it. The understanding of its assessment is unique to each consumer and varies from situation to situation because it is related to the contextual factors of the environment surrounding the consumption (Helkkula, 2011; Heinonen et al., 2010). The notion that the SEC framework reflects a situation is more advanced than the classical view (Zeithaml, 1981; Darby and Karni, 1973; Nelson, 1970), which sees SEC as product characteristics; it also goes a step further than Ford et al.’s (1988) argument that SEC categories are part of an advertisement’s claim. These latter theories are both object-reductionist theories about SEC classification of goods. They see SEC properties in objects. A more holistic interpretation of the framework is necessary: a view that recognizes that SEC properties emerge as the outcome of different factors converging. These factors consist of the good or service subject of consumption; the consumer, who
possesses a stock of knowledge as a function of their historic and social background and idiosyncratic interactions with the service environment; and the diverse range of surrounding environmental factors that work as enablers or constraints of the process of knowledge accumulation of consumption. All these aspects form an SEC situation. After each act of consumption, a new situation emerges, one in which the consumer has superior understanding of the quality of the service used. This contextually driven picture of the SEC framework offers a more convincing interpretation of the phenomenon studied here and is aligned with the latest scholarly views in marketing, which emphasize customer-centric logic instead of a provider-centric view (Golder et al., 2012; Grönroos and Ravald, 2011; Helkkula, 2011; Heinonen et al., 2010; Vargo et al., 2008; Vargo and Lusch, 2004).

Although Bloom and Pailin’s (1995) proposition of considering SEC as situations has research potential and resonance with the latest customer-focused service research, surprisingly little has been done that follows this theoretical or empirical study direction. This thesis aims to investigate the issues raised by Bloom and Pailin (1995), empirically investigating whether a revision of SEC properties in today’s context offers promising routes for marketing scholars and practitioners.

However, criticism has been levelled at Bloom and Pailin’s (1995) treatment of demand in terms of homogenous clusters of consumers: a view that is contradicted by Garry and Harwood’s (2009) study, which suggests that there are different degrees of sophistication when clients assess business offers. This view is particularly important in business-to-business research (Garry and Harwood, 2009). In addition, Bloom and Pailin’s (1995) view on homogeneous clusters of consumers is out of date in the face of the technological advancements that allow companies to converse with customers on a one-to-one basis (Prahalad and Krishnan, 2008), demonstrating that what matters is the ability of providers to recognize the idiosyncratic features affecting individual consumers’ environments.
One of the challenges in studying SEC as situations is how to deal with the variety of factors shaping the emergence of a situation without the risk of incorporating everything into the study, risking turning it into superficial work; in other words, the challenge is how to depict the relevant aspects of the environment that make it possible to categorize a scenario as a search, experience or credence situation.

Bloom and Pailin (1995) suggest that one must look at: (i) the most important attributes for the market or group of homogenous consumers; (ii) when, if ever, the market could obtain accurate information about the most important attributes; and (iii) how willing the market segment members are to obtain accurate information about the most important attributes.

While the three steps are concise, their operationalization is a rather different matter, with the main problem being the issue of consumers’ reasoning in terms of willingness to search for information. Mitra et al. (1999) offer an attempt to validate the SEC categories; they conducted a survey with 343 students, who were asked about their assessment of the information availability of 12 different services. Their assessments were then classified according to the three categories. The prompt options for students were:

1. “I could collect knowledge or information about this service before using or purchasing the service”
2. “I could determine if the service quality was ‘good’ or ‘bad’ immediately after the service was performed”
3. “I could not confidently judge how ‘good’ or ‘bad’ the service quality was any time in the near future”

(Mitra et al., 1999, page 215)

Responses to question 1, 2 and 3 would allow the categorization of services in terms of search, experience and credence, respectively.

Mitra et al.’s work (1999) is the best known empirical attempt to categorize a group of services into the SEC framework. In addition, their treatment of the phrase ‘costly information’ is operationally feasible. In their original work, Darby and Karni (1973) refer to information that is too costly for consumers to look for in certain scenarios. In these cases, consumers have to
rely on other aspects of the service. However, how does one know that consumers find information about a product or attribute too costly? Mitra et al. (1999) treat the issue of costly information simply as a lack of information, as shown in their prompt questions. This approach is easier for consumers to understand. Therefore, Mitra et al.’s (1999) approach is the best approximation to deal with the theme of lack of information and equates Bloom and Pailin’s (1995) items (ii) and (iii) mentioned previously, which are not operationally feasible. However, Mitra et al. (1999) refer to SEC in terms of overall service, ignoring the theoretical flaws already discussed here, such as the fact that SEC is not a property of the product or service but of situations.

The idea of seeing SEC in terms of situations raises the possibility of a more dynamic perspective of the SEC framework because situations are not static representations of a product or industry. This begs the question: could situations reverse from one to another (Klein, 1998)? Could a search situation become an experience situation or vice versa? Or could a credence situation become a search or experience situation? If the answer to these questions is yes, what are the conditions for that to take place?

2.5. Situations as dynamic entities

Are situations dynamic reversible entities? In theory, a reversible situation is feasible because situations are, by definition, dynamic aspects of the service environment (Bloom and Pailin, 1995). There is theoretical and empirical support for this proposition. Empirically, this research demonstrates (refer to section 5.4.1) that experienced customers who have known a provider for a long time can predict the way the service is going to be performed not only by the preferred provider but also by a set of other providers in the marketplace. Some customers tend to summarize their views with bold statements about providers. In these cases, it can be argued that the customer has moved from an experience situation to a search situation. The customer is
not experiencing the service any longer; he or she feels capable of classifying the performance without the need to try the service again. The customer predicts how the service is going to be delivered (Galetzka et al., 2006), and information becomes, as a consequence, readily available to them. The reverse, from search to experience, is also possible: if one takes the condition that an experience case is a case of situational assessment after purchase, then a customer who is searching for attributes before purchase and then decides to purchase the good has moved from a search situation to an experience situation (Nelson, 1970).

This leads to the question: what about credence situations? Is it possible for a credence situation to become a search or experience situation? What about an experience or search situation that becomes a credence situation? The theoretical defence for this is more difficult because it contradicts the static description of credence posed by Darby and Karni (1973). In order to discuss this aspect, it is necessary to revise what a credence category is. Table 3 offers a good illustration of the definition of the boundaries of SEC categories; this definition is in accordance with the original concepts of the theme (Darby and Karni, 1973; Nelson, 1970). The table is a matrix constructed on two-by-two dimensions: the readiness to access information by the assessibility of information, with the time of purchase offering further demarcation. Search qualities emerge when information is readily available, is assessable and is accessed prior to purchase. Note the difference between assess and access. The first relates to the ability to evaluate, while the second relates to the ability to have it or to get in touch with it (Mittal, 2004). Experience quality appears after purchase when information costs are not prohibitive or before purchase when costs are too high. Credence appears for highly prohibitive costs and when assessibility is difficult (Voeth et al., 2005).

**TABLE 3 – DEMARCATION OF THE SEC FRAMEWORK**

<table>
<thead>
<tr>
<th>Assessibility of the quality</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point of time of assessibility</td>
<td>Before purchase</td>
<td>After purchase</td>
</tr>
</tbody>
</table>

41
As can be seen from Table 3, if assessibility of the service or product is not available, then the case is of credence nature. It is also credence when costs for assessing information are too high. The discussion about the criteria costs of information has to do with readiness to assess and has already been the subject of debate in this section, where it has been explained that clients do not reason in terms of costs of information. Therefore, the focus is on one side of the matrix above: on the credence that emerges due to assessibility not being possible. The assumption in this latter case is that a credence product cannot have its SEC quality changed because it is assumed that the customers are not able to assess it. However, once one takes Ford et al.’s (1988) view that different consumers have different degrees of knowledge about the quality of a product, then assessment about an SEC property can no longer be seen as static (Klein, 1998). The SEC conceptualization is suddenly opened to the possibility that it varies from one state to another. A credence state starts to be seen, therefore, as transitional. This would make it possible, for example, to see search or experience states turning into credence states or vice versa (credence states turning into experience or search states). What regulates this transition is the amount of knowledge that consumers possess about a given scenario where the assessment of product attributes takes place during the act of consumption, which in turn is a function of the contextual idiosyncrasies surrounding the customer environment (Bloom and Pailin, 1995). For example, a customer who is considering purchasing his second iPhone would go from a state of search (where the attributes can be assessed prior to purchase) to a state of credence when new attributes are released, making the assessment prior to purchase (and, eventually, after) difficult. This is the case of the Touch ID feature built in the iPhone 5s, which scans the owner’s biometric information each time he or she accesses the device. A situation of credence emerges when the customer does not know whether the security behind the technology is advanced.
enough to offer protection against cyber criminals or to illicit state surveillance. This customer has moved from an assessment of a search situation, where he or she used to know the phone’s features beforehand, to a credence situation, at least in regard to the difficulties of assessing this new attribute. Conversely, a customer who was exposed to this new feature on the iPhone and was unsure about its security standard could, after some time, be considered in possession of a great deal of knowledge about this particular feature, as long as contextual conditions allow him or her to do so. This could be the case, for example, with an IT expert who works in the surveillance industry. For this customer, the knowledge accumulated through their work could allow them to develop a good deal of assessment of biometric vulnerabilities before purchasing the product.

In this thesis, the definitions of the concept of the SEC framework are used as follows:

Search is defined as a situation where the respondent does not have difficulties in talking about the elements of quality of the service provided by the supplier. The period is before purchase. Experience refers to a situation in which the customer can talk about the quality of the service experienced after purchase. Credence refers to a post-purchase situation where the customer cannot talk with much confidence about the quality of the service. Service quality refers to the ability customers have or do not have to evaluate the experience with the service provided, after purchase. Now, some of the key studies using the SEC framework are introduced.

2.6. Applications of the SEC framework

Academic research on the SEC framework varies greatly, and seminal work on the theme has already been introduced in previous sections. Here, examples of other important themes are presented. The objective of this section is to demonstrate how authors have applied the SEC framework to tackle practical and theoretical issues in marketing (Calfee and Ford, 1988).
2.6.1. SEC and electronic retailing

The theme to be discussed is interactive home shopping (Alba et al., 1997). Alba et al. (1997) discuss the incentives for consumers, retailers and manufacturers to participate in electronic marketplaces: a theme in vogue with the consolidation of electronic retailing (Klein, 1998). There are studies that have focused on the Internet and the relationships between SEC categories (Huang et al., 2009; Klein, 1998; Peterson et al., 1997). In this case, the issue relates to the understanding of how products can be better advertised using different media (stores vs. the Internet). Alba et al. (1997) highlight that there are strong diminishing returns when consumers engage in searching for additional information about products. They reach a point where the potential benefits for identifying additional alternatives diminish. At this point, consumers stop searching (Nelson, 1970). However, searching conducted electronically greatly increases the chances of customers identifying new information and reduces search costs (Zettelmeyer et al., 2006; Hoffman and Novak, 1996). A tempting conclusion based on the SEC trichotomy, Alba et al. (1997) affirm, is that merchandising selected in store environments primarily on the basis of search and credence attributes is amenable to electronic retailing, as direct experience is not required; by contrast, merchandising based on experience attributes will be better used in stores, where direct experience is required. Alba et al. (1997) add that catalogues and electronic shopping should favour visual attributes, whereas when touch, taste, and smell are involved, direct experience contacting the product would be better. The question here is: what are the implications of this view if one takes the SEC framework as situations instead of attribute-related phenomenon? Does Alba et al.’s (1997) rationale apply to situational SEC classification of goods?

Alba et al. (1997) recognize that the rationale above fails to consider that consumers have inference rules (Wright and Lynch, 1995), leading to a reinterpretation of the SEC classification of goods. According to Wright and Lynch (1995), there are low subjective correlations between the product attributes observable prior to purchase and the benefits at the time of consumption.
This is true for experience and credence goods but not for search goods (Wright and Lynch, 1995). In other words, the authors suggest that consumers cannot identify the benefits of the consumption of credence or experience products straight away before purchasing them. Merchandising of products in terms of SEC categories should consider the existence of inferences. In addition, brand names allow consumers to infer consumption benefits after one purchase and use (Wright and Lynch, 1995). Wright and Lynch (1995) talk about the congruency of media, where some media are better suited to communicating one of the SEC attributes than the others. For Wright and Lynch (1995), advertisements are more congruent with search attributes, whereas direct experience is more congruent with experience attributes.

Seeing the SEC classification of goods in terms of situations does not change the basis of Alba et al. (1997) and Wright and Lynch’s (1995) rationale that different SEC stages require different media, albeit that, according to another study (Huang et al., 2009), the Internet blurs the distinction between search and experience goods by allowing customers to gain information from others. Nevertheless, customers in a search situation, for example, would probably pay more attention to merchandising handled electronically because the focus in the moment would be on gathering information, which is made easier by the Internet. Conversely, customers facing an experience situation would focus on signs that allow them to ‘feel’ the benefit of the attribute by spending more time on searching webpages (Huang et al., 2009) or going for trials, for example. The assumption can also perfectly incorporate Wright and Lynch’s (1995) view about inference rules. Customers continue to have inference rules in situational SECs. In fact, Alba et al. (1997) recognize that customers do have different inference rules, opening the debate for potential differences in the way the SEC framework is categorized.

The changes that a situational SEC framework causes to Alba et al.’s (1997) argument and Wright and Lynch’s (1995) main argument about the congruency of media is that one should not consider merchandising in terms of the duality store vs. electronic format, where search and credence attributes should be communicated electronically and experience should be communicated directly in store. In a situational SEC framework, there is no such duality, but
there is a complementarity of media. A better way of communicating the benefits of an attribute would be through an electronic + in-store format; otherwise, it would be economically unjustifiable due to the volatility of situations. In that way, merchandising opens its range of appeal by capturing different customers in different SEC stages. The assumption in this thesis is that a given customer would go thorough different SEC stages in his or her consideration of a product, from a stage of low familiarity with the attribute information to a stage of high familiarity with a product-related attribute; in other words, customers move from a stage of credence (where they do not promptly recognize the benefits) to a stage of search (where the benefits of consumption are readily available). This assumption is unique to this thesis. However, there has been some attempt to conceptualize the transitional view that there is a direction from experience to search (Klein, 1998). According to Klein (1998), if full information on critical product attributes can be offered prior to purchase at a cost that is lower than direct product experience (via online trials, for example), the consumer can consider this a search good. Klein (1998) suggests that the Internet is instrumental for such transformation.

FIGURE 2 – KLEIN’S VIEW ON EXPERIENCE

Source: (Klein, 1998, page 200)

In this thesis, it is assumed that by evolving from a stage of low familiarity to a stage of high familiarity, customers face different situations; customers are more in tune with targeted communication that considers this transition. Providers who communicate the attributes of their products using all media may increase their chances of capturing customers’ attention whatever the SEC stages of customers. A good example would again be Apple, which offers a compelling set of information on its website to communicate the characteristics of its products (ideal for customers in search situations) but adds experience with Apple stores, where customers can feel
the products. For those whose level of product information or enquiry is higher (such as those in credence-based situations), there is further assistance with skilled sales personnel and technical support in the store, granting Apple the ability to capture customers in different SEC stages.

Alba et al. (1997) also affirm that electronic retailing should lead to greater sensitivity to search attributes. In a situational SEC framework, one could rephrase this view by arguing that the context of search, where some customers find themselves having been shaped by the enormous amount of information available electronically, eventually supports customers in their assessments of quality-related attributes. This could lead, potentially, to fewer situations of credence in service consumption.

2.6.2. SEC and customers’ decision-making processes

The amount of information available to customers inevitably evokes the idea that customers must have a particular way of processing all the available information. The discussion of how customers’ decision-making processes are influenced by the availability of information has roots in different areas such as economics of information as already shown in section 2.4, the evolution of quality studies from manufacturing driven quality (Golder et al., 2012) towards customer oriented quality (Parasuraman et al., 1985) and debating these concepts in detail is outside of the scope of this research. However, it is interesting to review some of the foundational assumptions of customer knowledge accumulation. The transition from an inward looking to a more outward view of quality, took place with the change in focus of quality studies from manufactory quality (as mentioned in section 2.2) including initiatives such as the total quality management, six sigma and the Baldrige Awards (Golder et al., 2012) towards more customer oriented views of quality such as the SERVQUAL model (Parasuraman et al., 1985). A more customer oriented view is paramount when uncertainty is high (Jabnoun et al., 2003). Uncertainty is seen as lack of information for decision making (Jabnoun et al., 2003),
which is one of the main aspects in credence literature (Darby and Karni, 1973). In terms of psychology studies and SEC, there is an early article, from Alba and Hutchinson (1987) that illustrated the key aspects surrounding customer expertise, such as there being a clear distinction between product familiarization and customer expertise (Jacoby et al., 1986). In the first case, the customer becomes familiar with aspects of the product as he or she acquires experiences with it through a wider range of situations, such as advertising exposure, searches for information, interactions with sales staff, choice and decision making, purchasing, and product usage in various situations (Jain and Posavac, 2001). However, to acquire expertise, customers need the ability to perform product-related tasks successfully (Alba and Hutchinson, 1987). For this to take place, according to Alba and Hutchinson (1987), it is necessary to consider customers’ cognitive structures (beliefs about product attributes) and processes (decision rules about acting on those beliefs). Alba and Hutchinson (1987) suggest that an increase in product familiarity leads to an increase in customer expertise but that this relationship is not linear, as tasks require different types of experiences. The main focus of Alba and Hutchinson’s (1987) article refers to the differences in the decision making of novices vs. experts. They differ in several dimensions of expertise involving how they process repeated product-related tasks (Hoyer, 1984; Einhorn and Hogarth, 1981; Payne, 1976), how information is performed through their different cognitive structures (Brucks, 1986; Kanwar et al., 1981), how they analyze and isolate the most important information (Bettman, 1986), how they elaborate on given information (Huber and McCann, 1982; Lynch and Srull, 1982) and how they remember product-related information (Baker et al., 1986). The implication for the SEC framework is that expertise is considered as a determinant factor of search behaviour because it mediates a customer’s ability to learn about products and the cost of doing so (Alba and Hutchinson, 1987). An interpretation of this premise is that expert customers search for product information and experience service consumption differently from how novices do, and this may affect the length of time at which customers stay in one of the SEC situations, as more-mature customers may be more confident in interpreting market signals (Calfee and Ford, 1988). In that sense, an expert customer who uses a new product would possibly spend less time at the stage
of credence than a novice would. In fact, being expert or novice about a service defines the SEC situations of customers (Mittal, 2004).

2.6.3. SEC and customer satisfaction

The next relevant marketing theme is the consequences of affect on customer satisfaction when evaluating credence-based services (Alford and Sherrell, 1996). Alford and Sherrel (1996) depart from the assumption that SEC are phenomenon related to the type of service, not situations. They advocate for the relevance of affect feelings in credence services precisely because in such services customers have little basis on which to achieve judgement. They have to reach their evaluations based on the steps of the service provision (Alford and Sherrell, 1996). The bulk of Alford and Sherrell’s (1996) critique is the analysis of the disconfirmation model of customer satisfaction (Churchill and Surpremanant, 1982; Oliver, 1980) which suggests that customers bring expectations to the service encounter and then compare these expectations with the service performed. The result is that in the case of positive disconfirmation, there is an increase in customer satisfaction; in the case of negative disconfirmation, there is a decrease in customer satisfaction (Alford and Sherrell, 1996). Alford and Sherrell (1996) suggest that the disconfirmation model has been primarily used for product-based settings but not generally for services, which tend to rely more on the study of the relationship between service satisfaction and quality (Taylor and Baker, 1994; Cronin and Taylor, 1992), not service satisfaction and affect. Alford and Sherrell (1996) suggest that there is some progress in including an affective component in the disconfirmation model; however, as the authors state in the quotation below, there is still a need for more changes:

“…the disconfirmation model is centered on the ability of consumers to form expectation and performance assessments about the attributes of a product. Services characterized by high levels of experience or credence properties (Darby and Karni,
According to Alford and Sherrell (1996), consumers in service encounters need to look at other types of information to assess a given service, such as steps in the process of delivering the service. They suggest the example of when a customer gets the oil changed in their car. In the process, the best criteria to judge the performance of the service provider are the sequence of events that followed; if one of the steps is not done as expected, such as not opening the hood of the car, that might signal to the consumer that there might be a problem with the quality of the service. Customers in that sense follow a script-based sequence of events, against which they compare the service performance provided (Alford and Sherrell, 1996).

In this thesis, the view is that the SEC classification of goods are based on situations, not on the characteristics of the service industry vs. those of the product industry. Therefore, a logical deduction of this assumption is that the satisfaction model of performance based on scripts may well be valid for assessing the performance of different service encounters, but this is due to other reasons than simply because services contain experience properties and credence properties (a point with which this researcher disagrees). The reason is that the script-based model of performance can be used for the assessment of SEC situations because a customer still has a set of expectations of the service process when facing an experience or credence situation. A situation is volatile and multifaceted, and customers in credence situations may well need a standard set of script-based performances against which to rate the service. In fact, Alford and Sherrell’s (1996) model is not only applicable to some sectors of the industry but to all services and products: there is potential for scenarios of credence in all of them. In addition, the distinction between products and services may not be useful any more, as is demonstrated in a later section (refer to section Erro! Fonte de referência não encontrada.) on the theme of service-dominant logic (Vargo and Lusch, 2004).
2.6.4. SEC and market fraud

The study of fraud is a theme that has received attention in studies of SEC classification of goods (Dulleck et al., 2011; Alger and Salanié, 2006; Dionne, 1984; Darby and Karni, 1973). These studies start from the principle that an expert seller has an incentive to make false recommendations, as they possess more information than the buyer (Hyndman and Ozerturk, 2011). Alger and Salanié (2006) demonstrate the effects of fraud in markets, with others showing the impact on economic equilibrium in markets (Emons, 2001). For example, according to a Swiss study, the average population had 33% more of seven important surgical interventions than physicians and their families did (Emons, 1997); another study (Wolinsky, 1993) suggests that 53% of car repair charges represented unnecessary repairs (Alger and Salanié, 2006, page 854). Invariably, asymmetry of information leads to opportunistic behaviour (Silva and Brito, 2013). The study of the economic foundations behind fraud studies is beyond the scope of this research and can be accessed through the articles above (Dulleck et al., 2011; Alger and Salanié, 2006; Dionne, 1984; Darby and Karni, 1973). The relevance of these studies for the purpose of this thesis is that mechanisms of fraud emerge in situations of credence (Emons, 2001, 1997); therefore, the scope of affected areas is in fact greater than Alger and Salanié’s (2006) initial propositions (car repair and health care) (Alger and Salanié, 2006; Dionne, 1984; Darby and Karni, 1973). The reason is that credence-like states are not conditions related to these industries only; there is potential for fraud in all sectors where a situation of economic advantage can be obtained due to the privileged information of the expert in a negotiation.
2.6.5. SEC and customer behaviour

According to Babakus et al. (2004), studies concerning attributes of consumer behaviour are usually done via factor analysis, with the objective of identifying relevant attributes behind consumers’ choices. However, these studies do not capture other high-order dimensions and do not leave managers with actionable strategic directions (Babakus et al., 2004). This is a study carried out in the financial area, and Babakus et al. (2004) suggest that the SEC framework (Nelson, 1974; Darby and Karni, 1973; Nelson, 1970) can be used to explain consumer choices in two dimensions. There are a set of attributes at the first level that can grouped at a higher order using the SEC framework. At the individual attribute level (the first level of abstraction), the management can look at a bank’s rating (i.e., its mean score) for each individual attribute and can thus identify sectors that need improvement (Babakus et al., 2004), as stated:

“For instance, if a bank falls short on the search attribute of fees charged, this would sign a need for intervention.” (Babakus et al., 2004, page 467)

Once an attribute has been viewed at the first order, then it is necessary to look at how attributes are grouped using the SEC framework. Here, Babakus et al. (2004) suggest that financial attributes are classified as per Table 4.

**TABLE 4 – SEC FRAMEWORK ACCORDING TO BABAKUS ET AL. (2004)**

<table>
<thead>
<tr>
<th>Search attributes</th>
<th>Credence attributes</th>
<th>Experience attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates on deposits</td>
<td>Keeping customer information confidential</td>
<td>Helpfulness of bank tellers</td>
</tr>
<tr>
<td>Overdraft privileges</td>
<td>Integrity of the bank</td>
<td>Provision of services in a</td>
</tr>
<tr>
<td>Attributes</td>
<td>SEC Stages</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td>Fees charged</td>
<td>timely manner</td>
<td></td>
</tr>
<tr>
<td>Bank’s adoption of technological advances</td>
<td>Attentiveness of bank personnel</td>
<td></td>
</tr>
<tr>
<td>Banking hours</td>
<td>Management of the bank</td>
<td>Willingness of bank personnel to listen to customers</td>
</tr>
<tr>
<td>New bank services</td>
<td>Friendliness of personnel</td>
<td>Expertise of employees</td>
</tr>
</tbody>
</table>

Source: Derived from Babakus et al. (2004, page 466).

In Table 4, attributes are categorized according to three different SEC stages. For instance, overdrafts and banking hours are categorized as search attributes, management of the bank is a credence attribute, and expertise of employees is an experience attribute. According to Babakus et al. (2004), the aggregate score indicated by the three headings (search, credence and experience), as shown, is what would allow managers to define mechanisms to cope with eventual weaknesses. For instance, data from a model could help managers to identify whether the focal bank is ranked lower than its competitors are on the experience dimension and higher on the search dimension.

In this thesis, the author disagrees with the classification of SEC as attributes, as mentioned previously. Therefore, the model cannot be applied as it stands. For example, the attribute of the friendliness of personnel does not need to be experienced any longer by customers who have experienced it many times before and can predict the service standard next time they are going to be served (Galetzka et al., 2006). By the same token, the management of the bank can be known by some customers in much better detail than by others, which makes the attribute not a credence situation for everyone. If the author’s view is to hold, one needs to consider that the aggregate rating of an attribute is not enough to tell the state of an SEC attribute because one attribute can represent different situations for different customers. For the model to work, perhaps it would be necessary that, together with the ratings of the attribute, a question classifying the nature of the attribute in terms of the situational SEC classification of goods...
should be attached (i.e., how knowledgeable a customer is about the rating given). It is only then that the model could perhaps reveal relevant information for the SEC task; the answer would also be different. Collecting aggregate data about a given set of SEC attributes would not be possible. However, aggregate data about the average number of customers who are in one of the SEC stages could be achieved. This is a more customer-centric view (Grönroos and Ravald, 2011; Heinonen et al., 2010) of the SEC classification of goods which does not classify the provider’s set of attributes but the customers’ scenarios because it shifts the focus from attributes to customers’ perceptions about attributes.

2.6.6. SEC and brand cues

The study of SEC and brand cues (Brady et al., 2005) brings attention to the idea that cues are relevant instruments for brand purchases and may be related to SEC situations. A cue is defined as “a characteristic event, quality, or object that is external to the consumer that is encoded and used to categorize a stimulus object” (Crane and Clarke, 1988, page 56).

The assumption is that cues diverge according to the type of services, and not only between services and products; Brady et al. (2005) depart from the perspective that search services have more-tangible elements of reference and that credence services are less tangible, leading customers to rely more on brand strength. According to Mitra et al. (1999), perceived risk increases along the continuum from search through experience to credence, and service has greater characteristics of experience and credence features: an aspect that has already been the subject of discussion in this chapter. Customers, therefore, adopt a set of strategies to cope with the perception of increased risk (Brady et al., 2005), with the most important strategy being reliance on branding. In order to do this, they use cues (Olson, 1977). There are two types of cues: intrinsic cues, which are related to products, and extrinsic, which are more associated with the surrounding aspects, with intangible services being associated with more-extrinsic cues.
There are, however, disagreements about these conceptualizations. Devlin (2011), for instance, based on Alba and Hutchinson’s (1987) work, sees that a better distinction for the cues in services is functional (related to the core of the service) vs. non-functional (related to surroundings), instead of intrinsic vs. extrinsic. The reason for this, according to the author, is that there is no tangible core that is common to products to which the term ‘intrinsic’ has been applied before (Devlin, 2011).

Brady et al. (2005) suggest that, for investment services, intrinsic cues include media reviews, objective product rankings and national reputation, whereas personal referrals, price and advertising are examples of extrinsic cues. However, there is some disagreement between Brady et al.’s (2005) view and the perspective put forward in this thesis. Here, the present researcher agrees with the principle of service-dominant logic (Lusch and Vargo, 2006; Vargo and Lusch, 2004, 2008a), which suggests that the attribute intangibility cannot be seen as a differentiator between services and products. This is related to a discussion held in another section (refer to section Erro! Fonte de referência não encontrada.). However, regarding the idea that there are differences in intrinsic and extrinsic cues, one could argue that the principle should still hold for situational SEC classification of goods. National reputation and media reviews, for example, may well be more relevant for situations (not services or products) whose credence features prevail. Conversely, in situations where more information is available, such as in a search-based situation, other more-specific features are more relevant, such as information about overdrafts and fees. In this research, there is no disagreement with the general proposition that different cues are relevant according to different SEC types, as long as the SEC type is categorized as a reflection of the situation. For example, a financial provider who is interested in applying the SEC framework should consider that some customers would be in the search stage while other customers would be in different SEC stages. Allowing communication that better suits the range of customers in these different situations is important in achieving more-effective communication. However, there is a need to review the frame of assumptions, such as the
differentiation between product and services, and the idea that services carry more credence-based elements than experience-based elements.

In the same vein, Devlin (2011) also studied cues in the financial sector, analyzing their relationship with familiarity, objective knowledge and subjective knowledge. The first was measured by the level of use of the service, the second by objective questions (with yes/no answers) about financial products and the third with an enquiry about the level of knowledge that customers think they have about financial services. Devlin (2011) suggests that the strength of the relationship between cue utilization and familiarity is more than twice as strong as that for objective expertise, and subjective expertise presented no meaningful results in relation to cue utilization. Devlin (2011) concludes that cue utilization is definitely important in the context of credence services. To this researcher, a credence situation is more ubiquitous than the original work presented by Devlin (2011), and therefore cue utilization and its relationship with familiarity and expertise can be more relevant than at first thought by Devlin (2011).

2.6.7. SEC and service reliability and validity

Another important theme is the study of the SEC framework and customer satisfaction measurements. Galetzka et al. (2006) propose that customer satisfaction varies according to SEC type. Mediating this effect are the concepts of service reliability and service validity (Galetzka et al., 2006). Service reliability is the measure of the extent to which the service is correctly produced (Galetzka et al., 2006). A highly reliable service is a service with no flaws (e.g., a train that arrives on schedule). Galetzka et al. (2006) suggest that attention has been given to reliability and its relationship with customer satisfaction, but little attention has been paid to the concept of service validity. Van Raaij and Pruyn (1998) coined the term ‘service validity’, suggesting that customers’ evaluation of a service depends on whether the service realization was in accordance with expectations. The term ‘service expectations’ refers to the
agreement between the customer and the service provider about the type of service to be rendered, including its price, quality and design (Van Raaij and Pruyn, 1998). Galetzka et al. (2006) cite the example of when a customer takes their car to a garage and an agreement is made with the provider about the details of the service. These specifications are a matter of the validity of the service, and they are made at the input stage of the service, when the service details are agreed with the provider. The difference between reliability and validity is stated below:

“The key difference between the two concepts is that the service validity relates to the matching between customers’ needs and agreed upon service specifications and, therefore, occurs during the input stage of the service process, whereas service reliability reflects quality of the performance and realization of these service specifications during the succeeding consumption stage” (Galetzka et al., 2006, page 273).

As information is readily available, Galetzka et al. (2006) suggests that in the case of search-based services, customers can establish parameters for checking performance (reliability) and the matching of expectations (validity). Customers’ satisfaction, therefore, will depend on both service validity and service reliability, but the effect of reliability on customer satisfaction is more pronounced, although service validity remains important for customer satisfaction.

In the case of experience services, according to Galetzka et al. (2006), both service validity and service reliability are conditional factors in customer satisfaction. For example, if a hotel room is clean (reliability) and the right price for a given atmosphere (validity) is presented, both will have an effect on customer satisfaction; it was concluded that the service reliability will be considerable when service validity is high and will be negligible when service validity is low (Galetzka et al., 2006). In the case of credence services, though, service validity cannot be verified, and providers, according to Galetzka et al. (2006), should not waste time emphasizing these elements. As customers develop heuristic mechanisms to capture signals from tangential
aspects of the service, such as perceived risk, competence (Mitra et al., 1999), responsiveness and empathy. These are the elements used by customers to assess the service. According to Mitra et al. (1999), they are instruments for measuring the reliability of the service.

In a situational SEC framework, as highlighted by this researcher, both reliability and validity could be seen as useful conceptual descriptions of the measurement of the gap between service expectation and performance. The difference is that the relationships between reliability, validity and customer satisfaction are not a reflection of a static state of affairs measured by type of service but are more-dynamic views assessed by situations. For example, taking the case of a hotel room – within the range of customers, there will be some who are experts in judging some attributes (the most relevant to them), and they could be identified as being in a search situation. Measurements of reliability and validity should present results where both are important in terms of their corresponding effect on customer satisfaction. Conversely, in the case of customers facing a credence situation in the same hotel, service validity should not appear as relevant, with minimum impact on customer satisfaction: an assumption that could be seen as valid if one takes Galetzka et al.’s (2006) ideas for credence cases.

### 2.7. Fuzzy line between search, experience and credence

The idea that the tripartite framework is evaluated differently by customers is well explored by Mittal (2004), who puts forward some propositions related to the theme. Mittal (2004) sees that the fundamental aspect of the SEC theory is the need for customers to judge service performance, with performance being what the customer gets from the service. In that sense, one needs to take into account that the assessment of an attribute’s performance is related to information that is available prior or after purchase. There are two possible ways for information to be made available: one is information that can be codified through language and can therefore be captured cognitively by customers either orally or via written material; the
other type of information can be captured through the senses (Mittal, 2004). According to Mittal (2004), this is an important conceptual distinction that has not been captured in previous discussions involving the SEC theme. Mittal (2004) suggests that the first type of information tends to be objective and can be shared with others or made searchable. Customers can rely on information brought by others (surrogate buyers) in order to assess performance. The latter, though, requires customers’ direct experience with the product or service. In order to assess the performance of sensory products and services, customers need to experience the feelings obtained from consumption themselves, unless they rely on others’ opinions. Mittal (2004) proposes that cognitive attribute information is available prior to purchase and is therefore searchable; sensory attribute information is deemed experiential and is only available prior to purchase if experienced through trial. Mittal (2004) sees this distinction between cognitive and sensory information as the reason for a fuzzy line between search and experience classifications. For example, if a wine can be tasted in store, then the taste of the wine is actually a search attribute rather than an experience attribute.

In exploring the SEC concepts further, Mittal (2004) also sees a fuzzy line between experience and credence products. Regarding experience and credence cases, the author brings attention to the distinction between experiencing the attributes of the service and experiencing the accrual of its benefits (Hirschman, 1980). In some cases, according to Mittal (2004), the benefit of the attribute coincides with the experiencing of the attribute itself. For example, the taste of a food is an attribute but tasting it is its own reward, so it is also the benefit. However, there are cases where the experience of the product attribute does not coincide with the benefit of using it, such as when a client is undergoing dental treatment. The attribute is the performance of the dentist, but the benefit of the dental treatment may come later in the process or may never be fully appreciated. In these cases, customers cannot foresee the benefits as they experience the service. The distinction between the experience of an attribute and its benefits explains the difference between an experiential product and a credence one, but it is also the reason for the fuzzy line between them (Mittal, 2004). For example, for experience products where the benefits accrue
only with prolonged use, consumers minimize risks by treating experience attributes, according to Mittal (2004), as credence attributes; they rely on product and service vendor reputation.

It could be argued that the idea of fuzzy lines between search and experience and between experience and credence put forward by Mittal (2004) is an anomaly that reinforces the assumption that the SEC framework is in fact more dynamic than at first conceptualized. Having SEC as a reflection of situations demonstrates that the status changes according to circumstances and that it is reasonable to see experience situations, for example, being treated as search situations. However, there is a distinction between Mittal’s (2004) view and the view put forward here. When Mittal (2004) suggests that customers treat, for example, experience products as search products, the view is that customers are in fact experiencing a search situation. Nothing related to the product has changed, only the bulk of knowledge that the customer brings to the assessment exercise. That is the thing that changes, and it is exterior to the product; consequently, the situation surrounding the consumption environment changes. For example, it was argued that the taste of a wine if tried in store makes the product a search product instead of an experience product. It is argued here that the taste of a wine tried in store gives rise to a search situation. If tasting the wine were not possible in store, then all that would be different would be that customers would face an experience situation, as the wine would need to be tasted before any judgement could be made. Similarly, customers do not treat experience as credence; they instead face a credence situation. If the benefit of a dental treatment is not fully appreciated initially, it could be suggested that the client is facing a credence situation rather than facing a scenario where they treat experience as credence, as suggested by Mittal (2004). It is argued that the static view of the SEC framework brings distortions that need to be resolved. For instance, Mittal (2004) suggests:

“When the mysterious knowledge inherent in the credence attributes pertains to sensory attributes, expert consumers treat them as experience attributes.” (Mittal, 2004, page 456)
In this thesis, credence situations are not viewed as a phenomenon that carries mysterious knowledge that is inherent to the product but as a set of contingencies that affect how much customers know about the quality of a product or service, which lead customers to find product evaluation difficult at some point. There is nothing ontologically mysterious about the exercise, only that customers face a scenario that they do not fully appreciate, which has much more to do with their circumstances at the stage of product evaluation. This originates more from the idiosyncrasies of the context where the customer service is experienced and values are consumed (Grönroos and Gummerus, 2014) than from the characteristics of products or services being assessed.

2.8. Service Dominant Logic

In 2004, a seminal paper from Vargo and Lusch (2004) gave rise to a new wave of discussion about the suitability of traditional marketing thinking. The central aspect surrounding the theme is that traditional marketing thinking, which Vargo and Lusch (2008, 2004) term the ‘goods-centred view’, departs from the assumption that the quality of manufactured goods (tangibility), the separation of production and consumption, standardization, and non-perishability are normative qualities. As a consequence, scholars, in an attempt to distinguish services from goods, have defined services on the basis of these qualitative terms. This is known as the IHIP paradigm, which stands for intangibility, heterogeneity, inseparability and perishability (Zeithaml et al., 1985). This paradigm represents a perspective that sees these four characteristics as intrinsic qualities of services and hence as factors distinguishing goods from services (Grove et al., 2003). However, Vargo and Lusch (2004) criticize this logic:

“Many services marketers have taken up the implied challenge of trying to make services more like goods. These qualities are primarily only true of goods when they are viewed from the manufacturer’s perspective.” (Vargo and Lusch, 2004, page 12)
According to Vargo and Lusch (2004), these four characteristics are not valid or desirable; standardized goods do not involve consumers in the production, add to marketing costs and are not responsive to changing customer needs. Vargo and Lusch (2004) suggest instead that a new dominant logic is necessary, the service dominant logic or SDL: one where service is central and that sees the distinction between goods and services as an inconvenience of an old paradigm. According to this new view, it is more sensible to think of companies and customers as actors engaging in the exchange of a service, where goods become a distribution mechanism for the accumulated know-how. One of the central aspects of this new paradigm is the role of co-creation of value between companies and customers within a system of exchanges of service. According to SDL, firms, customers and other actors participate in the process of creation of value (Vargo et al., 2008). For Grönroos and Gummerus (2014), this approach is firm-driven. Value can only be created in the customer processes within the customer realm. What is called value-in-use cannot be created by providers. This is a more customer-oriented view of the phenomenon of value creation that is central in the literature of customer experience. This is in line with other works on customer experience which treats customer experience holistically (Lemke et al., 2011). This means that attributes of the provider are studied in conjunction with additional concepts of the customer environment, in particular the concept of value-in-use.

Grönroos and Gummerus (2014) offer a refined view of how a new logic would look in terms of value creation. To these authors, we are not in an environment of service-for-service exchange as Vargo and Lusch (2008) point out but in an environment of value-for-value exchange. The new logic has great potential to change the landscape of how marketing is done by practitioners and scholars in ways yet to be seen.

2.9. The service measurement problem

One implication of the new paradigm, as advocated in this thesis, is that it has the potential to elucidate how the SEC framework should be measured. In other words, viewing the SEC
framework as a reflection of situations echoes the view just exposed in section Erro! Fonte de referência não encontrada. This is particularly because a situational SEC framework is dynamic and reflects the conceptualization of the new service logic, viewed as dynamic systems of exchange.

The traditional SEC research (Nelson, 1974) tended to define SEC classification of goods as static entities representing entire industries or products. In a service-for-service exchange, the service system is much more fluid and intangible than in the goods-centric view (Vargo and Lusch, 2008a). The transition from static to dynamic represents the changes expected for the SEC framework in order to make it a more suitable account of quality research, as discussed in section 2.5, where the details of a dynamic SEC framework were discussed. Moreover, the classification of goods (SEC) treat experience as a mere discrete option within the categories of quality evaluation. Here, it is advocated that experience is much more holistic than this. It is involved in the whole process of contact between customers and providers and other actors of the system of value creation. This is in line with the emerging literature of customer experience which treats experience as the basis of all business (Vargo and Lusch, 2008b).

Therefore, in this thesis, the new service logic and situational SEC framework are aligned and represent a future with many possibilities for new research in the area.

There is limited research on how some variables such as risk (Mitra et al., 1999) and technical and functional quality (Grönroos, 1982) are affected by the changing in SEC perspective, from a static towards a dynamic view. In other words, the variables risk and technical and functional quality have not been tested under the conditions of the SEC classification of goods defined as situations. The understanding of how these variables vary across different industries such as logistic and insurance is also a subject of limited research. There are advocates who characterizes some industries as credence based (Okura and Lee, 2009). However, it is not known in SEC literature, in cases where SEC is defined as situational, whether or not search or credence varies according to industry type. In addition, it has not been investigated in SEC
literature how the variables risk and technical and functional quality varies in experience cases across different industries. In order to understand these issues, the research questions are introduced.

2.10. Research questions

2.10.1. SEC and perceived risk

Perceived risk is an important element of the SEC framework. Perceived risk is defined as a two-dimensional construct comprising the uncertainty involved in purchasing decision and the consequences of taking unfavourable actions (Mitra et al., 1999). Low perceived risk means that the customer is certain about the purchasing decision and expects little unfavourable actions as a consequence; conversely, high perceived risk suggests that there are uncertainty involved in purchasing decision and the customer expects variability around the consequences of taking the purchasing action. Perceived risk is understood to increase from search states to credence states. Mitra et al. (1999) find support for this hypothesis, although their conceptualization (as previously explained) understands SEC states as related to products, not as reflections of situations. Cox (1967) suggests that the level of perceived risk defines the amount of information consumers aim to gather when evaluating products (Locander and Hermann, 1979; Capon and Burke, 1977) and services (Murray, 1991). Zeithaml (1981) has previously brought attention to the study of perceived risk within the SEC framework, suggesting that in the evaluation continuum (refer to Figure 1) from goods to services, the perception of risk increases when close to services. There are several reasons for this, according to Zeithaml (1981), who suggests that services are more intangible than goods and have higher levels of experience quality. This in turn means that consumers have much less information prior to the acquisition of a service. In addition, with services, it is more difficult to achieve a standardized output than it is with products, as Zeithaml (1981) suggests. The author also highlights that supplier
warranties for services are less common than for products and that higher levels of expertise are required when evaluating the quality of services. Nevertheless, the separation between products and services may not hold, as recent debate on the theme suggests (Grönroos and Gummerus, 2014; Grönroos and Ravald, 2011; Vargo et al., 2008). The service-dominant logic debate departs from the principle that all activities are service activities (Vargo and Lusch, 2004) (refer to section Erro! Fonte de referência não encontrada. for more details). A possible consequence of this view in the case of perceived risk is that perceived risk may be more ubiquitous and intrinsically related to service assessment exercises than previously thought. Perceived risk emerges from the uncertainty involved in purchase decisions and the consequences of taking unfavourable actions (Bettman, 1973). Jacoby and Kaplan (1972) identify several dimensions of perceived risk, namely financial, performance, physical, social and psychological risk. Consumers use various types of information sources to reduce perceived risk (Murray, 1991). In credence situations, information sources are scarce; therefore, differences in perceptions of perceived risk between search, experience and credence situations should be apparent. Mitra (1999) finds that the overall perceived risk is lowest for search services and highest for credence services. This begs the question: does such an assumption still hold in a situational SEC framework? The following research questions are thus posed:

RQ1: Do customers’ perceptions of risk increase when moving along the SEC evaluation continuum?

RQ1a: Are low customer perceptions of risk associated with search situations?

RQ1b: Are high customer perceptions of risk associated with credence situations?

2.10.2. SEC and functional and technical qualities

The idea of functional and technical qualities is derived from Grönroos’s (1982) views on service quality. According to Grönroos (1982), the total quality of a service is a function of
three different components: corporate image, technical quality and functional quality. The author explains that it is important to the consumer that a service is technically acceptable and is done well, as explained below:

“Of course, it is important to the consumer that the service is technically acceptable, i.e., it has technical quality. This means that the use of a safe deposit box in a bank, spending a night at a restaurant, having a haircut, etc., must lead to a correct result: the bonds and equities are safe, the consumer has had a good meal, the style of hairdressing is acceptable. On the other hand, it is important how the technical quality is transferred to the consumer. The service must have functional quality.” (Grönroos, 1982, page 33)

To Grönroos (1982), functional quality in this case means that providers must observe, for example, how the deposit is rendered, what happens during a night at the restaurant or how the haircut is done. In many cases, functional quality can be more important than technical quality (Grönroos, 1982). In this sense, it is argued in this thesis that in credence situations, customers may pay more attention to functional factors, relative to search or experience situations. Due to the lack of concreteness, a similar proposition suggesting that functional factors tend to prevail in credence situations has already been raised (Eisingerich and Bell, 2007). The change here is that credence is perceived to emerge as a result of situations of consumptions and not as a representation of product characteristics. In this sense, the research questions emerge as below:

RQ2a: How do functional factors occur to customers more frequently than technical factors in credence situations?

RQ2b: How do technical factors occur to customers more frequently than functional factors in search situations?

2.10.3. Additional research questions – Industry related

To the best of the researcher’s knowledge, there is no theoretical or empirical work related to the SEC classification of goods where a comparative analysis between the logistics and insurance industries has been conducted. Therefore, it is intended here to investigate if there is
any trend in regard to the prevalence of search situations in the logistics industry relative to in the insurance industry. Galetzka et al. (2006) suggest that the predictability of a mail service is what classifies it as search based. Mail services are the context closest to logistics services in the literature. Could, therefore, search situations occur more often in logistics services? In addition, the area of credence in insurance is also the subject of investigation. Insurance has received more attention in the SEC literature than logistics has; an example is a study of information asymmetry (Okura and Lee, 2009) that treated the insurance industry as a whole as a credence-based phenomenon. However, there is a theoretical limitation in Okura and Lee’s (2009) study when one considers credence as situational. It is possible, according to the view put forward in this thesis, that more than just credence situations might be observed in the insurance industry, such as search situations. What this research intended to investigate was the most prevalent situations in the insurance industry relative to in the logistics industry. Therefore, the following questions were explored:

RQ3a: Are search situations identified more frequently in the logistics industry relative to in the insurance industry?

RQ3b: Are credence situations identified more frequently in the insurance industry relative to in the logistics industry?

2.10.4. Additional research questions – Experience situations

Experience situations are positioned in the middle of the SEC evaluation continuum. Therefore, it is likely that low or high levels of risk can be present in experience situations. However, is it possible that there are differences in the degree of information availability in the two industries studied: logistics and insurance? If insurance is credence based (Okura and Lee, 2009) and logistics is search based (Galetzka et al., 2006), could it be that these characteristics are observed in experience situations across the two industries? Mitra (1999) finds that the overall
perceived risk was lowest for search services and highest for credence services. In addition, could it be that low risk is associated with more-predictable services (logistics) (Galetzka et al., 2006) and high risk is associated with more-credence-based services (insurance) (Okura and Lee, 2009)? The following two questions address the issue:

RQ4a: Are experience situations associated with low risks in the logistics industry?

RQ4b: Are experience situations associated with high risks in the insurance industry?

Similarly to the explanation of the two previous questions, one can observe either technical or functional quality across the two industries. If technical quality occurs more often in search situations, and assuming that logistics is more search based (Galetzka et al., 2006), then one could expect that technical quality occurs more often in logistics relative to insurance. For insurance, it is expected that functional quality prevails when compared to logistics (Eisingerich and Bell, 2007). Therefore, the following questions are posed:

RQ4c: Are experience situations associated with technical factors in the logistics industry?

RQ4d: Are experience situations associated with functional factors in the insurance industry?
Chapter three: Methodology

3.1. Introduction

Providing a chapter on research methods is of crucial importance, as it establishes the link between conceptualization and operationalization. However, defining a coherent and robust methodological defence is invariably one of the great challenges to overcome in research. There are a myriad of perspectives available at the philosophical and operational levels; when not adequately addressed, they may lead to contradictions in the conceptualization of the phenomenon under study. In this chapter, the objective is to explain the researcher’s epistemological position and the choice of methods used in this particular work.

The starting point is the introduction of some concepts that are fundamental in the philosophy of science, then the discussion of the influence of the positivistic school of thought. The next step is to analyze some of the key inconsistencies of the positivistic philosophical programme and the main alternatives that have emerged in the contemporary philosophy of science. The parallels obtained from the presentation of positivistic and some contemporary schools of thought are necessary in order to set the background for the description of the researcher’s viewpoint. Once the scene has been presented, the researcher turns his focus to the description of the practical elements of this project, emphasizing the alignment of his epistemological view with the operational aspects of the research, such as the research design, the sources of data and the techniques used for data analysis.

In terms of research sequence, Table 5 offers an illustration of the main aspects as shown below. The practical application of the field research process initiates with the implementation of semi-structured interviews applied to seven managers during the first phase of the research. The objective of this phase was to gain data in order to elaborate the log of questions that would be later implemented in the main phase. Seven respondents, managers of the sponsoring company, financial directors clients of the sponsoring company, and representatives of the providers that
were partners of the sponsoring company were interviewed. In terms of data analysis, template analysis was applied and generated the data that formed the structure of the log of questions. In the sequence, for the main phase, the log of questions was applied to financial representatives (financial directors) of 31 companies along with members of staff (11) of sponsoring and partnering companies. The application of content analysis was the tool necessary that generated the data that was used for identifying the embedded cases or SEC cases. During the main phase, content analysis was applied to assess secondary data originated from survey applied to customers of the sponsoring and partnering companies. This data generated cases for the process as well.

**TABLE 5 - RESEARCH SEQUENCE**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Step</th>
<th>Aim</th>
<th>Source</th>
<th>Data Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Semi-structured interviews</td>
<td>To list the log of question used in step 2</td>
<td>Seven managers of the sponsoring organization + three managers of staff of insurance company + Two financial directors from clients of the sponsoring organization</td>
<td>Template Analysis</td>
</tr>
<tr>
<td>2</td>
<td>Semi-structured interviews</td>
<td>To extract verbatim in order to form cases for the analysis of SEC</td>
<td>42 interviews were carried out in both industries (31 with FD from organizations e 11 with staff of the companies that supplied the services)</td>
<td>Content Analysis</td>
</tr>
<tr>
<td>2</td>
<td>Secondary data</td>
<td>To evaluate responses from survey in order to</td>
<td>Sponsoring and partnering organizations</td>
<td>Content Analysis</td>
</tr>
</tbody>
</table>
3.2. The concepts of ontology and epistemology

The word ‘ontology’ originates from Ancient Greek and refers to the study of the nature of being (Holstein and Gubrium, 2008). It is a fundamental concept in philosophy and incorporates the realm of existence and the study of reality (Tadajewski et al., 2011). The relevance of bringing this concept into discussion is that any attempt to research aspects of human activity certainly departs from an explicit or implicit position of how reality should be portrayed (Sayer, 1992). This can happen through a variety of ways, from the simple utilization of some descriptive concepts to the choices of research tools (Sayer, 1992). The field of philosophical debate on ontology is vast and is beyond the scope of this study; however, by concentrating on two opposing ontological perspectives, one can identify the main features that a researcher should consider (Hollis, 2008). On one side of the continuum, researchers see reality as objective and external to the researcher (Lakatos, 1970). In order to capture it, one needs to be cautious about the use of means that preserve objectivity (Malhotra and Birks, 2007). On the other side, researchers emphasize that reality cannot be separated from the examiner (Holstein and Gubrium, 2008); the very use of some specific methods or the involvement of the researcher with the object of study defines what becomes assessed (Holstein and Gubrium, 2008). In this way, the ontological view is captured, described or analyzed by mechanisms that generate some understanding about the phenomenon under scrutiny. This is given the name ‘epistemology’, which is the study of knowledge or, in other words, the study of how humans gain understanding about their environment (Hollis, 2008). Ontology and epistemology are intricately related concepts; one presupposes the other (Hollis, 2008). It is difficult, philosophically speaking, to study reality without reflecting on how it is defined. Similarly, by defining how reality is, one already compromises oneself with specific methods of knowing. With this in mind, we now turn to the main epistemic options available to the researcher.
3.3. Epistemological views of scientific enquiry

In the nineteenth century, a positive view of science became widespread in the Western world (Hollis, 2008). Science was defined as synonymous with progress (Hollis, 2008). Known as positivistic, the optimistic wave of advocates of the scientific method saw science as the natural replacement for old religious dogma (Hollis, 2008). New theories about the natural as well as the social world appeared (Hollis, 2008). Towards the end of the nineteenth century, there were a myriad of new domains of scientific study, such as Freud’s theory in the field of psychoanalysis, Marx’s view on the structural forces of production and Einstein’s theory of relativity (Hands, 2001). Some philosophers, however, became increasingly dissatisfied with what they defined as the lack of rigour in scientific methods. For them, there was a need for the adoption of a more rigorous approach to the methods of scientific production, which could guarantee agreement about the acceptance criteria for better theories and therefore better science (Popper, 1959). It is within this scenario, in the early twentieth century, that the school of Vienna, or the Vienna Circle, emerged (Sayer, 1992). Also known as logical positivists, these individuals formed a group of philosophers that gathered on a weekly basis with the objective of defining the norms for scientific production (Caldwell, 1994). A fundamental premise of the group was that knowledge could only exist in two forms: \textit{a priori} and \textit{a posteriori} (Stockman, 1983). \textit{A priori} knowledge in scientific enquiry means statements that are true or valid by themselves, such as mathematical ones (Caldwell, 1994). One cannot deny the validity of a mathematical equation such as $2+2=4$ (Caldwell, 1994). The only other type of knowledge, to the logical positivists, was the \textit{a posteriori} knowledge that could be obtained by the means of empirical science or, in other words, through experience (Hollis, 2008). The characterization of science in this way became the most important demarcation criteria for the logical positivists (Hollis, 2008). Theories that could not be derived from the logical deduction of axioms or from the empirical method under certain conditions were deemed unscientific (Stockman, 1983). The rationale was that observations of the world would lead to the generation of statements that would, through induction, generate theories. Induction is the process of abstracting from
particulars to more-general rules (Hollis, 2008). The key here is that the statements should be verifiable. This rule set apart religious, philosophical and any other metaphysical claims, which were classified as meaningless (Hollis, 2008). Disagreement started to mount amongst the participants of the Vienna Circle; for some, the demarcation criteria of statement verifiability were too rigid and tended to exclude important theories in the social domain (Caldwell, 1994). This led to the appearance of a less radical wave of empiricists, the logical empiricists, who became very influential in the Anglo-Saxon academic arena (Caldwell, 1994). The logical empiricists were more flexible in regard to the criteria for demarcation, which led to the inclusion of more theories from the social domain (Popper, 1959).

Although the logical empiricists were more flexible, criticisms about positivistic science did not stop (Caldwell, 1994). The growth in the perceived importance of social theories gave rise to a new wave of theorists, who criticized the positivistic view and logical positivists (Holstein and Gubrium, 2008). They presented a radically different view about science (Holstein and Gubrium, 2008). To them, science and research are socially constructed human enterprises (Holstein and Gubrium, 2008); hence, they were termed ‘socio-constructionists’. To a socio-constructionist, reality in research is a reflection of the methods used (Holstein and Gubrium, 2008). The socio-constructionists were at the relativistic end of the spectrum from objectivist to relativist (Holstein and Gubrium, 2008). To them, science does not progress in one single direction but results from the struggles and negotiations of different groups claiming influence over research policies and directions (Holstein and Gubrium, 2008). Although influential, their contribution does not come without criticisms, with the main one perhaps being the fact that a relativistic position seems untenable in the face of the scientific achievements of the century (Sayer, 1992). For humans to send a robotic mission to Mars, for example, suggests that the scientific community must get certain things right. To the realists, who believe in external objective reality, there must be references to guide research (Saunders et al., 2007). The discussion between realists and relativists is lengthy and beyond the scope of this work (Lakatos, 1970). For example, there are other schools beyond positivism that could be
categorized as realism, such as critical realism, which has made a great deal of contributions to this debate (Tadajewski *et al.*, 2011). For the objective of this thesis, however, the researcher finds a route that seems to accommodate the main issues related to the duality of the realist vs. relativist paradigm, where the rejection of scientific foundationalism does not necessarily lead to relativism scepticism. To my view, the answer lies in the neo-pragmatism of Rorty (1979).

### 3.4. Researcher’s view – The pragmatic position

One of the main challenges that a researcher usually finds at the beginning of his or her work is to identify his or her own voice: one that could accommodate the challenges posed by epistemologists. For example, the discussion between realists and relativists about the external reality is central to this debate. Rorty (1979) distances himself from the realists by denying the idea that there are references out there or a notion of an ultimate truth waiting to be recognized. By the same token, the author does not recognize the question about relativism as valid. To Rorty (1979), there is no such thing as a relativist. Reality, to him, is socially constructed, but he denies the relativist notion that all realities are equal because relativism assumes equally valid standpoints. This idea is not a valid idea, according to Rorty (1979), as there is no ultimate truth waiting to be found.

In response to the idea of the realists that there must be a truth out there because science has progressed, Rorty (1979) suggests that it is meaningless discussing the natural world if you take humans out of the equation. Humans give meaning to scientific endeavours; once humans enter the picture, interpretation comes into place, and there is no ultimate answer above which all the other possible answers will be judged against, reaching the end of all enquiries (Rorty, 1979). The social world is made of multiple interpretations. Neo-pragmatists differentiate themselves from the original pragmatists (Peirce), as they do not expect scientific endeavours to be a route towards progression or towards the ultimate truth. Neo-pragmatists reject the notion of truth. There is no specific ultimate standard for human progression. The sense of quality of what is
produced by humans is related not to a specific progressive direction towards truth but to a sense of what is useful (Rorty, 1979). Usefulness is perhaps the concept that led to the main reason for writing this thesis through Rorty’s (1979) theoretical lens. This lens suggests that any quality research standard guiding the production of a thesis should consider the practical utility of the research’s outcome. Rorty (1979) guides the research through the use of reason, not in a foundational sense, but as a means of enabling discourse regarding particular actions and their consequences, in order to develop understanding (Stewart et al., 2009). To Rorty, truth is attainable in the sense that is specific to a context and historical epoch (Stewart et al., 2009). A topic should be studied with the use of language that challenges existing forms of language. This allows new ideas to be discussed and on-going conversation to take place (Rorty, 1979).

By rejecting epistemology, Rorty collapses theory and practice and argues for a philosophical approach based on practical reason (Stewart et al., 2009). Hermeneutics replace epistemology and is used as the basis for understanding the world. The idea is that interpretation derived from practical wisdom is what allows humans to deal with their daily challenges (Rorty, 1979). The notion of practical wisdom has relevance for marketing management, with emphasis on choice and decision making (Stewart et al., 2009). The focus is on judgement and action, or praxis. Praxis involves choice and judgement about practical issues in concrete situations (Bernstein, 1983). This leads to the notion of informal action, which is the ability of coherently explain and understand situations where judgements are made (Bernstein, 1983). This is well-aligned with the scope of this study, where the objective is to understand how customers evaluate quality within a specific context of consumption. Tsoukas and Cummings (1997) define three reasons why practical wisdom is important in marketing. Firstly, decisions in management change over the course of years, and it is important to note that past decision cannot guide future actions. Secondly, practical matters are multifaceted and ambiguous, therefore, the solution depends on one’s purpose. Thirdly, each decision is unique, so the decision maker needs to treat the case according with the idiosyncrasies of the context. Therefore, making sense of the context is what matters to guide research and management actions. Data collection, analysis and interpretation have to be chosen by their capabilities to deliver insights about the context in question.
3.5. **The case study method**

Once a specific worldview has been adopted by a researcher, the next step is to define which research strategy best suits this worldview. The research strategy delineates the choice of methods and research techniques (Creswell, 2009). A pragmatist researcher should have no objections in dealing with a variety of methods, either qualitative or quantitative, as the choice of method is subject to the criteria of finding a solution to practical problems, not a matter of epistemological position (Tadajewski *et al.*, 2011). In this sense, the choice of a case study, as a qualitative method of enquiry, was well suited to the researcher’s objectives. The case method helps to explore a phenomenon that is intricately related to its context. A case study is a strategy of enquiry in which the researcher explores a programme, event or activity in depth. It uses a variety of data collection procedures over a given period of time (Creswell, 2009).

The case study method is a common research method in social sciences and is adequate for dealing with complex phenomenon (Yin, 2009). It is also adequate for investigating phenomenon in depth within real-life contexts where the boundaries between phenomenon and contexts are not clearly evident (Yin, 2009). This is convenient for the challenges posed by the analysis of situational SEC classification of goods: a study that should take into account the considerations of the interviewee within the dynamic context of service consumption.

3.6. **Unit of analysis**

There are two levels of case analysis in this study. At higher order level, the analysis relates to the industry level, with the analysis of cases from clients of logistics industry and cases from clients of insurance industry. Comments coded at this level are assessed in chapter six with the objective to understand if some relevant results at industry level such as if any SEC situation happens more often in one industry over the other could be defended. At the data point level,
the analysis relates to the most important attribute. In both, they are called case studies, with the latter being called embedded case studies, following Yin’s (2009) typology. Findings from both levels can be identified at chapter six.

It is advocated that the definition of the unit of analysis is important in studying social phenomenon through case studies (Yin, 2009). The benefit of identifying the unit of analysis before engaging in fieldwork is that it helps to better delineate the research questions, making the enquiry more effective (Yin, 2009). In this thesis, the object focus of the study was the cases that emerge in different SEC situations. Each situation was identified throughout the interviewing process and in the coding of secondary data. It was possible for more than one SEC situation to appear per interview, as what defines a situation is the identification of the most important attribute in consumers’ minds.

A case, therefore, is a description of the level of customers’ assessibility of the most relevant service attribute in a given context, as well as the expected behavioural consequences (risk and technical vs. functional factors) attached to it. The terms ‘cases’ and ‘situations’ are used interchangeably here.

Studies of the SEC theory have been mainly applied in the field of B2C (Business to Consumer) literature (Alba et al., 1997; Alba and Hutchinson, 1987; Alford and Sherrell, 1996; Dulleck et al., 2011), and the design and application of this research was applied in the B2B field through interviews with respondents representing organizations. The researcher sees that the distinction between these two streams of the literature does not necessarily represent a problem to the objective of the thesis as individuals are ultimately who make the service judgement. This is in line with some views in the marketing literature that sees that the distinction between B2C and B2B as no longer applied, as stated by Prahalad and Ramaswamy (2004b):

“Managers must increasingly experience and understand the business as consumers do, and not merely as an abstraction of numbers and charts” (Prahalad and Ramaswamy, 2004b, page 155).
Prahalad and Ramaswamy (2004b) calls for a new view on the theme, one that does not distinguish B2B from B2C, but finds an accommodation in what they call a “consumer-to business-to consumer view” (Prahalad and Ramaswamy, 2004b, page x).

In that sense, this research is well aligned with emerging views that gives more importance to individual analysis of the customer centric view of service.

The steps for the identification of a situation or case obtained from the primary data source (interviews) were:

- Identification of the most relevant service attribute chosen by the customer, as highlighted by Bloom and Pailin (1995).

- Analysis of the level of assessibility of the attribute in the customer context. This was similar to Voeth’s (2005) demarcation of SEC categories, where one could identify two possible outcomes: the customer is able to gain either high or low assessibility of the service (refer to Table 3). For operational purposes, in this research it was assumed that there was no degree of assessibility, only polarization across these two values. It is important to note that assessibility in the context of this study was identified and coded when the customer had the ability to discuss with confidence their experience of the service attribute. The presence of elements in the customer narrative that indicated understanding of and familiarity with the attribute suggested that assessibility was high. Conversely, when customers had difficulties in identifying attributes that enabled them to assess the quality of an offer, then the level of assessibility could be classified as low.

- Identification of assessment: if it is done prior to or after purchase/use, as defined by the original theory on the SEC framework (Darby and Karni, 1973; Nelson, 1970). Assessment prior to purchase/use is used to classify a search situation. Assessment after purchase is used to define either an experience situation or a credence situation. In order to differentiate experience from credence, it was necessary not only to look at the
timing of assessment but also at the level of assessibility (high or low), as per the previous item.

- Definition of the expected behavioural outcomes the customers demonstrate in the face of their risk exposure (Mitra et al., 1999). Customers can have high or low sensitivity to risk. By analyzing customer narratives, one can detect whether the content reveals the extent of customers’ perceptions of their risk exposure, as stated in section 2.10.1.

- Finally, when customers are in one of the SEC situations, there is a need to verify what factors they tend to value in a service offer. Here, the service is categorized according to two factors: technical and functional (Grönroos, 1982). The research proposition was that customers in search situations tend to value technical factors more, whereas customers in credence situations value functional factors more, as stated in section 2.10.2.

By applying the five steps above when analyzing customers’ verbatim responses, it was possible to identify whether the customers were facing search, experience or credence situations.

Before introducing each case in chapters five and six, a table summarizing the details of the cases is presented. In Figure 3, an example of the table is presented alongside explanations of all steps defining the case, as explained in the five points above.
The research operationalization of the SEC concepts happens in the following way: Search is defined as a situation where customers can talk comfortably about the quality of the service, it refers to a period that takes place before customers actually contracting the provider. Therefore, data were coded looking for expressions of confidence about the attribute evaluated within a context of service experience, but before purchase. Experience refers to a period after the service has been acquired, and customers have ability to judge the service. Therefore, comments analysed referred to situations where the attribute is comfortably judged by the customer. Credence, refers to a situation where customers do not judge the service with confidence; In customer’s comments, there are situations of uncertainty, and analysis takes place after purchase.

### 3.7. Research design

#### 3.7.1. The initial phase

The study consisted of two phases: the initial phase and the main phase. The first stage of the programme was exploratory and took place in the first semester of 2011. In this phase, seven
interviews were conducted with staff members of organization A (the sponsoring organization),
together with three interviews with staff of an insurance company and two financial directors 
from clients of organization A. They were chosen due to their expertise in dealing with the 
supplier of service. The respondents answered an exploratory log of questions. The sample 
choice was non-probabilistic, more specifically purposeful sampling (Trochim, 2015). The use 
of purposeful sampling was adequate for small populations where the main objective is not to 
extrapolate findings, but to understand details of the context in study (Trochim, 2015). In terms 
of care to avoid threat to internal validity, which means, the log of question was designed in 
order to explore the theme through qualitative inference, where analysis is multifaceted. At this 
stage, no causal relationship was pursued. In terms of external validity, the focus was on 
theoretical generalization of the log of question, not data level generalization. Therefore, 
external validity was not a problem. The objective was to identify key service attributes that 
would form the main components of the log of questions applied to the second phase (Cassel 
and Simon, 1995). After the iterative phases of literature review and data analysis, the log of 
questions for the main phase was developed. The log was mainly developed from the template 
on service quality generated by Lemke et al. (2011) (refer to appendix 1.2).

3.7.2. Details of the initial phase

The section consists of the explanation of the sub-sections of this phase: unit of analysis, 
informant cases/selection; data sources; methods of data collection; data treatment and analysis;

In terms of unit of analysis, the initial phase refers to respondents from organizations clients of 
the sponsoring company. The informant case refers to FD (Financial Directors) of the 
organizations clients of the sponsoring organization, as well as staff members of the sponsoring 
organization. The selection was based on purposeful sampling (Trochim, 2015). The methods of 
data collection was based on semi-structured interviews (Cassel and Simon, 1995), and the data 
treatment and analysis consisted of the application of template analysis (King, 2008) which is 
adequate for treating data obtained from context. Concerning internal validity, the idea applied
for the first phase is repeated here: in qualitative studies, the threat to causality is evaluated through multifaceted data helping the researcher identifying the focus of the problem (Trochim, 2015). In terms of external validity, the objective was to extrapolate in terms of theory, not data level, which means that there is no problem with generalization (Trochim, 2015).

3.7.3. The main phase

In the main phase, which took place in the first semester of 2013, 42 interviews were carried out in the logistics and insurance brokerage industries. Of these, 31 interviews were conducted with organizations that purchased logistics and insurance brokerage services, whilst 11 were conducted with staff of the company that supplied those services in the two industries. Interviews with staff were used only for cross-checking information, as the data for identifying cases was obtained mainly from the interviews with the organizations purchasing the services.

In terms of sampling, there were two basic levels of sampling in the main phase of the research. At the case level, it was assumed that purposeful sampling was adequate for the choices of industries (logistics and insurance). The idea of purposeful sampling for industry choice was adequate because it led to the study of two industries that represent variations across SEC classification of goods (Creswell, 2007). On the one hand, at the time of the research design, the insurance industry was considered a good example of a credence-related industry (Dionne, 1984). On the other hand, and as an alternative to insurance, the logistics industry was seen as an example of search-based phenomenon (Galetzka et al., 2006). The objective was to study two industries that could best exemplify (i) perceived risk and (ii) technical vs. functional factors across different SEC industries. Later, through the analysis of embedded cases, in chapter four and five, it was identified that cases were formed by the analysis of situations that could be identified in both industries. In other words, credence cases could be identified in the logistic industry and search or experience cases in the insurance industry.
At the data point level, or at the level of respondents, purposeful sampling was also used. In terms of the interviews in the main phase, 15 interviews were conducted in the logistics industry with clients of organization B. These interviews were used as a source of information for the identification and categorization of cases in that industry. This process generated 21 situations categorized as SEC cases, which are assessed in chapter four.

In the insurance brokerage industry, 16 in-depth interviews were conducted with representatives (Financial Directors) of organizations that had their insurance programmes administrated by insurance brokers in the UK. Contrary to the logistics sample, where in-depth interviews were carried out with clients of organization B, the contact details of financial representatives in the insurance case were sourced from a list of 750 British companies employing more than 500 employees and with presences in a multitude of industries. The companies identified were taken from a premium data universe that was a compilation of the data from the top three UK list owners: Dun and Bradstreet, Data HQ, and Intelligent Data. In the insurance brokerage industry, similarly to the logistics industry, 21 situations categorized as SEC cases were identified and assessed (see chapter five).

3.7.4. Details of the main phase

The section consists of the explanation of the sub-sections of this phase: unit of analysis, informant cases/selection; data sources; methods of data collection; data treatment and analysis; throughout the chapter, these items are explained in more details.

The unit of analysis refer to the study of cases as defined in section 3.6, which refer to the analysis of the main phase. Analysis was extracted from the main attribute defined as the most important element by the respondent in the evaluation of services. Data sources consisted of primary data and secondary data originated from the following methods of data collection: interviews and archival reports, respectively. In the latter case more specifically, the analysis of
information from survey was sourced directly from the sponsoring and partnering organizations. Data treatment and analysis of the main phase consisted of the application of template analysis (King, 2008). Template analysis can be used within a contextual constructivist position, which assumes that there are multiple interpretations of a given phenomenon which in turn is dependent upon the position of the researcher and the specific social context of the research (King, 2008).

3.8. Data sources

3.8.1. The interview method

As mentioned in the previous section, the interview method was the principal method adopted for the exploratory and main phases of the research. Additionally, secondary data were also collected (Yin, 2009) (refer to section 3.8.2).

The form of data collection was through audio-recorded interviews lasting between 45 and 90 minutes. The use of in-depth interviews as opposed to other research techniques was appropriate, as they are an efficient way to explore the idiosyncratic nature of a phenomenon. In this sense, the respondents were softly prompted with a semi-structured log of questions using a discovery-oriented approach (Lindlof and Taylor, 2002), guided broadly by the main objective of identifying autobiographical memories of managers’ service experiences.

In regard to the type of interview, episodic interviews were most appropriate for this data collection strategy, as they employ the advantages of narrative interviews and semi-structured interviews (Flick, 2009). Flick (2009) states:

“In an episodic interview, the range of experiences is not confined to those parts that can be presented in a narrative; as the interviewer you have more options to intervene
and direct it through a series of key questions concerning a subject recounting and defining situations” (Flick, 2009, page 190).

In this sense, the log of questions was not applied as it stood but remained as the interviewer’s guide for soft-laddering (Reynolds et al., 1995), leaving the respondents reasonably comfortable in raising the issues that mattered most to their viewpoints within the boundaries of the area of study. Soft-laddering is when a “why”-question is prompted to the interviewer but without pushing it too much, or without putting too many “why” questions in the sequence, but respecting customer narratives to some extent. Although interventions were expected and experienced, the soft-laddering approach kept these to a minimum, allowing a natural flow of speech from the senior managers (Reynolds et al., 1995). In sum, the combination of the exploration of routine life and the context of the area of study offered a fertile area to elucidate customer judgements. The log of questions is broad as it was developed from the concept of holistic service (Lemke et al., 2011) and the objective was to offer to the respondent opportunity to cover the key areas of service experience. However, it is only through the analysis of the main attribute that the verbatim was grouped, with the objective of building the embedded cases of chapter four and five.

3.8.2. Document review (archival records)

Secondary data were collected through a document review. See sample details in Appendix 6. The documents consisted of reports from surveys implemented in 2012 and 2013 by organizations A and B, which interviewed their clients on their opinions about the services. Verbatim comments were extracted from the positive and negative responses to questions on the following sequence of topics:

Logistics industry:

- Positive customer comments
• Negative customer comments
• Customer improvement suggestions

Insurance brokerage industry:

• Ways the service has improved
• Ways the service has worsened
• Reasons the company stands out
• Biggest improvement
• Second biggest improvement

As illustrated, these topics were applied to produce secondary data from both industries. As the two industries are structurally similar, this allowed the comparison of the results.

Documents are invaluable sources of information in case studies (Yin, 2009). They are useful for corroborating information obtained from other sources and can also be used for inferential analysis of the text (Yin, 2009). The analysis of different sources suggested by Yin (2009) differentiates documents and archival records, with letters, memoranda, email correspondence, agendas and administrative documents classed as documents; archival records are classed as computer files. In the particular case of this research, the types of files used (data from surveys) were categorized by Yin (2009) as archival records rather than simply documents. Documents and archival records have similar strengths and weaknesses, as defined in Table 6.

The importance of using the survey results, specifically the verbatim comments in response to the open-ended questions, was that they supplied an invaluable source of text that was used for categorizing SEC cases. The files used were stable and unobtrusive with a good level of accuracy and a good lifespan, leading to a good source of information about cases (Yin, 2009). Organizations A and B gave access to survey files, eliminating one of the potential weaknesses: the problem of accessibility. Bias selectivity due to incomplete data collection was not a problem, as the results were obtained from a complete list of clients. Reporting bias was
eliminated because the surveys were conducted by third-party organizations specialized in this type of research.

**TABLE 6 – STRENGTHS AND WEAKNESSES OF DOCUMENT REVIEW AND ARCHIVAL RECORDS**

<table>
<thead>
<tr>
<th>Source of evidence</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| Documentation      | • Stable – can be reviewed repeatedly  
                     • Unobtrusive – not created as a result of the case study  
                     • Exact – contains exact names, references and details of an event  
                     • Broad coverage – long span of time | • Retrievability – can be difficult to find  
                     • Biased selectivity, if collection is incomplete  
                     • Reporting bias – reflects unknown bias of the author  
                     • Access – may be deliberately withheld |
| Archival records   | • Same as those for documentation  
                     • Precise and usually quantitative | • Same as those for documentation  
                     • Accessibility due to privacy reasons |

Source: Derived from Yin (2009, page 102).

In terms of the sampling of the secondary data, purposeful sampling, a type of non-probabilistic sampling, was used (Trochim, 2015). The objective was to understand phenomenon in small populations (Trochim, 2015). It was coded verbatim from responses to open questions, as mentioned at the beginning of the section. The universe of respondents of the logistics industry was 1602, and the universe of responses for the insurance industry was 115.

In the logistics industry, the sample for experience situations shows responses from 70 respondents out of 1,488 estimated experience cases. For credence situations, a sample of 58
respondents (58 situations) was extracted from a universe of 114 estimated credence cases; refer to section 4.5 for more details.

In the insurance industry, 97 respondents answered questions whose verbatim comments were categorized as experience cases, and 18 answered questions that were grouped as credence cases. More details can be seen in section 5.5.

The measurement of the frequency of experience and credence cases (means) did not observed normal distribution. As they were not continuous data, an alternative to the paired t-test was applied; the Wilcoxon test which is used for non-parametric data; more details can be seen in sections 4.5 and 5.5.

3.9. **Data treatment and analysis**

3.9.1. **Codification method**

Template analysis (King, 2008) was the coding method used in the first stage of the research. The objective was to identify main themes to generate the log of questions (refer to appendix 1.2) to be used in the main phase of the research. The themes were coded after primary exploratory data in conjunction with the literature review generating the main areas of service quality to be explored. The free nodes identified after coding the initial interviews were grouped (refer to appendix 1.1)) and followed a theoretical template on service quality (Lemke et al., 2011).

The theoretical template used in phase 1, followed the steps as explained in the sequence: free nodes were elaborated based on the application of a semi-structured questionnaire. The following nodes were freely generated and are summarized in the left hand side. In the right hand side. There are nodes organized according to the theoretical frame from Lemke et al (2011):
The theoretical concept of Lemke et al (2011) extended the concept of SERVQUAL studied in chapter two and is based on the idea of holistic service experience that takes into account the emergent concept of value-in-use and value-co-creation (Payne et al., 2008; Vargo et al., 2008; Grönonos, 2011). Below, are the extracts from the Lemke et. al (2011) model.

According to this template, the service experience of a client is formed by a set of key service dimensions. They are Communication Encounter, Service Encounter, Usage Encounter, Experience Context, Value-in-use and Relationship Outcomes. The value of this model is that it covers all the key dimensions of the interface between customer and suppliers. Mostly importantly, it leaves space for the exploration of value-in-use which is a concept only recently explored in service literature (Vargo et al., 2008). With that model in place, the free nodes of the first phase could be grouped in such a way that all dimensions of the service experience can be explored through the applications of the log of questions. This, in turn, guarantees that verbatim are extract after a rich in-depth exploration of the theme.
In the main phase of interviews, the coding method was different; content analysis was used (Cassel and Simon, 1995) as the objective was to count the frequency of propositions according to different SEC situations. Content analysis was also used to code the secondary data obtained from organizations A and B surveys in the two industries.

**3.9.2. Data analysis**

The use of template analysis (King, 2008) in the first stage of data collection was applied to free nodes which were grouped in themes following Lemke et al.’s (2011) theoretical framework on service quality (refer to appendix 1.1). The outcome led to the elaboration of the log of questions (refer to appendix 1.2) applied in the main phase.
Content analysis applied to interviews in the main phase and the coding of documents from the survey generated the following number of cases, as seen in Table 7:

**TABLE 7 – CODING AND NUMBER OF CASES**

<table>
<thead>
<tr>
<th>Template Analysis</th>
<th>Content Analysis</th>
<th>Content Analysis*</th>
<th>Content Analysis*</th>
</tr>
</thead>
<tbody>
<tr>
<td>applied to free nodes</td>
<td>applied to interviews in the main phase of the research</td>
<td>applied to coding of documents (survey) in the logistics industry</td>
<td>applied to coding of documents (survey) in the insurance industry</td>
</tr>
<tr>
<td>generated by interviews following Lemke et al. (2011) framework</td>
<td>Generated 21 SEC cases in each of the industries involved</td>
<td>Generated 134 EC (experience and credence) cases</td>
<td>Generated 102 EC (experience and credence) cases</td>
</tr>
</tbody>
</table>

*The coding of documents did not reveal search cases. This result was expected because all the content captured by the survey carried out by the sponsoring and partnering companies was about on-going problems, and not how the pre-purchase assessment was done, as firms do not collect data from customers they have not yet engaged with. As a result, the secondary data were assessed in view of experience and credence situations.

The level of analysis of cases is holistic, as pointed out by Creswell (2007), as the entire case is analysed with focus on the emergence of the SEC classification of goods. The pragmatic perspective of the researcher allows however a closer look beyond what the research questions intended to evaluate. This in effect has led to a revaluation of the characteristics of experience situation in particular as illustrated in section 6.6.
3.10. Quality criteria

Alongside the fieldwork, an important step in data analysis is the constant focus on research evaluation standards. Here, it is appropriate to share an account of the epistemological view underlining the researcher’s approach, which is one of convergence of methods, where ideas and theories in social science are instruments to achieve practical results. The pragmatist view underlining this research is based upon principles of utilitarianism (Hollis, 2008; Creswell, 2007). According to Patton (2002), utility and feasibility of findings are one of the main elements that grant the evaluation standard alongside accuracy of views, systematic enquiry, competence of respondents and responses obtained in a honest fashion. These properties replace the positivist notion of quality standards in research such as the assumption that data can only be obtained through rigour of codes or triangulation of methods (Patton, 2002). In that sense, the idea of reliability of codifications being achieved by inter-coding (more than one person coding the same data) departures from the notion that reality can be objectively identified by different persons. In here, the pragmatism suggests instead that what matters is the interpretation of different views. Therefore, reliability is not treated in the traditional sense, but as a matter of the researcher bringing his personal experience, and lens, to the study (Patton, 2002).

In Table 8, implications of the quality criteria for the research in question are detailed.

<table>
<thead>
<tr>
<th>Quality criteria</th>
<th>Implications for the thesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>The outcome of this research has the potential to influence scholar and practitioner work in several areas as revised in chapter two (section 2.6) and discussed in chapter six and seven</td>
</tr>
<tr>
<td>Feasibility of findings</td>
<td>Findings are within the domain of what is relevant and applicable</td>
</tr>
<tr>
<td>Accuracy of views</td>
<td>Views tended to be about practical experiences that respondents have acquired</td>
</tr>
<tr>
<td>Systematic enquiry</td>
<td>Enquiry was structured in a way to cover the customer experience with service across all cases</td>
</tr>
<tr>
<td>Competence of respondents</td>
<td>Respondents have experience in dealing with the service provider over the years allowing them to discuss with confidence about the theme</td>
</tr>
</tbody>
</table>
Responses obtained in a honest fashion
Respondents were obtained by invitation. It is hoped that free engagement may have led to a better sample of well-intentioned respondents.

Respect for people (fairness)
Respondents were told in advance about the time, subject and the voluntary nature of the research.

Contribution to program improvements
Outcome originated from a systematic review of current literature and contributes, as mentioned in chapter seven, to on-going debated on SEC framework.

### 3.11. Ethics

Interviewees were invited to participate in a 30- to 45-minute interview either over the phone or face to face. All informants were sent an invitation letter with details about the code of ethics and consent participation form (refer to Appendix 3). No payments were involved, as the researcher wanted to emphasize the voluntary nature of the research.

The recorded conversations from the interviews were analyzed by the researcher. The conclusion of a series of interviews with customers and other stakeholders in the industry as well as the analysis of documents were assessed and form a doctoral thesis prepared for Manchester Business School. The data collected is in accordance with the strict ethical guidelines required by the University of Manchester (UOM, 2014). There was no disclosure, when collected, of respondents’ contact details.

The data will be kept under data protection law by the University of Manchester (UOM, 2014), and a copy of the material produced, with the exception of voice-recorded interviews or any other data that could facilitate the identification of participants, will be sent to organization A when the project terminates. Therefore, within the company, and after the end of the project, one indicated employee at organization A will be authorized to gather and access data but not link responses to individual customers, as this information will not be supplied.
It is expected that the researcher may publish selected components of the research in academic and managerial journals. Information about interviewees and the staff members of organizations A and B will be kept anonymous.
Chapter four: Case study 1 – Logistics industry

4.1. Identifying the three SEC stages in the logistics industry

In this chapter, the results of the investigation of the logistics industry are presented. The research describes how context affects service quality assessments. The analysis, as demonstrated in the literature review, suggests that customers tend to face different degrees of assessibility depending on contextual factors. The availability of information changes according to customers’ circumstances, affecting their assessment capabilities. In search situations, customers are capable of assessing the quality of an attribute; conversely, in credence situations, customers are incapable of doing so (Darby and Karni, 1973). In this chapter, cases are introduced to demonstrate how context affects service evaluation. As seen in the methodology section, a case is defined as a description of a scenario where customer assessibility is analysed in the light of certain cognitive and behavioural service experience outcomes. For instance, in a search case, customers can clearly assess the most important service attribute. The research proposition illustrated in chapter two claims that customers in such scenarios are more capable of assessing service attributes, have lower sensitivity to risks and are keener on the technical features of the service relative to in credence scenarios. A case, therefore, is a description of the level of customers’ assessibility of the most relevant service attribute in a given context and the expected behavioural consequences (risk and technical vs. functional factors) attached to it. The terms ‘cases’ and ‘situations’ are used here interchangeably.

Twenty-one SEC situations or cases were identified in the logistics industry and grouped in the following way: six cases were categorized as search cases; eleven as experience cases and four as credence cases, as described in Erro! Fonte de referência não encontrada.
It is worth noting that the categorization of situations demonstrated in Erro! Fonte de referência não encontrada. includes before/after purchasing as a criterion for categorizing search, experience and credence cases. As mentioned in the literature review, statements referring to a period before purchase/use relate to search cases (Nelson, 1970). Statements referring to the period post-purchase/use relate to experience or credence cases (Zeithaml, 1981; Nelson, 1970). The level of assessibility is also used in order to separate experience from credence cases (Darby and Karni, 1973). More details of the criteria used to separate cases are provided in the literature review and methodology sections. Similar to search cases, experience cases have high attribute assessibility in post-purchase/use scenarios, while credence cases have low assessibility levels.

As already explained in the methodology chapter, the steps for the identification of a situation or case were:

- Identification of the most relevant (see methodology section) service attribute.
- Analysis of the level of assessibility of the attribute in the customer context.
- Definition of the time of analysis (before or after purchase).
- Definition of the expected behavioural outcomes customers demonstrate in the face of their risk exposure.
- Finally, when customers are in one of the SEC situations, there is a need to verify what factors customers tend to value in a service offer. Here, the service was categorized according to two factors: technical and functional (Grönroos, 1982).
In this way, the situation identified in each interview in the logistics industry is demonstrated in the sequence.

### 4.2. Search situations in the logistics industry

As can be seen from Table 10, six cases were characterized as search situations. The table shows the cases the interviews refer to, the most relevant attributes assessed by the clients, the level of assessibility of attributes and the research outcomes for each case. Following the definition adopted in the literature (Darby and Karni, 1973), the level of assessibility was always high for search cases. From the table, it can be seen that in the vast majority of search cases, there was a tendency towards low risk and the technical aspects of the service. Regarding the most cited attributes, price, product, delivery and geographic cover were the attributes most frequently mentioned by the clients in search situations in the logistics industry.

<table>
<thead>
<tr>
<th>Case</th>
<th>Attribute</th>
<th>Assessibility low/high</th>
<th>Risk low/high</th>
<th>Technical/functional</th>
</tr>
</thead>
<tbody>
<tr>
<td>L 13</td>
<td>Price</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 20</td>
<td>Product</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 21</td>
<td>Delivery</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 22</td>
<td>Geog. cover</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 29</td>
<td>Price</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 46</td>
<td>Price</td>
<td>H</td>
<td>H</td>
<td>T</td>
</tr>
</tbody>
</table>

In the next section, the clients’ responses to the most relevant aspects of search cases are explained. Findings are presented on a case-by-case basis.
4.2.1. Case from interview 13 / Situation 1

Interviews 1 to 12 were part of the first exploratory phase and are detailed in chapter three (refer to section 3.7.1). The first case explored in the confirmatory phase of the programme was obtained from interview 13, which reflected two distinct scenarios. The first situation was introduced by the client’s partnering organization making comments about attributes before the acquisition of the service.

The respondent was a female Financial Director with two years of experience in the furniture manufacturing industry. The firm’s main use of logistics services was to distribute its products across the UK and Asia. The table below summarizes the findings for the case.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Price</td>
</tr>
<tr>
<td>Assessibility (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Period:** Before use

As the case makes reference to the period prior to the use of the supplier’s services (Nelson, 1970), the case was categorized as a search situation.

“Logistics is really a side line of what I do; the reason why I took over the logistics was purely from a cost point of view and a service point of view. We originally started with DHL for the UK, then DHL was sold to Yodel and the service for Yodel was trash, so I was kind of forced to look into an alternative provider. That was when I took over really. Two years ago.”
The comments mentioned above by the client refer to the period of the analysis prior to acquiring the services of organization B, such as when the Financial Director took over the business and when the company decided to look for a new supplier.

**Attribute:** Price

The client mentioned price in negotiations with the company, emphasizing the importance of price as the main attribute before acquiring the service.

“…but we worked closely with Jon and we managed to put a price structure in place that we as a company are very happy with.”

**Assessibility:** High vs. low

The client acknowledged satisfaction with the criteria for prices that were made available to her and that would later regulate transactions. Therefore, the level of assessibility prior to the acquisition of the service was considered high.

The identification of the period (before use) and the level of assessibility (high) allowed the situation to be categorized as a search situation. As mentioned previously in this section, clients who can assess the product or service attribute before purchasing it are considered to be in search situations.

“…once I became increasingly unhappy with Yodel, then I started looking for alternative providers, and we have quite a few companies. But we worked closely with xxx and we managed to put a price structure in place that we as a company are very happy with.” (High)

The next step in the analysis was to verify whether the two research factors, perception of risk and technical vs. functional elements, vary in accordance to what is expected for search cases.
In search situations, as proposed by the two research questions in the literature review section, customers tend to have low sensitivity to risk and emphasise technical aspects over functional aspects.

**Factor 1: Low vs. high perceived risk**

By observing the client statement below, it can be deduced that the client did not see obstacles in the process of choosing organization B as the preferred supplier. Using the word “happy”, the client did not mention any barrier to the decision. No perceived risks emerged when commenting about the choice, which explains the categorization of customer perception of risk as low.

“…a price structure in place that we as a company are very happy with.” (Low)

**Factor 2: Technical vs. functional factors**

The emphasis on price as the main attribute prior to service acquisition suggests that there was preference for technical factors.

“…price structure…” (Technical)

“…I started looking for alternative providers, and we have quite a few companies…price structure in place…” (Technical)

This situation shows a scenario where the client had a high level of assessibility of the attribute of price prior to the acquisition of the service, a low perception of risk and a preference for the technical elements of the service. All these elements are expected for a search case. Interview 13 also reflected a second situation. This experience situation is presented at the end of this chapter. The next interview in the logistics industry was defined as a search case, where comments referred to a period before acquisition, that was interview 20.
4.2.2. Case from interview 20 / Situation 1

In interview 20, a XXX client made reference to a period prior to the acquisition and use of the service. In this context, the client was searching for potential providers, looking for a particular characteristic of the supplier: the ability to transport large volumes. The respondent was a female with 18 years’ experience in the role of Customer Service Manager in the health care industry.

<table>
<thead>
<tr>
<th>TABLE 12 – CASE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
</tr>
<tr>
<td>Situation 1</td>
</tr>
<tr>
<td>Period</td>
</tr>
<tr>
<td>Attribute</td>
</tr>
<tr>
<td>Assessibility (High vs. Low)</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
</tr>
</tbody>
</table>

**Period:** Before use

A search case was classified as such if it contained client responses relating to a period prior to the acquisition of the service.

“...then obviously we have price and the service attached to it, but we tried other companies, big transportation companies, and they really can’t handle our freight.

**Attribute:** Product feature
In the example below, the client made reference to the features of the service portfolio provided by the supplier. In this passage, the tail-lift provided by organization B referred to a situation where the customer experienced the attribute. What made this situation a search situation was the fact that the client knew about the attribute (tail-lift) and no longer needed to experience the service to be able to make judgements about this particular attribute.

“For our business, we have lots of quite heavy, small wardrobes and wheels if you like, and we transport them in plant. The transport needs a tail-lift, and xxx has got the widest tail-lift service in the UK.”

Assessibility: High vs. low

Here, the client demonstrates knowing that for the most important attribute, other suppliers were not well equipped; therefore, the client was in a position to make judgements about the company’s suitability. The client also referred to related delivery aspects, such as timing and price, but the main point justifying the level of assessibility as high was the fact that the client knew where the company stood relative to others in regard to delivery capabilities.

“…then obviously we have price and the service attached to it, but we tried other companies, big transportation companies, and they really can’t handle our freight. European wide is xxx. Everybody in the whole of Europe by a mile uses xxx, and xxx came here to take a look at how we do it in the UK because each market is different in each country, and basically they didn’t even try because they saw that they couldn’t cope with the freights and weights and the things we transport.” (High)

“Our delivery in the UK is probably better than all their competitors. I know that there are parts of the UK you can’t guarantee 9 o’clock – this is quite common in Scotland and in places like that – but they are probably one of the best in the market.” (High)

Factor 1: Low vs. high perceived risk

In terms of the risk factors, the client acknowledged familiarity with the problems in logistics but demonstrated that risks were at acceptable levels, considering that, according to her views, this was the same with all suppliers. This suggests that she did not expect a target action to cope
with the problem. In fact, the client assumed that there was not a lot that could be done to mitigate the risks. The acceptance of current levels of risk, mentioned at the general level, suggests a rather detached attitude from attempts to control the actual degree of risk exposure; therefore, it is plausible to suggest that risks were perceived as low in this particular scenario. The driver embodied what seems uncontrollable and was not perceived as a differentiating service factor across suppliers.

“Obviously there are days where the call centres can’t get hold of the actual driver and that can drag us downwards if you miss targets, you lose something or it took two or three hours, but again you have that with all couriers.” (Low)

“Yes, yes, and ultimately it’s the driver, no matter who they work for. There is not a lot anybody can do about it (laughs).” (Low)

Factor 2: Technical vs. functional

The identification of the most important attribute can also be used to illustrate the emphasis the customer placed on technical elements, as described in the statement below. The sensitivity of the industry where the customer acts, the health sector, requires prompt delivery. Operating with equipment for surgical theatre, the client identified a specific technical factor (the delivery of equipment) as an important aspect of logistics.

“For our business, we have lots of quite heavy, small wardrobes and wheels if you like, and we transport them in plant. The transport needs a tail-lift, and xxx has got the widest tail-lift service in the UK.”

“We deliver and collect them after the surgeries, and we do have to give 24 hours’ notice so they can ensure they have the right vehicle in the right area for us.” (Technical)

When talking about improvements, the client emphasized other technical aspects. The client went on to refer to the sequence of procedures. Towards the end of the statement, her analysis gave room to human factors, as knowledge of the business is essentially a functional factor;
however, it was conveyed within the scope of a technical process: the depot’s quick response, not the human response. Overall, the balance was towards the technicalities of the service.

“It is very difficult for them to improve, I believe. They scan all items in our systems, which should be approved. But, like anything else, they can manually put items in the wrong boxes and items can end up in the wrong vans, and their systems will tell them it is correct. What they tend to do then is to send us a depot email to say ‘has anyone seen this box? Blah, blah, blah.’ If somebody in the depot doesn’t actually go and have a look in the loading bay, then they are not going to find it. So, yes, it could be improved sometimes when they do an order or email, but I think not all depots respond that quickly because not all depots understand our business.” (Technical)

In her assessment of the geographic reach, the client pushed towards the technical aspects again, with emphasis on timing. For these reasons, the technical factors prevailed in her analysis.

“Theyir delivery in the UK is probably better than all their competitors. I know that there are parts of the UK you can’t guarantee 9 o’clock – this is quite common in Scotland and in places like that – but they are probably one of the best in the market.” (Technical)

In sum, this search case was characterized by the client showing high assessability levels prior to the acquisition of the product, low levels of perceived risk and a tendency towards technical factors.

4.2.3. Case from interview 21 / Situation 1

In this case, comments also related to a period prior to the use of the service, turning it into a search case. The tendering process was conducted with initial emphasis on the ability to deliver in 24 hours with good scope of geographic coverage and a focus on business-to-business operations. The respondent was a male Head of Transport with six months in the role. The firm was in the cosmetics industry.
TABLE 13 – CASE SUMMARY

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>24-hour delivery</td>
</tr>
<tr>
<td>Assessibility (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Attribute:** 24-hour delivery

“In terms of how we did it to start with, we ran many tenders, so basically you would look for which companies would provide the service you want. We looked at parcel traffic, which companies in the UK could provide us with next-day service to all the UK mainland destinations and B2B.”

**Assessibility:** High vs. low

The level of assessibility of the attribute was enhanced by some statements relating to the fact that some of the company’s clients were already doing business with the company, allowing the client to assume with confidence that the deliveries would be within his expected standards. Assessibility was therefore high.

“We found that xxx already had some relationships with some of the customer areas that we needed, so…it kind of worked quite well because we were getting a known service using xxx experience.” (High)

**Factor 1:** Low vs. high perceived risk
The risk factors were controlled during the searching phase through selecting criteria that focused on companies with high turnover. The client’s rationale was that by eliminating not-well-known suppliers or suppliers with small turnover, the company would inevitably reduce risks. Therefore, risk was perceived to be kept at low levels.

“If we had a local carrier that didn’t have full UK coverage, this means that we would have to find more carriers. So, in terms of our strategy, at least for now, it is easy to have a carrier who can provide the service for the whole of the UK. A big enough size, which is normally reflected by their turnover.” (Low)

“For example, if we were looking to do a tender now, and xxx were one of the companies tendering, and we had another company that no one had heard of before, it would be more likely that we would take the lower-risk option and choose a well-known courier company like xxx. If we had to take references, the other company would not have made it that far in the tender process.” (Low)

**Factor 2: Technical vs. functional**

During the searching phase, the client had concerns with delivery capabilities, which remained the main focus. The client, however, did not demonstrate concern with how the deliveries were done but when, identifying timing as the primary technical factor in his assessment. The client demonstrated awareness of the limited options available in the marketplace, which put delivery first on the agenda. The prevailing factor for this search situation was therefore technical.

“So, we have to have our transport; we have to have the trucks turning up at the customers’ premises when they want them to turn up. For booking and deliveries, we have to kind of guarantee a next-day service.” (Technical)

“There were only three or four large parcel carriers who could actually do full UK coverage of a next-day service.” (Technical)

All in all, in this scenario, the client had high levels of assessibility before acquiring the service, low levels of perceived risk and a focus on technical factors. This is, therefore, a description of what is expected for a search case.
4.2.4. Case from interview 22 / Situation 1

This was the fourth case of a search situation in the logistics industry. Geographic coverage was the main attribute identified, followed by price and add-on services; the client explicitly stated the importance of covering all global sites of the company. The respondent was a male with two years’ experience in the role of Strategic Category Buyer. The company was a manufacturer of aluminium products.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Geographic coverage</td>
</tr>
<tr>
<td>Assessibility (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Attribute:** Geographic coverage

The attribute cited as most important by the client was geographic coverage, followed by price and add-on services. According to Bloom and Pailin (1995), the identification should be characterized by the most important attribute in the context of analysis. Therefore, geographic coverage was the choice.

“We look for one yyy strategy, and this also covers our supplier relationship strategy, so we picked xxx to be our main provider. We did a global tender with xxx, and they were competitive in pricing and in geographic coverage. We wanted to pick one provider who would cover the four sites – the four regions of yyy.”
“The aspects that were relevant were geographic coverage (do we have a supplier that is able to cover all the regions where yyy operates from), the price we are getting this service at and the add-on services.”

Assessibility: High vs. low

The ability of the client to assess the most important attributes was reflected by many techniques during the tender process, such as interviews. In the end, the client demonstrated reliance on tender-specific requirements and used presentations and interviews to enhance the level of assessibility. This shows that assessibility can be proactively modified by the client. This approach is particularly noticeable in the B2B segment, where clients develop several strategies to be able to evaluate prospective suppliers better. The level of assessibility is high before the use of the service.

“How did I get the information? We sent out a tender and they responded. The tender was quite specific in terms of what we wanted them to give us.” (High)

“It wasn’t just the brief: we had proposals and we invited them for interviews. We asked them a lot of questions and then we went to negotiations, so we had several discussions after the proposals had been submitted.” (High)

Factor 1: Low vs. high perceived risk

The client did not see prior to the acquisition of the service any obstructive factors that may put the contract at risk. On the contrary, he felt covered by the contractual terms and observed that with any eventuality, it was easy to mitigate the problem. Risk was therefore perceived as low.

“The criteria were there: there was no risk of having one supplier. The thing is that the only risk you might find is if the supplier fails to fulfil our requirements in certain regions...you put a mitigating factor in the contract.” (Low)

“If they fail to perform, we can then easily go somewhere else and get the business sorted.” (Low)
Factor 2: Technical vs. functional

For the phase prior to acquiring the service, the client clearly demonstrated a preference for technical aspects. The focus on geographic coverage shows that this was an issue for the client due to the global reach of the company. Geographical coverage is a technical factor. The client also mentioned “account management”, which is a functional factor; however, the emphasis was on the global reach of the account management service, not on its operational style (for example). Hence, the prevailing factors were technical.

“The aspects that were relevant were geographic coverage (do we have a supplier that is able to cover all the regions where yyy operates from), the price we are getting this service at and the add-on services.” (Technical)

“The other thing we wanted as a criterion was global account management – someone who would be able to look at our issues and sort them out at global level, and this is what we have achieved from xxx. The other suppliers we contacted were ttt and zzz, and they did not fare very well in some of those aspects.” (Technical)

The add-on service element was also mentioned by the client, with emphasis on online tools and systems to track deliveries; another illustration of the client’s emphasis on technical factors.

“…so the type of services they are offering: express services, any other add-ons, customs and excise queries, and offering an online tool to monitor and track the deliveries – these are the type of services we were looking at.” (Technical)

In sum, in this case, the customer has high assessability levels referring to the service experience prior to the acquisition of the service; the levels of risk are perceived as low by the customer, and finally, there is a tendency by the client to focus on technical aspects of the service.
4.2.5. Case from interview 29 / Situation 1

This is the fifth case of a search situation identified in the logistics industry. The respondent is a male, with 18 months’ experience as a Logistics Manager for a supplier of plastic and fibre products.

<table>
<thead>
<tr>
<th>TABLE 15 - CASE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
</tr>
<tr>
<td>Situation 1</td>
</tr>
<tr>
<td>Period</td>
</tr>
<tr>
<td>Attribute</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
</tr>
</tbody>
</table>

**Period:** Before use

The statement below refers to the tender process that was led by the client in order to acquire the service. It is therefore a statement about a period before the acquisition of the service.

“I led the tender process…”
Attribute: Cost

The customer, when explaining the decision before acquiring the service, defined cost as the main attribute.

“…because cost is such a big driver…”

Assessability: High vs. low

The client demonstrates relying on a very detailed set of criteria, using internal data before choosing the most preferable logistics suppliers. Data is also collected from several different sites/sister companies, giving credibility to their own logistics needs. Because of this robust set of own data, the elements that could affect logistics costs are expected to be within controllable parameters. With the support of an experienced team, choosing the best supplier becomes a question of comparing the ones with better performance on price; high assessability.

“All of the sites...if it has been just yyy, it would be pretty easy, but because we are doing a group tender process, we had to contact all the different Logistic Managers throughout the company, and ask them to collate two weeks’ work of complete shipping data, so that is collection, ship to time service, postcodes and everything, weights, parcels, and you basically build up a spreadsheet table with all of the different parcels, shipments, consignments, for all of the different members of the group for a period of two weeks, and those two weeks are representative of a fair amount of traffic, and that is kind of a profile of shipping that we as a group do. We then send that profile, without prices obviously, to approximately 10 different providers, and ask them to fill in the price at the end.” (High)

“I took a lot of information from...I had been in the job for six months when I started to collect this, I’ve got people who work with me who have been here for 38 years, and know the industry very well. So, you can take guidance from them on which people should be included in the tender process as well.” (High)
**Factor 1:** Low vs. high perceived risk

Risk is perceived as low because they focus on the larger players of the market, and the selection criteria are very detailed and choices conservative.

“So, we based our selection on the big players and those that have shown interest. When we run to 15 we get some red cards, we have to be mindful that we don’t want to take too much of a risk by going to someone too small; we’ve got a high-level service requirement, and you need to have someone with a reasonably good coverage.” (Low)

“No, that was the main one that was the main issue. Making sure that they were a big enough company that were well, you know, embedded in different parts of the country, and not just relying on other carrier networks, it was pretty independent…” (Low)

**Factor 2:** Technical vs. functional

During the selection phase, no mention of functional elements emerged as a defining factor for the choice. Therefore, the factor is fundamentally technical.

“It was ok, I wouldn’t say it was easy because it wasn’t the provider’s fault, but the size of the deal we were trying to do represented the whole group, and you have to get buy-in from each of the Logistics Managers from each different division, and then you have to go to the company’s secretary because it is a big contract, over a million pounds, you have to go through (12:14). I think we rewrote the contract about eight times before it was finally agreed. I wouldn’t say that it was easy. Getting the data were easy, but completing the deal was quite time consuming. It took a number of months, but that is probably due to the size of the deal, and the fact that we weren’t representing one business, we were representing four businesses.” (Technical)

In this case, it can be seen that the customer has proficiency in judging the quality of the attribute cost; it presents a low perception of risk, and focus on technical aspects of the service; all the elements expected for an ideal search case.
4.2.6. Case from interview 46 / Situation 1

The next search case, the sixth for logistics, is obtained from interview 46. Here, the client talks about a contract that was acquired three years before. Cost is, according to the respondent, the most important attribute. In fact, the level of importance has increased over the course of the relationship. The respondent is a male working as a National Planning and Resource Manager with two years’ experience in the role, from a public organization in the health sector.

**TABLE 16 - CASE SUMMARY**

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<tr>
<td>Situation 1</td>
<td>Search</td>
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<tr>
<td>Period</td>
<td>Before use</td>
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<tr>
<td>Attribute</td>
<td>Cost</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>High</td>
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<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
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</tbody>
</table>

**Period:** Before purchase

The two passages below are examples of statements related to the period prior to the acquisition of the service, hence the categorization of the situation as search.

“…so when xxx were awarded the contract…”

“That was three years ago.”
Attribute: Cost

In this case, cost is the most important attribute cited by the customers in relation to the service arrangements with the provider. It is even more important now, in that period, as stated below:

“The most relevant was cost, we always have costs. Depending upon the economic climate and political climate, the cost factor varies, so when xxx were awarded the contract, the cost factor it should be to 40 per cent of the marks...now, if they apply, it will be 70 per cent of the mark that will be cost attributed.”

Assessability: High vs. low

The client is well versed in tendering projects, and uses his and his team’s expertise to assume a position of high levels of assessability prior to purchase. Understanding the impact of a given price to the levels of service is an analytical activity that he is accustomed to.

“We are well versed on this because we know, on average, I get involved in five to six tenders per year; to assist me there is a large procurement department, don’t know how many tenders per year they get involved in, so we have a very clear understanding of how to measure between cost and services. We know that we’ve got to focus on the cost, but we can’t afford not to take a service because we are not going to achieve what we need to achieve irrespective of cost. Sometimes, we may actually reward a contract to someone who is more expensive because they can deliver the service.” (High)

Here, the level of information is very high prior to purchase/use. Relying on a set of different sources of information, such as market research, the client discourse suggests great familiarity with the searching procedure and confidence in his knowledge about the relation cost-price.

“We tend to do a lot of market research before we go out to tender. So, we know who are the most probable applicants for the tender, we tend to try to find out through informal structures, net research, feedback on those people; we also put together a very stringent specification...” (High)

“In terms of quality, it is not too difficult, we know what we want, we want to get the right person, to the right place, at the right time to the right cost. That is the simple algorithm that applies to anything in transport where something changes hands.” (High)
Here, however, the client admits that he might be surprised that his level of information prior to the acquisition of the service may not be as high as he has previously suggested. However, he sees the tender process as a tool that allows him to deal with the uncertainty. In the end, he sees himself in a position of control.

“I mean, we never really know what somebody can deliver until we sign on the line with them. That’s why we are very, very focused on the tender process.” (High)

**Factor 1:** Low vs. high perceived risk

Here, the risk factor is high, a result that diverges from the other cases analyzed so far. The client acknowledges the sensitive nature of the business where he operates, which justifies the whole quality control apparatus.

“...because of the whole process, the tender process, we do the tender process, we do all bits...we take our health and safety people, we take our quality people. As you can imagine, we are a class of pharmaceutical organization. So, we have a very large quality part of our operation, and they are involved in all our tender processes and contracts, and one of the key things we look at is how prospective suppliers manage their business, and how they retain quality and service within their business.” (High)

**Factor 2:** Technical vs. functional

Here, the division prior/after use is blurred; the client talks about an on-going relationship, but that demonstrates a client highly driven towards problem solution. He does not seem to allow much space for the soft side of conflict resolution; highly technical.

“We expect them to work with our local centre, and also sit down with me at national level, and tell me what their plan is, because I know where the problem is, I know the size of the problem, I know the impact of that problem. I want someone to tell me how to remove that problem, and how long it is going to take them to do it. Not to know how
they do it, I just want to know that it is going to be removed, and it is going to be removed by this time.” (Technical)

In sum, in this last case it can be seen that the most important attribute is cost. The client is capable of judging the cost quality ratio with confidence. However, contrary to other search cases, risk is perceived as high. Finally, the technical factor prevails on the analysis of relevant statements.

4.3. Credence cases in the logistics industry

As can be seen from Table 17, four cases are classified as credence after the analysis of responses in the logistics industry. Following the literature view on credence cases (Alger and Salanié, 2006), the level of assessability is defined as low. Communication, innovation and overall service are the attributes cited during interviews, with high risk and functional aspects of the service being the most frequent results.

<table>
<thead>
<tr>
<th>Case</th>
<th>Attribute</th>
<th>Assessability</th>
<th>Risk</th>
<th>Technical/ Functional</th>
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<tr>
<td>L 22 – 2</td>
<td>Innovation</td>
<td>L</td>
<td>H</td>
<td>F</td>
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<tr>
<td>L 23 – 2</td>
<td>Overall Svc.</td>
<td>L</td>
<td># n/a</td>
<td>F</td>
</tr>
<tr>
<td>L 29 – 2</td>
<td>Overall Svc.</td>
<td>L</td>
<td>H</td>
<td>F</td>
</tr>
</tbody>
</table>

In the sequence, a case-by-case analysis of all credence situations in the logistics industry is introduced.
4.3.1. Case from interview 19 / Situation 2

Credence lies in the other end of the easiness of assessability spectrum (difficult to evaluate) (Zeithaml, 1981), whereas search lies in the opposite pole (easy to evaluate). Cases of experience situations lie in the middle and will be treated later in the chapter.

Customers experiencing a credence situation find assessability of quality service difficult, and when this is possible, they tend to occur at highly prohibitive costs (Darby and Karni, 1973). One important distinction from search situations is that credence, like experience, is related to a period after purchase (or use) of service. In the logistics sector, a total of four cases were identified after use with low levels of assessability. They were obtained from interviews 19, 22, 23 and 29.

Interview 19 is the first to be detailed. The respondent is a male who has worked for seven years as Logistics Manager for a producer of windows and skylights. As it can be seen from the statements below, the customer has been working on a project for 18 months, but the project was launched just a week prior to the time of the interview. The client is, therefore, in the early stages of the evaluation exercise. The attribute in question is communication.

This situation offers the opportunity to visualize a case in transition, from credence to experience. The case refers to an Internet communication system. Although the client has been working on this project for several months, he does not have experience with the results of the project because it was launched just a week prior to the interview. Not much happened since then to offer the client an opportunity to make statements about the quality of the service involved. This is, therefore, a case of credence situation. In a credence case, the client cannot assess the quality of a service (Darby and Karni, 1973). Yet, there are initial signs that the project works, as primary tests took place as expected. This situation shows that this client is moving, as experience progresses, from a situation of low understanding of the quality of the service to a situation of high understanding, were results start to accumulate. It is a case moving from credence to experience.
### Period: After use

Here, client statements refer to a period after the acquisition of the service, with the client talking about the length of time the company has been working with the supplier in order to extend one of the service features of the service portfolio.

> “This project has been on-going for at least seven or eight months.”
>
> “We’ve launched one week ago.”

### Attribute: Project Communication

The attribute is communication because it refers to a system via the Internet that aims to allow customers to receive information about their parcels. This is seen as very relevant by the client to improve transparency, and offer high-quality service

> “This project is about launching a whole new Internet system.”

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<thead>
<tr>
<th>Case</th>
<th>Interview 19</th>
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<tbody>
<tr>
<td>Situation 2</td>
<td>Credence → experience</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Communication</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>Low</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
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<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
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In the passage below, the customer explains the reasons that led to the project. It is an example of an established relationship in which the account has been shaken by new market needs, or in other words, due to contextual forces the customer found herself in a new scenario.

“It was not that we had problems in getting information but that our customers’ expectations have increased quite significantly, and the service xxx offered didn’t meet those expectations. If you buy something from a web shop, you expect to receive messages now, and this wasn’t happening, we weren’t get any messages, so we asked for them to enhance their offer, to be able to deal with these things.”

**Assessability: High vs. low**

In credence scenarios, the level of assessability is expected to be low. In her assessment, the customer talks about the fact that her team did not know about the project on the day of its launch.

“…but people in the customer service team who will be dealing with this on a day-to-day basis really didn’t know too much about it, when it went live.” (Low)

At first glance, the client offers an overall assessment that gives the impression that the level of assessability is high, emphasizing that the communication was good; however, soon after, the client points to problems of communication. A more detailed analysis suggests, therefore, a client insecure about the quality of communication. An argument could be made that assessment is high because the client can talk about the quality of the service, but the client does not talk about it with much confidence; words such as ‘perhaps’ and ‘I think’ were observed during the interview and suggest a client with low levels of confidence in judging the service. Here, the clients timidly suggest improvements.

“I think that the communication in that project in general has been very good, but there are some areas which perhaps would benefit from communication being shared with more areas of xxx, so communication between parts of xxx could be improved a little bit.” (Low)

“…I think they should be involved, perhaps communicated early in the process.” (Low)
However, one week after launch, the client starts to move from a situation of non-familiarity to more familiarity. This explains why the situation is categorized as credence moving towards experience. Here, the client gets her first feedback:

“It is quite a clear thing; we’ve asked for a text message to be sent to customers when orders have been dispatched from xxx, and we follow up with customers and they are sending the messages.” (High)

**Factor 1:** Low vs. high perceived risk

In terms of perceived risk, the respondent is sensitive to the lack of communication issue. The risk of poor communication is, according to her, due to the lack of user involvement.

“I think they should be involved, perhaps communicated early in the process.” (High)

“That is what we do internally; we involve the users in designing the process at an early stage…” (High)

It could be argued that she is keen on tackling the problem at early stages in order to avoid the risk of not finding a solution; there is therefore a sense of urgency, which suggests that the customer has a high perception of the risk involved in the project.

**Factor 2:** Technical vs. functional

In this particular case, the functional factor is intrinsically linked to the problem as well as to the solution. It is about getting people to respond.

“…so communication between parts of xxx could be improved a little bit.” (Functional)

“I think it is about involving people who are going to be working on the end results of the project.” (Functional)
This case is categorized as having low levels of assessability of the attribute project communication, high perception of risk, and a tendency towards functional elements. All factors are expected for credence situations.

### 4.3.2. Case from interview 22 / Situation 2

The next credence case in logistics comes from interview 22. In this case, the client has just started dealing with the provider. The focus of attention is innovation and the ability of the supplier to keep cost drivers down. The respondent is a male, working for two years in the role of strategic category buyer for a manufactory company of the aluminium industry.

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<th>TABLE 19 - CASE SUMMARY</th>
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<tr>
<td>Period</td>
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<tr>
<td>Attribute</td>
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<tr>
<td>Assessability (High vs. Low)</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
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<td>Factor 2: Technical vs. Functional</td>
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</table>

**Period:** After use

In this interview, the client refers to occurrences and perceptions about the service that has just started to be provided. The service assessment refers therefore to a period after-use, albeit in its initial stages.

“…so, the effective date was first of February, a couple of days.”
**Attribute:** Innovation

According to the client’s own words, innovation is the most preferred attribute in this stage of the relationship, with particular attention to services that add value to them. Cost is also part of the client’s concerns.

“We are looking for value-added activities, innovation, that is key for us, and then for them to identify cost drivers, to help us to reduce the cost.”

**Assessability:** High vs. low

The level of assessability is clearly low; the client is not in a position to assess the quality of the communication, which is the basis for innovation.

“We haven’t noticed anything, apart from the process what we call the implementation stage.” (Low)

“It is too early.” (Low)

“I think if you ask me in six months’ time, I’ll tell you, but not now.” (Low)

“…we are still in the process of implementing it; in six months’ time, yes, I can tell you something.” (Low)

**Factor 1:** Low vs. high perceived risk

The client believes in a conjoint effort to keep costs down, and is willing to share benefits. By making this plan part of an agreement, there is an implicit message that the client perceives the risk of cost increase as high.

“…we are also looking again at a sharing scheme. If they identify cost reduction areas, reduce the cost, optimizing our processes, and then we share the gains.” (High)
When a customer puts a clause in a contract to reduce the risk of cost increase, it is because the client wants to avoid costs going out of control, the reason why the client focuses on making cost-related issues part of a legal agreement. There is concern here with future increases in cost.

**Factor 2: Technical vs. functional**

Although the statements are short, the client analysis of the service quality is primarily around functional issues.

“…the people who I have been dealing with in the project have been very, very supportive, and that is good. They are quite responsive when you ask them a question, they come back to you.” (Functional)

“They are quite good, they are quite good, they know their business very well, they are experts. There could be an element that they don’t understand, in terms of our business, but over time they will be able to get around it.” (Functional)

All in all, the case is characterized by low levels of assessability of the attribute innovation, high perception of risk and a focus on functional factors.

**4.3.3. Case from interview 23 / Situation 2**

This is the next case of credence situation in logistics. It is about a relationship with a customer that has just begun. The focus is on price and overall service. The respondent is a male from the purchase and procurement department, with six years’ experience for a company in the IT industry.

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<th>TABLE 20 - CASE SUMMARY</th>
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<tbody>
<tr>
<td>Case</td>
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<td>Situation 2</td>
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</table>
Period: After use

The period is after use, as the company have started relationships with the partnering organization, albeit the relationship is in its beginnings.

“Yes, we do have relationships with other courier companies as well; we’ve just started a relationship with xxx.”

Attribute: Service

Better price and improved service are the main concerns of this client, with service being general service.

“We can save money by consolidating into one supplier, and you have less suppliers to manage then; I would say, better price and hopefully, an improved service.”

Assessability: High vs. low

The level of assessability for this client is low. The client feels unable to make comments about the perceived quality of the service. According to credence theory (Bloom and Pailin, 1995) this is a typical credence situation where even after acquiring the service and starting its use, the quality cannot be fully verbalized.

“At the moment it is very good, but yes, it is too early in the relationship really.” (Low)
“Not at the moment, no (issues). Maybe in the future, but at the moment it is fine.” (Low)

“From what we have seen so far, it seems to be ok, but it is very early to say.” (Low)

**Factor 1:** Low vs. high perceived risk

In this particular interview, no opportunities were raised to assess the client’s perception of risk.

**Factor 2:** Technical vs. functional

The client lacks the words to assess his relationship, but makes some reference to functional factors concluding with statements about the availability of staff for talks; hence this is an example of a functional factor.

“We’ve got access to their portal, it is a portal that everybody uses, but we still have local contacts that we can talk to.” (Functional)

In sum, this is another example of a credence case in the logistics industry. The client has low levels of assessability of the service, and although he has not demonstrated concern related to risks (no information about this topic was captured), the client has a tendency to focus on the functional aspects of the service.

4.3.4. **Case from interview 29 / Situation 2**

The final credence case in logistics obtained from primary sources comes from interview 29. Observations are around overall service, with specific attention paid to account management. The period is after use. The respondent is a male, with one and a half years’ experience as a Distribution Manager for a supplier in the plastic and fibre industry.
<table>
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<th>Case Interview 29</th>
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<td>Situation 2</td>
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<td>Period</td>
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<td>Attribute</td>
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<tr>
<td>Assessability (High vs. Low)</td>
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<td>Factor 1: Risk (High vs. Low)</td>
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</table>

**Period:** After use

The period related to client comments refers to two months of information that started after the acquisition of the service; it is therefore an after-use situation.

“*The volume of work really started since December; that was when we switched to xxx. So, we’ve only seen two and half months of information.*” (Low)

**Attribute:** Overall Service – Account Management

The most relevant attribute for this particular case is the dedicated customer service representative who services the account.

“I would say the XXX system is not as good, but it is something you live with because you’ve actually got a dedicated customer service representative who looks after the global account, and if we have any issues you can direct them to that person.”
Assessability: High vs. low

In order to identify whether statements refer to a credence situation, it is important to look at the level of assessability. In the passage below, it is possible to see the respondent finding it difficult to judge the quality of the service due to little experience with the service.

“The volume of work really started since December; that was when we switched to xxx. So, we’ve only seen two and half months of information.” (Low)

“It is very difficult (to identify aspects that make xxx stand out); we have been with our previous provider for five years and got used to the way they did things, their services and their systems, so with a period of change comes a period of learning…” (Low)

In this statement, the client even goes on to suggest a time period when he would feel more comfortable to assess the quality of the service. Currently, the client makes some inferences but does not feel comfortable to judge.

“It is a bit more personal approach. I would reserve saying that it has been an overwhelming success, but I would say it is probably as good as I would have expected. It is still a little bit early, you can’t judge something like this until about six months when people adjust to it and get used to it.” (Low)

In this passage, the client suggests some surprise with expectation and the actual quality obtained, implying that he should have had a closer look. It shows the level of assessability is growing with time.

“We expected it to be better, I think. When we were doing the process, we were told, no, no, our system can do exactly what zzz’s system can do. We took that at face value, and actually we should have probably gone and had a look at it, and get some more detail, without taking that at face value. We thought we would be saving half a head, and actually we haven’t saved it at all.” (Low)

In the next passage, the client reinforces the ideal timing for better judgement – six months.

With a low level of assessability after use, therefore, it refers to a credence situation.
“I think I still reserve complete judgement until six months, I think it is probably a little bit early to make a call to say whether or not we are totally satisfied with the change we’ve made, but so far, so good.” (Low)

**Factor 1:** Low vs. high perceived risk

With regards risk, there is an established perception that the delivery is very important within expected contractual terms. This is another reason why perceived risk can be categorized as high.

“We look for xxx failures, but there is an element which is out of anybody’s control really. We get that data, we have a service level agreement with xxx, so if they fail to achieve our standards for three months, they lose the contract, so it is very important that we review data and make sure that they achieve levels that we require because we spend a lot of money stocking our products. Our strategy is 24 hours next day delivery; if we spend a fortune stocking product, and our carriers let us down because they are not able to do their bit and deliver on time, our customer doesn’t know if it is our fault or theirs. They think in terms of we can’t deliver in 24 hours, so the service is a key thing.” (High)

**Factor 2:** Technical vs. functional

Referring to the process, the client calls attention to the human tendency in the company of escalating the problem upwards. The client shows concerns on how collaborators receive the new supplier. Therefore, it is a functional factor.

“The key account level, I guess, again we had some issues when the service was introduced, and a lot of issues got feedback to the sponsor of the project which works for yyy with a head office, so it is the same with anything really, whenever there are changes and problems, problems just escalate to the highest levels straight away, as opposed to a normal escalation, so…” (Functional)

In this final passage, the client demonstrates sensitivity to fluctuations in service but acknowledges that it is a period of learning; functional in nature.
In sum, this situation presents all the necessary elements of a credence case. It is about a customer’s experience with the service that refers to a period after purchase where there is low level of assessability about the attribute – account management. The client has high perception of risk about elements of his context and tends to focus on functional elements of the service offer.

4.4. Experience cases in the logistics industry

An experience situation is a scenario where customers have already established a relationship with the company. They have contracted the supplier and are using the service. They differ from credence on the point that the client is able to make judgements about the quality of the service experienced, whereas in credence situations the client finds it difficult to carry such an assessment. Taking this theoretical spectrum as a backbone, experience scenarios were identified in the logistics industry. Contrary to the previous situations analyzed so far, they are not introduced as case by case due to limited space allowance. All experience cases are analyzed fully, as Table 22 shows. Some more emblematic cases are analyzed here with the objective to demonstrate the transitive state of experience situation, a point that is explored in detail in the chapter that discusses the research findings. The reason why emblematic cases were chosen is that they present strong signals from two situations at once, as explained in the methodology section.

Data from Table 22 shows all the results for experience situations. There are 11 cases identified in the logistics section, with a diverse range or attributes being chosen, such as delivering, communication and problem solving. Results for the factor risk do not show prevalence for low or high levels. A similar set of mixed results are observed for technical vs. functional factors.
In the sequence, as explained above, three experience cases are discussed.

### 4.4.1. Case from interview 14 / Situation 1

Interview 14 is one of the emblematic experience situations. In this particular case, the client expresses his views on his experience with the current provider. The client relates to statements about the on-going relationship mentioned after using the service, presenting high levels of assessability of the preferred attribute. The situation is therefore categorized as an experience situation but with a strong tendency to search because the customer’s level of service assessability is high enough to demonstrate that the client does not need further experience to

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<td>Delivery</td>
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<td>L 14</td>
<td>Com.</td>
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<td>L 15</td>
<td>Prob. Solving</td>
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<td>Relations.</td>
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<tr>
<td>L 19</td>
<td>Cust. Service</td>
<td>H</td>
<td>L</td>
<td>F</td>
</tr>
<tr>
<td>L 21 – 2</td>
<td>Acc. Mgt.</td>
<td>H</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>L 31</td>
<td>Overall Svc.</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 36</td>
<td>Price</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 45</td>
<td>Com.</td>
<td>H</td>
<td>L</td>
<td>T</td>
</tr>
<tr>
<td>L 46-2</td>
<td>Overall Svc.</td>
<td>H</td>
<td>H</td>
<td>F</td>
</tr>
</tbody>
</table>
make comments about the quality of the service. The respondent is male and has been a General Manager in the Internet retail industry for 11 years.

### TABLE 23 - CASE SUMMARY

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Experience</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Communication</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
</tr>
</tbody>
</table>

**Period:** After use

Statements in this particular case clearly refer to a period of experience, after the acquisition of the service. For example, the client talks about his experience over the phone, and in dealing with problems; it is therefore an after-use situation.

“**Yes. It was very good before because you could pick up the phone and speak to any individual that related to your problem, and it was sorted with a matter of minutes, but now, to be honest, you just can’t get anywhere.”**

“…**It’s probably for about 18 months now.”**

**Attribute:** Communication

The use of a call centre relates to the issue of communication that the client has experienced over time. The most important attribute is therefore communication.

“**xxx have gone through a call centre, it is an absolute nightmare.”**
Assessability: High vs. low

What makes this case close to search, and therefore an emblematic experience case, is the fact that the client also knows about the relevant attribute of all possible suppliers. Therefore, his experience allows him to assume a privileged position of the market offers. Following the client’s statements, it is possible to note that in order to demonstrate capacity in quality judgement, the client does not require experience with other potential suppliers other than what he already knows about the relevant attribute communication.

He does not need more experience with the services in the market, as he claims to have knowledge about all of them; he can therefore be categorized as being in a search situation. The case, however, is not judged as purely a search situation because of a convention, which is the fact that the client talks about his experience after the use of the service.

“…there isn’t one that stands out for myself, and we have been dealing with couriers for about 13 years. We’ve tried them all.” (High)

In the passage below, the client sees his experience as incorporating all knowledge about the preferred supplier’s service, with particular emphasis towards call centres. This fact alone is perceived by him as having greater influence in the quality of communication, allowing him to assume a rather sceptical attitude towards the possibility of eventual improvement. His experience is frozen around consolidated beliefs, and the attribute becomes a question of simple comparison across market offers.

“At the beginning, we used to have several contacts at the local depot, which was absolutely superb. We got an international person to speak to us all the time, customer service dedicated, sales team, anything, a manager, everybody via their own phone, you could ring up straight away and speak to someone immediately. When you are a busy company, you need answers immediately. You don’t want to be going to a call centre. And now xxx have gone through a call centre, it is an absolute nightmare. You can never get anything sorted, and we’ve got a contract’s manager now, called Greg, and we have to send pick-ups, collections, and to be honest, it is kind of…it is not the service
that ran alongside xxx when I first started, and I do believe that the way xxx communicate now with the communication, and have experience xxx in the first six months of doing business, I’d have no longer carried the business on.” (High)

His experience with how other suppliers deal with the variation in demand levels allows him to be able to carry out a detailed analysis of the service quality experienced. The client is therefore in a position to sustain high levels of assessability about the service attribute.

“You should really, when you get to a certain level of parcels in dispatch, you should be able to have at least one contact, not dedicated to only one account, I don’t know, but you should be able to speak to them whatever time of the day, as long as it is in working hours. And the account manager should be ringing once a week, like yyy rings once or twice a week, just to see how things are going, to see if everything is ok, but you never hear anything from xxx, apart from a phone call after a formal complaint.” (High)

Factor 1: Low vs. high perceived risk

The level of risk is here classified as high because the client admits that he would have changed his decision before hiring it, had he experienced the service. He is certainly more sensitive to the issue of variation in quality service now. The client, therefore, presents a high perception of risk.

“…have experienced xxx in the first six months of doing business, I’d have no longer carried the business on.” (High)

Factor 2: Technical vs. functional

The client is highly sensitive to functional issues. In the passage below, he demonstrates that “the personal touch” is important to him, and what leads the supplier to be assessed at lower levels.

“The only extra you could get is the personal touch, and that would round xxx to a total package really, that is the only thing that upsets me...” (Functional)
As mentioned previously, the call centre is deemed to be the main cause for the lack of communication. The client associates the remote contact with the inability to understand his business needs.

“Yes, because there is nobody responsible. You only get to a call centre that is when you lacking, when you move things to a call centre. I mean, many companies have, you just don’t get the personal relationship with the call centre, do you? You speak to so many different people, (overlap voices 11:20), so they don’t kind of understand your business, whereas when you have that personal touch, you understand your business, you understand the parcels; they understand the industry we are in.” (Functional)

The emphasis on functional aspects continues along the interview. The client’s benchmark gives him reassurance about the relevant functional parameter. The factors of high risk and functional elements make this particular experience case similar to what is expected for credence situations. Later in the chapter on discussion of research findings, we return to this point of similarity between case factors.

“That’s right. Usually, as your account gets bigger, you can get a dedicated person to you. Now, the only person we got is a gentleman called ttt; you can’t always get hold of him, and when he goes on leave, an annual leave or holiday, you get passed to somebody else, and it is your job to find out? You phone them, and ask can I speak to ttt, and they say, oh ttt is not in, you are dealing with so and so. We should be told about that beforehand via email, because then we’ve got the customer service girls that obviously haven’t got a contact then…” (Functional)

“…and that’s the difference between yyy and xxx. The relationship with yyy I have is like on a personal level, I can ring anytime to resolve a problem, because they are not that big a company. They can give a personal touch that you lose with a big company. That is more important than the service sometimes.” (Functional)

“…they don’t really care because they deal with that many people...whereas before, you know the names, straight away, you could have a quick little chat…” (Functional)

Taking this case as an example, one can see that for the attribute of communication, the assessability is as high as expected by cases facing experience situations; however, it is not possible to predict the appropriate outcome for risk and technical vs. functional factors. Risk in
this particular experience case is perceived as high; and from the statements, it can be seen that functional factor prevails. This reflects one particular characteristic of experience cases; the fact that experience is a middle-ground situation between search and credence, and therefore, there are no expected answers for the behavioural research factors (risk, and technical vs. functional). As it is in the middle of the evaluation continuum, experience cases can have characteristics of the two poles, search and credence. In chapter six, Discussion of research findings, a closer enquiry is launched in order to understand the reasons behind this outcome.

### 4.4.2. Case from interview 36 / Situation 1

The second emblematic experience case observed in the logistics industry originates from interview 36. The client refers to a period after the acquisition of the service. This client highly values the attribute of cost. The respondent is a male working in a logistics department for 18 years in the retail industry.

<table>
<thead>
<tr>
<th>TABLE 24 - CASE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
</tr>
<tr>
<td>Situation 1</td>
</tr>
<tr>
<td>Period</td>
</tr>
<tr>
<td>Attribute</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
</tr>
</tbody>
</table>
**Period:** After use

The period mentioned below illustrates that the client started a relationship with organization B about 5 years ago. Statements refer to the period after the acquisition of the contract. It is therefore an after-use situation.

“We used to use a company called yyy. When I first started there was this company called yyy, and then they changed to zzz, and then we started to use xxx, five or six years ago or something…”

**Attribute:** Cost

For this client, cost is his main concern; percentage of returning damages is the second most important attribute. It is the responsibility of the customer to assess cost that drives the analysis of this case because it is the most relevant attribute to the client.

“It always goes back to price again, sadly.”

“The most important thing for us is the price of the goods going out and the percentage of returning damages. Everything else pales into insignificance compared to these two things.”

Logistics plans in the business-to-business segment can have price searched prior to the acquisition of the service, but it requires sufficient knowledge about its cost drivers. However, in this case, the client refers to a period of established relationship, or an after-use period. This is the reason why experience defines this case.
Assessability: High vs. low

In order to have a better understanding of the situation it is relevant to look at the degree of assessability the client has over the service experienced, particularly focusing on anecdotes relative to the matter of price. Below, it is possible to observe that the client understands the price differences affecting other delivery options and seems satisfied with the chosen delivery service.

“As far as we are aware, there are a lot of price differences between the next day service and the two day service. As far as we are concerned it is the only service that is of use to us.” (High)

“I think we do have value for money at the moment. The easiest way to judge it is by the price of the competitors; there is one competitor out there that is offering us better rates at the moment, but we don’t think that their service is as good. And you certainly wouldn’t go to get them in the cars to delivery for the price we are paying xxx. So, I do think there is value for money.” (High)

The client also makes reference to competitors, similarly to interview 14, demonstrating good understanding about market references. That makes his situation highly assessable to the point where no further experience is needed.

Factor 1: Low vs. high perceived risk

Regarding risk, the main focus for this client, actually the second most important overall after price, is the attribute “return of damaged products”. Here the client plays down the level of risk, considering it as not sufficiently high in relation to the level of products submitted by the company B.

“...about three per cent of the goods we send out come back damaged, which, considering that we send lots of things on pallets, so they don’t get damaged...” (Low)
Factor 2: Technical vs. functional

Regarding technical vs. functional factors, the client from interview 36 demonstrates concern with both, and illustrating how company B dealt with the problem is also part of his assessment. However, the central question is of a technical nature, i.e., getting the computer installed.

“We needed a new computer basically, to work, to put xxx software in. And we needed somebody from xxx to work with the computer people, to get the two systems to talk to each other. That didn’t happen. We phoned up, left messages, and sent emails to the correct people involved in the IT department, and they never got back to us, which we assumed at the time meant that they couldn’t meet our requirements, so at the time we were actually forced to get yyy involved as well because they came straight away and resolved it. No problem, we can put a computer in, we can get the system running, so we did have actually a time when we did stop dealing with xxx in June, July last year, just totally for that reason.” (Technical)

In this passage, the client again illustrates the issue by talking about how the supplier dealt with the request after the emergence of the problem. There is room for reconciliation, but his assessment is sharp, rejecting the supplier’s logic behind the decision. Again, his focus on the technical aspect overrides the supplier’s attempt to recover from the bad episode; highly technical.

“Later they came in, they apologized to us for not getting back to this computer system, they realized the seriousness of what happened, and then they came and were very good in getting the computer system done. We spend hundreds of thousands of pounds, they always seemed not very keen to get a computer that may cost a hundred and fifty two hundred pounds. That is a bit stupid, but…” (Technical)

“The reason they gave is that if they have ten thousand customers and give them all a computer of two or three hundred pounds to operate the system, then it is obviously a lot of money, but I don’t think that everybody would particularly need a computer system, but just the larger accounts, but for me I suppose if you have a xxx computer set-up, you would be less likely to speak to companies like yyy, or zzz.” (Technical)

Here, the client offers some space for the soft side of the relationship, which is quickly compromised by the perceived tension about price negotiation. The tension can be seen as a
functional service, but the main scope of the problem is around the technical aspect which is the need to get an agreement about price.

“*In general, they are very good. I’ve got a feeling at the moment with our account, because we have price agreements that are very sort of old now, we have had them for quite some time, I think generally, they are probably trying to get more money out of it at the moment, trying to put up our prices, because there is this historical agreement in place that they wouldn’t offer to new customers, but that is the sort of rates we were on, so it is a bit, there is a bit, a sort of tension at the moment.*” (Technical)

In sum, the experience case from interview 36 is characterized by high levels of assessability of the attribute cost, low perceived risk and tendency to focus on the technical aspects of the service. These factors together do not form a behavioural outcome (risk, technical vs. functional) expected for search or credence cases. The justification for this is that cases of experience present characteristics of the poles of search and credence because, as conventionally understood, it lies in the middle of the easy-to-evaluate continuum (Zeithaml, 1981).

### 4.4.3. Case from interview 45 / Situation 1

The third emblematic experience case in the logistics industry is obtained from Interview 45. The client demonstrates concern about the quality of communication, talking about a period after having acquired the service. Much of the concern refers to a period beyond his own experience, and covers his team feedback. The respondent is a male, working as a Logistics Manager. He has been in the role for 13 years for a manufacturer of breaking systems for vehicles.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Experience</td>
</tr>
</tbody>
</table>
**Period:** After use

This organization has been a client of organization B for a long time, and the comments are inevitably related to the period after the acquisition of the service.

“We have been dealing with xxx from around 1996, 1997, or something like that.”

**Attribute:** Communication

The focal point of the service is communication, which represents an area of attrition. The client focuses on the perception that supplier’s response is mechanical, with employees not giving the necessary attention.

“I think an area that could be improved is the communication between the operational staff and end users when there is a problem. At the moment it’s very much initiated by us as a client contacting them, whereas the feedback we get sometimes, I would say more often than not, is mechanical, you don’t feel necessarily completely important as a customer; that’s one way of putting it.”

Yet, the client goes beyond the simple assessment of his experience and is able to contemplate a good level of analysis across market offers. His is mindful of current levels of service quality in the market, perhaps due to his company’s internal process, and demonstrates this ability throughout his assessment.
Assessability: High vs. low

In the following passage the client acknowledges dissatisfaction with the problem, with particular emphasis on the need to keep chasing it:

“*I think a more proactive approach, in that when they have client managers as you are probably aware, when the client manager identifies a problem he has a more structured approach to identify solutions, coming up with information, and reporting that back on a routine basis to the person with the problem, or the client. At the moment, we have a situation where we have to chase; quite often we would chase and we don’t get the response; we are told it would be a follow-up and we don’t get a response, and it is very much the case that we have to work very hard when occasionally there is a problem…you are talking in less than one per cent in reality, but a little bit more pro-activeness is required in following things up.*” (High)

In the passage below, the client carries a mental cross-supplier analysis. That is where experience with the attribute becomes highly searchable, to the point of not needing experience anymore, at least not in order to issue statements about the perceived service quality.

“*Within the group of companies within yyy, a number of different locations use different service providers, so we are able to do comparisons between different service providers as an internal benchmark, but what it is very interesting for us in the UK, you may find through your analysis that the UK market is very different to main Europe or international traffic when it comes to Express. We got a lot of, ah, there is a lot of players in the market but they fit at very different levels, you have very cheap and cheerful, which is great for your eBay shopping and things like these where it doesn’t really matter, and at the other end of the spectrum, you have xxx and between them zzz and yyy, and everybody else. So, we’ve done a lot of benchmarking, we also do benchmarking with our customers, on how they view services because they have different suppliers, and they quite happily tell us which service providers are good, and which are bad, and in their opinion they are not very objective measures, it is not in charts and reports but it is gut feeling and…*” (High)

In this particular passage, the client is able to demonstrate that he and his company adopt a clear passage to keep his assessment capabilities at a high level. He is, therefore, able to confidently conduct analysis of the quality of the service.
“We discuss quite openly with xxx the options that are available; we have had a good number of other providers in the past five to six years, I have done a lot of work personally with all the other UK brands, and some of the international brands, to try to establish the best course of action, in terms of the quality and cost point of view, and we have experience of using zzz and yyy from a supplier point of view. Some of our suppliers use zzz and yyy to supply to us, and we use zzz for our intercompany traffic because different locations use zzz for their international express, so we also got some robust benchmarks we can share, and we do discuss, and certainly when we try to select providers, we access this very openly with XXX, and also other providers we discuss xxx performance as well.” (High)

**Factor 1:** Low vs. high perceived risk

The factor of risk is not perceived as a problem and is thought by the respondent to be at a minimum level.

“I mean, it is occasional, so once or twice a week in two hundred and fifty or three hundred consignments we would get one or two problems. You are talking in less than one per cent in reality, but a little bit more pro-activeness is required in following things up.” (Low)

**Factor 2:** Technical vs. functional

Throughout his assessment, the client emphasized technical aspects over functional ones. In this first passage, the client refers to XXX’s ability to sustain the quality.

“I think at the moment for us, specifically in the UK because that is the market we are dealing with, it is their robustness of business-to-business services, and there are a lot of other people out there charging a lot less, there are a lot of other people giving different services, but the overall package is that we have remained with xxx because they are focused on business-to-business, and not drifting off on business to customers, and things of this nature, or external end-user. This means that their quality remains good for us, and this is a critical element for our market.” (Technical)

In the passage below, the client acknowledges having a good business for the account, once again praising the technical aspects of the delivery.

“We have the full package available which includes international, so for us there are no other real services that our market or our clients are asking for, so there is no gap in the services currently, and we also recognize we can use the same day service, or special services that they have as well. We have a good business for our account.” (Technical)
In this passage, the manager spontaneously talks about the statistical analysis the team carry out on a weekly basis. The client tends to focus on the technical aspects of the service.

“We have a weekly KPI report that is sent to us by our account manager. We see the total number of failures, and we see the internal failures and external failures, so we actually can have a statistical performance management on the number of consignments they are moving, and we see that on a weekly basis.” (Technical)

In the passage below, there is another example of technical aspects overriding functional ones. There is an example of a statement about lack of proactivity which is functional in nature, but that illustrates one particular point that is “minor” in the face of other attributes. In general, technical issues sustain the client’s assessment.

“From the operational point of view, we find them very robust again. The vehicles they use, the drivers they use, the systems they have are fine, we get good support from them if we have any problems, which is reasonably rare which is good; getting hold of the sales contact to do things is ok, there are enough resources there. I would say there is slight weakness in the back office activity, if I want to change or add something to the account or want to get some rates changed, it seems to take a lot longer than I would expect for a high-calibre company. The back office support is not quite as good as their sales pitch, but it is minor, it is more annoying than business damaging.” (Technical)

In this experience case it is possible to observe a customer with high levels of assessability of the attribute communication, low perceived risk and focus on technical aspects of the service. All in all, experience cases present a rather mixed combination of outcomes. In all cases explored in this chapter, assessability is high, which is expected because it is part of the definition of what an experience case is (Nelson, 1970). However, factors such as risk, for example, varied. The customer in interview 14 revealed high perceived risk contrary to customers from interview 36 and 45 where perceived risk was assessed as low. The factors of technical and functional also varied, with the customer in interview 14 presenting a tendency to value functional factors, whereas respondents from interview 36 and 45 presented a tendency towards technical ones. In sum, factors from interview 14 have results similar to credence cases, whereas factors for interview 36 and 45 offer results expected for search cases. As shown in Table 22, the remaining experience cases also have a similar combination of mixed results. In
chapter six, Summary of results and discussion of research findings, these aspects are analyzed in detail. The next section explores details of the secondary data.

4.5. Secondary data in the logistics industry

In this section, the results of secondary data analysis are aggregated by the SEC situation. Transcripts are presented verbatim from a survey conducted by organization B in order to illustrate the nature of secondary data assessed in each SEC situation. See more details in the methodology section. The objective of this section is to complement the analysis carried out so far in chapter four. Up to this stage in the chapter, a qualitative insight into the SEC classification of goods has been offered. The structure of a SEC situation has been assessed with a focus on how a case can be conceptualized. Then the comments were evaluated. They were obtained through the application of a semi-structured log of questions in order to corroborate the categorization conceptualized for each SEC situation. Analysis was carried out on a case-by-case basis with all search and credence cases identified from the coding of primary logistics data. The chosen examples of experience cases illustrate their transitory nature, a topic discussed in chapter six. Throughout the analysis, cases were split by the criteria prior/after purchase or use. The level of assessability was then observed in order to separate experience from credence, as search had already been isolated from the other two by application of the criterion prior/after purchase. Concerns were raised about this criterion, which will be reviewed in chapter six, but the main focus was to understand the behaviour of the research questions, factors risk and technical vs. functional across SEC situations. Now, a look beyond the small sample of interviews will be carried out in order to verify whether the research factor findings can be extrapolated for an entire population of clients. That is the objective of this section. The material collected, as mentioned in the methodology section, was obtained from comments from a universe of 1602 respondents representing clients of the partnering organization. They
commented on the positive and negative aspects of the service performed by the logistics supplier throughout the year 2012.

The analysis of sentences here is limited, as it does not offer much insight about the context of where customers are. This type of analysis can only be obtained in qualitative in-depth interviews. Nevertheless, there is scope for the identification of SEC situations when analysing short customer statements. It is possible, for example, to isolate the most important attribute, which tends to be the chosen theme behind every comment. It is also possible to understand the level of assessability, whether high or low, and finally if there is a tendency towards high or low perceived risk, and technical or functional factors. Having identified a case from these steps, it is a question of applying a coding analysis, in this case, content analysis, to calculate the distribution of cases in the sample, as already covered in chapter three.

The sample of secondary data in logistics is large enough to allow us to reach some conclusions about how the research factors risk, technical and functional behave in different SEC situations. We had seen throughout the chapter a tendency towards low risk and technical factors in search situations, and high risk and functional factors in credence cases. It is possible now to observe whether or not this tendency can be confirmed statistically.

The universe of respondents is 1602 customers who were invited to make (1) positive comments about the partnering organization’s service, (2) negative comments about the partnering organization’s service, and finally (3) improvement suggestions. All comments were considered for the coding phase. During the coding, no search cases were identified, which was expected because customer verbatim comments were all about established relationships, and on-going problems, not pre-contractual issues. Therefore, the focus was on calculating the frequency of experience and credence occurrences and, subsequently, the references to the factors of perceived risk and technical vs. functional ones.

The sample for experience situations shows the occurrence of 76 experience cases obtained from 70 respondents out of 1488 estimated experience cases. The sampling strategy used was
purposeful sampling (Trochim, 2015) which is appropriate for understanding the behaviour of small populations. For credence situations, a sample of 58 respondents (58 situations) was extracted from the universe of 114 estimated credence cases.

As can be seen from Figure 5, data related to perceived risk shows that in experience cases, there are 27 (54.0%) references to low risk, and 23 (46.0%) references to high risk totaling 50 references. However, differences between high and low risk are not statistically significant (p-value is higher than 0.05). The statistical test used was the Wilcoxon signed-ranked test. It is a test applicable for situations where the mean of a variable is formed by non-continuous data, but data organized in categories. The measurement of means are not normally distributed. This non-parametric test is applied by following the assumptions: (i) Data are paired in come from the same population; (ii) Each par is chosen randomly and independently; and (iii) data are measured on a ordinal scale (SAS, 2008).

<table>
<thead>
<tr>
<th>Logistic - Quantitative data</th>
<th>References to Factor Risk</th>
<th>P test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience Situations</td>
<td>Low Perc. High Perc. Total References</td>
<td>Wilcoxon value</td>
</tr>
<tr>
<td>Universe of Respondents (1)</td>
<td>1,488 Risk (%) Risk (%)</td>
<td>41.00 41.00</td>
</tr>
<tr>
<td>Sample of Respondents Situations</td>
<td>76 27 54.0% 23 46.0%</td>
<td>0.5708</td>
</tr>
<tr>
<td>Measures compared</td>
<td>Low Risk vs High Risk</td>
<td></td>
</tr>
</tbody>
</table>

Regarding credence cases, as illustrated in Figure 6, there are 33 statements (97.1%) with references to high risk service factors against only one to low risk (2.9%), demonstrating that the uncertainty of credence situations is clearly associated with increased perception of risk (p value < 0.05).

<table>
<thead>
<tr>
<th>Logistic - Quantitative data</th>
<th>References to Factor Risk</th>
<th>P Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credence Situations</td>
<td>Low Perc. High Perc. Total References</td>
<td>Wilcoxon value</td>
</tr>
<tr>
<td>Universe of Respondents (2)</td>
<td>114 Risk (%) Risk (%)</td>
<td>-233.50</td>
</tr>
<tr>
<td>Sample of Respondents Situations</td>
<td>58 1 2.9% 33 97.1%</td>
<td>0.0001*</td>
</tr>
<tr>
<td>Measures compared</td>
<td>Low Risk vs High Risk*</td>
<td>0.0001*</td>
</tr>
</tbody>
</table>

* Statistically significant

In terms of technical and functional aspects of the service, there are a total of 94 references obtained from the analysis of experience cases, and 62 references from the analysis of credence
cases. The results for experience cases, as illustrated in Figure 7, show that 56 (59.6%) references are of a technical nature, and 38 (40.4%) are of a functional nature (p value < 0.05). The analysis of secondary data, therefore, shows that in experience situations, technical factors occur more often than functional ones.

**FIGURE 7 - RESULTS FOR TECHNICAL AND FUNCTIONAL FACTORS – EXPERIENCE**

<table>
<thead>
<tr>
<th>Logistic - Quantitative data</th>
<th>References to Technical and Functional factors</th>
<th>P test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universe of Respondents (1)</td>
<td>1,488</td>
<td>(%)</td>
</tr>
<tr>
<td>Sample of Respondents</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Situations</td>
<td>76</td>
<td>56</td>
</tr>
</tbody>
</table>

*Statistically significant

In the credence case, however, the results are not statistically significant. Out of the 62 references to credence situations, 33 (53.2%) refer to functional factors, whereas 29 (46.8%) refer to technical ones (p value > 0.05).

**FIGURE 8 - RESULTS FOR TECHNICAL AND FUNCTIONAL FACTORS – CREDENCE**

<table>
<thead>
<tr>
<th>Logistic - Quantitative data</th>
<th>References to Technical and Functional factors</th>
<th>P test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universe of Respondents (2)</td>
<td>114</td>
<td>(%)</td>
</tr>
<tr>
<td>Sample of Respondents</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Situations</td>
<td>58</td>
<td>29</td>
</tr>
</tbody>
</table>

In the next section, illustration of experience cases from secondary data is presented.

### 4.5.1. Coding of secondary data for experience verbatim

The coding of data related to this section was done in the following way: Firstly, it was identified which attributes were most often cited in the table of verbatim collected from the customer satisfaction survey applied by the participating companies. This secondary data were them grouped by attributes. The most frequent attribute leads the table with more citations. The remaining attributes were ranked according to the frequency that they were cited. This is valid for the verbatim of experience and credence cases of both industries, logistics and insurance. Therefore, they were placed at sections 4.5.1 and 4.5.2; and 5.5.1 and 5.5.2. The analysis of the
frequency of these attributes is presented in order to offer an additional view about the phenomenon. They help to illustrate which attributes were most common in the two industries. They can be seen as an extra layer of analysis about the study.

As mentioned in the previous section, no search case has been identified; therefore the focus is on experience and credence cases. Experience cases are introduced firstly as they consist of the majority of cases identified.

As can be seen from Figure 9, there are a total of 78 references to attributes in the experience case sample. The most common service attribute mentioned is the attribute personnel (25.64%), followed by overall service (21.79%), delivery (15.38%), communication (10.3%), collection process (9.0%) and cost (6.4%), with the remaining eight attributes showed below:

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Frequency</th>
<th>Perc. (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>20</td>
<td>25.6%</td>
</tr>
<tr>
<td>Overall Service</td>
<td>17</td>
<td>21.8%</td>
</tr>
<tr>
<td>Delivery</td>
<td>12</td>
<td>15.4%</td>
</tr>
<tr>
<td>Communication</td>
<td>8</td>
<td>10.3%</td>
</tr>
<tr>
<td>Collection Process</td>
<td>7</td>
<td>9.0%</td>
</tr>
<tr>
<td>Cost</td>
<td>5</td>
<td>6.4%</td>
</tr>
<tr>
<td>Billing Process</td>
<td>2</td>
<td>2.6%</td>
</tr>
<tr>
<td>On-Line Service</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Process</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>System</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Tel.Contact</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Loading Process</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Knowledge</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Information</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td></td>
</tr>
</tbody>
</table>

One of the most recurrent themes in personnel is the reference to the driver. As mentioned previously, the statement below is short, and only an in-depth investigation could reveal the extent to which the respondent’s perception affects the customer quality assessments; however, it can be seen that the driver has an important role as a front-liner. His steady performance influences the customer perception of good service.
“The driver we have is very nice and polite and there are never any issues with him. It is a regular driver we have which we like.” (Case 6, secondary data – logistics)

In the next passage, there is another example of the importance of the driver in customer perception of quality service. In this particular case, the alignment between the customer business needs and the driver is clearly stated, and it demonstrates that as experience consolidates, the customer associates the driver with the perception of the quality of the service delivered by the supplier. More importantly, keeping the driver means avoiding uncertainty, a scenario typical of a credence situation.

“We have had the same driver for a number of years and I know that he is customer friendly and on time and helps us with any mistakes we make. If they do change the driver we do then have problems such as timing, and them being unsure of the business and our needs.” (Case 8, secondary data – logistics)

In order to consolidate positive beliefs and impressions about the service, customers depend on the steady, predictable continuity of their experience. This aspect of continuity is better depicted in the statement below. It refers to the attribute personnel, but this time with reference to the call centre staff.

“There could be some sort of continuity with the Call Centre staff as we never get to speak to the same person twice. The service was better when we could call the Aberdeen branch.” (Case 6, secondary data – logistics)

The service experience works as a proxy for future service, and it can be a powerful driver of customer purchase intention. In the passage below, the customer demonstrates intention to continue to use the service precisely because the customer has acquired knowledge about the service. Experience, therefore, effectively shapes behaviour and future intention.

“Just where there have been any problems with delivery and collections abroad they have been very helpful and got the job done on time. We are used to them now and know how they work and we are happy to stick with them.” (Case 42, secondary data – logistics)

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Attitude or intention is justified as well by previous experience. The client below reinforces the period he has been a client of the company. The word ‘always’ is repeated 6 times in a short statement, which suggests emphasis on service reliability. Experience is consolidated through a set of different complementary dimensions. The receptive attitude towards requests, or special requests, the prompt response, and the manner through which it is delivered shapes the assessment.

“We have used xxx for 12 years and have always found them really good, and they have always done what we have asked and we have some very heavy kit that goes out and we have never had anyone say they can't take it. If we have had special requirements they have always been able to accommodate us and they are always here when they say they will be, you always get a quick response, they are always very pleasant.” (Case 43, secondary data – logistics)

A negative experience can also be equally decisive in shaping future intentions. In the passage below, the experience with different facets of the supplier works as a crucial driver shaping the perception of quality, and more importantly, future intentions. The attribute here is overall service, which is the second most cited by customers.

“It was central reservations and procedures. The complaints team is not very quick to resolve anything about my queries. I am very unhappy with the whole service they have provided and will never use them again. We are located in Inverness and I was not advised that this would cause us a problem with our collections and deliveries. We have had nothing but problems with them.” (Case 21, secondary data – logistics)

Delivery is the third most common attribute mentioned in customer quality assessment. It is natural that it is mentioned often as it represents the core service that organization B offers. The following excerpt illustrates the high expectations customers have about the attribute.

“The only thing would be when deliveries go wrong. It is very important to us that this does not happen, so really if they just made sure that the driver is positive that they have all the correct deliveries or collections at the start.” (Case 17, secondary data – logistics)
Assessment about delivery experience is often elaborated upon based on closely monitored information. The evaluation is usually constructed around expectations of no failure.

“I think they could be more reliable in terms of timing. I would say 25 per cent of our consignments are late.” (Case 28, secondary data – logistics)

“They could get 100 per cent of our consignments there on time.” (Case 29, secondary data – logistics)

In this particular case, the delivery experience can work backwards, or in other words, rather than being a proxy for future service, it raises more questions about the delivery due to the lack of information, bringing difficulties to the analysis of its quality. Experience in this case works almost as a credence case. It could be said that the experiences of delivery in all its dimensions (as mentioned below) have not being fulfilled to the extent to which it could allow clear evaluation of its dynamics.

“xxx need to give clearer information on their website. Things like their delivery time scales, the extra charges for clearing customs, the cut-off times for collection in order to meet the delivery time scales etc...” (Case 98, secondary data – logistics)

Communication received more than 10% of the references, suggesting that it is an important attribute in relation to overall service assessment. Here, there is an example where the client suggests the provider to be alert to this aspect of the service.

“If there is a problem with a collection can xxx let us know asap...” (Case 24, secondary data, logistics)

Another relevant attribute is collection process with 9.0% of the references in experience cases. In the quote below follows an example of a recurrent issue for the segment of customers who complain about delivery times.

“...xxx cannot collect at certain times...” (Case 23, secondary data, logistics)
Cost also receives some attention with 6.4% of the references demonstrating that although there are several comments on it, when the attribute is put into the context of other attributes, it does not top the list of citations. Yet, references to it cannot be totally ignored.

“I want xxx to offer me competitive rates.” (Case 55, secondary data, logistics)

The remaining eight attributes are spread in a long tail of citations with a total of 11.7% of the references.

All in all, experience cases obtained from secondary data in logistics represent many facets of the context where they occur. The continuation of the description of these cases in this section could expand and enrich analysis even more, yet enough has been said to demonstrate that experience is volatile, it has an impact on attitude and opinion formation, it depends greatly on reliability, and perhaps most importantly for our research objective, it is transitory in nature. The latter is a characteristic that will be reviewed in more detail in the discussion of research findings, in chapter 6. Now, some examples of credence cases of secondary logistics data are introduced.

4.5.2. Coding of secondary data for credence verbatim

As can be seen from Figure 10, in terms of secondary data in logistics credence, the four most mentioned attributes are communication, cost, system and problem solving with 32.75%, 17.24%, 15.51% and 6.9% respectively out of the 58 service attributes references. They together represent more than 72.4% of the total of references, which is why the focus is on them to illustrate the nature of credence cases for coded secondary data. The remaining 27.6% of the references are distributed around 11 attributes as shown below:
Communication is by far the most recurrent issue in credence situations obtained from interviews with the customers of the partnering organization. The lack of contact with the account manager is an example of how communication is affected. In the example below, experience is not sufficient because the customer has not had enough contact to make an evaluation. All that can be said is that the customer has not been in contact with the account manager. It is precisely due to the lack of experience that the case has been categorized as credence oriented.

“I have never heard from our new account manager and would not even know who they are.” (Case 6, secondary data – logistics)

In the following example, the credence situation that emerged from the lack of contact with the account manager can be more explicitly observed. The client does not know the account manager and may become confused about this misinformation or the internal process that regulates the communication. It is the lack of understanding about how to contact the account manager...
manager that affects the quality of the assessment of the communication. The case is credence because there is a lack of clarity of how the communication should work.

“I have no idea who my account rep is. We get told one person is our rep then we ring another number then we get told it's someone else.” (Case 69, secondary data – logistics)

“Have one contact name and number for the account rep as we seem to have one number for an external rep, then one for an internal rep, then another for the actual rep.” (Case 69, secondary data – logistics)

Lack of clarity is equally relevant to the attribute cost, the second most mentioned service attribute. From the coding of secondary data in logistics there are at least ten references to price being the cause of confusion. This is mentioned by customers who are in an established relationship and should therefore be able to know how much the service is going to cost. The example demonstrates one of the points raised in this thesis, which is that an attribute that has searchable features, as traditionally understood, can perfectly illustrate situations of credence. Customers may not fully understand costs because in the process of using the service, there might be a set of cost-related elements that varies according to different circumstances. Through their own experience of price requests, customers accumulate knowledge about how the attribute varies according to their delivery characteristics. Obviously, price could be a source of confusion due to other reasons such as supplier miscommunication. However, some customers are in a better position than others to make a more precise cost evaluation precisely because their experience is more intense in terms of timing and budget scenarios. This in turn increases their level of information about how cost varies according to circumstances. Provided it is not a question of supplier’s miscommunication, the variation of costs in different contexts affects the customer’s ability to understand the attribute more precisely and judge it competently.

“It is difficult to work out the pricing structure, so that could be made clearer.” (Case 5, secondary data – logistics)

“To make the pricing structure easier to understand. We had a new representative and suddenly the rates could be lowered, even though we had asked for them to do this before.” (Case 225, secondary data – logistics)
System is the third most often quoted attribute that gives rise to scenarios of credence. In this particular case, the customer has trouble booking a service online. In such scenarios, customers end up using more costly supplier channels, missing the opportunity of controlling the mechanisms of a more complete service experience.

“They need to improve their online services. I should be able to book online a lot easier but I find it very hard doing it online.” (Case 228, secondary data – logistics)

The attribute system can include a set of several different aspects of the service. Credence scenarios may emerge from one of these various aspects. In the case below, the tracking system is the source of lack of information. The customer does not feel in possession of necessary information to know the precise location of its parcel. That affects the ability to forecast delivery times, and puts customers in a situation where they lack control.

“Sometimes on their tracking service the information it gives is a bit sparse, maybe a little more detail on the whereabouts of shipments and why it has been held up, keep the customer informed.”

Not knowing the situation raises customer perceptions of risk. In the credence case obtained from logistics secondary data, the vast majority of references are related to high risk. The excerpt below illustrates the fact. It is this level of uncertainty that has great impact on customer assessment.

“We only find out when our customers phone and tell us that they have not received the order.” (High risk, Case 584, secondary data – logistics)

Problem solving is also a subject of some concern, with 6.4% of the references in credence situations. Here, there is an example of it where the client demonstrates discontent with the lack of support from the provider in this respect, which gives rise to scenarios of credence because
the customer does not get answers to problems, increasing the probability of unfamiliar situations emerging.

“…but we cannot get the answer or the solution or resolve the problems quickly enough.”

(Case 70, secondary data, logistics)

Process, personnel, overall service, delivery and weight system also received more than one reference that led to credence situations; they all have 3.4% of the references each. Here, there are two quotes exemplifying the attributes. In the first quote, there is doubt about time to pick up deliveries. In the second quote, doubts emerge when talking about the level of service of personnel.

“Although no one seems to know what the cut-off times are…”

(Case 9, secondary data, logistics)

“It is very difficult to answer these awkward questions when I do not use them that much.” (Case 14, secondary data, logistics)

This is the end of chapter four. In answering the research questions presented in chapter two, the following results were observed:

Answers to RQ1 a and b: It is not possible to observe an increase of perceived risk from search to experience (RQ1a) and from experience to credence (RQ1b), but analysis of the coding data from interviews (qualitative results) suggests that search cases show a presence of low risk, while credence cases show a presence of high risk. Experience cases show a rather mixed set of results. The analysis of secondary data (verbatim from company B’s survey) suggests experience cases with no statistically significant differences between high and low risk. Credence cases are associated with the presence of a high perception of risk.
Answers to RQ2a, b and c: The analysis of qualitative data suggests that functional factors prevail in credence situations relative to technical factors (RQ2a); and technical factors prevail in search situations relative to functional factors (RQ2b). Experience cases show a set of rather mixed results (RQ2c). The analysis of secondary data shows that technical factors occur more often than functional factors in experience cases, and in credence cases no statistically significant results were observed. Answers to RQ 3 and RQ4 will be discussed in details in chapter six. The next chapter discusses the second case, in the insurance industry.
Chapter Five: Case Study 2 – Insurance Industry

5.1. Identifying the three SEC stages in the insurance industry

Chapter five consists of analysis of qualitative data explored via in-depth interviews with respondents from the insurance market, in addition to analysis of quantitative data obtained from a survey conducted by organization A. Similarly to chapter four, the chapter is divided into sections presenting qualitative cases used for the identification of search, credence and experience situations. Subsequently, data from the survey is presented. As done in chapter four, the main objective of the chapter is to identify SEC situations and how the research factors (risk and technical vs. functional) behave according to each SEC situation.

Results from the analysis of the SEC classification of goods in the logistics industry show that in search cases, there is a tendency for customers to develop lower sensitivity to risk relative to credence cases (Mitra et al., 1999). In terms of preference for technical factors or functional factors (Grönroos, 1982), the results show that in search cases, customers tend to have a preference for technical factors. Conversely, in credence cases, customers tend to pay more attention to functional factors. These results are aligned with some findings in the literature (Eisingerich and Bell, 2007). Experience cases were also observed with mixed results. As was done in chapter four, a summary of primary data will be presented, and then the introduction of descriptions, case by case, of all situations are outlined, in order to demonstrate how search and credence works in insurance. Finally, and similarly to chapter four, an analysis of experience cases is introduced. In chapter four, emblematic experience cases were discussed, which were cases rich in aspects of more than one SEC situation. These cases are useful illustrations of the transitory nature of experience situations. There is a need to verify whether or not similar aspects of experience situations can be observed in the insurance industry. The topic about the transitory nature of experience cases will be discussed in detail in chapter six. After revising experience cases, the analysis of secondary data is introduced, discussing aspects of the most recurrent references in order to verify whether or not research findings confirm the research
questions put forward in this thesis. The chapter is closed with an overall assessment of how both the factors of ‘risk’ and ‘technical vs. functional’ behave in a larger sample of insurance cases. After that, chapter six is introduced, and a parallel between chapter four and five is delineated from the perspective of the theoretical frame supported in this thesis.

There are 21 situations identified in the insurance industry, with four cases for search, 6 for credence, and 11 cases for experience, as shown in Table 26:

<table>
<thead>
<tr>
<th>TABLE 26 - SEC SITUATIONS IN THE INSURANCE INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situations</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>Situations</td>
</tr>
</tbody>
</table>

Similarly to chapter four, the criteria for separating search from the other two situations is the selection of prior/after use purchase. In the case of experience and credence, both post-purchase events, the criteria of level of assessability were taken into account. High assessability is used here to describe experience situations, while low assessability is associated with credence situations. Now, the analysis of the four search cases identified in the insurance industry is introduced.

### 5.2. Search cases in the insurance industry

As can be seen from Table 27, four search cases were identified in chapter five, with all of them showing customers with low levels of perceived risk, and three of them showing customers emphasizing technical factors over functional.

<table>
<thead>
<tr>
<th>TABLE 27 - RESULTS FOR SEARCH SITUATIONS IN INSURANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>I 18</td>
</tr>
</tbody>
</table>
Now, each of the four search cases is introduced with an analysis of the results.

5.2.1. Case from interview 18 / Situation 1

The first search case in insurance comes with an illustration of the decision criteria of a carpet manufacturer looking for a brokerage service supplier. The company has diversified the business from manufacturing to service, and started to give support to insurance companies on claim handling. For that reason, their financial director was looking for a broker with expertise on similar risks carried out by the company. The respondent is a male working with insurance for a textile manufacturing company.

### TABLE 28 - CASE SUMMARY

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Risk profile</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Period:** Before use

The statement below reflects the client’s interest in finding a potential insurance broker. It defines a period, therefore, before the acquisition of the service.

“I was interested in brokers who...
**Attribute:** risk profile / general service

The most relevant attribute appears right at the beginning of the interview, when the client demonstrates concern regarding suppliers that are suitable for the company, with special attention to the nature of the risk carried out by the potential supplier.

“I was interested in brokers who already carried risks similar to us...as far as we know we are the only company in the sector with this type of risk, that they are underwriting, they’ve been here to see you, they understand your work, they understand your view of risk, and they are quite happy to give you a bid, and I was happy with the value.”

According to the client, they are the only company carrying a specific type of risk, and looking for an insurance broker who has expertise in the same area offers reassurance, particularly because the supplier can better understand customer needs.

**Assessability:** High vs. low

The level of assessability is analyzed on the basis of customer comments made for the period prior to the acquisition of the service. The customer demonstrates a clear set of steps for the selection process which suggests a level of control of the assessability exercise as mentioned below.

“...so we then did what we call a nominated market review, so I said to each broker, I want you to choose two insurers, so everyone chose one insurer, and because we want to choose the same insurers we were ok, and then I chose a second one, and then each broker then worked with two insurers to give us their best, ah...tender, the best bid, and in the end, Travellers were the best.” (High)

In the passage below, the client demonstrates not knowing the potential provider, and therefore the client was unable to judge the quality of the preferred insurer. This would suggest that this is a credence situation. However, the comments reveal an important facet of the build-up of the quality assessment. The client relies on the opinion of its current broker about the quality of the insurance provider. This passage illustrates two important facets of the research, one theoretical and another methodological. The theoretical aspect refers to the fact that clients can develop two
ways of experiencing the service, directly or by relying on the opinion of a third party. That is
the case with the passage below. Although the financial director does not know the provider, he
trusts in the assessment elaborated by its broker. This case is seen in the literature as a case of
the surrogate buyer (Mittal, 2004), although here the broker is not the buyer, but only another
supplier, who is there to support the purchase of the insurance programme by his client. This
leads to the methodological aspect raised by this example. In chapter four, there was little doubt
about who evaluates whom. The quality assessment is undertaken by a purchaser of a logistics
service. The supplier whose service has been assessed is the logistics provider. In the insurance
example, the client has two different suppliers of insurance service, the insurer and the broker.
In this research, preference has been given to service evaluations made about the broker, who in
general benefits from a closer contact with the financial director relative to the insurer.
Nevertheless, some respondents like to include in their comments the provision of insurance
service about the insurer, as shown in the case below. Therefore, in this particular case, the
surrogate buyer offers the necessary condition to allow assessment to be classified as having
high assessability of the service.

“...and my only concern was the quality of the insurance company because I haven’t
heard of Travellers, so speaking to Bridge, they said, no, we did a plenty of risks with
Travellers, it is a good company, they have been around for a long time, and they are
actually quite choosy about who they will deal with...” (High)

**Factor 1: Low vs. high perceived risk**

Their perception of risk is low because according to the client’s view, the provider has a good
understanding of their risk profile; they have expertise in the same field of the client (textile)
which gives them reassurance.

“...and as far as we know we are the only company in the sector with this type of risk
that they are underwriting, they’ve been here to see you, they understand your work,
they understand your view of risk.” (Low)
Factor 2: Technical vs. functional

In terms of the client emphasis on technical or functional elements of the service, it is important to note that the evaluation excerpts refer to a period before purchase. There is not much emphasis on the service aspect in this period, but only a short reference to value, which in the context of what has been said represents cost.

“...and they are quite happy to give you a bid, and I was happy with the value.”
(Technical)

In sum, this is a typical search situation, with low perception of risk and emphasis on technical aspects of the service. Now, the next search case in the insurance industry is introduced.

5.2.2. Case from interview 24 / Situation 1

The next search case in insurance is characterized by the client starting the interview with emphasis on pension funds, a product offered by one of the divisions of organization A, yet the client concluded his assessment suggesting that his view is equally valid for other services he had acquired such as insurance brokerage. The emphasis here is on the period prior to the acquisition of the service, as showed in the statement below. The respondent is a male, working in the insurance department of an organization of the media industry.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Personal</td>
</tr>
<tr>
<td></td>
<td>Relationship</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
</tr>
</tbody>
</table>

**Period:** Before use

The quote below refers to a client’s discussion of the decision to change suppliers; a period, therefore, prior to the acquisition of the service.

“Yes we did, it was about six years ago that we moved to XXX...”

**Attribute:** Personal Relationship

The client demonstrates that personal relationship was the most important attribute impacting his decision of choosing a provider, to the point that the client went for an informal tender looking for the soft side of the service.

“...we rang round to find who else we could talk to, when we wanted to move from the previous people, and then they came in and talked to us in a sort of tender process. It wasn’t a formal tender process, it was much more a meet, greet, talk to us process, rather than a written tender type process. As far as I was concerned, and my trustees agree, the personal relationship was, in a sense, more important than the cost. We had to be happy to be dealing with these people.”

**Assessability:** High vs. low

The lack of a formal tender was not a barrier to judgement. It was precisely the openness of an informal conversation which convinced the client of the supplier’s suitability.

“Indeed, yes, ‘........’ work closely and openly with the contact at XXX.” (High)
The assumption is that the client can better judge the quality of the preferred attribute, the personal relationship, by having an open and informal conversation. The client is in a better position to judge the service as he engages with the supplier openly.

**Factor 1**: Low vs. high perceived risk

It is also possible to determine from this impersonal tender the assumption that the client’s expected level of risk was low; otherwise the client would have put more emphasis on supporting written documentation.

“It wasn’t a formal tender process, it was much more a meet, greet, talk to us process, rather than a written tender type process.” (Low)

**Factor 2**: Technical vs. functional

From the statement below, there is little doubt about the emphasis on functional aspects of the service made by this client during the assessment prior to acquisition of the service. This is contrary to what has been observed in other search situations, where technical factors have prevailed.

“As far as I was concerned, and my trustees agree, the personal relationship was, in a sense, more important than the cost. We had to be happy to be dealing with these people.” (Functional)

In this search case, the perception of risk was in accordance with what is expected for search situations, with low perceived risk. However, the emphasis was on functional aspects of the service rather than technical, a result which diverges from what is expected. In chapter six, the discussion of research findings, the impact of divergent results such as this in a larger sample of
data is reviewed in order to check if the research questions of this thesis have been confirmed or denied.

5.2.3. Case from interview 26 / Situation 1

The next search case is about a company who administer franchise garages of auto brands such as Land Rover, Audi, Jaguar, Bentley and Aston Martin. The company have 18 sites and have been in a relationship with their current broker for about four years. The most important attribute during the search phase is cost, as demonstrated by the statement below. The respondent is a male, working in the retail motor trade as a Financial Director.

**TABLE 30 - CASE SUMMARY**

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Cost</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Period:** Before use

The period of the assessment refers to the phase before the acquisition of the service when the client reveals that the company went through a formal process.

“...and yes, we did, we went through a formal tender process.”
**Attribute**: Cost

The main focus in terms of services, in this particular case, is the focus on insurance premium, and consequently, which provider could offer the most competitive price.

“...and what we asked those three people to do was to estimate for us what the insurance premium should be and then tell us who the insurance company would be with them.”

**Assessability**: High vs. low

The assessability exercise in question relates to a period when the company decided to move from the previous broker to the current one, four years ago. The previous relationship was not entirely based on trust, and the client has some concerns about commission methods obtained by the former insurance broker when liaising with insurers, although the client is diplomatic when explaining the decision for another broker. One important aspect is that the former provider was sacked, and the assessment of the new broker was based on a level of information detailed enough for the decision to be made with special attention to cost figures. In addition, they have received recommendations about the new broker, showing that this is a case of surrogate buyer once again.

“And the figures, one of the people who is a customer of ours, their figures were very high. We then had two figures that were quite close, and we just preferred Bluefin over Marsh, which was the other company.” (High)

“...and I'm sure Marsh would have done a good job, we just preferred Bluefin. We knew some other companies that were using them and the recommendation was very good.” (High)

**Factor 1: Low vs. high perceived risk**

Following the analysis of the level of assessability, it can be seen from the next statement that recommendation played an important role in the client’s assessment. It is precisely the ability to
identify suppliers with positive references that makes the perception of risk of the contract lower than for clients with no recommendations. Here, it can be deduced that recommendation reduces the perception of risk.

“...and I'm sure Marsh would have done a good job, we just preferred Bluefin. We knew some other companies that were using them and the recommendation was very good.” (Low)

Factor 2: Technical vs. functional

Technical and functional factors have been relevant themes in the analysis of service (Grönroos, 1982). In the passage below, during the search for the preferred insurance broker, the ability to bring costs down in its initial proposal played a crucial role in the process. Cost is associated as a technical factor because it does not involve human interaction in one of its components, or more precisely, it is not related to how the service is delivered, but it answers the question of what is delivered.

“...and what we asked those three people to do was to estimate for us what the insurance premium should be and then tell us who the insurance company would be with them.” (Technical)

In this case, the perceived risk is classified as low, and the service factor is categorized as technical. Now, the analysis of the next search case is shown.

5.2.4. Case from interview 38 / Situation 1

The next search case originates from a Trust operating in the social housing sector. Founded in 2008, the Trust manages approximately 14,500 properties, having therefore high demand for risk management service. The respondent is female, working as a Risk and Insurance Officer in the area of social housing. Although the financial representative has been in the role for
approximately six months, much of the tender process discussed is well formalized, and she admits being able to comment on the portfolio she manages as she has looked at the tender involving her current provider.

### TABLE 31 - CASE SUMMARY

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 38</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 1</td>
<td>Search</td>
</tr>
<tr>
<td>Period</td>
<td>Before use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Period:** Before use

Comments related to the assessment of this case refer to a period prior to the acquisition of the service. A peculiar note from this case is that the respondent didn’t experience the tender process herself but feels able to discuss the tenders the company went through because she has consulted them in detail.

“I’ve looked through all the tenders and the tender submissions that are on file, so I know some of the key factors that the company were looking for at the time.”

**Attribute:** Knowledge

The most important attribute used to define the case is knowledge, because the client focuses on the provider’s ability to develop the function.

“…we went out to tender with our requirements and Aon were one of the brokers who responded, and they most closely matched our requirement for what we were looking...”
for in a broker in terms of the initial formation of the company. Obviously, it was being formed from scratch so all of the governance, the risk management policies, everything had to be done from a starting position, and their risk management services were used as part of the company formation as well as their knowledge of the social housing market, because they’ve dealt with a lot of other social landlords.”

Social housing has peculiar characteristics compared to traditional rental agreements, being subject to specific legislation. The risk management profile to run this sector, and the nature of knowledge required to run insurance policies in this area is specific, and that explains the client’s major concern which is to find a suitable supplier who knows these particularities.

**Assessability**: High

The Trust, as mentioned below, has been formed from “scratch”, which leads to the possibility that the client may have faced several potential credence situations, as many aspects of a new business implementation may present challenges that are not yet faced by the client and are therefore not part of the bulk of knowledge that the client has. In these cases, the reliance on suppliers who know the sector is greater, and the ability to assess the supplier’s support is lower than in routine business situations. In order to know, however, whether a client has faced a credence situation or not, it is necessary to identify the attribute chosen by the client as the most important, to then seek evidence of assessability of that attribute. In the case below, the client acknowledges that the Trust was explicitly looking for a broker with expertise in the social housing market. She offers an argument to suggest that the client was satisfied with the evidence of expertise offered by the potential broker. The evidence is that the broker has worked with other social landlords before. This is a case of a client able to assess the provider.

“…we went out to tender with our requirements and Aon were one of the brokers who responded, and they most closely matched our requirement for what we were looking for in a broker in terms of the initial formation of the company. Obviously, it was being formed from scratch so all of the governance, the risk management policies, everything had to be done from a starting position, and their risk management services were used
as part of the company formation as well as their knowledge of the social housing market, because they’ve dealt with a lot of other social landlords.” (High)

“I mean obviously cost and other services that were offered formed part of the tender evaluation, but the expertise in the social housing market was one of the key factors.” (High)

**Factor 1: Low vs. high perceived risk**

Here, similarly to the analysis of risk in the previous search case, the client demonstrated that the organization has asked for references during the process of selecting an insurance broker, causing the perception of risk to be lowered.

“We asked for client references” (Low)

Asking for references guarantees that the assessment has already been done by others, as it is usually the case of assessment based on surrogate buyers (Mittal, 2004).

**Factor 2: Technical vs. functional**

The analysis of the background of this case, which can be seen in more detail in Appendix 2, offers a good deal of information about the situation surrounding the occasion where the decision for choosing an insurance broker was made. The Trust started operationally in 2008, and has therefore looked for suppliers which could enhance their ability to deal with several unknown factors. Expertise on social housing was decisive. Following a service quality theory (Grönroos, 1982) reviewed in the literature chapter and applied in the context of insurance, it could be argued that the aspect of expertise has been seen in its technical dimension, referring to the ‘what’ factor. A functional factor here would need to be elaborated upon in terms of the ‘how’ factor, where the provider demonstrates how his expertise supports the client. Yet, in this case, it is only the reference to the provider’s knowledge that has been taken into account, and not how the provider delivers it.
“…we went out to tender with our requirements and Aon were one of the brokers who responded, and they most closely matched our requirement for what we were looking for in a broker in terms of the initial formation of the company. Obviously, it was being formed from scratch so all of the governance, the risk management policies, everything had to be done from a starting position, and their risk management services were used as part of the company formation as well as their knowledge of the social housing market, because they’ve dealt with a lot of other social landlords.” (Technical).

In sum, this case suggests that the perceived level of risk is low, and that the main service factor is of a technical nature. All in all, four cases were identified as search cases after the analysis of primary data in the insurance industry. In all four cases, customers presented a low perception of risk. In addition, out of the four cases, three presented customers with an emphasis on technical factors and one customer with an emphasis on functional factors. These indicative trends in perceived risk and technical vs. functional factors are aligned with the predictions proposed by the research questions put forward in this thesis. Now, the investigation of the primary data categorized as credence cases in the insurance industry is introduced.

### 5.3. Credence cases in the insurance industry

As can be seen from Table 32, there are six cases categorized as credence situations from the analysis of primary sources in the insurance industry. In five of them, clients are demonstrated to have high levels of perceived risk about the service, and in all six cases, the focus is on functional factors.

<table>
<thead>
<tr>
<th>Case</th>
<th>Attribute</th>
<th>Assessability Low/High</th>
<th>Risk Low/High</th>
<th>Technical/ Functional</th>
</tr>
</thead>
<tbody>
<tr>
<td>I 18 - 2</td>
<td>Claims</td>
<td>L</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>I 24 - 2</td>
<td>Relations</td>
<td>L</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>I 28 – 2</td>
<td>Ins. Cover</td>
<td>L</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>I 33</td>
<td>Insurance</td>
<td>L</td>
<td>L</td>
<td>F</td>
</tr>
</tbody>
</table>
This section deals with the presentation of credence cases identified through the analysis of interview data from the insurance industry. Cases are introduced individually, as shown in the sequence.

5.3.1. Case from interview 18 / Situation 2

The first credence case to be analyzed refers to data obtained from an interview that has already been subject to analysis in the previous section dedicated to search cases. The respondent is a male working with insurance for a carpet manufacturing company. During the coding phase, it was observed that a single interview can generate typically one or two different SEC situations. In the particular case of interview 18, from the carpet manufacturer introduced in the previous section, it is possible to observe that there were enough data to identify a search case, and a credence case. The credence case obtained from the client responses refers to the part of the client’s business that has been diversified. It relates to insurance claims managed by the business. The timing of analysis refers to a period after purchase, as it can be seen from the statement below where the client makes references to the fact that the subject of analysis is the insurance broker, the stable factor in the relationship.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 2</td>
<td>Credence</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Insurance claims</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
</tr>
</tbody>
</table>

**Period:** After use

In the passage below, the client gives examples of several changes in insurance providers over the years, but the focus of the discussion is on the broker, after the period of acquisition of their services.

“The most relevant will be the broker because over the past four or five years we stayed with Bridge, we moved underwriters; we were one time with Zurich, and we moved to an Australian company called QBE. We were there for two years, and we then moved to Travellers, so throughout that time it is the broker that has been the stable factor.”

**Attribute:** Insurance claims

The most important attribute, as highlighted by the customer during the interview, refers to insurance claims handled by its broker. The client reflects on the matter highlighting one of the core aspects in quality assessment of insurance service, which is the fact that a client pays for the service, but does not see the outcome of it, unless in case of a claim. The assumption here is that it is the claim process that offers the opportunity for the policy holder to assess how well the provider clarifies his doubts, answers his requests back, manages related documentation and above all pays for the damages claimed. The presence of unknown factors in insurance, such as when customers have never used claims, is the reason why some commentators classify insurance as a credence industry (Darby and Karni, 1973). We have seen in chapter two, however, that this classical view does not hold in the face of the current theoretical debate in marketing, which emphasizes the context of the evaluator above all (Grönroos and Ravald, 2011). It is the context that gives room for credence situations to emerge, not simply the reference to the industry sector in the study. Here is one practical example of the issue. The client refers to peace of mind as the equating factor amongst suppliers as below. A credence
situation emerges in a context where no claims have been required, as illustrated by the example below, and customers do not have parameters to judge the quality of the service of an insurance broker. The only reference becomes the peace of mind, which is similar to all providers, according to the client.

“…every day that goes by and you pay money for insurance, if you don’t have a claim, you haven’t had anything back for your money other than peace of mind, and that peace of mind is exactly the same with any insurer.”

However, when the context changes, and a claim is required, then the client can assess whether or not the claim handling has been dealt according to expectations, and therefore the client is able to develop his or her critical view of the quality of the service.

“Another area is where you have a claim, and we would want their claims people to do what they can to come up with a good solution for us.”

The statements above reveal that what makes the client’s situation a credence case is the fact that he is not able to clearly assess the service when the client has not experienced insurance claims, and not simply because he refers to insurance matters.

**Assessability: High vs. low**

It is possible to see, therefore, from the next statement that what qualifies this case as a credence case is the fact that the client does not feel that they are in a position to assess the likelihood of the insurance provider to deliver a high-quality claim service. This is the case not because of an industry characteristic, but because of a particularity the client is facing, which is the fact that settling the account was the only dealing he has had recently.
“*I am struggling to talk about the insurer because the only dealing we have with them is the settling of the account which was twelve months ago.*” (Low)

Settling the account is the only service he has received; there are not enough parameters for judgement. A closer look at the contextual background demonstrates that the client has not dealt yet with claims with the current provider. Note that it is less relevant where the credence aspect comes from, either from the broker or from the insurer interaction. The unfamiliar territory in which the client sees himself is enough to affect the evaluation as a whole. In other words, if the insurer’s standard of claim management is not known, the client feels uneasy about the potential outcome despite the effort demonstrated by the stable partner, the broker. It is the overall outcome that dictates the client’s ability to judge the service. This aspect is unknown up to the moment of the interview, although there are signs of the client’s trust in the broker’s ability to defend his interests. It is, nevertheless, a case of low assessability.

“*…this is in the very early stages of the claim, so we will have to see; so far it is the first one which Travellers have to deal with.*” (Low)

“Yes, that’s right, and then the insurer might say ok you are not covered for this, you are not covered for that, and the broker, if he is good, might argue the case for you, you know, because in insurance there are some grey areas, so you want them to see your way, you want to win the argument, you want the broker to put forward the argument, and ours does.” (Low)

**Factor 1:** Low vs. high perceived risk

The level of risk perceived by the client relates to the likelihood of the claim being judged according to expectations. The client suggests that there are some operational particularities to his business that raise question marks with regards insurance policy. Not knowing how the provider will treat such particularities increases the perception of risk. Some argue that this is another example of why the classical theory treats insurance as credence (Okura and Lee, 2009), because of the so-called intrinsic obscure nature of risk management and underwriting, leading to information asymmetry. I argue that what makes the situation obscure is the lack of
transparency perceived between the actors involved in the relationship, which might be a function of the practices of the industry rather than the characteristics of the product being underwritten. In this case, the perception of risk is high because the standard of service is not known due to the fact that actors have changed, and a new supplier is now providing the insurance service.

“I mean risk, let’s say we were doing something our operations involve; let’s say, I don’t know, leaving some stock outside, in a locked compound, in a van whose doors weren’t locked, they will say, oh, it would be terrific if you could lock the doors, but I can see that your operational requirements is such that it can’t be done. We will inform the insurers that this is what you’ve been doing, and they will say whether it is covered or not. Well, that may be an example of where the insurers say yes, this is fine, it is in a locked compound, you are covered for this, you are covered for that, so we want to know where we have gaps in our insurances, where you may face a risk that we think we should be covered for, but the insurer would say we are not.” (High)

**Factor 2: Technical vs. functional**

It is worth noting that two very distinct behaviours were categorized from interview 18 when it comes to the analysis of technical and functional factors. In the search case, it was clear that price, and therefore the technical element, drove all the assessment. However, for the credence case, the client is much more inclined towards the functional aspect of the service, which is aligned with the predictions posed by the research proposition expected for credence cases. In the passage below, it can be seen that the client expects more than simply receiving technical information. The client wants a provider that could offer him interpretation of the impact of insurance policies on business matters. That requires a good deal of experience, proactivity and understanding of the business, which are both elements of functional nature.

“…the guy I speak to is called Tony Jackson. He is about my age, he has been in insurance for a long time, he knows what he is talking about, he can talk sensibly about insurance, not just technically; I do want some technical input, but I also want them to give me a sensible business argument, about whether something is worth insuring or is better you take a risk yourself.” (Functional)
In the next passage, the client goes on to offer a more intimate view of the provider, with illustrations of personal preferences. The client does not necessarily see the service as personalized, but puts emphasis on the trust he has placed in the provider.

“The guy who comes and talks credit insurance with us, he is from this area, he supports the same team (laughs) that I do. It is difficult to say, the guy who talks about main insurances is personalized to me? It probably isn’t but, it doesn’t need to be, I just need to believe in what he is talking about and what he does.” (Functional)

In sum, it can be seen from this first credence case that risk is perceived as high, and there is emphasis on functional aspects of the service which are all aligned to what is expected for the two research factors, risk and technical vs. functional factors. Now, the next credence case is introduced.

### 5.3.2. Case from interview 24 / Situation 2

As usual for credence cases, insights obtained from this interview have already been subject to evaluation for the identification of other situations. During this interview, a second SEC situation has been observed with great emphasis on relationship, an attribute that seems important since the initial days of relationship between the company and the supplier. The respondent is male, working as a Financial Director for a media company.

<table>
<thead>
<tr>
<th>TABLE 34 - CASE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
</tr>
<tr>
<td>Situation 2</td>
</tr>
<tr>
<td>Period</td>
</tr>
<tr>
<td>Attribute</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
</tr>
<tr>
<td>----------------------------</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
</tr>
<tr>
<td>Factor 2: Technical vs. Functional</td>
</tr>
</tbody>
</table>

**Attribute:** Personal Relationship

In this particular case, the focus is on personal relationship, which is the main factor, according to the client’s own words, for developing loyalty to the brand.

“…it is very much the personal relationship which has created the loyalty. If the personal relationship doesn’t work so well, then that loyalty will dissipate.”

**Assessability:** High vs. low

This particular case has important implications for the understanding of a relevant aspect of the theoretical debate posed in this thesis. Based on a seminal work of Bloom and Pailin (1995), and as discussed in the literature review chapter, I argued that SEC cases are not features of an industry, or static embedded aspects of an attribute; they are dynamic and volatile situations. These situations change according to the circumstances surrounding the customer environment, affecting the clarity by which the service is judged. From the case in question, obtained from the analysis of data in interview 24, it was possible to identify, at least, two different SEC scenarios. One is categorized as a search case, and another as a credence case. What make these two situations interesting is that in both cases, the preferred attribute is the same, which is the attribute relationship. This is useful to illustrate that the same attribute can on one occasion be understood clearly and judged confidently by the client; and on another occasion be subject to doubt, due to changes in circumstances affecting the environment regulating the interaction between client and insurance supplier. In this particular case, the person central to the client’s assessment of the quality of the service was sacked. The client, consequently, cannot confidently judge the quality of the relationship until the new relationship matures.
“It is going to be quite difficult to answer some of these questions because...let me explain...the person I’ve been dealing with for the last six years has just been made redundant and therefore we have new contacts who we haven’t even met yet. So I’m going to have to talk about how it was, as opposed to how it is now. Does that make sense?” (Low)

The judgement, which is temporarily based on past experiences, illustrates that the level of assessability at present is low. The client is therefore exposed to a set of new variables, a new context will emerge, another person will come to replace the previous employee (or employees), and this person will almost certainly carry a particular way of interacting with the client.

“Ok, we are going to review the process and the relationship, because all our advisors...all the people we deal with at the moment at XXX are now leaving the business.” (Low)

“So although we do have a basis for a good relationship we are going to be dealing with different people. So, how that relationship develops will decide whether we stay with XXX or not.” (Low)

The perceived quality of the most preferred attribute will start to consolidate slowly, and all over again, until the client reaches a level of confidence where he feels comfortable to judge the relationship again.

“No, as far as I’m concerned, no there isn’t (difference between service from pension fund provision and brokerage service). These are personal relationships which have developed...in terms of insurance it started with other people, but I’ve carried on with the relationship, which is a relationship between people, and how you get on with somebody and how you view them, rather than necessarily the organizations for which they work.”

Factor 1: Low vs. high perceived risk

The level of risk is perceived as high because the client adopts a scheme of separating the functions, having different advisors for each type of financial instrument. According to the client, that has not been a deliberate policy of the company. It happened without planning, at different times. Yet, the FD (Financial Director) believes that the separation has the important
implication of eliminating the risk of relying solely on one advisor, releasing the client to talk to
different advisors about different thinks.

“We have a separate insurance broker, and a separate financial advisor who handles
things like medical insurance. So we’ve segregated the various functions, rather than
having them all in one place.” (High)

“…I’m much happier rather than having everybody in the same pot.” (High)

“…So we therefore have various different advisors, and we can talk to different
advisors about different things, rather than have one advisor for everything.” (High)

Factor 2: Technical vs. functional

Having relied on personal relationship as the core aspect to sustain business relationships, it is
almost expected that this client would rate highly the functional aspects of the service. In this
passage, the client puts great emphasis on the difficulties of the learning process involved when
new people enter the interaction process. The client values a stable net of persons and data as
the backbone to sustain the service.

“Very much so, yes, it’s because we have developed a good working relationship, not
just by direct contacts, but with other people, and we work with the same data and the
same information. It makes it very easy, and it certainly is a barrier to changing
advisors, going through a whole new learning process again.” (Functional)

Here, in these three sets of passages, the client is almost signalling to the current provider where
the risk of losing the account lies.

“…all the service providers we have, and I deal with a number of people who supply us
with these sort of services, it is this personal relationship which makes it work in all of
them. Where there hasn’t been a personal relationship in the past, we’ve tended to
move our supplier, because there’s nothing that holds us.” (Functional)

The client relies vastly on the account representative to the point of following him from one
organization to another.

“James Hallam is our main insurance brokers, and actually again, this is a personal
relationship. The person within the brokers who I’m dealing with, this business has
dealt with on and off for the last 25 years, even though this is her fourth business she’s been involved in. We’ve effectively followed her through her career, because of the personal level of advice and service she’s given.” (Functional)

This type of closer interdependence between the person providing the service and the client poses a great deal of threat to suppliers looking to retain exclusivity over the account. This is the case here, where the insurance provider will need to be very alert to the demands that the client is expect to voice regarding aspects of interaction that form the basis of a relationship.

“…These are personal relationships which have developed…in terms of insurance it started with other people, but I’ve carried on with the relationship, which is a relationship between people, and how you get on with somebody and how you view them, rather than necessarily the organizations for which they work.” (Functional)

In the next passage, the client reinforces his view on functional aspects of the service. There are clients who would be satisfied simply with the results obtained from the service. However, in this case, he reflects on the aspects that invariably lead to good results, and according to him, it is usually the person behind the service. These passages illustrate a client who puts great emphasis on functional factors.

“The quality of the service we get. If you’re getting a good service, and you’re happy with it, then the processes that lead to that point must be right, and if those processes are right then they must be managing it right. It’s almost a backwards flow from the result to what’s achieved in that result.” (Functional)

“In a sense it’s the result that matters. If they get the result right, on a regular, consistent basis, then they must be doing things right further down the chain.” (Functional)

“Theoretically no (service personalized), theoretically they give the same service, because it’s a service agreement, to everybody. However, the reality is you’re dealing with individuals through this process, you’re not dealing with a service contract, and it is the quality of the individuals and the way they react and behave that actually makes it different and personalized.” (Functional)
The analysis of this case suggests a scenario well aligned to what is expected for a typical credence case. The level of assessability is low; risk is perceived by the client to be high and there are plenty of examples of emphasis on functional factors. Now, the analysis of the next credence case is presented.

5.3.3. Case from interview 28 / Situation 2

This case shows an interesting facet of the situational SEC theory (Bloom and Pailin, 1995), which highlights how the rich variability of contingency factors affects someone’s ability to assess the service. The senior manager who responded to this interview has worked in the retail organization for approximately 10 years, in various functions such as retail, purchase and insurance, albeit he has assumed a more direct role in insurance management tasks only recently, in 2011. The company is privately owned and was founded in 1893. The company therefore has dealt with insurance matters for a long period of time. The insurance provider has been the same for approximately 10 years. It is not an exaggeration to suggest that there are sufficient elements in the contextual background to believe that the client should be fairly familiar with possibly all aspects of the insurance management programme for its firm. Nevertheless, a request from the insurance provider led the client into unfamiliar territory, which is sufficient to justify the categorization of this situation as credence.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation 2</td>
<td>Credence</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Insurance cover</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>Low</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>High</td>
</tr>
</tbody>
</table>
**Factor 2: Technical vs. Functional**

<table>
<thead>
<tr>
<th>Functional</th>
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</table>

**Period:** After use

The client refers to services from the period after contracting the supplier, as below:

“...so it was a bit of a daunting task, when the renewal came through and that was part of the plan, but it is something that we’re already working on and progressing with.”

**Attribute:** Insurance cover

A business continuity plan is a type of insurance request usually made by insurance suppliers in order to spot eventual opportunities for cover and protection. It is here the most relevant aspect of a client’s assessment about service.

“I think my biggest problem might be producing a business continuity plan as requested by the insurers, the main insurers, and that’s something that I’ve had some help with from them and from Blue Fin, so it was a bit of a daunting task, when the renewal came through and that was part of the plan, but it is something that we’re already working on and progressing with.”

The client had problems preparing for this task which suggests low levels of expertise in the area, as explained in the next section.

**Assessability:** High vs. low

The client is facing a task that may be seen by some as not more than mere routine in insurance practices, which is the need to produce a business continuity plan. Here, the client is aware that the task poses a problem for him, as the next statement below highlights. It is reasonable therefore to conclude that the level of assessability of this aspect of the insurance service cannot be high. The client is not in a position, at least not for some time, to comfortably and
competently judge whether or not the support from insurers and the broker on this matter is of a high standard. The client has to trust that the instructions are accurately given and that the implementation of the process will not undermine his efforts, or worst, lead him to be vulnerable in the future. It is only with the completion of the task, the avoidance of claims, and the administration of resources in the face of eventual losses over a substantial period of time that might tell whether or not the business continuity plan is sufficiently robust. Had the Financial Director prepared for this situation before, he could have been in a stronger position, and may have been able to analyze all the elements of the business plan elaboration, depicting features of the changes affecting the business as well as understanding the implications for underwriting related insurance cover. That is not the case here, and the situation is peculiar to this client, at this stage of the business relationship. Other clients may face the same situation very differently.

“...so it was a bit of a daunting task, when the renewal came through and that was part of the plan, but it is something that we’re already working on and progressing with.” (Low)

Factor 1: Low vs. high perceived risk

In this next passage, the client admits that in other past situations, the organization has not prepared well for unexpected events. In that sense, previous experiences may well be the explanation for why the elaboration of the business continuity plan is perceived as sensitive. Previous losses may have alerted business managers in the company to the need to take risk management programme more carefully, which raises expectations for identifying a risk-free plan. The consummation of a loss makes the contender more acutely aware of the need for preparation in future situations, moving him from the unknown to a step closer to the known, until he acquires expertise to face and judge similar situations, when risks could be considered under control. In that sense, an experience works as a tunnel leading the client from the unfamiliar towards the more familiar territory. Yet, new business situations emerge with a rich
variety of new obstacles, affecting the status quo and forcing the person to look to other aspects of the plan. That is why the task is daunting for this particular client, who is mindful of the problem, hence sufficiently sensitive to potential risks involved, but not totally familiar with it.

“Well, it’s quite a major, sort of, look at the business, and we had probably not prepared brilliantly in the past when planning for unexpected events.” (High)

**Factor 2: Technical vs. functional**

This particular passage illustrates the mediation carried by the broker, with attention to the level of involvement with the insurers and with emphasis on how the service is delivered focusing on the task at hand, and the ability to involve the insurer. The focus on how the service is delivered shows a preference for functional factors (Grönroos, 1982).

“But the insurers were, at the time, excellent and did a really good job, and the brokers were excellent in organizing the loss adjusters and involvement with the insurers in it.” (Functional)

This is another example of a typical credence case, where the client does not yet have competence to judge the service offered by the providers on a given attribute that is important to him. The client is acquiring expertise on the matter as he engages with the insurer and the broker, but this is not a simple task; experience only become expertise after a certain period of time, and after considering a myriad of circumstances shaping the service environment. Previous experience had made the client more sensitive to failures, the reason why risks are perceived as high, yet the client’s low level of familiarity with the insurance request makes him very dependent on functional factors. More interesting is that all these aspects take place in an environment where, at first sight, the situation is apparently stable. This case helps to illustrate that there are no such things as an experience industry, product or service. When all things seem to be under control, new variables come into place and affect the ability of customers to judge the service. Now, the next credence case is introduced.
5.3.4. Case from interview 33 / Situation 2

This case presents a challenge for analysis because the Financial Director, who has been in the role for approximately two years and a half, does not know much about some of the proceedings adopted to regulate the insurance programme of his company. The reason for the lack of understanding is not to do with his role, but with the fact that the parenting company, located in the United States, centralize much of the decision. In spite of this limitation, interviewing him was an important exercise that leaves open the discussion of the extent to which local managers should be oblivious to issues affecting their business, a reflection that the respondent sought to undertake towards the end of the interview by stating that the centralization has its weaknesses. As a consequence of this organizational arrangement, this case is rich in credence situations which can be identified by the reader throughout, such as his lack of knowledge about how to handle property claims, or the understanding of fees applied. Inevitably, a question of a methodological nature emerges: to what extent should the interview be restricted to the decision makers of the pool of companies involved in the project? I believe that getting the ‘feel’ of what takes place on the frontline enriches the analysis of the researcher, as it delivers plenty of illustrations of what actually takes place in the day-to-day manager’s routine. Local FDs are the ones who receive the service and should be the ones to be questioned when it comes to its assessment. The respondent is a male working as a Financial Director for a workwear manufacturer.

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<tr>
<th>Case</th>
<th>Interview 33</th>
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<tbody>
<tr>
<td>Situation 2</td>
<td>Credence</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
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<tr>
<td>Attribute</td>
<td>Insurance</td>
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<td>Cover</td>
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<tr>
<td>Assessability (High vs. Low)</td>
<td>Low</td>
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<td>Factor 1: Risk (High vs. Low)</td>
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<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
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**Period:** After use

The respondent refers to the current period of relationship with the broker, which has taken place over the last 10 years. Therefore, the situation refers to a case of quality assessment after-use/acquisition of the supplier.

“Yes, I believe Marsh have been the Tyco’s broker for ten years or more.”

**Attribute:** General insurance cover

The preference for a specific attribute is not verbalized here. The importance of insurance is depicted in its general aspects. It is suitable therefore to focus on insurance cover as the relevant aspect of the assessment.

“We buy insurance because either the law requires that we do, so we need a certain amount of motor insurance, or it’s the right thing to do.”

**Assessability:** High vs. low

The FD raises an important question with regards his lack of knowledge of the impact of internal risk reduction programmes on insurance costs. The company have undergone a process of implementing safety culture, and the manager confirms that they have reduced accident rates. However, the underwriting area has not been affected by it, according to the FD. This is an issue that raises questions about how price is defined. Commentators see the lack of transparency in the insurance industry as a central theme in credence literature (Okura and Lee, 2009), including amongst them the seminal work of Darby and Karni (1973). As discussed in chapter two, an insurer is well positioned with regards the management of information of risks, and as a
consequence, they can obtain economic advantages from it (Okura and Lee, 2009). My point is that some customers are well versed in how insurers underwrite their policies. The lack of transparency, which may be perceived as common practice in the industry, is a feature of business relationships and reflects how a provider decides to engage with their clients. If the whole industry adopts that practice, of low transparency, this may be more to do with the stage of maturity of that industry when it comes to customer relationship than the nature of its services.

“I guess... there is not much line of sight between the information that I provide and the premium that comes back. So I don't, for example, as a business we have invested heavily in our safety culture, we have very significantly reduced our accident rate over the years, but this kind of information is not, I don't see how this information affects my employer’s liability premium, for example.” (Low)

However, the credence aspect surrounding the client assessment of the business also affects more tactical issues of the daily operation. That is where low understanding of routines may affect the ability of the company to obtain more from the provider, or even from selecting a good provider.

“I don't know because it's not a reason, I literally don't know how I would handle a property claim if one arose, I would, that would be my first contact would be either to find somebody internally, saying how do we make a claim, or I'd go to Marsh and say how do I make the claim?” (low)

Local feedback from the process should be important, regardless of financial benefits that parenting companies obtain from the centralization of decisions. It is important to emphasize that if the company is not able to judge the quality of the service appropriately, then they might be receiving a suboptimal service.

“No, it's not based on marketing information, so I mean because they don't provide us, we don't get any marketing information, it is about the... the service we get from a renewals perspective. I never get anything from Marsh telling me about their wider services or telling me that they are wonderful.” (Low)

**Factor 1:** Low vs. high perceived risk
In the passage below, the client acknowledges that his perceived risk about the provider is low. The FD seemed satisfied in dealing with larger players in the market, which accommodates his anxieties.

“They are...Marsh are one of the biggest businesses, biggest brokers in the business – I have no concerns about the risk in dealing with them, and we have a risk management function in the parent company who will, actually part of their role is to make sure that we have appropriate coverage, that the risk associated with the broker we are dealing with is managed.” (Low)

However, in this passage, the client gives away what might be the real reason why his perception of risk is low. He makes a parallel with the parenting company and concludes that in the face of it, his own organization is much smaller and does not represent any serious risk. That justifies the categorization of perceived risk as low.

“Well I guess the, as a business we are...we are a relatively small proportion of our parent group, so yes if we were an independent business or part of a much smaller entity...I would...I would expect a broker or insurer to get much closer to us. As a small part of a much larger group...then, you know, I recognize, you know, whatever I'd like we are just small and therefore they are not going to spend a lot of time on us because we are not, we are not that big and important, and in terms of the group as a whole, we would have to be, our risk profile would have to be very significantly different from the whole for it to be worthwhile spending time on this business.” (Low)

“Our products require extensive third-party approval so we know we have high performance standards with our products, so I think our risk profile actually is quite low and therefore, you know, what a broker can potentially deliver for us in terms of a more tailored coverage is probably, is probably actually very limited.” (Low)

Factor 2: Technical vs. functional

In terms of service factors, the respondent’s focus is clearly on the functional side. The lack of understanding of insurance practices and the centralization of the programme leads to the FD being somewhat distanced from the insurance routine as well as from the strategic aspect of the
negotiation. That causes the client to rely more heavily on how the business is done rather than what is done. The human factor plays a recurrent role throughout his assessment.

“Well the reason I would see a need for a closer relationship is so that they can...I either provide the insurance, which is more where the coverage, the scope of the coverage is more closely aligned to our business needs or the information driving the underwriting decisions is, it is better understood, so I guess that means a lower premium...” (Functional)

Here is where the lack of involvement by the front-liner shows one of the damaging effects. Low understanding is a two-way avenue, and the FD outlines what he sees as a problem due to the distant relationship, which is the provider’s lack of understanding of the company business.

“...I think they have probably got limited knowledge of my business.” (Functional)

“Yeah, I would say...you will always...support a business better if you understand it better, and in the case of insurance that is actually understanding...the risks associated with our business, so...so yeah, I would want, in an ideal world I think I would want the broker and the underwriter to insure and understand our business a little better.” (Functional)

A final but lasting effect of the lack of involvement and proximity reflected through low understanding of the service is the sense of commoditization of the business. Despite the over-reliance on the human factor, the client does not see this aspect as a proxy for differentiation, and simply does not know how the insurance provider can claim anything outstanding in terms of service provision. This is a dangerous thought for providers interested in retaining customers.

“It's the kind of service, the experience that I've got is that we've never made any difficult or challenging or stressful demands of Marsh and therefore what I can do is either they go through the renewals process and it's trouble free or they screw up...and they don't screw up, but they've done nothing outstanding because there is not the opportunity to do anything outstanding – all they've done is, they've done what they've done, they've done it right as far as I can tell, nothing more to say about it.” (Functional)

In sum, this case could be understood as a typical credence case, with several claims of lack of knowledge on the part of the service evaluator. There is one caveat though: the perceived risk is
low, unlike what is expected for credence cases. This may be due to the structural division of functions across the group, or alternatively, to the low relative impact of the company in the overall risk of the group. Nevertheless, the case helps to illustrate the strong association between low assessability and functional factors, which is another characteristic of credence situations.

5.3.5. Case from interview 39 / Situation 2

The next case is an example of another interesting credence situation. The comments made by the Head of Finance of a manufacturing company offered a rich scenario for analysis, covering concerns that go to the core of the relationship with insurance providers, the quality of communication. Yet, the Financial Manager goes beyond merely talking about daily issues, and poses a reflection on the practices carried out by the insurance provider, as shown in the sequence of statements. The respondent is male with five years’ experience as Head of Finance for a packaging manufacturer.

TABLE 37 - CASE SUMMARY

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 39</th>
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<tbody>
<tr>
<td>Situation 2</td>
<td>Credence</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Communication</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>Low</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>High</td>
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<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
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</table>
**Period:** After use

The statement below refers to a period of the service relationship after the acquisition of the contract with the supplier. It is therefore a case of after-use assessment.

“I believe that they could be a bit more proactive…”

**Attribute:** Communication

The most important attribute is communication; it is this service attribute that is used as a reference by the client to judge the situation.

“I think communication, like most things in business, the most important aspect seems to be clarity of communication…”

**Assessability:** High vs. low

The client starts his reflection by complaining about the passive nature of the personnel servicing the account, and soon touches the very concerns typical of customers in credence situations, the feeling that there must be more going on in the industry than he is made aware of.

“Yes, I think so. I think they’re possibly more on the reactive side of involvement than proactive. They wouldn’t, apart from a couple of instances, contact us with anything that’s new in the market or say have you considered this or have you considered that; it’s more they respond to our contact and our queries. So, you know, I think there are more things moving in the insurance industry than we are made aware of, so they could possibly be a little more…” (Low)

“The insurance industry is so big and it is quite fast moving, and because it’s a specialist area, then I’m used to having slightly more input from specialists. So for instance, as a comparison, we use consultants who are specialists in taxation, and if something changes in the fiscal rules or they’re aware of something that would be of interest to us, then we will receive a communication about that; have you considered this and what are your thoughts on that? Whereas, they’re taxation experts, and we don’t get the same input from the insurance experts.” (Low)

The thought that you do not know enough, or that you are not up-to-date with changes in the industry reflects the same concerns from commentators (Roubini and Mihm, 2010) in the media
in general (Harford, 2013). In this particular example, the customer reacts to the complexity by projecting his or her concerns onto the quality of the services/communication delivered by the front-liner who manages the account.

“I believe that they could be a bit more proactive in terms of prompting us to consider different ways of managing our insurance needs.” (Low)

“It is what I think, I have to say. I think they are very good from a reactive point of view, when we have a query, an insurance-related query, they’re very good at answering the question, but it’s my understanding, my belief, that there must be other areas that they could be suggesting, making suggestions to us, to improve our risk profile, or even to reduce our premiums. If they were a little more proactive in that...” (Low)

**Factor 1: Low vs. high perceived risk**

The client’s assessment about risk is founded on the tendency for increasing premiums, which in turn is a reflection of the liabilities faced by the company. The customer rationale is that this is a growing concern of the industry, and a worldwide problem. The perception is therefore that there are high levels of risks involved in the business.

“As we are a manufacturing operation, we have a high proportion of manual, as you’d expect, and again that then drives the employer’s liability premiums. So that’s, you know, quite an important premium for us, because that’s one that, in all recent years, has escalated in terms of cost. Both driven by the growth of the business as we’ve taken on more employees, so you would expect that premium to rise with that, but also the insurance costs have increased as well, with a greater number of incidents if you like, or tendencies perhaps, for employees to submit claims, which tends to be a worldwide, I would say, problem at the moment.” (High)

**Factor 2: Technical vs. functional**

In the face of a lack of understanding of the particularities of the financial industry, the client understandably expects a provider with a more proactive attitude, engaged in clarifying and updating him with the latest news of the industry. The reliance therefore on functional aspects
of the service is above average, which can be observed throughout all the client’s comments.

The client expects more empathy to his needs, as can be observed in the statement below:

“I think they could be a little more…put themselves in our shoes sometimes and say, ok we understand that cost is a big issue to any business and service levels and to really explore ways that we can minimize our costs and maximize our service levels so we are not compromising on any coverage, but we are not over insuring in any particular area, or we’re doing things in a smart way. So I think they could add more value to the businesses if they put themselves in our shoes a little more often.” (Functional)

Here, the client refers to the lack of support, based on an increasing feeling of not getting enough value from the service. The effect of this is felt on premiums paid, which is making the client much more sensitive to the attribute cost than he would otherwise be.

“Yes, but I think the more forward-thinking brokers would accept that in the longer term they will be more successful financially, if they could balance the reactive and the proactive support for businesses, because certainly in these times when we have the global recession et cetera, going on, it’s what companies need, it’s what companies will value of a broker. It might give them a competitive edge if they could actually be viewed in the market place as being much more supportive with that, so they might have a slight reduction in the income per company, but they might have a lot more companies placing business with them.” (Functional)

Here, the sense of commoditization of insurance observed in the previous case reappears. The client sees room for improvement in insurance practices, recognizing its own role as client as crucial, ironically, pressing the suppliers for innovation.

“So that’s what I mean by being proactive; I mean apart from within Seda, and I don’t think we’re different from many companies, any external service company that we use, whether it’s a financial audit or any other body who are experts in their field. There may be a statutory compliance reason why we’ve engaged them, but we always try to get something out of it. To try and get them to suggest ways we could improve, so that we keep challenging ourselves to improve in all areas. So that’s really the main driver behind my comment, to apply that same philosophy to insurance.” (Functional)

“Yes, in similar industries. They could say to us, you’re not…if we’ve had an increase in trend of accidents in one particular area of the factory maybe, say it’s material handling of paper as an example. They may use the broker, or the broker could prompt it with the insurer, so they could say, yes we’ve had experience of similar incidents at
another company, another one of our clients, and what they did was, x, y, z. So that it’ll just give us that extra bit of knowledge, rather than try to find our own solutions each time. We always seem to have to reinvent the wheel.” (Functional)

In the next passage, the client illustrates what the insurance provider could do in order to offer better service.

“Yes, I think so, but it’s again on a requested sort of basis, and because of time constraints ultimately, we don’t really have the time to just contact them and say, do you have any particular specialists in this area? What am I trying to say? I’d quite like them to put themselves in our shoes. They know we’re concerned about increasing insurance premiums, they know that’s being caused by increased levels of claims for employer liability, they can carry out the analysis themselves of the accidents and the claims and the value of those claims and through a sort of Pareto analysis. They can say, ok this is the biggest area for this company they need to focus on. A company in a similar situation adopted the following practice and it maybe for them to contact us and say, do you know what, we think we have something that will benefit you, we can send somebody down, they’ve got some data, they can provide some resource to help and then explain what was implemented at a similar operation.” (Functional)

A study method such as Pareto analysis could well be used to illustrate different ways to tackle insurance problems faced by the company. That illustrates a much more interactive relationship than the clients get at the moment, with plenty of room for exchange of internal data and consulting.

“Yes, on the same theme really, this is all pretty much the same theme. In terms of being able to stop and think about Seda’s insurance needs, not just at the renewal time, which is an intense period of a couple of weeks every year, but to regularly review and to prompt and suggest areas for improvement…” (Functional)

In the end, the client believes that there must be some complacency taking place due to the fact that the broker has experienced a long-term partnership, and has not been replaced in the tender processes for a long time.

“No, I think we have a long-term partnership, but we don’t make it so comfortable for the broker that they feel comfortable. They have to continually prove themselves each
renewal that they are the right people for the job. I think in reality, because we haven’t changed our broker for many, many years, then maybe it’s not a real perceived risk in their mind. It’s a worst-case scenario as opposed to a realistic possibility.” (Functional)

In this case, which offered plenty of illustrations of credence situations, it is possible to observe low levels of assessability of the service. Aligned to what was expected, the perception of risk is high, and there is overreliance on human factors (hence a functional side). This is due to the perception of ineptitude felt by the customer when it comes to judging the service. This is therefore a typical credence case. Now, the last credence case analyzed qualitatively in this research programme is introduced.

### 5.3.6. Case from interview 40 / Situation 2

In the next credence case, the attribute relationship is packed together with price and is seen as the bulk of customer concerns. However, it is the relationship that drives customer reasoning throughout the service assessment, as can be seen in the sequence of statements. The respondent is male and has worked as a Financial Manager for a packaging manufacturer for 27 years.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 40</th>
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<tbody>
<tr>
<td>Situation 2</td>
<td>Credence</td>
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<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Relationship</td>
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<tr>
<td>Assessability (High vs. Low)</td>
<td>Low</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>High</td>
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<td>Factor 2: Technical vs. Functional</td>
<td>Functional</td>
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</table>
**Period:** After use

The short statement below is offered here in order to illustrate that the period of reference for a client’s comments is after acquiring the services of the provider.

“…and we get a good relationship out of him…”

**Attribute:** Relationship

Although the client is price sensitive, he balances the assessment by focusing on personal relationship with account managers.

“Yes, but it’s not at any price, that’s the thing. We know his prices are good, and we get a good relationship out of him. If the relationship was good, but the price wasn’t, then we’d be having strong words with him.”

**Assessability:** High vs. low

In this case, the client admits not knowing all the aspects of the insurance industry. While the statement can be seen as valid for almost all clients, as it is difficult to think of someone who knows everything about a theme, it is also sufficient for the recognition that the client is to some extent in a stage of credence. However, the level of ignorance about insurance varies from customer to customer. In this case, the client deals with the challenge by trusting the supplier’s ability to deal with insurance matters.

“Well yes, I don’t know anything about the insurance industry, right? I know what I need, and I shop around for prices. But if I have confidence in somebody, like I do have with this company, I just let them get on with it.” (Low)

The client trusts in the relationship he has developed with the supplier, but is not well versed in assessing it. He simply trusts that the provider is delivering a good job, keeping roles apart and letting the client get on with their job.
“Seems to, yes...well, if he doesn’t I’ll be amazed, you know? He’s in the insurance business, I’m in the paper business, so you know...I can tell him what he doesn’t know about paper, and he needs to tell me what I don’t know about insurance.”” (Low)

**Factor 1:** Low vs. high perceived risk

The client’s reliance on risk management can be seen throughout his comments on the classes of insurance covers taken by the company. From comprehensive cover, to engineering insurance, and also employer’s liabilities, these forms of cover all demonstrate that the perception of risk is seen as high by this client, a perception that is within the expected parameters for clients in a credence situation.

“*I take out fully comprehensive cover for all the company cars we have on site. We do that ourselves, no involvement from head office. That’s the first thing. We then have what’s called engineering insurance, which is a UK instruction from government. We have to have an inspection of our machinery once a year, because it’s a UK thing. So, we have an engineering inspection insurance, just in case something happens in that inspection that causes us problems. So, we are insured against anything there. So, we do that locally. We then do our employer’s liability, which is again a UK thing, where we have to put a plaque on the wall to say that we have employer’s liability. This is for third party, if people walk in off the street and all this, so if they hurt themselves on our site, we have insurance that covers them for that.”*” (High)

**Factor 2:** Technical vs. functional

According to the statement below, the client suggests that the initial focus of attention is price. However, soon the client admits that there is a working relationship in place, and he goes on to emphasize the provider’s attitude that is perceived as convenient for him, such as the attitude towards requests via phone and support on claims. For these reasons, it can be said that functional factors prevail in this case.

“Our decision was based, to start with, on price, yes. Thereafter, we got a working relationship with these people, and every year we do get other quotes, and they still come in better on price, but then we’ve also got a working relationship with these guys,
where we can ring them up, ask them questions, and they don’t charge us for these odd phone calls.” (Functional)

“...his focus is on the insurances we want, and he tries to get the best deal for us the following year. So, we do get good deals out of him. Generally he doesn’t put his prices up year on year, which is good. He helps us if we have claims, he helps us with claims, how to submit them, how to phrase them and all this sort of business, so he gives us a very good service, I have to say, but he doesn’t offer us things that he knows he hasn’t got a chance of getting.” (Functional)

This is another case of a typical credence situation. The client relies on the insurance provider, demonstrating low capacity to autonomously assess insurance-related issues. There is also a sense of high perceived risk, which is reflected by the risk management initiatives, and the portfolio of insurance cover taken. Finally, the client has put emphasis on functional aspects of the service.

All in all, the last credence situation analyzed qualitatively in the chapter leads to some interesting conclusions. Firstly, more credence cases were identified in the insurance industry through the exploration of in-depth interviews than in the logistics industry. This might reveal some interesting insight about the state of the industry, which will be discussed in detail in chapter six. As expected, from all six cases of low assessability evaluated, five relate to high levels of perceived risk, and six are related to functional factors. These results contribute to the research questions raised on risk and technical vs. functional factors. A quantitative analysis of these two trends in a larger sample of data will add some extra insights related to the research questions. This is going to be done at the end of the chapter, but before details of experience cases are introduced.
5.4. Experience cases in the insurance industry

Table 39 shows the results of the analysis of interviews in the insurance industry whose cases were identified as experience situations. There are in total 11 experience cases, and results for research factors risk and technical vs. functional are mixed.

<table>
<thead>
<tr>
<th>Case</th>
<th>Attribute</th>
<th>Assessability</th>
<th>Risk</th>
<th>Technical/ Functional</th>
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<td>Overall Svc.</td>
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<td>I 26 - 2</td>
<td>Knowledge</td>
<td>H</td>
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<td>I 27</td>
<td>Reliability</td>
<td>H</td>
<td>L</td>
<td>F</td>
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<tr>
<td>I 28</td>
<td>Knowledge</td>
<td>H</td>
<td>H</td>
<td>F</td>
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<tr>
<td>I 30</td>
<td>Knowledge</td>
<td>H</td>
<td>H</td>
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<tr>
<td>I 32</td>
<td>Price</td>
<td>H</td>
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<tr>
<td>I 34</td>
<td>Trust</td>
<td>H</td>
<td>L</td>
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<tr>
<td>I 35</td>
<td>Overall Svc.</td>
<td>H</td>
<td>H</td>
<td>F</td>
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<tr>
<td>I 37</td>
<td>Overall Svc.</td>
<td>H</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>I 38 – 2</td>
<td>Relations.</td>
<td>H</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>I 50</td>
<td>Price/Service</td>
<td>H</td>
<td>H</td>
<td>F</td>
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In the previous chapter, the treatment given to experience cases obtained from in-depth analysis of interviews were illustrated by three cases, named emblematic cases. They were considered emblematic because they contained the most vivid examples of a dubious condition, which is the fact that they contain clear illustrations of two situations at once. All three experience cases described in detail in chapter four contained experience situations that the clients have faced. Yet, due to the vast experience clients have acquired in the use of services, these cases could well be categorized as search cases. They could be seen as experience cases turning into search. In these cases, the client does not need to experience the service any longer, as he or she rates
the preferred attribute based on the consistency of service experienced over a certain period of time, which in turn leads them to anticipate what the quality of service will be. The crucial term here is predictability. Usually, clients construct this rationale for more than one supplier, but this depends on the level of involvement with the category of service. I noted, for example, that experienced clients from the logistics industry tend to compare different suppliers when judging the services. This is less usual in the insurance case. Only the respondent of interview 32 did a parallel on service quality about other insurance brokers. The lack of experience across suppliers (brokers only) in the insurance industry may be related to a higher involvement with the supplier due to contractual rules of the service. Therefore, the three experience cases in the insurance industry are a combination of one emblematic case, which is obtained from interview 32, and two other cases, whose research outcomes (risk and technical vs. functional factors) offer opposite findings. Having experience cases with opposing results is important for the theoretical contribution to be inferred from them, a topic that will be reviewed in detail in chapter six. It is important to mention that all experience cases have been fully analyzed, as shown in Table 39.

In the next section, experience cases are individually detailed.

**5.4.1. Case from interview 25 / Situation 1**

The respondent for this interview is a male Financial Director working in the printing industry. Details with comments from the respondent refer to a period after purchase, and the focus is on Overall Service as the main attribute.

<table>
<thead>
<tr>
<th>TABLE 40 - CASE SUMMARY</th>
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<tbody>
<tr>
<td>Case</td>
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<tr>
<td>Situation 1</td>
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<tr>
<td>Period</td>
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<tr>
<td>Attribute</td>
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<tr>
<td>Assessability (High vs. Low)</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
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<tr>
<td>Factor 2: Technical vs. Functional</td>
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</tbody>
</table>

**Period:** After use

The client makes reference to a period after the acquisition of the service.

“...every year they come and present, well for the last few years this has been the principle...”

**Attribute:** Overall service

The service in this experience case is judged on the basis of references to a series of attributes, which therefore leads us to consider that, in fact, what is being rated is the overall service. It is relevant to note that the client is well accustomed to the supplier’s practices. Illustrations come from a well-established routine as can be seen below.

“...When they became our brokers they gave a good presentation. They keep our premiums at a reasonable minimum, certainly when they search the market, and they deal with any queries we’ve got sort of as well as they can...which is the main thing why you go to a broker.”

**Assessability:** High vs. low

The level of assessability for experience cases is high which is in accordance with what is expected. In fact, apart from credence cases, assessability of service should always be rated highly as it refers to practices well known by the customer. What differentiates experience from search, if one follows the theoretical guideline discussed elsewhere in the thesis, is simply the fact that search refers to cases rated prior to the acquisition of the service. In the next statement,
it is possible to observe that the customer is well versed on what the broker provides. He even reaches the conclusion that the service is not more than a commodity. The perceived degree of differentiation is low, and this might suggest that the customer sustains the quality perceived by reasoning back to the repetition of practices experienced over time.

“...they come and present what they’ve gone out to the market to do. Before that they’ve gone through with us what we require from the marketplace and what we want insured, and what we think should be insured and the level of our insurance; that’s what we say to them, and off they go and get the best premium for us in our particular marketplace, you know, so it’s like, it’s a commodity like everything else, you know?” (High)

“…you can see what the growing rates for certain things are, because they go to the main companies, you know, and the main companies are the ones that normally come back with the quotes.” (High)

For this client, the only opportunity for service differentiation is when there is a problem. He doesn’t expect contact otherwise.

“There isn’t a judgeometer other than sort of as we say to them, when we’ve got a problem we want you to deal with it. We don’t really want to speak to you for the rest of the year because it means we’ve got a problem.” (High)

“You only judge the service if you’ve got a problem and how the agents, and also the insurance company which is obviously who you’re dealing with, how they deal with it. That’s the only way you can judge it, and basically you don’t really want to do that because you’ve got a problem. The only way you can judge the service is by the way they deal with the problem.” (High)

**Factor 1: Low vs. high perceived risk**

As shown above, the client is well versed in the broker’s practices. This has the effect of causing the client to adopt a rather relaxed attitude with regards risk. The client does not see risk as an issue; there is a great deal of reliance on the ability of the provider to manage it by offering the right forms of cover, but there is also a recognition that the company competently manages their internal risk, as there is a dedicated division looking at it. Perceived risk is therefore low.
“To the best of our ability, you know, they come across and they will sort of, they’re in the forefront of the companies and if we have to do risk managements, which we do obviously, we get them to say, well what do you want us to sort of, what type of risk assessment do you want, and we have risk people within the business who will call up the brief and give them the right information. And occasionally the company will come round with say a 15-page dossier, which we will help to fill in, together with our risk people in our place and to the best of our ability, and it isn’t a problem, so that normally takes about sort of, you know, normally every 18 months they’ll want us to do a new one, so it isn’t a problem.” (Low)

“No, it’s not a big issue; we can quite easily do it. Well, because we’ve got somebody, people who are in the firm who are into risk management and things like that.” (Low)

**Factor 2: Technical vs. functional**

The case in question is about a customer who is well prepared to judge the service. The client also does not see risk as a concern, and finally there is a great deal of attention to technical issues as below. It could be said that the experience case treated here has characteristics of search cases if the client had knowledge about services of other insurance brokers. That would put him in a position of not needing experience any longer to make statements about service quality of the industry. As seen above, this cross-supplier expertise is less frequent in insurance when compared to logistics, yet the level of knowledge is sufficient to lead to a preference for technical factors. In the example below, the ability to provide claim support is what the client is looking for.

“Well we want to make sure that they, that if we have a claim that they deal with it efficiently, quickly, and sort of assist us in our claim, you know, so I mean that’s basically...why we’re employing them or why they’re getting a fee is if they’re doing enough to help us, if we’ve got a claim, to get it paid.” (Technical)

When an enquiry was made about the level of personalization of the service, the client translated personalization through the broker’s abilities to provide the right insurance portfolio. The client also sees support as the state of not being surprised by types of cover not mentioned in the policy. The emphasis is on the technical aspect of the service.
“So they personalize in one sense what our insurance needs are at that precise moment in time, because if they’ve got to go out and get some different quotes because the business is starting to go in a different direction, they have to personalize it or get the type of insurance which covers us in that direction.” (Technical)

“In the end we expect them to, if we have a problem that they’ve guided us in the right area and it’s going to be dealt with efficiently and correctly and we aren’t going to have any real problems of them coming back to us saying we’re not covered for that because of some gap in our policy.” (Technical)

Finally, the assessment is not about their behaviour when servicing the client but about the outcome of the service provided. The emphasis is on doing, and doing it correctly. There is not much room for the soft side of the service encounter.

“It’s nothing special. They’re professional and they do a job efficiently, you know, that’s what we’re looking for. That’s the only way we can judge them is that when we ask them to do something they do it immediately and correctly.” (Technical)

In sum, this case is an experience case that is close to becoming a search case. The predictability of the service allows the client to make a service assessment with no experience of the service. The client only needs limited experience and builds knowledge from search activity. The client makes statements about the service, with a good level of confidence, demonstrating that he knows what is going to happen next in terms of service delivery.

The risk, similar to search cases, is low, and again, similarly to search cases, there is not much room for the functional side of the service. Now, the next experience case is introduced.

### 5.4.2. Case from interview 32 / Situation 1

The case presents a situation where the client makes comments on service quality about more than one supplier, showing expertise on the service deliveries of at least three larger insurance brokers in the market. In this case, it could be said that it refers to an emblematic case, similar to
examples of experience cases obtained from the logistics industry. The most preferred attribute is price. The respondent is male and has worked as a Financial Director for three years at a manufacturing company.

<table>
<thead>
<tr>
<th>Case</th>
<th>Interview 32</th>
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<tbody>
<tr>
<td>Situation 1</td>
<td>Experience</td>
</tr>
<tr>
<td>Period</td>
<td>After use</td>
</tr>
<tr>
<td>Attribute</td>
<td>Price</td>
</tr>
<tr>
<td>Assessability (High vs. Low)</td>
<td>High</td>
</tr>
<tr>
<td>Factor 1: Risk (High vs. Low)</td>
<td>Low</td>
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<tr>
<td>Factor 2: Technical vs. Functional</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Period:** After use

The period of reference for the assessment of this case is after the acquisition of the service.

“Well it's renewed every year.”

**Attribute:** Price

The most relevant attribute for this client is clearly price.

“It's basically price, yes.”

**Assessability:** High vs. low

Similarly to the previous case, this client offers good understanding of the service issues related to insurance. For the client, the three big suppliers are equal regarding insurance services and, mostly important for him, price. The client also assesses, with competence, the level of
expertise and advice received, although he refers to expertise in general terms when comparing the three suppliers.

“Well it's renewed every year. So it would probably – I mean the three big ones, Marsh, AON and Willis. They're pretty much the same really. So it would be one of the three, and I think Willis would have to make some sort of big mistake to lose the contract really. Because we compare prices and we are paying about the market rates for the broker that we're using.” (High)

The client sees that differentiation can only be obtained through the level of competence demonstrated by account managers.

“Well it's difficult to say really. I mean I'm certain that we get reduced premiums for having someone arguing our case and for knowing intimately the insurance market. So I think there is probably some level of saving there. For a lot of the claims and the other advice and expertise that we need, if we didn't have a broker we'd need to go out and employ someone to do that.” (High)

“I mean all we're doing really is buying their expertise. I mean it's the same when we use a lawyer or we use, I don't know, if we use any sort of panel of experts, we're just buying their expertise. It's the same with insurance.” (High)

The client does not promise loyalty, suggesting that bad advice would be sufficient for the company to switch players. That lack of long-term commitment is a collateral effect of the perceived similarity amongst suppliers.

“No because I think the three big firms have got good people working for them and they know that if they were given – the only thing that differentiates them is the level of competence. So if they were giving bad advice, then they know that we'd probably switch to someone else. Or if we thought they were being duplicitous or if we thought there was something underhand going on then they'd know that we'd switch straight away.” (High)
Factor 1: Low vs. high perceived risk

As expected for a client with high experience, the perception of risk is low. The client feels comfortable when talking about risks, and thinks that it is well supported by any of the ‘big three’ firms. He sees, however, a possibility for volatility on premium, but soon equates this concern with the thought that the whole country would get the same results. The perceived risk is therefore low.

“I don’t think – well, because we’re using one of the big three firms of brokers, I don’t see there’s a big risk of competence or any sort of dishonesty or any – I don’t think they’re choosing specific insurance companies for us. I mean I don’t think we’re on any sort of commission from any other insurance companies.” (Low)

“Because of global claims you just don’t know which way it’s going to go, whether it’s going to harden or soften ours. So there’s that level of risk, but I’ve got no worries about our process in choosing insurance companies. I’m sure that whatever increase or decrease in premiums that we get, the rest of the country gets the same.” (Low)

Factor 2: Technical vs. functional

There is a slight tendency here to focus on technical factors. The reason for that categorization is that the client, when talking about time saving, does not focus on how the service is done, but on its outcome. The client therefore is not interested in explaining the soft side of the service, but on the benefits he can obtain with the fact the he does not need to spend time on the issue. For these reasons, the best categorization is technical.

“How much you want to pay and which broker it is. I mean we know we’re paying a lot for our broker, but we also have hardly any of my time spent on dealing with insurance matters, which means I can improve the business.” (Technical)

This is a case of high assessability with low perception of risk, and focus on technical factors. Looking at the outcomes, it could be said that this experience case offers results expected for
search cases. Theoretical implications of these research findings are discussed in chapter six. Now, the next experience case is showed.

5.4.3. Case from interview 38 / Situation 2

This situation originated from an interview that has already been the subject of assessment for the identification of other situation, a credence case. The Financial Manager involved in managing insurance issues has been appointed only recently, and there are several aspects that justify the credence categorization, as seen previously in the chapter. However, there is also room for an experience situation within the interview. In fact, this case is a good illustration of a change in situation, from a starting position of non-familiarity with an insurance business in the social housing arena, towards a scenario of more familiarity with the topic. In this process, the FD is well supported, according to her own statements, by the broker. The focus of this experience situation is relationship, which is an ideal attribute to illustrate the transitivity of situations, as it captures changes in interaction during a given period of time (Gummesson, 2006). Previously, in the credence section, this respondent was submersed in a setting full of unfamiliar situations, as it commonly happens with businesses settled from scratch. Now, she is able to concentrate on the characteristics of the relationship, as interaction matures over time. The respondent is female, with six months in the role as Financial Manager working for a Housing Trust

<table>
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<th>Table 42 - Case Summary</th>
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<tbody>
<tr>
<td>Case</td>
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<tr>
<td>Situation 2</td>
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<tr>
<td>Period</td>
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<tr>
<td>Attribute</td>
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<tr>
<td>Assessability (High vs. Low)</td>
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<tr>
<td>Factor 1: Risk (High vs. Low)</td>
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**Factor 2: Technical vs. Functional**

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<tr>
<th>Technical vs. Functional</th>
<th>Functional</th>
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**Period:** After use

The period of reference of the service assessment is done by the client in relation to the phase after the acquisition of the service.

“...so their knowledge of our market is quite good.”

**Attribute:** Relationship

The main focus of the Financial Manager is the relationship with the company:

“Yes, I mean I wouldn’t want to be working with a broker that you felt every time you contact them you were being a pain, or giving them work to do, being made to feel uncomfortable. I wouldn’t want to be in a relationship with a broker like that.”

Here, the manager reflects on the nature of the relationship he prefers, as illustrated below:

“…that kind of working relationship isn't specifically limited to brokers, it goes to any working relationship with contractors or suppliers, and I've had that kind of functional relationship before rather than an interactive relationship. I'd rather have the interactional relationship; it's more beneficial for both parties.”

**Assessability:** High vs. low

The client here demonstrates that she is moving towards a more well-known position to judge the service. Through the exchanges of information, and interactions with the broker over a period of time, the client builds up knowledge and starts to make sense of the situation. Again, relationship is a crucial link for this to take place. The client refers to trends in claims management, and risk management, both important aspects in social housing. She can be seen as competent in judging the service through the relationship she has developed with the supplier; therefore this is a situation of high assessability of the attribute relationship.

“Aon because they have other clients in the social housing market and they deal with insurers who work predominantly in the social housing market know the trends, they
know the current risk issues, so their knowledge of our market is quite good. They do a lot of benchmarking with their other clients.” (High)

“From the contact I’ve had with our client team, because I have three main contacts at Aon, so from the claims management side they are aware of current trends in the housing market. They will highlight risks that are top of the game so to speak within the market. My knowledge of their knowledge is again through the relationship and conversations we have, recommendations they make, and feedback we get from them.” (High)

**Factor 1: Low vs. high perceived risk**

The level of risk is perceived as high. This is a good illustration of an outcome that is opposite to what was seen in the previous two experience cases. As can be seen from the statements, the Trust paid great attention to risk management exercises, by frequently taking part in them.

“We’re always evaluating the market, so as new risks come online we will look at whether we think we want to take that risk and carry that risk in house, or whether we want to look at insurance cover. One of the developing areas of risk at the moment is fibre liability, you know, around hacking of networks and failure in IT systems and things like that. We’ve looked at the possibility of taking out cover on that, we haven’t made a decision on that. But, we’ve always got our eye on emerging risks and new cover that comes on to the market and we will judge each one as we’re going along.” (High)

There is therefore, little doubt about the classification. It is a case of high perception of risk. It is important here to show that experience cases can have opposing results when it comes to research propositions, not only for risk but also for the technical and functional factors. This is a strong signal that experience may cover a vast area of service assessment. There are cases of experience that have outcomes similar to search cases, with low perception of risk and emphasis on technical factors; conversely, there are cases of experience whose risk is perceived as high, and the focus is entirely on functional factors, as seen next.
Factor 2: Technical vs. functional

As the client comments on the service received, he acknowledges the details of how the service is done. This is a case where the client is clearly interested in illustrating the ‘how’ factor. He also ends up reinforcing the relationship aspect. It is a case of preference for functional factors.

“Yes the on-going dialogue, you don’t just have your quarterly review meetings, you catch up in between or you pick the phone up and say what’s new and things like that. Rather than saying, ok we have a quarterly review and we don’t make any contact in between times, it’s an on-going dialogue.” (Functional)

“It all comes down to working relationships I think. I had a very good working relationship with both the insurers and the brokers at my previous company, so I think a lot of it is down to working to develop that relationship, rather than having a remote, distant, formal relationship. You need to work on that and develop it so that everybody gets the most out of the situation that we can. Obviously it’s in the interest of the insurers to reduce their risk and the amount they’re paying out on claims; it’s also in our interests to do that because we’re then playing less excesses and premiums. It’s also in the interests of the brokers if we do that because then they can sell us, the client, to other insurers as a good risk proposition. And, we’re all actually working towards the same goal really, so it’s making sure we get there.” (Functional)

This case is a good illustration of an experience case that lies towards the search end of the spectrum of service evaluation (which is from easy to evaluate, search, to difficult to evaluate, credence) (Zeithaml, 1981). The client exhibits high assessability of service and a clear focus on relationships. The client demonstrates concerns with risk management, showing that her level of perceived risk when it comes to insurance matters is perceived as high, and finally focuses on the soft side of the relationship. This case has a variety of features that can be absorbed into an experience situation. The experience cases presented here show a mix of results regarding research factors, risk and technical vs. functional. The remaining experience cases in the insurance industry presented a similar set of mixed results as can be seen from Table 39. With this case, the analysis of all qualitative data related to this PhD thesis is completed. Results of the chapter so far are as follows:
In total, 16 in-depth interviews from the insurance industry have been coded, with the following results. There are four search cases, 11 experience cases and six credence cases. Search cases showed four references to low risk as opposed to none to high risk; and three references to technical as opposed to one to functional. Therefore, initial search results in insurance show a qualitative trend towards low risk, and technical aspects of the service. With regards to credence insurance for primary data, five references to high risk, and only one to low risk have been identified; six references to functional aspects were also found but none were found in relation to technical aspects. Therefore, qualitative results about credence in insurance show a trend towards high risk and functional aspects of the service. Yet, in order to finish the chapter, a quantitative view of the research outcomes, risk and functional vs. technical factors is offered. That is the topic of the next section.

5.5. Secondary data in the insurance industry

The method used to analyze secondary data in this chapter follows a similar pattern to that of chapter four. At first, there is the identification of the universe of respondents who contributed with verbatim responses to this analysis. The universe consists of responses to a 2012 survey from clients of organization A. There are, however, considerably fewer respondents in the insurance case compared to the logistics case (a universe of 115 respondents compared to 1,602 respondents). If on one hand the universe is more restrictive, on the other hand there are slightly more questions per organization to be answered. Verbatim comments were extracted from positive and negative comments obtained from organization A’s survey conducted in 2013. More information is available in the methodology section.

As observed in chapter four, these verbatim comments allow the extraction of cases by:

- isolating the chosen theme or the most preferred attribute;
- defining levels of assessability – whether high or low for the referred attribute;
• defining the period of purchase (if before or after purchase/use)
• classifying the research factor – levels of perceived risk as low or high; and
• finally, classifying the second research factor – whether there is a tendency towards technical or functional factors, following Grönroos’ (1982) typology of service quality.

Results were then coded using content analysis. In chapter three, there is more information about this method and how it was applied in the research. The results are as follows.

Similarly to chapter four, there were no search cases obtained from secondary data. As can be seen from Figure 11, experience cases were extracted from a list of 63 clients who generated 83 situations. There were 56 references to risk, 41 of which were references to low perceived risk (73.2%) and 15 were references to high risk (26.8%). Wilcoxon test shows a p-value < 0.05, showing that in experience cases, clients tend to develop low levels of perception of risk.

In terms of credence cases in insurance, Figure 12’s result shows that there have been very few cases analyzed. There were only 19 cases in the sample, out of a universe of 18 respondents. Indicative results show five references to low risk and five references to high risk. Therefore, no statistical inference could be obtained from it. Despite the low number of credence cases in the sample, the results are proportionally more than what was observed in the logistics industry. There is 17% incidence of credence cases in the insurance population as opposed to 13% incidence in the logistics industry. Yet, the universe is too small to allow any conclusion with regards to risk in credence cases in the insurance industry due to the number of credence cases identified in the sample.

**FIGURE 11 - RESULTS FOR RISK FACTOR – EXPERIENCE**

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<thead>
<tr>
<th>Insurance - Quantitative data</th>
<th>References to Factor Risk</th>
<th>P test</th>
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<tbody>
<tr>
<td>Experience Situations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universe of Respondents (1)</td>
<td>97</td>
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</tr>
<tr>
<td>Sample of Respondents</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Situations</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>Low Risk vs High Risk*</td>
<td>0.0018*</td>
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</tbody>
</table>

* Statistically significant
As illustrated by Figure 13, the analysis of the second research factor, technical vs. functional factor, presented no meaningful differences for experience cases; 163 references were coded, with 47.9% of the references being related to technical factors and 52.1% to functional; p-value > 0.05.

Conversely, the results of technical and functional factors for credence corroborate with what was already expected. Out of a total of 37 references (see Figure 14) obtained from 19 credence cases analyzed, there are clearly more references to functional factors (75.7%) against technical factor (24.3%), with p-value < 0.05. Results of the secondary data show, therefore, that in credence scenarios there is a clear tendency towards functional aspects of the service.

* Statistically significant
Now, the most representative attributes obtained from secondary sources are analyzed, covering both experience and credence cases.

5.5.1. Coding of secondary data for experience verbatim

The coding of secondary data for experience situations in insurance revealed 83 references to a set of 20 attributes, as can be seen from Figure 15. The most recurrent attributes will be discussed here as they together represent the majority of references. For example, 74.7% of the references are distributed amongst four attributes. These attributes are Overall Service (38.55%), Personnel (16.87%), Knowledge (10.84%) and Response Times (8.4%). Figure 15 shows all attributes cited for experience cases related to secondary data in insurance:
Customer comments on their experience tend most often to depict general aspects of the service, which is why the attribute general service is the most cited. One recurrent example of comments on service was positive in nature, as customers reflected about the NPS ratings given. It is important to note that the objective of this section is not to discuss the NPS score given to organization A. Details such as this have already been part of previous internal studies carried out by organization A. The objective here is to offer an illustration of the nature of comments related to one of the SEC situations (search, experience or credence) offering an overview of the most cited attributes linked to each SEC situation. As seen in secondary data sections at the end of chapter four and six, search is not a situation identified in the quantitative section of the research; therefore the focus is on experience and credence situations. In the statement below, there is an example of comments on overall service.

“Because I am extremely satisfied with the service provided.” (Reasons for NPS)

(Case 7, secondary data, Insurance)
In the next passage, there is another example of positive comments made about the service. The satisfaction with the service is not addressed to specific attributes but commented on in general terms.

“We have had a consistent service from XXX. They are always on hand when required and have always provided a thorough and professional service.”

(Case 12, secondary data, Insurance)

Sometimes, clients make comments on a wider range of attributes, which is better defined for the purpose of this study as comments about overall service. In the example below, there are comments on renewal meetings, communication quality, response times, planning, customer service, industry expertise, premiums, etc. In these cases, the definition of the most preferred attribute is overall service.

“Face-to-face renewal meetings helped to re-establish a relationship and ensure that renewal goals were communicated well and achieved in good time.”

“Excellent customer service, industry expertise and competitive premiums offered with big name insurers”

“Quality of service and communication is excellent”

(Case 16, secondary data, Insurance)

The attribute Personnel is the second most cited with 16.87% of the references analyzed. The attribute is a good illustration of how experiential elements of the service are translated through human interaction. As the experience with service progresses, the client projects onto these interactions the perception of the quality perceived.

“Our business handlers at XXX have always been quick to respond and are very helpful and professional at all times.”

(Case 6, secondary data, Insurance)
One of the characteristics of the judgment about quality in insurance services is that the service is highly dependent on human intervention. The frontline member of staff is usually the person who works as a reference for the assessment of the service. What this person does affects quite immediately the perception of the quality of the service.

“xxxx is an excellent client manager. She always comes back with the required information, is knowledgeable and approachable. Her team are also very helpful and supportive.”

(Case 8, secondary data, Insurance)

In the passage below there is another example of how important the attribute personnel is considered to be by the client.

“We appointed XXX in part because of the quality of the original account manager – who has since left.”

(Case 10, secondary data, Insurance)

The analysis of secondary data in insurance shows that the third most cited attribute is knowledge with 10.84% of the references. In this example, the client states that the reason why he thinks organization A stands out is due to their knowledge.

“Their knowledge and independence.”

(Case 4, secondary data, Insurance)

The passage below offers another example of a client who devotes value to the provider’s knowledge, a reason why the service is well rated. It can be seen from the statement that the client can establish a level of assessment about the supplier’s knowledge. A customer capable of
assessing the supplier can perfectly understand whether the provider is capable or not of providing the service, and how much he knows about it.

“Experience and knowledge of staff in the relevant field of expertise.”

(Case 9, secondary data, Insurance)

Response times is the fourth attribute most cited in insurance experience cases with 8.4% of the references coded. Below, there is an illustration of the matter, with delays that the customer experiences in getting response to queries.

“It takes a little longer to receive responses to queries.”

(Case 2, secondary data, Insurance)

Relationship, Contact, Claim, Customer Intimacy and Attitude all received more than one reference with 2.4% of the citations each. Here, there are two examples of quotes related to it. In the first quote, the theme relationship is mentioned by the client when talking about the closeness of contact.

“XXX seems to be working more closely with xxx.”

(Case 27, secondary data, Insurance)

In this second quote, the experience is positive, with the client claiming to receive good service. The remaining attributes are also illustrated in Figure 15.

“We are always able to make contact and receive prompt response.”

(Case 29, secondary data, Insurance)

The overview of the most cited attributes in experience situations shows that overall service, personnel, knowledge and response times are most often the references of how clients capture the experience with service over time. These four elements show that experience can be obtained through a variety of means, similarly to what has been observed in chapter four.
Experience can be obtained through a rich set of service attributes that will, over time, shape customer responses about service. Now, a discussion of which attributes are most cited in the case of credence situations is presented.

5.5.2. Coding of secondary data for credence verbatim

There are 17 references to attributes in the sample of credence cases. The two attributes that were cited most are overall service and personnel with 23.53% of the citations each. The remaining references are distributed amongst the other nine attributes. See more details in Appendix 2 and in the Figure 16 below:

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Frequency</th>
<th>Perc.(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Service</td>
<td>4</td>
<td>23.5%</td>
</tr>
<tr>
<td>Personnel</td>
<td>4</td>
<td>23.5%</td>
</tr>
<tr>
<td>Communication</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Enquiries</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Response times</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Consultancy</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Information</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Cost</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Clinic Trials</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Relationship</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Resources</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

Similarly to the experience situations shown in the previous section, here it is possible to note that overall service has remained the main subject of analysis. In other words, customers refer to general terms of the service for either to reveal their experiences but also to illustrate the difficulties of assessment they face. In the excerpt below, this fact is clearly illustrated.

“XXX provide a good service but I have nothing to compare them to as I have never used another company that provides the same service.”

(Case 11, secondary data, Insurance)
In the next passage, there is another example of a credence situation. The client judges the quality of the service, but the judgement is incomplete, as the client does not have parameters for comparison. Had the client demonstrated knowledge about these parameters, he would not have been categorized as being in a credence situation.

“Good service, but I am unaware of how effective other providers would be.”

(Case 19, secondary data, Insurance)

The second most cited attribute in credence situation is personnel. The passage below follows an example of the attribute in credence situations. The client is unable to understand exactly what the provider needs in terms of information and therefore does not see how he could help the account manager to set up the best insurance policy solution.

“Direction from XXX of what they need from us has been less clear.”

(Case 58, secondary data, Insurance)

This example follows a similar path of questions from the client’s point of view. He does not know whether he is getting the best value or the ideal solution for his needs.

“I'm not sure that I'm getting the best value for money and not sure that there aren't better ways of dealing with our clinical trial insurances.”

(Case 59, secondary data, Insurance)

Regarding the remaining attributes with one reference each, there are two examples of quotations in the passages below. In the first example, the attribute Enquiry is mentioned in order to illustrate comments about competition. The emergence of a credence situation happens as a function of the unfamiliar territory which is the competition.

“... I do not know very much about the competition.”
In the example below, an example about the attribute information which gave rise to a credence situation is presented. In this case, the client makes comments about the lack of information and direction.

“Direction from XXX of what they need from us has been less clear.”

In sum, the analysis of verbatim comments on credence illustrates how the coding of secondary data in insurance has been applied.

This is the end of chapter five. In answering the research questions presented in chapter two the following results were observed:

Answers to RQ1a and b: It is not possible to observe increase of perceived risk from search to experience (RQ1a) and from experience to credence (RQ1b), but analysis of the coding data from interviews (qualitative results) suggests that search cases show presence of low risk, while credence cases show presence of high risk, similar to what was noticed in chapter four. Experience cases show a rather mixed set of results. The analysis of secondary data (verbatim from company A’s survey) suggests experience cases associated with low levels of perceived risk and no statistically significant differences for credence cases with regards risk; the sample was too small for any conclusion.

Answers to RQ2a, b and c: Again, similarly to what happened in chapter four, the analysis of qualitative data suggests that functional factors prevail in credence situations relative to technical factors (RQ2a); and technical factors prevail in search situations relative to functional factors (RQ2b). Experience cases show a set of rather mixed results (RQ2c). The analysis of secondary data shows that there are no statistically significant results for experience cases, while in credence cases, there is a presence of functional factors. These results will be discussed in detail in chapter six, which is the next chapter. Therefore, answers to research questions 3a,
3b, and 4a, b, c and d will be detailed in chapter six because they are related to comparative results across the two industries, insurance and logistics.
Chapter Six: Summary of results and discussion of research findings

6.1. SEC as situations

A preliminary conclusion of this thesis is that one should consider the SEC classification of goods as reflections of dynamic situations (Bloom and Pailin, 1995) within the context of service consumption environments (Grönroos and Gummerus, 2014), not static entities reflecting characteristics of industries or products. The view is in accordance with the latest thinking in marketing that considers customers and organizations as actors in a value-for-value exchange network (Grönroos, 2011), where service is considered a much more fluid phenomenon. It also reflects a change in centricity of perspective from the provider to the consumer (Heinonen et al., 2010). The role of knowledge gain is relevant; here it is the customer’s level of expertise that shapes the type of SEC observed.

6.2. Summary of results from cases – Qualitative source

6.2.1. Identification of Search, Experience and Credence cases

As demonstrated in chapters four and five, 21 SEC cases were identified in each industry after the coding of interviews. The summary of results is presented in Table 43.

The number of cases identified is equal in both industries, with the difference that there are two more search cases in logistics relative to insurance, and two more credence cases in insurance relative to logistics. These results suggest a slight tendency related to differences between the two industries concerning the susceptibility of emergence of search or credence cases, but the differences are small. All that could be said is that there are more search contexts for consumers of logistics and more credence contexts for consumers of insurance, but both types have been found in both industries as pointed out in section 6.2.2. Moreover, differences between search
and credence could have been higher had the majority of cases not concentrated around experience cases.

### TABLE 43 - TOTAL OF SITUATIONS - QUALITATIVE PHASE

<table>
<thead>
<tr>
<th>Situations</th>
<th>Search</th>
<th>Experience</th>
<th>Credence</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>6</td>
<td>11</td>
<td>4</td>
<td>21</td>
</tr>
<tr>
<td>Insurance</td>
<td>4</td>
<td>11</td>
<td>6</td>
<td>21</td>
</tr>
</tbody>
</table>

#### 6.2.2. Summary of results research proposition – Factor 1

Findings from the qualitative phase corroborate research proposition 1, that perceived risk is low in search situations relative to credence situations, and also lower in logistics relative to insurance. In order to understand the findings, two important results observed in Table 44 must be considered. The first are the results of the incidence of low risk in search situations and high risk in credence situations across the two industries. The second important number is the comparison of results between experience cases across the two industries.

Regarding the first finding, it can be observed that there are five cases of low risk in search situations for logistics against one case of high risk. In insurance, the results are similar, with four cases of low risk in search situations against none of high risk. Conversely, there are three cases of high risk in credence in logistics against none of low risk, and five cases of high risk of credence in insurance against only one case of low risk. This is a clear suggestion that the coding using content analysis reveals a trend which is that low risk tends to be seen more often in search cases while high risk is more common in credence cases.

Regarding the second important finding, it can be observed that while more cases of low risk occur in the logistics industry (7 low x 4 high), the reverse is true for insurance, where more cases of high risk tend to occur (also 7 high x 4 low). This suggests that insurance might be seen by customers as a riskier business than logistics.
6.2.3. Summary of results research proposition – Factor 2

As demonstrated in Table 45, there is a tendency of occurrence of technical factors in search situations while functional factors tend to be associated with credence scenarios. This phenomenon occurs in the two industries, logistics and insurance. In logistics, six cases of search situations are associated with technical factors compared with none with functional factors, and four cases of credence are associated with functional factors compared with none with technical factors. In insurance, there are three cases in search situations associated with technical factors, compared to one case related to functional factors; while there are six cases in credence, and all of them are associated with functional factors. These results are similar to previous research suggesting that functional factors tend to prevail in credence situations (Eisingerich and Bell, 2007), with the difference that here credence refers to situations, not a type of industry. In search environments, more information is available and there are more elements for judgment where information, mainly technical, can be searched more easily (Klein, 1998).

The analysis of experience cases demonstrates that there is a slight tendency for more cases related to functional factors in insurance compared to logistics, with 7x4 and 6x5 respectively, but the numbers are small. One counter argument is that this in fact highlights the fact that differences may be not due to industry type, but just different contexts found in eventual industries studied.

TABLE 45 - TECHNICAL VS. FUNCTIONAL PER SEC SITUATION

<table>
<thead>
<tr>
<th>Risk</th>
<th>Logistics</th>
<th></th>
<th></th>
<th>Insurance</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Search</td>
<td>Experience</td>
<td>Credence</td>
<td>Search</td>
<td>Experience</td>
<td>Credence</td>
</tr>
<tr>
<td>Low</td>
<td>5</td>
<td>7</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>High</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>
### 6.3. Summary of results from secondary data – Factor 1

In terms of secondary data, experience and credence cases were analysed through the use of p-values across the two industries, logistics and insurance. As illustrated in Table 46, there are no significant differences in terms of perception of risk in experience situations in logistics. However, in insurance, it can be seen that experience cases are more frequently associated with low risk with a p-value lower than 0.05. In terms of credence situations, there is strong evidence of high risk associated with this situation in logistics. A sample of perceived risk in credence situations in the insurance industry is too small (only 10 cases) to allow any statistical inference, as shown in Table 47. Here p-value is higher than 0.05, or above the region of statistical significance. Discussions of results are introduced in section 6.5.

**TABLE 46 - REFERENCES TO RISK IN EXPERIENCE SITUATIONS**

<table>
<thead>
<tr>
<th>Risk Experience</th>
<th>Total of references</th>
<th>Low Risk</th>
<th>(%)</th>
<th>High Risk</th>
<th>(%)</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>50</td>
<td>27</td>
<td>54,0%</td>
<td>23</td>
<td>46,0%</td>
<td>0,5708</td>
</tr>
<tr>
<td>Insurance</td>
<td>56</td>
<td>41</td>
<td>73,2%</td>
<td>15</td>
<td>26,8%</td>
<td>0,0018*</td>
</tr>
</tbody>
</table>

*statistically significant

**TABLE 47 - REFERENCES TO RISK IN CREDENCE SITUATIONS**

<table>
<thead>
<tr>
<th>Risk Credence</th>
<th>Total of references</th>
<th>Low Risk</th>
<th>(%)</th>
<th>High Risk</th>
<th>(%)</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>34</td>
<td>1</td>
<td>2,9%</td>
<td>33</td>
<td>97,1%</td>
<td>0,0001*</td>
</tr>
<tr>
<td>Insurance</td>
<td>10</td>
<td>5</td>
<td>50,0%</td>
<td>5</td>
<td>50,0%</td>
<td>1,00E+00</td>
</tr>
</tbody>
</table>

*statistically significant

### 6.4. Summary of results from secondary data – Factor 2

The analysis of RQ2, technical and functional factors, is demonstrated in Table 48 for experience situations and
Table 49 for credence situations. Results show that in the case of experience situations, there are more occurrences of technical factors in logistics relative to functional factors (59.6% vs 40.4%). Results are statistically significant. However, no meaningful differences were identified in the insurance industry. In logistics credence no statistically significant differences were identified between technical and functional factors, but in insurance credence, results show that approximately 2/3 of the references are related to functional factors as opposed to technical ones, as can be seen from Table 49, and corroborating the view that credence and functional factors are associated (Eisingerich and Bell, 2007). Discussion of results are introduced in section 6.5.

**TABLE 48 - REFERENCES TO TECHNICAL VS. FUNCTIONAL IN EXPERIENCE SITUATIONS**

<table>
<thead>
<tr>
<th>Tec. vs. Fun. Experience</th>
<th>Total of references</th>
<th>Tech. (%)</th>
<th>Funct. (%)</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>94</td>
<td>56</td>
<td>59.6%</td>
<td>38</td>
</tr>
<tr>
<td>Insurance</td>
<td>163</td>
<td>78</td>
<td>47.9%</td>
<td>85</td>
</tr>
</tbody>
</table>

*statistically significant

**TABLE 49 - REFERENCES TO TECHNICAL VS. FUNCTIONAL IN CREDENCE SITUATIONS**

<table>
<thead>
<tr>
<th>Tec. vs. Fun. Credence</th>
<th>Total of references</th>
<th>Tech. (%)</th>
<th>Funct. (%)</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>62</td>
<td>29</td>
<td>46.8%</td>
<td>33</td>
</tr>
<tr>
<td>Insurance</td>
<td>37</td>
<td>9</td>
<td>24.3%</td>
<td>28</td>
</tr>
</tbody>
</table>

*statistically significant

**6.5. Findings qualitative + quantitative insights - Discussion**

There are ten research questions related to the empirical work done for this thesis. Results from research questions 1a and 1b confirm that perceived risk increases from search to credence states. Mitra *et al.* (1999) in a study with university students raise the possibility of risk increase from search to credence states. As mentioned in section 2.10.1, perceived risk emerges from the uncertainty involved in purchase decision and the consequences of taking unfavourable action (Bettman, 1973). Results from the analysis of each case study in chapter four and five show that judgement is more easily achieved in search situations, and perceived risk is therefore low,
while in credence situations there is much more uncertainty involved in the process; and therefore perceived risk is high, highlighting what was found by Mitra (1999). The limitation in Mitra’s (1999) study is that SEC was viewed as a static entity.

With regards to technical and functional factors, it can be concluded from research questions RQ2a and RQ2b below that the technical factor and search situations are associated, while the functional factor is associated with credence situations. The lack of tangible elements to judge credence situations leads customers to focus on how the service is provided rather than on what is provided; this in turn explains why functional factors assume a more relevant role (Sharma and Patterson, 1999).

These results confirm Eisingerich and Bell’s (2007) proposition that functional factors tend to prevail in credence cases, with the difference that here cases are situations, not representations of industries or attributes. Functional factors, as defined by Grönroos (1982), reflect how the service is done. It is likely that in credence situations, the lack of elements of reference for the analysis of the service and the high variability in performance leads the customer to observe the surrounding aspects of service consumption (Eisingerich and Bell, 2007). This does not tend to happen to the same degree when a customer is in a search situation because the customer possesses enough understanding of the information about products or services, which becomes the focus of the assessment (Eisingerich and Bell, 2007; Sharma and Patterson, 1999). One aspect that it is argued in this thesis is that SEC, when described as situational, tends to differ from other more static views of the SEC classification of goods in the sense that it can take place more often than an industry-based SEC or attribute-based SEC. For example, in a credence attribute, there would be only one occurrence of credence scenarios, while in a credence situation, the number of occurrences is opened to the contextual factors surrounding the service evaluation. Therefore, it is also argued here that behavioural factors such as perceived risk and quality perceived from technical vs. functional quality tend to be more pervasive across service experience in a situational SEC relative to the eventual occurrence of these phenomenon in a static SEC.
TABLE 50 - RESEARCH FINDINGS

<table>
<thead>
<tr>
<th>RQ</th>
<th>Research questions Factors 1 and 2</th>
<th>Results Case Study 1 and 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>Low risk tends to be associated with search situations</td>
<td>Demonstrated by qualitative analysis</td>
</tr>
</tbody>
</table>
| 1b | High risk tends to be associated with credence situations | Demonstrated by qualitative analysis
|    | Demonstrated quantitatively in logistics |
| 2a | Technical factors tend to be associated with search situations | Demonstrated by qualitative analysis |
| 2b | Functional factors tend to be associated with credence situations | Demonstrated by qualitative analysis |

At the industry level, it was observed from RQ3a and RQ3b that there is a difference between the two industries involved in the study. At first glance, logistics may be seen as more search oriented compared to insurance, while insurance is more credence oriented when compared to logistics (refer to Table 43). There is a lack of studies comparing the results of these two industries in relation to the SEC classification of goods; however, Galetzka et al. (2006) suggests that mail services (an industry that is similar in operational terms to logistics) is highly predictable, and in that sense it offers more opportunity for customers to raise service quality information. Insurance, on the other hand, is more strongly associated with situations of credence (Sülzle, 2005). In the latter case, customers have difficulties in judging the service. There is one caveat though. Results are not significant and therefore the minimal difference may be due to some idiosyncrasy of the sample. In that sense, it is possible that there are no crucial or fundamental differences across industries.

TABLE 51 - RESEARCH FINDINGS

<table>
<thead>
<tr>
<th>RQ</th>
<th>Other research questions – Industry related</th>
<th>Results Case Study 1 and 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a</td>
<td>Logistics tends to be associated with search situations relative to insurance</td>
<td>Demonstrated by qualitative analysis</td>
</tr>
<tr>
<td>3b</td>
<td>Insurance tends to be associated with credence situations relative to logistics</td>
<td>Demonstrated by qualitative analysis</td>
</tr>
</tbody>
</table>
In terms of experience situations, findings from research questions RQ4a and RQ4b suggest some mixed results. On one hand, qualitative results indicate that for experience cases, there is an association with low risk in the logistics industry. However, analysis of secondary data shows no meaningful results. Qualitative data also shows a tendency of experience cases of having high risk in the insurance industry. However, secondary data shows occurrence of experience cases and low risk in the insurance industry. With regards to technical factors, it can be seen from Table 52 that for experience cases, there is a tendency for technical factors in the logistics industry (RQ4c), and functional factors in the insurance industry (RQ4d). However, there is also association between functional factors in credence cases. The question for experience cases is how to explain such contradictory results? In the next section, a discussion on experience cases is presented and this issue is addressed.

### TABLE 52 - RESEARCH FINDINGS

<table>
<thead>
<tr>
<th>RQ</th>
<th>Research questions – Experience situations</th>
<th>Results Case Study 1 and 2</th>
</tr>
</thead>
</table>
| 4a | Analysis of experience cases suggests association with low risk in the logistics industry | Demonstrated by qualitative analysis  
However, secondary data shows no meaningful results |
| 4b | Analysis of experience cases suggests association with high risk in the insurance industry | Demonstrated by qualitative analysis  
Secondary data shows association of experience cases and low risk in the insurance industry |
| 4c | Analysis of experience cases suggests association with technical factors in the logistics industry | Demonstrated by qualitative analysis  
Demonstrated by secondary analysis |
| 4d | Analysis of experience cases suggests association with functional factors in the insurance industry | Demonstrated by qualitative analysis  
Secondary study suggests association of functional factors with credence situations |
6.6. Experience cases in a continuum SEC – discussion

A well-known perspective of the SEC framework is the one published by Zeithaml (1981) from Figure 1, where search, experience and credence are positioned in a series of different discrete points. The aim of this section is to offer an alternative to that view, taking into account the results of experience cases outlined in section 6.5. In that sense, the new view could be used as an explanation for the conflicting findings of experience cases, found for answers of research questions 4a, 4b and 4d.

According to the answer to RQ4a, low risk is associated with experience cases for the logistics industry, but secondary data shows no meaningful differences between low and high risk. In that sense, experience cases demonstrate no clear tendency if one takes into account that qualitative and quantitative results offer opposing findings. However, experience cases can have characteristics of the two poles search and credence, and the reason for that is that experience lies between them. In addition, it is contended here that experience is spread along the evaluation continuum from credence to search. Looking at a verbatim helps to illustrate this point. In the case below, the client brings illustrations from other sources. However, according to the client’s rationale, he does not need to experience the service to develop an assessment about the future quality of the service. The effects of client’s assessment happen regardless if he engages in new purchases.

“…We’ve done a lot of benchmarking, we also do benchmarking with our customers, on how they view services because they have different suppliers, and they quite happily tell us which service providers are good, and which are bad, and in their opinion there are not very objective measures, it is not in charts and reports, but it is gut feeling” (Interview 45/ Logistics)

This case of a surrogate buyer helps to illustrate that the criteria before/after use used to separate a search from an experience situation is no longer applied because the effects of the experience assessment happens before purchase (Klein, 1998). If that is the case, then experience is not
discrete as suggested by the traditional view (Darby and Karni, 1973), and it is present in evaluative SEC as illustrated in Figure 17. The literature also observes the holistic role of experience, from the initial moments in service evaluation to the post-consumption phase, experience is there (Åkesson et al., 2014). Customers experience the service through different sensory and cognitive manners, in order to make sense of the service (Lemke et al., 2011). Experience is an outcome stage (Lemke et al., 2011), therefore more than an option of SEC category, it is a holistic phenomenon (Helkkula, 2011). It encompasses all the assessment that takes place at every stage of the service encounter (Åkesson et al., 2014).

Moreover, if a customer decides to purchase logistics services, for example, from the initial moments of Internet search in order to find a provider, the customer is already experiencing the service, although he is still in the search situation. Similarly, the customers could have difficulties in identifying the price, and in that case, he could face, perhaps temporarily, a credence situation. In fact, there is a study that shows the relevance of pricing policy in credence scenarios (Nagler et al., 2011), where label information aids the consumer’s decision making. All activities that the customer engages with in the process of hiring a provider are a function of experience activities (Helkkula, 2011).

The answer to RQ4b also offers contradictory findings. Experience, according to qualitative analysis, is suggested to be associated with high risk in the insurance industry, while quantitative analysis of secondary data shows association with low risk. Here, similarly to RQ4a, high and low risk can be equally identified in experience cases. If one assumes that experience prevails across the whole spectrum of the service quality evaluation from search to credence as suggested in this thesis, then it is expected that risk could go either way, high or low.

The answer to RQ4d is the final contradictory result that requires clarification. Qualitative analysis suggests that functional factors are associated with experience cases in the insurance industry, while the quantitative data suggests that functional factors are associated with
credence results. Here, the assumption is the same as the answers to RQ4a and RQ4b. Experience is pervasive between the two poles of search and credence which helps to explain the mixed results.

The relevance of the concept experience in service studies is in line with the most recent literature which defines customer experience as a relevant topic (Helkkula, 2011). In this thesis the concept of customer experience is used as a proxy for quality service factors, but customer experience receives wider connotations in the literature. Heinonen et al. (2010), for example, adopting a narrow view suggests that customer experience is created by the service company. Customers in this case are assumed to experience the service as designed by the company. “Customer experience is the internal and subjective response customers have to any direct or indirect contact with the company” (Meyer and Schwager, 2007, page 118). A brand communication by the company could spark an experience in the consumer’s mind, for example. A second view explains customer experience in terms of the customer relationship perspective, or in other words, by looking at contact points customers have during the service encounter (Grewal et al., 2009). This approach does not include events outside the context of the firm; the scope of service experience is within the company’s domain.

A third view of customer experience includes the customer viewpoint (Heinonen et al., 2010). According to this view, customers’ experience does not only consist of cognitive factors but is perceived by customers as internal and emotionally bounded (Holbrook, 2006; Schembri, 2006; Carú and Cova, 2003).

Helkkula (2011) suggests that customer experience can be understood as a hedonic impression or as a practical contact, that consists of observable facts or events. Helkkula (2011) sees three types of characterizations of the literature on customer experience, namely phenomenological, process-based and outcome-based characterizations. The phenomenological type defines customer experience as a holistic phenomenon, specific to an individual in the context of a specific event (Vargo and Lusch, 2008b; Schembri, 2006; Pine II and Guilmure, 2011). The
process-based type defines whether there is a transformation within a process (Toivonen et al., 2007). The outcome-based characterization defines experience in terms of a causal model (or moderator) of other constructs (Bel, 2005; Flanagan et al., 2005; Galetzka et al., 2006).

For the purpose of SEC studies, one could define the experience portrayed here as a combination of the phenomenological factor with the outcome-based. This is in line with Helkkula’s (2011) typologies which are considered not mutually exclusive. This happens when customers are having direct experience with the service. It is through the experience customers have or acquire from third parties that the level of assessability is defined, hence search and credence states are identified.

If experience is all-encompassing holistic phenomenon, then one is left with search and credence as service quality assessments. Hence, some notes are also necessary to explain the role of search and credence demonstrated in Figure 17 (below). The suggestion here is that search, and credence, behave differently to experience. While the definition of experience is of an outcome of a service activity in the framework below, rather than just a quality reference, search and credence continue to assume the role of quality assessments. Moreover, both search and credence may happen at any instant that the customer engages with the service because they follow a situation. In order to identify which one is prevalent at a single situation, it is worth paying attention to the relevance of the attribute that the customer is assessing (Bloom and Pailin, 1995). If enough information is available, the customer is probably facing a search situation; conversely, if not much is known by the customer, then it is a situation of credence. Usually, customers start from the unknown to the known in the process of knowledge accumulation (Klein, 1998); hence from credence to search. Yet this is not always necessarily true. If price, for example, is the relevant attribute to be assessed, and clear information is offered about it, then the customer is already in a search situation (Klein, 1998). Moreover, there are situations customers face, such as when they are in a search situation and suddenly new changes comes into place changing the level of knowledge available, moving the customer back to a credence situation; refer to section 2.5 for more information about this aspect of the
SEC classification of goods. In this thesis, it is worth noting that a new definition of SEC is suggested: one that does not need to take into account the separation between before/after consumption (Darby and Karni, 1973). The only definition that matters for the purpose here is to identify search and credence by the level of assessability.

**FIGURE 17 - SITUATIONAL SEC**

If the customer knows the service well, to the point of being able to assess it, he could be considered to be in a typical search situation; conversely, if a customer does not possess enough understanding of what he or she is consuming, the customer faces a credence scenario (Bloom and Pailin, 1995). Experience lies across the whole spectrum of the service activity (Åkesson et al., 2014). It is not only a discrete option. Experience is more than a quality assessment; it is an activity where other quality assessments, namely search and credence, stand.
Findings from phase 1 led to the development of the log of questions, that was a result of the application of the semi-structured interview within the concept of holistic service experience applied by Lemke et al (2011). Key areas of the overall service quality were identified such as communication, product orientation, network and value-in-use (Lemke et al., 2011). In that sense, the link with phase two of the study is that the log of question could be applied in both industries to uncover the experience with service because the log of question is holistic and includes all the possible areas related to the matter affecting the two industries.

This is the end of chapter six. It was observed that risk, and technical and functional factors, behave differently according to a search or credence situation. Low risk and technical factors tend to be associated with search situations, while high risk and functional factors tend to be associated with credence situations, suggesting that a company needs to be alert to the behavioural factors when assessing customer quality. Differences between logistics and insurance were also observed, with the former being more search oriented than the latter, although here the differences are minimal which might suggest that the discrepancies are due to the idiosyncrasies of the context and not an inbuilt characteristic of the industries. The concept of experience was revised from a mere discrete category of the SEC classification of goods to an all-encompassing activity reflected across the service encounter. Search and credence remained, as theorized here, as two quality features that define situations that customers face when evaluating a given service. They prove to be dynamic qualities that vary across situations, taking into account a set of contextual factors. With the summary in mind, the next section will discuss the academic and practical implications of this research.
Chapter Seven: Further discussions and Conclusion

7.1. General implications on SEC theory

The theory of economics of information has been around for at least forty years (Nelson, 1970), with publications in the marketing field that date back to the 1980s (Zeithaml, 1981). Several marketing areas of research have been influenced by contributions from this theory including electronic retailing (Alba et al., 1997), customer decision making (Jacoby et al., 1986), customer satisfaction (Alford and Sherrell, 1996), market fraud (Dulleck et al., 2011), customer behaviour (Babakus et al., 2004) and brand cues (Brady et al., 2005). The field of applications is vast and diversified, and the conceptualization of the SEC framework has not remained free of critique (Ford et al., 1988). Perhaps the most promising of these critiques is the suggestion made by Bloom and Pailin (1995) that SEC is a reflection of dynamic situations not static attribute-oriented qualities. It is promising because it reflects a similar change in perspective that the field of marketing has observed about its own role: from static, provider-centric to a dynamic customer-centric field that is sensitive to the contextual changes surrounding it (Grönroos and Gummerus, 2014). Although a situational SEC was first coined in 1995 (Bloom and Pailin, 1995), surprisingly little has been done to reflect its empirical potential. In the current marketing research climate, this perspective finds echo and resonates well with the emergent perspective of the service-dominant logic that identifies a much more active role for customers at the centre of service activity (Vargo and Lusch, 2008b). The situational SEC provides the right level of attention, turning the evaluation of service quality to be more in tune with the variety of factors shaping it. It is worth noting that the contribution of this thesis is that it is suggested that behavioural attitudes such as level of perceived risk and attention to technical or functional quality are tested in a situational SEC as demonstrated in chapter four and five with the studies of cases; this assessment of behavioural factors in situational SEC has not been done before.
7.2. Theoretical implications

The SEC framework was discussed with electronic retailing showing that the best approach would see retailing media not in terms of the duality of electronic vs. store (Alba et al., 1997), but a complementary view where both forms of media are offered to customers. In that sense, a customer in a search situation who has information about relevant attributes could go to the Internet and process the purchase. Customers, however, whose interest is in information that is not readily available might need to see the product or experience the service in store.

Customer expertise was also covered in chapter two, with a debate about the difference between novice customers and experts in terms of staying in one of the SEC situations. More mature customers may be more confident in interpreting market signals (Calfee and Ford, 1988), so customer experience could affect the amount of time they take to move from one SEC situation to another.

A discussion took place about how customers assess their levels of satisfaction about a given service in credence cases. Traditional theory suggests that customers need a script-based procedure to go about evaluating services that do not offer many concrete examples for judgment (Alford and Sherrell, 1996). In this thesis, it was advocated that credence scenarios are a common feature across all services, and that a script-based assessment could be necessary in all of them, as discussed in chapter two.

It has also been seen that mechanisms of fraud emerge in credence-like states (Emons, 2001, 1997), and therefore their occurrence may be greater than the scope presented by Alger and Salanié’s (2006) initial proposition on industries like auto-repair and health-care. The reason for their limited perspective is that Alger and Salanié (2006) take into account credence as industry-based phenomenon. However, in a situational SEC, credence is potentially pervasive across the spectrum of services available, and fraud is therefore potentially a common factor across all services.
A theme that was a subject of controversy is the model of customer behaviour applied by Babakus et al. (2004). According to this model, there are two levels of data management that can support managers of financial services to understand customer quality management. At the level of the attribute is the financial attributes, and at a higher order dimension, there is the SEC category which these attributes belong to. For instance, fee charges are classified by Babakus et al. (2004) as a search attribute and management of the bank as a credence attribute. Knowing the SEC categories would help managers to understand how to work on best practices. It was observed that this model would not work in a situational SEC because an attribute such as fee charges would not be search for every customer, and similarly bank management would not be credence every time for all customers. In that sense, Babakus et al.’s (2004) model needs revision in order to be suitable for a situational SEC by allowing the integration of questions to customers regarding their level of familiarity with the subject under assessment.

Another discussion related to theoretical contributions made by this thesis refers to the theme of brand cues. It was discussed in chapter two that cues are related to the SEC framework. It was mentioned that a cue is defined as “a characteristic event, quality or object that is external to the consumer, and that is encoded and used to categorize a stimulus object” (Crane and Clarke, 1988, page 56). Brady et al. (2005) depart from the assumption that credence services have less tangible elements and, therefore, there is more customer reliance on cues, and consequently brand strength. According to Devlin’s (2011) suggestion, cue utilization is definitely important in the context of credence services. It has been discussed in chapter two that the term credence services is misplaced because credence is a reflection of situations. It was argued that SEC situations lead credence like cases to be more ubiquitous than previously considered by Brady et al. (2005).

The concept of service reliability and validity was also discussed in a study of customer satisfaction (Galetzka et al., 2006). Service reliability entails a service with no flaws (Galetzka et al., 2006), while service validity means service according to customer expectations (Van Raaij and Pruyn, 1998). In a search case, both reliability and validity affect customer
satisfaction, while in credence cases, service validity has no effect as customers have difficulties in drawing on expectations. It was seen that both concepts are useful for a situational SEC and the theoretical effect of the thesis on Galetzka’s (2006) research is that this research suggests the expansion of the view of service reliability and validity for all SEC situations.

Mittal’s (2004) take on a fuzzy line across SEC states was also observed. Mittal (2004) sees that experience products can be treated as search, if there is a trial in store and the customer ends up testing the product before purchasing. Mittal (2004) also suggests that experience products can be treated as credence in cases of long-term benefits when it is not accrued at the moment of usage. In this thesis, it was discussed that Mittal’s (2004) view has some distortions that need revision. Experience states are not treated as search or credence, or vice versa; they become a search or credence case in Mittal’s (2004) examples. The distortion is that Mittal (2004) sees SEC categories as embedded in products. This static view does not truly reflect how SEC categories behaves and does not account for situations where different customers have different levels of expertise about the product, leading some to know how to assess the product, while others are dependent on a third party’s opinion.

The theoretical implications of assuming a concept based on a situational view of the SEC classification of goods leads one to see influence across the wider spectrum of the literature on the theme, as shown above in this section. It is also important to note that the empirical tests done for this thesis, such as the level of occurrence of perceived risk and technical and functional factors, lead customers to see that there are differences in these behavioural factors depending on the situation that one is in. This might work as the sparking factor for new research on the theme.
7.3. Managerial implications

The pragmatist view of the researcher led the construction of the thesis with a focus on its managerial implications. According to Stewart (2011), “pragmatism is a method for evaluating philosophical problems by working through the practical consequences. Creation and construction are privileged over discovery and objective description” (Stewart, 2011, page 12).

What matters is how marketing professionals apply their expertise in specific situations, as the problem is unique to that particular context. In that sense, the role of epistemology becomes redundant, and managers learn how to deal with the issue as they confront practical problems. In that sense, the phenomenon under study here reveals the need to understand the issue through the consequences of applying the learning in their specific environment. Understanding replaces epistemology (Rorty, 1979), it is not necessary to search for true foundations of the discipline, but to look at consequences of SEC classification of goods, for example, when studied in a given context.

In order to deal with a practical problem one needs to understand their historical development and particularities. Not applying insights from a positivistic school of economics imported to marketing. A broader constructivist view attempts to break the dominant position of marketing theory based on microeconomics, by emphasising social complexity and causal ambiguity (Stewart et al., 2009). Given that the main thrust of research for marketing-as-practice is that of praxis, based on neopragmatism, the question needs to be addressed regarding the implications for research. Science, for example, is seen as being no different from other forms of knowledge generation, such as art, poetry or music (Stewart et al., 2009).

This complexity means that managers have a variety of marketing tools to use according to the best SEC situation. Extensive attribute information is most effective in search scenarios, while impersonal and personal signals, trials and educational approaches are more effective in credence cases (Bloom and Pailin, 1995).
In a search mode, consumers are sensitive to information and it makes sense for managers to make them widely available through advertising in magazines, newspapers and media in general. It is also effective to make use of the web to allow customers to interact with the company’s website content, retrieving information as appropriate. Customers in a search situation would not give much attention to signals, either personal or impersonal, as what they are looking for is hard data (Bloom and Pailin, 1995). Trials and educational approaches would not be effective either (Bloom and Pailin, 1995). Contrary to Bloom and Pailin (1995), in this thesis experience is not considered an intermediate quality between search and credence. In its place it is either search or credence with less or more intensity. Experience is an holistic phenomenon, an outcome of the service activity from where search and credence stands. Therefore, managerial actions follow these two perspectives about the theme. Inexpensive trials should give customers reassurance in cases of credence situations, but educational approaches tend to be the most effective tool to educate customers when facing situations where they lack information, as shown in Table 53.

**TABLE 53 - RELATIVE EFFECTIVENESS OF INFORMATION TOOLS IN DIFFERENT SEC SITUATIONS**

<table>
<thead>
<tr>
<th></th>
<th>Extensive attribute information</th>
<th>Impersonal signals</th>
<th>Personal signals</th>
<th>Inexpensive trials</th>
<th>Educational approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Search</strong></td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Credence</strong></td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Derived from (Bloom and Pailin, 1995, page 23)

In addition, managers can now better understand how to observe customers in different SEC situations. When in search situations, customers have a good understanding of the main attributes in judgment and can make their decision on a more transparent basis. However, this situation is not static and can suddenly change due to changes in a variety of factors from the environment. A company that launches a new service or make changes to the attribute under evaluation can make impact on the level of understanding customers have about the product or service. This may affect the relationship customer have with the service, leading them to decide
on a more emotional basis. On the side of the credence situation, customer are not able to make judgements clearly and will focus on anything that companies made available to them such as process, steps, of functional attributes in order to evaluate the quality of the service. Similarly, to search situations, the credence situation is not static, but dynamic in nature. Customers can move from a situation of low understanding of the service to a situation of more clarity.

7.4. Final comments

7.4.1. Conclusion

The conclusion invariably leads to a new perspective of how service quality should be portrayed; one where it is possible to actually observe situations across the whole spectrum of the service experience. Moreover, there are differences in customer behaviour across these different SEC situations. In search situations, information is readily available and customers can observe lower levels of risk and attention to technical factors, while in credence scenarios, the level of perceived risk increases and there is more attention driven towards functional aspects of the quality service. Experience is pervasive and it can be found at any stage of the spectrum of service showing that experience is more than a discrete option in the evaluation continuum. Experience is more than a quality assessment; it is an activity where other quality assessments, namely search and credence, stands. Search, on the other hand, encompasses what is conceptualized as a situation where customers are confident in judging the service and customers do not have difficulties in concluding about the inferred quality. Credence, however, leaves customers in uncharged territory; here customers may need all sorts of information aid to reach a conclusion about the quality of the service or product. With this, the end of the thesis has been reached, with some final words now on limitations and future research.
7.4.2. **Research limitations and future research**

This research attempted to offer insights into the theme of SEC framework, but it was not without its limitations. The first limitation was the use of the case method. In one way, it was a useful tool for depicting the details of the context, but in another way it limited how data were sourced, with particular restrictions in relation to secondary data that was not designed primarily for the objective of this research. The result was that in the coding phase of verbatim comments in the survey, the frequency of experience and credence cases were counted, but not search cases. A bespoke survey designed to capture data from search would have been more useful, and a more direct comparison between qualitative and quantitative phases could have been drawn. The second limitation is that the definition of cases results, across the analysis of primary and secondary data, in the term level of assessability was polarized as low vs. high, leaving no space for medium. Perhaps, in future research more sensitivity towards this aspect could be achieved. The level of perceived risk is the third limitation and it follows similar pattern to the second limitation. Results were polarized across two values, high and low, with no mention of a medium level of perceived risk. The fourth and final limitation is that access to the sponsoring company has been denied in the main phase of data collection and therefore results from the insurance industry were obtained from interviews with the market in general originated from the purchase of a list of companies from several industries in the UK. That was not entirely a problem, as it is useful to get the perspective of the market on the SEC framework, but it led to the research sample being sourced differently across the two industries. In the logistics industry results were obtained from company B’s clients, but in the insurance industry they came from the market as a whole. It is possible that a cluster of clients from company B may have led to more divergent results from the list of companies from the insurance sector.

Future research could be designed around the need to better understand the prevalence of SC cases in larger populations, but drawing on primary rather than secondary sources, with direct surveys designed. This would have allowed, for instance, search cases to be surveyed in a bigger sample, and results could be drawn on the differences across industries. Also, more
details about how the SEC framework behaves across different samples could be obtained. A quantitative view of a wider number of different industries could signal the need to identify areas where credence situations emerge more often than other areas.
Appendix

1.1. Appendix 1

Nodes or Attributes (source: exploratory phase – Organization A insurers and employees)

Free Codes only (verbatim has not been include in this report)

<table>
<thead>
<tr>
<th>Free Node</th>
<th>Theme for Log of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to keep up-to-date with customer business changes</td>
<td>Communication</td>
</tr>
<tr>
<td>Ability to suggest appropriate cover</td>
<td>Product quality</td>
</tr>
<tr>
<td>Accessibility of information</td>
<td>Communication</td>
</tr>
<tr>
<td>Anticipation of working load</td>
<td>Relationship</td>
</tr>
<tr>
<td>Attention to details</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Bespoke insurance coverage</td>
<td>Product Quality</td>
</tr>
<tr>
<td>Broker access to customer decision makers</td>
<td>Relationship</td>
</tr>
<tr>
<td>Broker information systems</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Broker management involvement</td>
<td>Relationship</td>
</tr>
<tr>
<td>Broker processes</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Broker supporting personnel</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Broker transition team service</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Broker insurer relationship</td>
<td>Relationship</td>
</tr>
<tr>
<td>Caring procedures</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Change in customer personnel</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Claims management</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Commitment</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Competence in cost management</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Competence in pitching for the business</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Competence in renewing the insurance programme</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Competence in risk management</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Competence in specialized areas</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Competence on reviewing uninsured risks</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Complexity of customer business</td>
<td>Context</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Connexion</td>
<td>Relationship</td>
</tr>
<tr>
<td>Consistency of experience over time</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Coordination of different brokerage divisions</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Credence Features</td>
<td>Context</td>
</tr>
<tr>
<td>Customer attitude towards insurance</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Customer experience in insurance</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Customer goal</td>
<td>Value in Use</td>
</tr>
<tr>
<td>Customer management culture</td>
<td>Context</td>
</tr>
<tr>
<td>Customer network</td>
<td>Relationship</td>
</tr>
<tr>
<td>Customer personnel</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Customer processes</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Customer recognition</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Customer relationship</td>
<td>Relationship</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Relationship Outcome</td>
</tr>
<tr>
<td>Customer specific knowledge</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Customized service</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Dedicated contact point</td>
<td>Relationship</td>
</tr>
<tr>
<td>Ease of establishing the relationship</td>
<td>Relationship</td>
</tr>
<tr>
<td>Enquiry responsiveness</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Experience of broker personnel</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Experience of the insurer personnel</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Explanation</td>
<td>Communication</td>
</tr>
<tr>
<td>Feedback</td>
<td>Communication</td>
</tr>
<tr>
<td>Financial Design</td>
<td>Product Quality</td>
</tr>
<tr>
<td>Flexible attitude</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Frequency of meetings</td>
<td>Relationship</td>
</tr>
<tr>
<td>Functional value</td>
<td>Value in Use</td>
</tr>
<tr>
<td>Genuine desire to develop value for both parties</td>
<td>Value in Use</td>
</tr>
<tr>
<td>Geographical availability</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Geographical distance</td>
<td>Service Quality</td>
</tr>
</tbody>
</table>
Hedonic value
Implicit understanding of customer needs
Innovative ideas
Insurance specific knowledge
Insurance Surveyor
Insurer claims management
Insurer explanation of change in procedures
Insurer information management
Insurer Information system
Insurer processes
Insurer relationship
Insurer relationship with customer
Insurer supporting personnel
Interest in relationship maintenance
Legislation
Level of collaboration amongst insurer, broker and client
Level of risk exposure
Liaison with the insurance market
M&A
Management of the tender process
Managing expectations
Managing non-customer contacts
Market competitiveness
Novelty of business proposition
Number of policies
Number of specialty areas
Openness
Premium relative to market average
Pricing
Proactivity in checking that everything is ok
<table>
<thead>
<tr>
<th>Provision of seminars and specialist talks</th>
<th>Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of client advisory service</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Range of Insurance cover</td>
<td>Product Quality</td>
</tr>
<tr>
<td>Service recovery complaint handling</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Stability of broker service team</td>
<td>Relationship</td>
</tr>
<tr>
<td>Staff empowerment</td>
<td>Context</td>
</tr>
<tr>
<td>Time for issuing policy document</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Transparency</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Trustworthy behaviour in relationship</td>
<td>Context</td>
</tr>
<tr>
<td>Underwriter responsiveness</td>
<td>Service Quality</td>
</tr>
<tr>
<td>Validation of mutual understanding</td>
<td>Communication</td>
</tr>
</tbody>
</table>
1.2. Appendix 2

University of Manchester - Manchester Business School – Doctoral Research Valdemir Oliveira
– Year: 2012/13

LOG OF QUESTIONS

Role

1) Could you please confirm your name and role, and how long have you been in this position?

2) What your main responsibilities are with regards insurance/logistic matters?

3) Who are your main strategic suppliers in terms of Insurance/logistic? In the supplier side, ask for clarification for the choice of a given customer

Communication

4) Could you please describe how business with this (these) suppliers began? Explore if it was through a tender process, a result of advertisement, direct mail

5) Describe the quality of communication with your supplier(s)? Check for enquiry responsiveness, explanation, openness. If they listen to “our” problems.

Relationship with company (Define Supplier mentioned in q.3)

6) Describe your relationship with the supplier company: Check for breath of contact, consistency of service personnel. Additional constructs: ease of establishing the relationship, genuine desire to develop value for both parties, interest in relationship maintenance, number of people, presence of social relationship, trustworthy behaviour in relationship, value of custom, value of relationship

Product quality

7) What is your opinion on the range of products/services available? How do you see the offer? Check for Breath of product range and choice. For Broker: number of specialised areas; for Insurer: Product range

8) In terms of value for money. Do they offer you value for money? Check constructs such as discounts, delivery of value in excess of contract, negotiability of pricing, price relative to market average, value for money; Costs. In insurance industry note for difference between premium charged by the insurer and commission charged by the broker.

Service quality

9) Describe your experience in terms of accessibility to resources: see if constructs such as accessibility of information, person, facility, dedicate contact points, ease of order placement, geographical availability, geographical distance,
10) In terms of use of your time. Do the company (Broker/Insurer/Logistic Provider) make good use of it? Check for ability to work independently and ask explanation of what good is.

11) What is your assessment of the attitude of personnel you deal with? Check for concern to elicit customer’s objectives, honesty, proactivity in checking that everything is ok; accept enthusiastically, opened to suggestions, pleasant personality; argue if necessary; personal relationship with the dedicated team. Personal relationship, personal contact quality. For insurer: Underwriter responsiveness

12) In terms of supplier’s (broker, Insurer, Logistic Provider,) procedures and processes. What is your opinion on that? Check for, provision of appropriate documentation, service recovery/complaint handling. Look at details. In insurance, note for differences in insurance and broker’s processes. For example: For insurance - the availability and frequency of visits of insurance surveyors; insurer’s claim management processes.

13) What do you think about the reliability of the service provided? Check for ability to check quality, accurate invoice, acting as agreed, consistency of experience over time, delivery timeliness, low incident of problems, product/service quality, promise fulfilment, timeliness of response, track record; Keep time schedules; Honour financial agreements, stay in budget, meet deadlines, reaches objectives; for insurance: transaction competence; for logistics: order release quantities, ordering procedures, order accuracy, order condition, order quality, order discrepancy handling, delivery timeliness (already mentioned above)

14) Describe your perceptions of the application of knowledge by the supplier (Broker/Insurer/logistic Provider) that is relevant to your business. Check for competence, contact with subject experts, implicit understanding of customer needs, knowledge, proactive sharing of ideas. For insurance: competence in risk management, industry specific knowledge, customer specific knowledge, region specific knowledge, problem solving capabilities, insurance specific knowledge. For Broker: Competence in specialized areas; competence in pitching for the business; competence in renewing the insurance programme and management of the tender process; See if more differences between insurance and broker knowledge emerge. For logistics: Information quality.

15) Do you feel that the service is personalized? See if responses cover items such as bespoke dialogue, customer need focus, customer recognition, customization, extent of personal contact, flexibility, proactivity in addressing customer needs, segmentation approach. Look after our interests, it is creative in terms of its offering, it is consistent with our strategy. Personalized financial planning. See if differences between insurance and broker knowledge emerge.

Network Quality

16) What are your views on the company’s (broker/insurer/logistic provider) network? Check for appropriate use of third parties for relationship development, network of specialists for advice, sourcing network; international network. For broker: liaison with the insurance market

Usage Encounter – may look for interaction with suppliers

17) Relationship with other customers: partnerships or co-creation of experiences with other organizations.
18) Social Impact: Need to explore in B2B. Check if there is the possibility of provider’s own service impacts the company’s own image. In B2C, typical attributes are fashionable product/services, impact on status, premium brand.

Experience Context

19) In general terms, which aspects influence your experience? Check for market competitiveness, organizational size, product complexity; regular repurchase product/service type, supplier company status. Check for influence of corporate image, and technology. Innovation, Management philosophy, Demographics – client sophistication – specially for credence (identification and nature of client sophistication, its role in determining service evaluation criteria and the process of service evaluation), How client sophistication may impact on the nature of relationship and terms of interdependency and power; the atmosphere where interaction takes place and relationships develop; the nature of joint-personal related goals, the role of trust, the extent of commitment.

Value-in-use

20) What is the value of the service offer for you? Check for utilitarian, hedonic, relational and cost/sacrifice

Relationship outcome

21) What is the outcome of this relationship? Check for commitment, purchase, retention, word of mouth.

22) Are you satisfied with the supplier overall? Question related to satisfaction

23) Do you intend to continue using this supplier in the future? Question related to Loyalty

24) Do you recommend this supplier to other organizations? Question related to Word of Mouth

25) Do you identify with this supplier? Question related to commitment.

Notes:

1) Information over search, experience and credence properties, SEC, will be extracted from the comparison of answers to questions above in two industries.

2) In order to explore SEC properties, questions will be made on how customer knows whether or not a service is 'good'- how do they reach that judgement? What evidence do they look for? Who do they check with? What guarantees/ warranties do they have? Why do they think it is good enough?

3) Questions to supplier follow same script with slight change when prompting them. It is asked on their views on customer perceptions of service experience.

4) Attributes defining “client sophistication” can be used for segmentation on different levels of credence: They are (a) Evaluation criteria, (b) Power dimension, (c) Atmosphere of relationship, Joint personal relational goals, (d) The role of trust, (e) the extent of commitment.
5) Note that on questions 7, 12, 14 and 15, there might be differences in customer’s evaluation of insurers and broker’s portfolio of offers.

≈ ≈ ≈
1.3. Appendix 3

“The study of customer evaluation of quality service within two industries types in the UK”

Participant Information Sheet

You are being invited to take part in a research study that aims to understand how customers assess their service experience. This research is part of a thesis to be developed for a PhD programme at University of Manchester. Before you decide, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Please ask if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part. Thank you for reading this.

Who will conduct the research?

Valdemir Oliveira - PhD Programme

Manchester Business School – The University of Manchester

Booth Street West, Manchester, UK - M15 6PB

Email: valdemir.oliveira@postgrad.mbs.ac.uk

Title of the Research

“The study of customer evaluation of quality service within two industries types in the UK” – A situational approach of search, experience and credence applied to customers in the logistic and insurance sector”

What is the aim of the research?

To understand what determines customers’ perceptions of their experiences in the context of two types of industries.

Why have I been chosen?
You have been chosen to take part in this research because you were identified as having a relevant role. Your opinion therefore is crucial for providing future guidance on best practices for suppliers of this industry and also to generate insights in the study of customer experience within the academic business management literature.

What would I be asked to do if I took part?

1. You will be contacted by Valdemir Oliveira, PhD candidate from Manchester Business School, by telephone/email in order to confirm your interest and availability to take part in the study.
2. Subsequently, you will receive an e-mail to confirm the interview at a date and location that is convenient to you and suitable for a confidential interview.
3. On the day of the interview, the conversation will be audio-taped (with your agreement) and the interview will revolve around some pre-prepared questions related to your assessment of services provided by Insurance brokers or logistic suppliers, and discussion about the benefits they bring to you and your company are expected. It is possible that some written notes will be made and the session is likely to last between 30 to 45 minutes.
4. Once the interview has been conducted, you will be asked permission for later contact by the researcher as a precautionary act should any necessary additional enquiry arise as part of the analysis of the results of the interview.

What happens to the data collected?

The recorded conversation will be analysed by the researcher. The conclusion of a series of interviews with customers and other stakeholders in the industry will be assessed and form a doctoral thesis to be prepared for Manchester Business School. The data collected is in accordance to strict ethical guidelines required by the University of Manchester. There will be no disclosure, when collected, of respondent’s contact details.

How is confidentiality maintained?

Contact details will not appear on any records made by the researcher whether in paper or electronically. A code will be used to identify records stored in a password protected file which can only be accessed by the researcher. All paper records, for example the signed consent form, will be kept in a locked data storage box.

The data will be kept under data protection law by the University of Manchester and a thesis produced to satisfy examiners. Academic papers may be published using the data, but all respondents will remain anonymous.

What happens if I do not want to take part or if I change my mind?

It is up to you to decide whether or not to take part. If you do decide to take part you will be given this information sheet to keep and be asked to sign a consent form. If you decide to take part you are still free to withdraw at any time without giving a reason and without detriment to yourself.
Will I be paid for participating in the research?

No payments are expected to be made as a form to maintain the volunteering process free from any bias. Participants who incur in transportation costs will be fully reimbursed.

What is the duration of the research?

Interviews are expected to last between 30 and 45 minutes.

Where will the research be conducted?

Research is to be conducted in mutually convenient location for researcher and participants or over the phone.

Will the outcomes of the research be published?

Yes, it is expected that the researcher may publish selected components of the research in academic and managerial journals. Information about interviewees will be anonymous.

Contact for further information

Dr. Jamie Burton
Lecturer in Marketing
Director MSc Corporate Communications and Reputation Management and MSc Marketing
Customer Management Leadership Group Research Director,

Marketing, International Business and Strategy Division
Manchester Business School
University of Manchester

Manchester Business School West
Booth Street West
Manchester
M15 6PB

Direct Tel: 0161 275 6508
Fax: 0161 275 6357
Jamie.Burton@mbs.ac.uk

What if something goes wrong?

If a participant wants to make a formal complaint about the conduct of the research they should contact the Head of the Research Office, Christie Building, University of Manchester, Oxford Road, Manchester, M13 9PL.
“The analysis of customer experience within two industry types in the UK”

CONSENT FORM

If you are happy to participate please complete and sign the consent form below

<table>
<thead>
<tr>
<th>Please Initial Box</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I confirm that I have read the attached information sheet on the above project and have had the opportunity to consider the information and ask questions and had these answered satisfactorily.</td>
<td></td>
</tr>
<tr>
<td>I understand that my participation in the study is voluntary and that I am free to withdraw at any time without giving a reason and without detriment to any treatment/service</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I agree to take part in the above project</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of participant</td>
<td>Date</td>
</tr>
</tbody>
</table>


1.4. Appendix 4

Examples of coding of primary data (more available on request)

Interview 13 / Situation 1

Situation: Search

Period: Before use

“Logistics is really a side line of what I do; the reason why I took on the logistics was purely from cost point of view, and the service point of view. When we originally started with XXX for the UK, then XXX was then sold to XXX and the service for XXX was a thrash, so I was kind of force to look into an alternative provider. That was when I took over really. Two years ago.”

Attribute: Price

“…but we worked closely with XXX and we managed to put a price structure in place that us as a company are very happy with”

“Yes, the range is adequate, and suits our needs. The only thing XXX has fallen down again is the price for international large items. They can make the price on a five to seven day service, were we need to two to three day service. We will revisit that next day, because at the moment is Christmas, so we will continue to revisit it to see if they can price pointing”

Assessability: High vs. low

“…once I became increasingly unhappy with XXX, then I start to looking for alternative provider, and we have quite a few companies in, but we worked closely with XXX and we managed to put a price structure in place, that us as a company are very happy with” (High)

“We will revisit that next day, because at the moment is Christmas, so we will continue to revisit it to see if they can price pointing” (High)

Factor 2: Low vs. High perceived risk

“…a price structure in place, that us as a company are very happy with” (Low)

Factor 3: Technical vs. Functional

“…price structure…” (Technical)

“I start to look for alternative provider, and we have quite a few companies in…price structure in place” (Technical)
Interview 15 / Situation 1

Situation: Experience

Period: After use.

“…we have been using XXX now for over ten years”

Attribute: Problem solving

“I am most interested in is the speed at which issues are resolved.”

“the issues we assess the company on is how quickly they can respond to a challenge, respond to issues, and deal with them effectively.”

Assessability: High vs. Low

“No, we solely use XXX. Occasionally, if it is a local company, we may use one of our warehouse drivers to transport the goods, but in 99% of the time our goods are transported by XXX.”(High)

“We communicate with XXX on a daily basis, and occasionally we might communicate with XXX twenty times within a day” (High)

“I don’t mind things not necessarily working out the way we’ve planned them. What I would mind is if we can’t problem solving really quickly. So, the relationship in that respect is essential and works well.”(High)

“…so this delivered process is accurate, up-to-date and properly managed because without it, we can’t invoice the customers. It is crucial that XXX are on top of their game all the time, occasionally we have, occasionally we don’t reach the hundred percent satisfaction rate, but like I said before it is not so much as the problem occurs, it is how one resolves the problem is important to me as the delivery happens in a timely manner, and on that note XXX has always been good in resolving issues.”(High)

“To be fair, they have a good knowledge about our business, we’ve always met with XXX regularly, previously, I had meetings, in the last four years, I’ve been having meetings with the area manager as well as one of the site managers, and those happened routinely, and up to a point that we are satisfied that those meetings didn’t need to be happening regularly, since there has been a change in XXX, a change over personnel, and we’ve carried that, that two-way meeting process on, and that continuity has been maintained, and I am happy with the relationship” (High)

“…and the fact that we have been with XXX for ten years means that they have a model that works for us” (High)

Factor 2: Low vs. High perceived risk
“...you can’t legislate for, a lorry breaking down, you can’t legislate for accidents on the road, or the delivery ... and those issues have been kept to a minimum...” (Low)

“...the only problem we have had an issue with is where if our products get damaged on a route, so ah, that would be the only issue we have, it was an issue at one point and that has been managed successfully quite recently, and those issues have been kept to a minimum”(Low)

“XXX give us an update on a daily basis as to where our products are at any given time that has been delivered” (Low)

Factor 3: Technical vs. Functional

“If I need I will contact someone in XXX and deal with the problem in a timely manner, so getting access to the right people is never an issue.”(Functional)

“we still maintain that relationship with XXX is because our relationship with managers within the company has always been a professional” (Functional)

“We are not someone who deals with XXX every now and then, we are someone who three times a week requires XXX to deliver a large number of items for our business across the country, and so we do expect a bit more personal service than another customers who use XXX every now and then. I think we do get that personal services, as I mentioned before, the staff there are quite responsive to us, and are fully aware of our business model, and fully aware of how crucial it is that our products get delivered to the customer in a timely manner.”(Functional)

“...I specifically have a dialogue with that individual (relationship manager) and that dialogue might involve day-to-day telephone contact, problem solving an issue, but also definitely involves monthly meetings that we have.” (Functional)

“What I would mind is if we can’t problem solving really quickly. So, the relationship in that respect is essential and works well.” (Functional)

“It is crucial that XXX are on top of their game all the time, occasionally we have, occasionally we don’t reach the hundred per cent satisfaction rate, but like I said before it is not so much as the problem occurs, it is how one resolves the problem…”(Functional)

“...so like I said before issue do happens, that is understandable, but it is how we manage them that is most important” (Functional)

“...where I am unhappy about is when a number of problems happens and neither of them can get solved straight away, people responses to that."(Functional)
Interview 18 / Situation 2

Situation: Credence

Period: After use

“The most relevant will be the broker because over the past four or five years we stayed with XXX, we moved underwriters, we were one time with XXX, and we moved to an Australian company called XXX, we were there for two years, and we then moved to XXX, so throughout that time is the broker that has been the stable factor”

Attribute: Insurance claims

“…every day that goes by and you pay money for insurance, if you don’t have a claim, you haven’t had a back for your money other than piece of mind, and that piece of mind is exactly the same with any insurer”

“Another area is where you have a claim, and we would want their claim’s people to do what they can to come up with a good solution for us”

Assessability: High vs. Low

“I am struggling to talk about the insurer because the only dealing we have with them is the settling of the account which was twelve months ago” (Low)

“…this is in the very early stages of the claim, so we will have to see, so far is the first one which XXX have to deal with” (Low)

“Yes, that’s right, and then the insurer might say ok you are not covered for this, you are not covered for that, and the broker, if he is good, might argue the case for you, you know, because in insurance there is some grey areas, so you want them to see your way, you want to win the argument, you want the broker to put the argument, and ours does.”(Low)

Factor 2: Low vs. High perceived risk

“I mean risk, let’s say we were doing something our operations involve, let’s say, I don’t know, leaving some stock outside, in a lot compound, in a van whose doors weren’t locked, they will say, o, it would be that terrific if you could lock the doors, but I can see that your operational requirements is as such that can’t be done, we will inform the insurers that this is what you’ve been doing, and they will say whether is covered or not, well, that maybe an example where the insurers says yes, this is fine, it is in the a lot compound, you are covered for this, you are covered for that, so we want to know where we have gaps in our insurances, where you may face a risk that we think we should be covered for, but the insurer would say we are not.”(High)

Factor 3: Technical vs. Functional

“They guy I speak to called XXX, he is about my age, he has been in insurance for a long time, he knows what he is talking about, he can talk sensibly about insurance, not just
technically, I do want some technical input, but I also want them to give me a sensible business argument, about whether something is worth insuring or is better you take a risk yourself.” (Functional)

“The guy who comes and talk credit insurance with us, he is from this area, he supports the same team (laughs) that I do, it is difficult to say, the guy who talks about main insurances, is personalized to me? It probably isn’t but, it doesn’t need to be, I just need to believe in what he is talking about and what he does.” (Functional)

**Interview 24 / Situation 1**

**Situation:** Search

**Period:** Before use

“Yes we did, it was about six years we moved to XXX...”

**Attribute:** Personal Relationship

“...we rang round to find who else we could talk to, when we wanted to move from the previous people, and then they came in and talked to us in a sort of tender process, it wasn’t a formal tender process, it was much more a meet, greet, talk to us process, rather than a written tender type process. As far as I was concerned, and my trustees agree, the personal relationship, was, in a sense more important than the cost. We had to be happy to be dealing with these people.”

**Assessability:** High vs. Low

“Indeed, yes, work closely and openly with the contact at XXX.” (High)

**Factor 2:** Low vs. High perceived risk

“It wasn’t a formal tender process, it was much more a meet, greet, talk to us process, rather than a written tender type process.” (Low)

**Factor 3:** Technical vs. Functional

“As far as I was concerned, and my trustees agree, the personal relationship was, in a sense, more important than the cost. We had to be happy to be dealing with these people.” (Functional)
Interview 25 / Situation 1

Situation: Experience
Period: After use

“...every year they come and present, well for the last few years this has been principle...”

Attribute: Overall service

“When they became our brokers they gave a good presentation, they keep our premiums at a reasonable minimum, certainly when they search the market, and they deal with any queries we’ve got sort of as well as they can and, you know, which is the main thing why you go to a broker.”

Assessability: High vs. Low

“...they come and present what they’ve gone out to the market to do. Before that they’ve gone through with us what we require from the marketplace and what we want insured and what we think should be insured and the level of our insurance, that’s what we say to them, and off they go and get the best premium for us in our particular marketplace, you know, so it’s like, it’s a commodity like everything else, you know?” (High)

“you can see what the growing rate for certain things are, because they go to the main companies, you know, and the main companies are the ones that normally come back with the quotes.” (High)

There isn’t a judgeometer other than sort of as we say to them, when we’ve got a problem we want you to deal with it. We don’t really want to speak to you for the rest of the year because it means we’ve got a problem.” (High)

“You only judge the service if you’ve got a problem and how the agents, and also the insurance company which is obviously who you’re dealing with, how they deal with it. That’s the only way you can judge it and basically you don’t really want to do that because you’ve got a problem. It’s the only way you can judge the service is by the way they deal with the problem.” (High)

Factor 2: Low vs. High perceived risk

“To the best of our ability, you know, they come across and they will sort of, they’re in the forefront of the companies and if we have to do risk managements, which we do obviously, we get them to say, well what do you want us to sort of, what type of risk assessment do you want, and we have risk people within the business who will call up the brief and give them the right information. And occasionally the company will come round and with say a 15 page dossier, which we will help to fill in, together with our risk people in our place and to the best of our ability and it isn’t a problem, so that normally takes about sort of, you know, normally every 18 months they’ll want us to do a new one, so it isn’t a problem.” (Low)
“No, it’s not a big issue; we can quite easily do it. Well because we’ve got somebody, people who are in the firm who are into risk management and things like that.” (Low)

**Factor 3: Technical vs. Functional**

“Well we want to make sure that they, that if we have a claim that they deal with it efficiently, quickly, and sort of assist us in our claim, you know, so I mean that’s basically…why we’re employing them or why they’re getting a fee is if they’re enough to help us, if we’ve got a claim, to get it paid.” (Technical)

“So they personalise in one sense what our insurance needs are at that precise moment in time, because if they’ve got to go out and get some different quotes because the business is starting to go in a different direction, they have to personalise it or get the type of insurance which covers us in that direction.” (Technical)

“In the end we expect them to, if we have a problem that they’ve guided us in the right area and it’s going to be dealt with efficiently and correctly and we aren’t going to have any real problems of them coming back to us saying we’re not covered for that because of some gap in our policy.” (Technical)

“That is, well you’ve just got to really sort of go with your impression after you interview them should I say, and got a general feeling of how they deal with things and if need be sort of ask for a reference from somebody else who they’re dealing with who’s had a problem, and how they dealt with it; that’s the only way you can do it.” (Technical)

“It’s nothing special. They’re professional and they do a job efficiently, you know, that’s what we’re looking for. That’s the only way we can judge them is that when we ask them to do something they do it immediately and correctly.” (Technical)

**Interview 28 / Situation 2**

**Situation:** Credence

**Period:** After use

**Attribute:** Insurance cover

“I think, my biggest problem might be producing a business continuity plan requested by the insurers, the main insurers and that’s something that I’ve had some help from them and from XXX, so it was a bit of a daunting task, when the renewal came through and that was part of the plan, but it is something that we’re already working on and progressing with.”
Assessability: High vs. Low

“...so it was a bit of a daunting task, when the renewal came through and that was part of the plan, but it is something that we’re already working on and progressing with.” (Low)

“Well, it’s quite a major, sort of, look at the business and we had probably not prepared brilliantly in the past on planning for unexpected events.” (Low)

Factor 2: Low vs. High perceived risk

“...we had probably not prepared brilliantly in the past on planning for unexpected events” (High)

Factor 3: Technical vs. Functional

“But the insurers were, at the time, were excellent and did a really good job and the brokers were excellent in organizing the loss adjusters and involvement with the insurers in it.” (Functional)
### 1.5. Appendix 5

**Coding of secondary data - Logistics**

<table>
<thead>
<tr>
<th>ID</th>
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<th>Attribute</th>
<th>Perceived Risk Low vs. High</th>
<th>Technical vs. Functional</th>
</tr>
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<tr>
<td>2</td>
<td>“I think the customer could be less”</td>
<td>Low vs. High</td>
<td>Knowledge</td>
<td>Technical</td>
</tr>
<tr>
<td>3</td>
<td>“...online tracking...”</td>
<td>High</td>
<td>Technical</td>
<td>Technical</td>
</tr>
<tr>
<td>4</td>
<td>“...is difficult to...”</td>
<td>Medium</td>
<td>Technical</td>
<td>Technical</td>
</tr>
<tr>
<td>5</td>
<td>“...the service is...”</td>
<td>Low vs. High</td>
<td>Knowledge</td>
<td>Knowledge</td>
</tr>
<tr>
<td>6</td>
<td>“...the driver has...”</td>
<td>Low vs. High</td>
<td>Knowledge</td>
<td>Technical</td>
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<tr>
<td>7</td>
<td>“...we have never heard...”</td>
<td>Low vs. High</td>
<td>Knowledge</td>
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<td>8</td>
<td>“...we have the...”</td>
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<td>“...we have the...”</td>
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<tr>
<td>10</td>
<td>“...we offer good...”</td>
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<td>“...we offer good...”</td>
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<td>Knowledge</td>
<td>Technical</td>
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<td>“...the Customer Service...”</td>
<td>Low vs. High</td>
<td>Knowledge</td>
<td>Technical</td>
</tr>
</tbody>
</table>

**Perceived Risk Low vs. High**

- Low: The customer perceives the risk as low.
- High: The customer perceives the risk as high.

**Technical vs. Functional**

- Technical: The information is technical in nature.
- Functional: The information is functional in nature.

**Knowledge**

- Knowledge: The information is related to the customer's understanding of the process.
14. "They have so far been generally OK, it is very difficult to answer these awkward questions when I do not use them that much."

15. "They have given me a very good service over the years and I deliver all the time in my opinion. "They should offer me dispatch notes to keep at my depot as I seem to have to apply for them online when they run out."

16. "I have regular contact from our document manager..."

17. "They could reduce their prices."

18. "They could be more flexible."

19. "They have so far been generally OK. It is very difficult to answer these awkward questions when I do not use them that much."

20. "They have given me a very good service over the years and I deliver all the time in my opinion. "They should offer me dispatch notes to keep at my depot as I seem to have to apply for them online when they run out."

21. "I'm unable to forward goods from the USA to Malaysia..."

22. "I'm unable to forward goods from the USA to Malaysia..."

23. "They could be a little more flexible."

24. "Prices are good."

25. "Occasionally the service is good that I have a contact with them for daily collections. Sometimes they don't turn up as arranged and this can't be tolerated. Sometimes on my invoice I'm billed for other company's transactions, when I dispute them they are eventually resolved but I have to chase XXX to ensure they have not charged me for something they shouldn't."

26. "They should turn up when they're meant to..."

27. "They could call their customers back when they say they will."

28. "They could be more reliable in terms of timing..."

29. "The drivers are very good and are always doing their job..."

30. "Don't say you'll get back to me in an hour and then make me phone you after two or three..."
we put the postcode in but leaves last 2 digits off, horrible system, most other things were fine.

We have had consignments delivered with parcels missing a few times now.

To train agency drivers to call us when there is a problem with a delivery, (High)

Make us aware if a parcel is not going to be delivered on the day booked for and... (Technical)

 aired.

Drivers will sometimes wait an hour. We can always get through on the phone and... (Functional)

Service) ...the invoices come by email. (Technical)

They are flexible, and are very good at all the time. (Personnel)

...and are very helpful (Overall Service)

We have used XXX for 12 years and... (Overall Service)

We have had consignments delivered with parcels missing a few times now.

We have nothing to complain about, XXX are producing an excellent service, (Overall Service)

We have used XXX for 12 years and... (Overall Service)

...we are happy to stick with them. (Overall Service)

They are flexible, and drivers will sometimes wait an hour. We can always get through on the phone an... (Technical)

...the invoices come by email. (Overall Service)

We have used XXX for 12 years and... (Overall Service)

...we are happy to stick with them. (Overall Service)

We have used XXX for 12 years and... (Overall Service)

...we are happy to stick with them. (Overall Service)

They are flexible, and are very good on international.
66
"They do not have any visits. I would like to see them more often to talk about any issues."

67
"The telephone number to contact the local depot has no one to answer it."

68
"The telephone number to contact the local depot has no one to answer it."

69
"We used to use DHL, however they changed their rates so we decided to use XXX as they fulfilled our needs."

70
"We have a good representative."

71
"If the driver was not told about it. I had to drive it up to Chichester from Alton and was trying to ring them on my way home but was unable to answer."

72
"I arranged for a collection and XXX could not give me a consignment number at the time of collection, the package went missing for 2 weeks."

73
"I arranged for a collection and XXX could not give me a consignment number".

74
"We are happy with XXX because of the driver."

75
"I want XXX to offer no competitive rates."

76
"They do 5 major cock ups in about 2 weeks, which cost us a lot of money and they didn’t give me a consignment number put at times we are not ready for their driver to collect."

77
"If they didn’t lose things that would be very helpful and friendly. We have a good relationship with them, The driver I have used with XXX as they fulfilled our needs. We are very happy to pay more for that kind of service."

78
"If they did not lose things that would be very useful."

79
"The telephone number to contact the local depot has no one to answer it…"

80
"They are an easy company to deal with. If they didn’t lose things that would be very good, he has given us his mobile number and we are happy to pay more for that kind of service."

81
"The telephone number to contact the local depot has no one to answer it…”

82
"We would like to see them more often to talk about any issues."

83
"The best thing is that they have a call centre and all their staff are based in the UK. This makes for easier communication and they have a better understanding of our views and opinions. It works well on a practical basis."

84
"This makes for easier communication…”

85
""If they didn’t lose things that would be very helpful and friendly. We have a good relationship with them, The driver I have used with XXX as they fulfilled our needs. We are very happy to pay more for that kind of service."

86
"I want XXX to offer no competitive rates."

87
"They are generally a good service with a good system."

88
"They are generally a good service…”

89
"They are an easy company to deal with and compared to some of the competition they deliver on what they say they do."

90
"They are generally a good service…”

91
"They are generally a good service with a slightly later collection time slot as at times we are not ready for their driver to collect."

92
"The telephone number to contact the local depot has no one to answer it…”

93
"They are a good system."

94
"They are generally a good service with a good system."

95
"They are an easy company to deal with. If they didn’t lose things that would be very good, he has given us his mobile number and we are happy to pay more for that kind of service."

96
"They are generally a good service with a good system."

97
"They are generally a good service with a good system."

98
"They are generally a good service…”
69

We have had a few problems with XXX and they did not respond very well, they said they would PDF for us within 24 hours and I had to chase them up after 3 days. When we had a problem going in Italy once, XXX were not very helpful and we had to use XXE unless we have to, these are the main reasons, we’ve lost confidence in XXX. The drivers are always very friendly and they do what they say, but we cannot get the answer or the solution or resolve the problems quickly enough.

| (Personnel) | 
| We have had a few problems with XXX |  
| Overall Service | 

68

AA did drive could improve the way the truck and load their vans. We have a few boxes damaged which doesn’t look good for our customers. We now have depots with separate depots, we have our customers.

| (Functional) | 
| increase the rep |  
| (Loading process) | 
| We have a few boxes damaged which doesn’t look good for our customers. |  
| (High) | 

67

The drivers are always very friendly and helpful and will wait if you are in the middle of something, good guys.

| (Technical) | 
| We have few in every aspect |  
| (Overall service) | 

66

I order something to go to Birmingham at 10:11 am and it will be there the next morning.

| (Personnel) | 
| We don’t have any contact with an account representative |  
| (销售人员) | 

65

I have no idea who my Account Rep is. We got one person to our rep then we ring another number then we get told its someone else.

| (Technical) | 
| There are a few problems, sometimes the communication problems, they respond quickly but we cannot get the answer or the solution or resolve the problems quickly enough, sometimes it can take some time. It is not a big problem but it does happen. |  
| (Problem solving) | 
| They will not get the chance again, I will only use them when I am forced to. |  
| (Low) | 

64

I have no idea who my Account Rep is.

| (Personnel) | 
| We have no idea who my Account Rep is. |  
| (Personnel) | 

63

The drivers are always very friendly and helpful and will wait if you are in the middle of something, good guys.

| (Functional) | 
| Sort out billing issues and understand our business a little more |  
| (Billing process) | 
| Sort out billing issues and understand our business a little more (High) |  
| (Knowledge) | 

62

Sales rep couldn’t give the right information regarding UK deliveries.

| (Technical) | 
| Sales rep couldn’t give the right information regarding UK deliveries. |  
| (High) | 

61

Increase the cut off point for deliveries from 1 to 4pm.

| (Functional) | 
| Increase the cut off point for deliveries from 1 to 4pm (Collection process) |  
| (Functional) | 

60

I would say on the billing side, if I have a billing enquiry and can be long and arduous.

| (High) | 
| We have told it’s someone else. |  
| (High) | 

59

I order something to go to Birmingham at 10:11 am and it will be there the next morning.

| (Technical) | 
| Increase the cut off point for deliveries from 1 to 4pm. |  
| (Functional) | 

58

I would say on the billing side, if I have a billing enquiry and can be long and arduous.

| (High) | 
| I would say on the billing side, if I have a billing enquiry and can be long and arduous. (Billing enquiry) |  
| (High) | 

57

For me to use them more would be to reduce the price.

| (High) | 
| Not break stuff, get stuff there on time, and be more helpful when calling up to make a complaint. (Billing) |  
| (High) | 

56

Sales rep couldn’t give the right information regarding UK deliveries.

| (Technical) | 
| Sort out billing issues and understand our business a little more. |  
| (Billing process) | 
| Sort out billing issues and understand our business a little more (High) |  
| (Knowledge) | 

55

I have no idea who my Account Rep is. We got one person to our rep then we ring another number then we get told it’s someone else.

| (Technical) | 
| There are a few problems, sometimes the communication problems, they respond quickly but we cannot get the answer or the solution or resolve the problems quickly enough, sometimes it can take some time. It is not a big problem but it does happen. |  
| (Problem solving) | 
| They will not get the chance again, I will only use them when I am forced to. |  
| (Low) | 

54

I have no idea who my Account Rep is.

| (Personnel) | 
| We have no idea who my Account Rep is. |  
| (Personnel) | 

53

The drivers are always very friendly and helpful and will wait if you are in the middle of something, good guys.

| (Technical) | 
| Sort out billing issues and understand our business a little more |  
| (Billing process) | 
| Sort out billing issues and understand our business a little more (High) |  
| (Knowledge) | 

52

We have to use them more would be to reduce the price. We don’t have any problems so no advise to give them.

| (Technical) | 
| For me to use them more would be to reduce the price. |  
| (High) | 

51

For me to use them more would be to reduce the price.

| (Technical) | 
| Not break stuff, get stuff there on time, and be more helpful when calling up to make a complaint. (Billing) |  
| (High) | 

50

Nothing at the service we are getting from them is good, we don’t have any problems so no advise to give them.

| (High) | 
| Not break stuff, get stuff there on time, and be more helpful when calling up to make a complaint. |  
| (High) | 

49

The account manager makes contact with me when there are any problems but there is no chance they are tied and there isn’t much he can do to help me because he trials and makes contact.

| (Personnel) | 
| The account manager makes contact with me when there are any problems |  
| (Personnel) | 

48

I have no idea who my Account Rep is. We got one person to our rep then we ring another number then we get told it’s someone else.

| (Technical) | 
| There are a few problems, sometimes the communication problems, they respond quickly but we cannot get the answer or the solution or resolve the problems quickly enough, sometimes it can take some time. It is not a big problem but it does happen. |  
| (Problem solving) | 
| They will not get the chance again, I will only use them when I am forced to. |  
| (Low) | 

47

I have no idea who my Account Rep is.

| (Personnel) | 
| We have no idea who my Account Rep is. |  
| (Personnel) | 

46

The drivers are always very friendly and helpful and will wait if you are in the middle of something, good guys.

| (Technical) | 
| Sort out billing issues and understand our business a little more |  
| (Billing process) | 
| Sort out billing issues and understand our business a little more (High) |  
| (Knowledge) | 

45

I order something to go to Birmingham at 10:11 am and it will be there the next morning.

| (Technical) | 
| Increase the cut off point for deliveries from 1 to 4pm. |  
| (Functional) | 

44

I would say on the billing side, if I have a billing enquiry and can be long and arduous.

| (High) | 
| I would say on the billing side, if I have a billing enquiry and can be long and arduous. (Billing enquiry) |  
| (High) | 

43

For me to use them more would be to reduce the price.

| (Technical) | 
| Not break stuff, get stuff there on time, and be more helpful when calling up to make a complaint. (Billing) |  
| (High) | 

42

Nothing at the service we are getting from them is good, we don’t have any problems so no advise to give them.

| (High) | 
| Not break stuff, get stuff there on time, and be more helpful when calling up to make a complaint. |  
| (High) | 

41

The account manager makes contact with me when there are any problems but there is no chance they are tied and there isn’t much he can do to help me because he trials and makes contact.

| (Personnel) | 
| The account manager makes contact with me when there are any problems |  
| (Personnel) | 

40

I have no idea who my Account Rep is. We got one person to our rep then we ring another number then we get told it’s someone else.

| (Technical) | 
| There are a few problems, sometimes the communication problems, they respond quickly but we cannot get the answer or the solution or resolve the problems quickly enough, sometimes it can take some time. It is not a big problem but it does happen. |  
| (Problem solving) | 
| They will not get the chance again, I will only use them when I am forced to. |  
| (Low) |
91 | Experience | To improve the service, only ever one or gone wrong. | Functional | 75 |
92 | Experience | "They could let us know if there is an issue with the consignments as we have no paperwork or the driver just missed the collection without any real reason, this causes no problems so scored them low. Communication is very poor between customer service and myself. XXX have also told me they cannot guarantee online bookings." | Functional | 75 |
93 | Experience | The day to day running is excellent. | Overall Service | 80 |
94 | Experience | "They could call us and tell us..." | Communication | 80 |
95 | Experience | "Give us our old driver back..." | Personnel | 80 |
96 | Experience | "Give us our old driver back..." | Personnel | 80 |
97 | Experience | "Give us our old driver back..." | Personnel | 80 |
98 | Experience | "Give us our old driver back..." | Personnel | 80 |
99 | Experience | "Give us our old driver back..." | Personnel | 80 |
100 | Experience | "Give us our old driver back..." | Personnel | 80 |
101 | Experience | "Give us our old driver back..." | Personnel | 80 |
102 | Experience | "Give us our old driver back..." | Personnel | 80 |
103 | Experience | "Give us our old driver back..." | Personnel | 80 |
104 | Experience | "Give us our old driver back..." | Personnel | 80 |

<table>
<thead>
<tr>
<th>ID</th>
<th>Quote (Credence only)</th>
<th>Attribute</th>
<th>Assesibility</th>
<th>Low vs. High</th>
<th>Perceived Risk Low vs. High</th>
<th>Technical vs. Functional</th>
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<tbody>
<tr>
<td>010</td>
<td>I think the Customer Service staff should let us know if they are going to be late delivering a parcel...</td>
<td>Customer Service staff should let us know...</td>
<td>(Communication)</td>
<td>Credence</td>
<td>(Low)</td>
<td>(Functional)</td>
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<td>020</td>
<td>&quot;They could let us know if there is an issue with the consignments as we have to find out ourselves.&quot;</td>
<td>(Communication)</td>
<td>Credence</td>
<td>(Low)</td>
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<td>030</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
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<tr>
<td>040</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
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<td>050</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
</tr>
<tr>
<td>060</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
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<tr>
<td>070</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
</tr>
<tr>
<td>080</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
</tr>
<tr>
<td>090</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
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<tr>
<td>100</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
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<tr>
<td>110</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
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<td>(High)</td>
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<td>120</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
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<td>(High)</td>
<td>(Functional)</td>
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<td>130</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
</tr>
<tr>
<td>140</td>
<td>&quot;Give us our old driver back...&quot;</td>
<td>Personnel</td>
<td>Experience</td>
<td>(High)</td>
<td>(High)</td>
<td>(Functional)</td>
</tr>
</tbody>
</table>
I suppose that they could improve their online tracking system as it doesn't always work that well, so when you enter the tracking number it comes back saying it can't find the item.

I suppose that they could improve their online tracking system...

To improve their online tracking system and make it similar to Business Post online tracking. With XXX's tracking it will only tell you that the parcel has been collected or is out for delivery, or it will show you that it has been delivered, nothing else. Business Post tracking system shows you when it was scanned by driver when he picked up the goods, it also shows when it was scanned on to the delivery van and when the packages were received.

We have not really had any issues, just a problem…

To improve their customer services department staff made them contact the customer when they say they will within the hour and not leave the customer waiting. I ask them questions and send answers as soon as possible but they can't answer my questions and tell me to wait for them to get the answers and call me back that they don't have the time, saying we're busy. This is annoying.

The pricing structure isn't very clear and in the past I have phoned a couple of times and been given different prices for the same item.

To make the pricing structure easier to understand. We had a new representative and suddenly the rates could be lowered, even though we had asked for them to do this before.

They need to improve their online services. I should be able to book online a lot easier but I find it very hard doing it online.

The response is trying to engage Middle Eastern addresses because it is very difficult using online services.

I am not happy with the invoice as they have put on added surcharges, this should have been added on to the price in the first place.

We get not happy with the invoice as they have put on added surcharges...

To improve their online tracking system...

or it will show you that it has been delivered, nothing else. * (High)

I should be able to book online a lot easier but I find it very hard doing it online...

I would be able to book online a lot easier but I find it very hard doing it online...

The online tracking system was scanned by driver when he picked up the goods, it also shows when it was scanned on to the delivery van and when the packages were received.

I think they could work better in their failed collections team as they don't seem to be getting worked out or how to update when things go wrong.

Just sort out the economy express and everybody could do with knowing their presence.

The Customer Support staff could call us back when they say they will...

The Customer Support staff could call us back when they say they will...

Notify when a delivery is going to fail...

Notify when a delivery is going to fail...

Notify when a delivery is going to fail...

Notify when a delivery is going to fail...

The Customer Services department staff made them contact the customer when they say they will within the hour and not leave the customer waiting. I ask them questions and send answers as soon as possible but they can't answer my questions and tell me to wait for them to get the answers and call me back that they don't have the time, saying we're busy. This is annoying.

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I think they could work better in their failed collections team as they don't seem to be getting worked out or how to update when things go wrong.

Just sort out the economy express and everybody could do with knowing their presence.
They need to keep us updated if there is a problem. If we do have any problems XXX do tend to take a while to rectify the problem as we have been waiting for a response from XXX for a few weeks now. If we do have any problems XXX do tend to take a while to rectify the problem as we have been waiting for a response from XXX for a few weeks now. (Low)

They could get back to us with an answer when we need one as we have to wait as the query and wait days for a reply. Just an answer rather than fobbing us off all the time. (High)

They could get back to us with an answer when we need one as we have to wait as the query and wait days for a reply. Just an answer rather than fobbing us off all the time. (High)

When contacting give wrong. XXX should contact the customer as soon as possible. (Communication)

When contacting give wrong. XXX should contact the customer as soon as possible. (Communication)

We sent a parcel which was covered in fragile stickers and was well packed. (Low)

The tracking online could be improved with actually tracking. In the last few weeks I have tried to call and actually track the tracking has been saying it can't supply the information. (Low)

I believe there's a reason for that in that there were held up too long. (High)

I would like them to get back to us with information about things not being collected, or not being delivered. (Communication)

Sometimes our parcels go missing and XXX don't call us to let us know. Sometimes our parcels go missing and XXX don't call us to let us know. (Communication)

I would like them to get back to us with information about things not being collected, or not being delivered. (Communication)

Sometimes our parcels go missing and XXX don't call us to let us know. Sometimes our parcels go missing and XXX don't call us to let us know. (Communication)

I believe there's a reason for that in that drivers would be held up too long. (Technical)

If we do have any problems XXX do tend to take a while to rectify the problem as we have been waiting for a response from XXX for a few weeks now. (Low)

They could get back to us with an answer when we need one as we have to wait as the query and wait days for a reply. Just an answer rather than fobbing us off all the time. (High)

When contacting give wrong. XXX should contact the customer as soon as possible and not let the customer do all the chasing, but the customer can say what they are exhibiting. (Communication)

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I believe there's a reason for that in that drivers would be held up too long. (Technical)
The driver is very happy and helpful and when he goes right it is very, very good and when he goes wrong it is a nightmare. When they deliver to the wrong place, wrong time and don't tell us and we have to chase up and it goes from one department to the other, I could go on forever. We have had every time things go wrong for us, the people I speak to on the phone, they are helpful and courteous, they don't necessarily do anything but they are friendly and say they will ring back in an hour and this rarely happens, maybe 10/10. It's very frustrating that things do not happen on time; it is not the time but we get quotes of £5 or £10, if there are problems the online systems are very good, efficient and easy to use."

622

When they deliver to the wrong place, wrong time and don't tell us and we have to chase up and it goes from one department to the other, I could go on forever."

"Maybe make the online booking system more simple. I do think it is just me not getting on with computers." (Low)

625

Are other problems, the online systems are very good, efficient and easy to use."

"There are a number of things, the main thing though are their checked weighing results which come back to us, they are unbelievable. I have had situations where an iron weighing 58 kilos they had as weighing 130 kilos. Today they said it was 33 kilos but they had as 110 kilos. I don't mind if it is a small amount forever sometimes it is very drastic and we get all the time. We get an email with this on and I always email back saying that this is not possible. We check weigh everything and therefore know when there is an issue and easy to tell. We have lost parcels and no one knows about them."

690

There are a number of things, the main thing though are their checked weighing results which come back to us, so they are unbelievable."

626

And to have some complaints in regards to weight of parcels."

679

Quite often I had a complaint off and I finish at 1 and sometimes the driver arrives after 5, so it would be helpful to have a clearer time on when they are coming, that's all."

620

I don't mind if it is a small amount forever sometimes it is very drastic and we get it all the time."

677

I have been in this job about 18 months and I have only seen them once but would like to see them about twice a year, it is always good to build up a relationship face to face rather than on the phone, nothing else.

692

They could get back to us when they say they will."

622

"I think the accounts department could be more helpful. We seem to have trouble tracking invoices, so they could improve on this service." (Low)

696

We want to make the online booking system more simple. I do think it is just me not getting on with computers."

627

We need to have an account manager as a point of contact to when we have any problems they can sort them out for us, or at the moment nobody is doing anything about our problems so I will be looking elsewhere for another delivery company."

678

The driver is very happy and helpful and when he goes right it is very, very good and when he goes wrong it is a nightmare. When they deliver to the wrong place, wrong time and don't tell us and we have to chase up and it goes from one department to the other, I could go on forever. We have had every time things go wrong for us, the people I speak to on the phone, they are helpful and courteous, they don't necessarily do anything but they are friendly and say they will ring back in an hour and this rarely happens, maybe 10/10. It's very frustrating that things do not happen on time; it is not the time but we get quotes of £5 or £10, if there are problems the online systems are very good, efficient and easy to use."

622

When they deliver to the wrong place, wrong time and don't tell us and we have to chase up and it goes from one department to the other, I could go on forever."

"Not good, we never have any problems."

723

"I think the accounts department could be more helpful. We seem to have trouble tracking invoices, so they could improve on this service." (Low)

696

"I think the accounts department could be more helpful. We seem to have trouble tracking invoices, so they could improve on this service." (Low)

698

They could get back to us when they say they will."

620

Mr. Smith was the only person I could get a response back from when they say they will." (Low)

692

They could get back to us when they say they will."

620

"Just good, we never have any problems." (Low)

723

"I think the accounts department could be more helpful. We seem to have trouble tracking invoices, so they could improve on this service." (Low)

696

"Just good, we never have any problems." (Low)

723

"I think the accounts department could be more helpful. We seem to have trouble tracking invoices, so they could improve on this service." (Low)

696

We would like to have an account manager as a point of contact to when we have any problems they can sort them out for us, or at the moment nobody is doing anything about our problems so I will be looking elsewhere for another delivery company."
1.1. Appendix 6

TABLE 54 - SAMPLE FOR THE SECOND PHASE

<table>
<thead>
<tr>
<th>Industry</th>
<th>Universe</th>
<th>Sample</th>
<th>Number of firms</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>1602 respondents</td>
<td>70 respondents for experience cases</td>
<td>70 clients</td>
<td>76 experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>58 respondents for credence cases</td>
<td>58 clients</td>
<td>58 credence cases</td>
</tr>
<tr>
<td>Insurance</td>
<td>115 respondents</td>
<td>97 respondents for experience cases</td>
<td>63 clients</td>
<td>83 situations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18 respondents for credence cases</td>
<td>18 clients</td>
<td>19 situations</td>
</tr>
</tbody>
</table>

Notes: The data from secondary sources originated from surveys applied by the sponsoring and partnering company. They consist of transcriptions of internet survey for open questions covering the following topics:

Logistics industry:

- Positive customer comments
- Negative customer comments
- Customer improvement suggestions

Insurance brokerage industry:

- Ways the service has improved
- Ways the service has worsened
- Reasons the company stands out
- Biggest improvement
- Second biggest improvement
1.2. Appendix 7

Coding of secondary data - Insurance

<table>
<thead>
<tr>
<th>ID</th>
<th>Quote</th>
<th>Attribute</th>
<th>Assessability Low vs. High</th>
<th>Situation</th>
<th>Perceived Risk Low vs. High</th>
<th>Technical vs. Functional</th>
</tr>
</thead>
</table>
| 1  | Providing information on time, keeping promises.”  
“...times.”  
“Continuing the relationship over the last five years has been distant.”  
“Continuing the relationship when the market/service of a customer has changed but you still have some of their business. Attitude if last some business to not pay much time in that area now.”  | Providing information on time, keeping promises.” (Communication) | Low | Credence | Because I am extremely satisfied “…with the service “…I am extremely satisfied with XXX - I like their independence from Insurers and you always feel that they are acting on your behalf rather than working with the insurer against you.”  | (High)  
| 2  | “A little longer to receive responses to quotes.”  
“Generally the broker service received was very good. They are useful intermediaries for dealing with the insurers.”  
“...account exec is not as good as previous.”  
“Access to client manager is not as easy as it has been previously.”  
“...I always feel that they are acting on your behalf rather than working with the insurer against you.”  
“...they have had to help me with questions/issue/that my officer may have been able to deal with.”  
“...very helpful and knowledgeable, however I do not know very much about the competition.”  | Generally the broker service received was very good. They are useful intermediaries for dealing with the insurers.” (Response time) | Low | Experience | Very helpful and knowledgeable, however I do not know very much about the competition.” (Low)  
| 3  | My Insurance Officer is on time and they have had to help me with questions/issue/that my officer may have been able to deal with. They were also very helpful when it came to the renewal form and gathering of information. They even amalgamated information from 2 different sources so I only had to look for missing data.  
“Very helpful and knowledgeable, however I do not know very much about the competition.”  | They have had to help me with questions/issue/that my officer may have been able to deal with.” (Enquiries) | Low | Experience | Because I am extremely satisfied “Continuity of the team”  
| 4  | “...too long to receive responses to quotes.”  
“...the broker service received was very good. They are useful intermediaries for dealing with the insurers.”  
“...account exec is not as good as previous.”  
“Access to client manager is not as easy as it has been previously.”  
“...I always feel that they are acting on your behalf rather than working with the insurer against you.”  
“...they have had to help me with questions/issue/that my officer may have been able to deal with.”  
“...very helpful and knowledgeable, however I do not know very much about the competition.”  | Very helpful and knowledgeable, however I do not know very much about the competition.” (Low) | Low | Experience | My Insurance Officer is on time and they have had to help me with questions/issue/that my officer may have been able to deal with.” (Low)  
| 5  | “...too long to receive responses to quotes.”  
“...the broker service received was very good. They are useful intermediaries for dealing with the insurers.”  
“...account exec is not as good as previous.”  
“Access to client manager is not as easy as it has been previously.”  
“...I always feel that they are acting on your behalf rather than working with the insurer against you.”  
“...they have had to help me with questions/issue/that my officer may have been able to deal with.”  
“...very helpful and knowledgeable, however I do not know very much about the competition.”  | They have had to help me with questions/issue/that my officer may have been able to deal with.” (Low) | Low | Experience | Because I am extremely satisfied “Continuity of the team”  
| 6  | “...too long to receive responses to quotes.”  
“...the broker service received was very good. They are useful intermediaries for dealing with the insurers.”  
“...account exec is not as good as previous.”  
“Access to client manager is not as easy as it has been previously.”  
“...I always feel that they are acting on your behalf rather than working with the insurer against you.”  
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“...very helpful and knowledgeable, however I do not know very much about the competition.”  | They have had to help me with questions/issue/that my officer may have been able to deal with.” (Low) | Low | Experience | My Insurance Officer is on time and they have had to help me with questions/issue/that my officer may have been able to deal with.” (Low)  
| 7  | “Because I am extremely satisfied “...with the service “...I am extremely satisfied with XXX - I like their independence from Insurers and you always feel that they are acting on your behalf rather than working with the insurer against you.”  
“...they have had to help me with questions/issue/that my officer may have been able to deal with.”  
“...very helpful and knowledgeable, however I do not know very much about the competition.”  | They have had to help me with questions/issue/that my officer may have been able to deal with.” (Low) | Low | Experience | Because I am extremely satisfied “Continuity of the team”  

279
<table>
<thead>
<tr>
<th>Experience</th>
<th>with the service provided</th>
<th>Functional</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>&quot;...is an excellent client manager. She always comes back with the required information, is knowledgeable and approachable. Her team are also very helpful and supportive.&quot;</td>
<td>Low</td>
</tr>
<tr>
<td>9</td>
<td>&quot;Overall, I am satisfied with the level of service. &quot;</td>
<td>High</td>
</tr>
<tr>
<td>10</td>
<td>&quot;There was a period in between our previously XXX account manager leaving and her replacement starting when there was limited contact from XXX, (This has since been resolved).&quot;</td>
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<tr>
<td>11</td>
<td>&quot;XXX provide a good service but I have nothing to compare them to as I have never used another company that provide the same service.&quot;</td>
<td>Low</td>
</tr>
<tr>
<td>12</td>
<td>&quot;We have had a consistent service from XXX. They are always on hand when required and have always provided a thorough and professional service...suggest ways to improve.&quot;</td>
<td>Low</td>
</tr>
<tr>
<td>13</td>
<td>&quot;XXX offer very good value for money.&quot;</td>
<td>High</td>
</tr>
<tr>
<td>14</td>
<td>&quot;There are clear pressures of work which means that we don't always get a response in a realistic timescale...&quot;</td>
<td>Low</td>
</tr>
<tr>
<td>15</td>
<td>&quot;My experience of XXX could not necessarily be others. Often a good experience depends on the particular people you deal with and while I'm happy with my account handler, others may not be as good as them. I would therefore not recommend any company with a ‘10’ where this might happen.&quot;</td>
<td>Low</td>
</tr>
<tr>
<td>16</td>
<td>&quot;Face-to-face renewal meeting helped to re-establish relationship and ensure that renewal goals were communicated well and achieved in good time. &quot;</td>
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<td>High</td>
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</tbody>
</table>
17. The team we work with has excellent knowledge of public sector risks including police - (Knowledge)  
   The team we work with has excellent knowledge of public sector risks including police - (Knowledge)  
   Experience  
   The team we work with has excellent knowledge of public sector risks including police - (Knowledge)  
   Experience

18. I feel that the account handlers have too many clients and commitments - (Overall Service)  
   I feel that the account handlers have too many clients and commitments - (Overall Service)  
   Experience  
   I feel that the account handlers have too many clients and commitments - (Overall Service)  
   Experience

19. Employ more support staff or engage in proper workflow planning to assist the account handlers to manage their workloads and give clients a consistently high quality service instead of "just in time" reactive responses - (Overall Service)  
   To assist the account directors/handlers to manage their workloads and give clients a consistently high quality service - (Overall Service)  
   Experience  
   To assist the account directors/handlers to manage their workloads and give clients a consistently high quality service - (Overall Service)  
   Experience

20. Continuity of personnel - (Technical)  
   Continuity of personnel - (Technical)  
   Experience  
   Continuity of personnel - (Technical)  
   Experience

21. Response time to queries quicker - (Technical)  
   I cannot say it is from XXX: I am comparing with my previous broker. The response times from XXX to me are far worse than from my previous broker. I refer to a solicitor in a big city and right of wrong, with my other broker I know it is the best client and received the service that recognised this. For me it is still early days with XXX and I will give them the benefit of proving that matters will improve. - (Technical)  
   Experience  
   I cannot say it is from XXX: I am comparing with my previous broker. - (Technical)  
   Experience

22. The lack of speedy service to me is a big issue for me. Lack of proactive chasing of outstanding matters is disappointing. Length of time to get the task of speedy service to me is a big issue for me. - (High)  
   The task of speedy service to me is a big issue for me. Lack of proactive chasing of outstanding matters is disappointing. Length of time to get the task of speedy service to me is a big issue for me. - (High)  
   Experience  
   The task of speedy service to me is a big issue for me. - (High)  
   Experience

23. Good service, but I am unsure of how effective other providers would be - (Low)  
   Good service, but I am unsure of how effective other providers would be - (Low)  
   Experience  
   Good service, but I am unsure of how effective other providers would be - (Low)  
   Experience

24. Staff are knowledgeable, helpful and provide innovative solutions to problems. They will prioritise for emergencies. (Response times)  
   Fair assessment of the service provided - (Low)  
   Experience  
   Fair assessment of the service provided - (Low)  
   Experience

25. Day to day administration is good. Staff are knowledgeable, helpful and provide innovative solutions to problems. They will prioritise for emergencies. (Response times)  
   I feel that the account handlers have too many clients and commitments - (Overall Service)  
   Experience  
   I feel that the account handlers have too many clients and commitments - (Overall Service)  
   Experience

26. Response times from XXX to me are far worse than from my previous broker - (Response times)  
   For me it is still early days with XXX and I will give them the benefit of proving that matters will improve - (Low)  
   Experience  
   For me it is still early days with XXX and I will give them the benefit of proving that matters will improve - (Low)  
   Experience
23. "I think the service received has been very good."
   - "The service received..." *(Overall Service)*
   - I think the service received has been very good.* *(Expansiveness)*
   - I think the service received has been very good.* *(Technical and Functional)*

24. "Provided a more personal service. more proactive."
   - "Provided a more personal service. more proactive. *(Overall Service)*
   - Because I am overall very satisfied with XXX's service.* *(Expansiveness)*
   - Provided our personal service. more proactive.* *(Technical and Functional)*

25. "Proactive, bring a different focus."
   - "Proactive, bring a different focus.* *(Consultancy)*
   - Difficult to say as only used them for EIL.* *(Low)*
   - "Proactive, bring a different focus.* *(Functional)*

26. Knowledge of our business and continuity of staff.
   - "Knowledge of our business...* *(Knowledge)*
   - Knowledge of our business and continuity of staff.* *(High)*
   - Knowledge of our business and continuity of staff.* *(Functional)*

27. XXX seem to be working more closely with us.*
   - "XXX seem to be working more closely with us. *(Relationship)*
   - XXX work closely and has x's interest at all time.* *(High)*
   - "Proactive/continuous...* *(Functional)*

28. A professional organisation who understood my needs.*
   - "Who understood my needs.* *(Knowledge)*
   - Who understood my needs.* *(High)*
   - A professional organisation who understood my needs.* *(Low)*

29. "Compared with previous brokers, the service offered by our contacts at XXX has been superb."
   - Compared with previous brokers, the service offered by our contacts at XXX has been superb.* *(Contact)*
   - We are always able to make contact and receive prompt response.* *(Low)*
   - We are always able to make contact and receive prompt response.* *(Technical)*

30. "As with any business, the people at XXX are extremely important and to their success or failure. The contact we have had with XXX seems to stand out to other brokers through the quality of their employees.*
   - The people at XXX are extremely important and to their success or failure.* *(Personnel)*
   - The contact we have had with XXX...* *(High)*
   - The contact we have had with XXX...* *(Functional)*

31. "I do not think that for just a few business, it is possible to make contact and receive prompt response.*
   - "I do not think that for just a few...* *(Functional)*
   - "I do not think that for just a few...* *(Technical)*

32. "Because I would make the recommendations.*
   - "Because I would make the recommendations.* *(Low)*

33. "Good level of contact from the service team.*
   - "Good level of contact...*(Overall Service)*
   - Higher levels of client care from the service team.* *(High)*
   - Higher levels of client care from the service team.* *(Low)*

34. "Not getting to know our team better.*
   - "We like the fact that the team managing our account is stable.* *(Personal)*
   - "We like the fact that the team managing our account is stable.* *(Functional)*

282
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional</td>
<td>The people they employ, the way they deliver the service, and above all the capability, enthusiasm and drive which exceeds our experiences with others to date, having placed business for over 10 years.</td>
</tr>
<tr>
<td>Technical</td>
<td>&quot;Strong technical back up&quot; &quot;Outstanding support/ proactive behaviour&quot; &quot;Efficient and comprehensive service&quot; &quot;Excellent interpersonal skills in all my dealings with XXX so far&quot;</td>
</tr>
<tr>
<td>Contact</td>
<td>&quot;A good service for us, but I other businesses may want a different kind of service maybe with a wider offering&quot;</td>
</tr>
</tbody>
</table>
| System | "Greater contact between our relationship manager and our Health & Safety staff is reaping benefits in our management of our employers liability exposure."

**Repro.**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience turned into search</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>The people they employ, the way they deliver the service, and above all the capability, enthusiasm and drive which exceeds our experiences with others to date, having placed business for over 10 years.</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Less active involvement in claim resolution&quot;</td>
</tr>
</tbody>
</table>

**Exp.**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Efficient and comprehensive service (Overall service)&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Less active involvement in claim resolution (Overall service)&quot;</td>
</tr>
</tbody>
</table>

**Training**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Useful &amp; relevant training courses/seminars provided&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Useless &amp; irrelevant training courses/seminars provided&quot;</td>
</tr>
</tbody>
</table>

**Low**

<table>
<thead>
<tr>
<th>Experience</th>
<th>&quot;Service has always been of high standard (Overall service)&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Serious has always been of high standard&quot;</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Serious has always been of high standard (System)&quot;</td>
</tr>
</tbody>
</table>

**System**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
</table>
| (High) Experience | "Greater contact between our relationship manager and our Health & Safety staff is reaping benefits in our management of our employers liability exposure."
| Low | (Low) Experience |
| (Low) Experience | "Less active involvement in claim resolution (Claim)" |
| (Low) Experience | "Less active involvement in claim resolution (Contact)" |

**Functional**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
</table>
| (High) Experience | "The service is reliable."
| Low | (Low) Experience |
| (Low) Experience | "The service is poor (Other providers)" |
| (Low) Experience | "The service is poor, but there are other providers."
| (Low) Experience | "The service is poor, but there are other providers."

**Service**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Outstanding support/ proactive behaviour&quot;</td>
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<tr>
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**Contact**

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<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Greater contact between our relationship manager and our Health &amp; Safety staff&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Less contact with XXX so far&quot;</td>
</tr>
</tbody>
</table>

**System**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Useful &amp; relevant training courses/seminars provided&quot;</td>
</tr>
<tr>
<td>Low</td>
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</tr>
<tr>
<td>(Low) Experience</td>
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**Technical**

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<tr>
<td>(High) Experience</td>
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| (Low) Experience | "The service is poor (Other providers)" |
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**Training**

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<td>(Low) Experience</td>
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</table>

**Low**

| Experience | "Service has always been of high standard. Over the last 12 months we have appointed XXX as our main UK broker as well as handling our specific insurance placements into the Lloyd's market. Therefore, overall our service from XXX has improved."
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<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Less contact with XXX so far&quot;</td>
</tr>
</tbody>
</table>

**Functional**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
</table>
| (High) Experience | "The people they employ, the way they deliver the service, and above all the capability, enthusiasm and drive which exceeds our experiences with others to date, having placed business for over 10 years."
| Low | (Low) Experience |
| (Low) Experience | "Less active involvement in claim resolution (Claim)" |
| (Low) Experience | "Less active involvement in claim resolution (Contact)" |

**Service**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Outstanding support/ proactive behaviour&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Outstanding support/ proactive behaviour&quot;</td>
</tr>
</tbody>
</table>

**Contact**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Greater contact between our relationship manager and our Health &amp; Safety staff&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Less contact with XXX so far&quot;</td>
</tr>
</tbody>
</table>

**Technical**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Efficient and comprehensive service (Overall service)&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Serious has always been of high standard (System)&quot;</td>
</tr>
</tbody>
</table>

**Exp.**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
</table>
| (High) Experience | "The service is reliable."
| Low | (Low) Experience |
| (Low) Experience | "The service is poor (Other providers)" |
| (Low) Experience | "The service is poor, but there are other providers."
| (Low) Experience | "The service is poor, but there are other providers."

**Training**

<table>
<thead>
<tr>
<th>High</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>(High) Experience</td>
<td>&quot;Useful &amp; relevant training courses/seminars provided&quot;</td>
</tr>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Useless &amp; irrelevant training courses/seminars provided&quot;</td>
</tr>
</tbody>
</table>

**Low**

| Experience | "Service has always been of high standard. Over the last 12 months we have appointed XXX as our main UK broker as well as handling our specific insurance placements into the Lloyd's market. Therefore, overall our service from XXX has improved."
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>(Low) Experience</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Serious has always been of high standard&quot;</td>
</tr>
<tr>
<td>(Low) Experience</td>
<td>&quot;Serious has always been of high standard (System)&quot;</td>
</tr>
<tr>
<td>Experience</td>
<td>46</td>
</tr>
<tr>
<td>------------</td>
<td>----</td>
</tr>
<tr>
<td>47</td>
<td>Will a new project, XXX have offered lots of help and advice and really formed a partnership with us on this project? “I am happy to recommend XXX should they require this.”</td>
</tr>
<tr>
<td>48</td>
<td>They are local - they have an as a client, they go the extra mile for us.” “Nothing springs to mind”</td>
</tr>
<tr>
<td>49</td>
<td>The two representatives at XXX who I mainly have contact with always reply promptly and professionally are helpful and constructive. There is nothing to much trouble for them. The claims team are equally as helpful and responsive. There is sometimes a delay in getting the answers to requests but do not perceive that to be XXX fault.”</td>
</tr>
<tr>
<td>50</td>
<td>I am completely secure in the knowledge that I have the best team within the broker to advise and deal with any matters that arise. Whether that is renewal, insurers review, risk, claims or new products; they take the worry out of insurance matters.”</td>
</tr>
<tr>
<td>51</td>
<td>The team I deal with always come under pressure – my experience would be improved by this not being the case. “Less adjusting could respond more quickly - both in terms of attending the site and understanding the site work to be undertaken.”</td>
</tr>
<tr>
<td>52</td>
<td>They appear significantly more proactive in terms of meetings on site and helping/suggestions to improve cover.</td>
</tr>
<tr>
<td>53</td>
<td>“XX feels still feels on the high side relative to their competition.” &quot;Yes&quot;</td>
</tr>
<tr>
<td>54</td>
<td>&quot;Have been experiencing few problems extracting the information/decisions required for both the group and satellite subsidiaries. Other than this the world is fine. I, on behalf of our manager appreciate that we are not the only client on your books but action, when required, should be taken to ensure adherence to the policies carried out in making the decisions required at time.&quot; &quot;XX have always shown a positive approach to the task in hand together with the ever changing footprint of our organisation.&quot; &quot;Health and Safety awareness on a global stage through insurance.&quot; &quot;Rarer response to Summary of Decisions of our global cover...&quot;</td>
</tr>
<tr>
<td>55</td>
<td>&quot;They are very professional in what they do and provide a very good service.&quot;</td>
</tr>
<tr>
<td>56</td>
<td>&quot;A NEW ACCOUNT EXECUTIVE HAS BEEN APPOINTED AS THE PREVIOUS ONE LEFT XXX TO BE FAIRER. THE NEW ACCOUNT EXECUTIVE NEEDS TIME TO SETTLE IN AND LEARN MORE ABOUT MY AUTHORITY’S BUSINESS, BUT HOPESFULLY HE WILL.&quot;</td>
</tr>
</tbody>
</table>
| 57 | "They have been very pleased with the service received from XXE when compared against our previous brokers.
We have been very pleased with the service received from XXE. (Overall Service)" | "...when compared against our previous brokers..." (High) | "I have been very pleased with the service received from XXE..." (High) | "I have been very pleased with the service received from XXE..." (Technical and functional) |
<p>| 58 | &quot;Account executive and handler are very responsive (phone and email) and are local enough that we can meet in person when required. They also have good relationships with London based specialists, and also have access to colleagues worldwide, so I feel they are both local and global.&quot; | &quot;Account executive and handler are very responsive...&quot; (Personal) | &quot;Account executive and handler are very responsive (phone and email)&quot; | &quot;Account executive and handler are very responsive.&quot; (Functional) |
| 59 | &quot;They have become more reactive than proactive - so I am chasing them more.&quot; | &quot;The speed of response to enquiries could on occasions be quicker.&quot; (Response times) | &quot;I consider that we receive a more personalized service from them...&quot; (Functional) | &quot;I consider that we receive a more personalized service from them...&quot; (Technical) |
| 60 | &quot;Sorry, have experienced few problems extracting the information/decisions required for both the group and satellite subsidiaries. Other than this the world is fine. I, on behalf of our manager appreciate that we are not the only client on your books but action, when required, should be taken to ensure adherence to the policies carried out in making the decisions required at time.&quot; &quot;XX have always shown a positive approach to the task in hand together with the ever changing footprint of our organisation.&quot; &quot;Health and Safety awareness on a global stage through insurance.&quot; &quot;Rarer response to Summary of Decisions of our global cover...&quot; | &quot;They are very professional in what they do...&quot; (Functional) | &quot;They are very professional in what they do...&quot; (Functional) | &quot;They are very professional in what they do...&quot; (Technical) |
| 61 | &quot;Direction from XXE of what they need from us has been less clear.&quot; &quot;They have become more proactive than proactive so I am chasing them more.&quot; &quot;XXE account manager has beenécoute...&quot; | &quot;Direction from XXE of what they need from us has been less clear.&quot; (Information) | &quot;They have become more proactive than proactive so I am chasing them more...&quot; (High) | &quot;XXE account manager has been écoute...&quot; (Functional) |
| 62 | &quot;I continue to be happy with XXE...&quot; | &quot;I continue to be happy...&quot; (Overall service) | &quot;I haven’t rated them higher as I am beginning to wonder whether other options might be better for our company.&quot; | &quot;I continue to be happy...&quot; (High) |
| 63 | &quot;There is evidence to be happy with XXE and would recommend to a company broker but I haven’t raised their higher as I am beginning to wonder whether other options might be better for our company.&quot; | &quot;I continue to be happy...&quot; (Overall service) | &quot;I haven’t rated them higher as I am beginning to wonder whether other options might be better for our company...&quot; (High) | &quot;I haven’t rated them higher as I am beginning to wonder whether other options might be better for our company...&quot; (Technical and Functional) |
| 64 | &quot;Our relationship with Account Executive only.&quot; | &quot;Our relationship with Account Executive only...&quot; (Personal) | &quot;To be more proactive with policy documentation and claims...&quot; (Handling) | &quot;Our relationship with Account Executive only...&quot; (Handling) |
| 65 | &quot;They have been very pleased with the service received from XXE, when compared against our previous brokers.&quot; | &quot;...when compared against our previous brokers...&quot; (High) | &quot;They have been very pleased with the service received from XXE...&quot; (High) | &quot;They have been very pleased with the service received from XXE...&quot; (Technical and functional) |</p>
<table>
<thead>
<tr>
<th>Level</th>
<th>Text</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>59</td>
<td><strong>Better understanding of our business needs and quicker response times since adding another member to the team.</strong></td>
<td>Although happy with the service we get, I'm not sure that I'm getting the best value for money and not sure that there aren't better ways of dealing with our clinical trial insurances.</td>
</tr>
<tr>
<td>59</td>
<td><strong>Encourage a couple of underwriters to get to understand how well managed what a live risk we are and should want to compete more aggressively on price to get our business.</strong></td>
<td>(Comment)</td>
</tr>
<tr>
<td>59</td>
<td><strong>I am fed up of having to start from scratch with multiple lengthy renewal forms every year.</strong></td>
<td>(Paperwork)</td>
</tr>
<tr>
<td>60</td>
<td><strong>Our reports provided on motor claims / risk management have improved and are provided in a more timely manner.</strong></td>
<td>(Low)</td>
</tr>
<tr>
<td>61</td>
<td><strong>We have had many problems with insurers getting matters wrong. We expect the broker to resolve these issues.</strong></td>
<td>(Low)</td>
</tr>
<tr>
<td>62</td>
<td><strong>The level of involvement and attention we receive from senior people within XXX is very good, as is the day to day service.</strong></td>
<td>(Low)</td>
</tr>
<tr>
<td>63</td>
<td><strong>Good service Knowledgeable manager</strong></td>
<td>(Low)</td>
</tr>
</tbody>
</table>

**Assessing the current state:**

1. **Clinical trials**
   - High Level: Better understanding of our business needs and quicker response times since adding another member to the team.
   - Low Level: Encourage a couple of underwriters to get to understand how well managed what a live risk we are and should want to compete more aggressively on price to get our business.
   - Medium Level: I am fed up of having to start from scratch with multiple lengthy renewal forms every year.

2. **Insurance claims**
   - High Level: Our reports provided on motor claims / risk management have improved and are provided in a more timely manner.
   - Low Level: We have had many problems with insurers getting matters wrong.
   - Medium Level: The level of involvement and attention we receive from senior people within XXX is very good, as is the day to day service.

3. **Service Quality**
   - High Level: Good service Knowledgeable manager
   - Low Level: Another benchmarking of costs

**Assessment of the desired state:**

- To communicate better what is required from the client to ensure claim or cover is not jeopardised.
- To demonstrate different approaches to manage our risk compared with more of the same.
- To communicate better what is required from the client to ensure claim or cover is not jeopardised.
- To communicate better what is required from the client to ensure claim or cover is not jeopardised.
64  
"Not always dealt with on timely basis."  
"Meet all expectations."  
"Be more proactive."  
"Experienced."  
"At the heart of our business. They have the right mix of commercial understanding, pragmatism and expertise for us, and are able to secure commercially attractive terms for our insurance."  

65  
"Professional and attentive service."  
"Professional and attentive service."  
"Professional and attentive service."  
"Experienced."  
"Does more proactive (Functional)."

66  
"Working relationship continues to develop."  
"Wouldn’t proactively promote. I’m not a salesman, and need to be aware that we represent a public organisation."  
"They know our business, helpful, flexible and quick response."  
"The fact that key personnel have an in-depth knowledge of our business. Also access to good claims specialists in the event of large or complex claims."  
"Quicker responses and closer working relationship."  

67  
"Improved attention to key issues."  
"Very good service from the team who deal with our Company."  
"The fact that key personnel have an in-depth knowledge of our business. Also access to good claims specialists in the event of large or complex claims."  
"Very good service from the team who deal with our Company."  
"Improved attention to key issues."  

68  
"Based on the consistent high quality service we receive."  
"Long standing relationship with key individuals; particularly account Director, leading to high level of understanding and excellent working relationship."  
"Based on the consistent high quality service we receive."  
"Based on the consistent high quality service we receive."  
"Based on the consistent high quality service we receive."  

69  
"The level of resource to support our business needs does not seem to be in place, meaning that our direct contact at XXX appears to be managing everything, meaning that some issues can take a long time to resolve."  
"The level of support beyond direct customer service is scant. There does not appear to be sufficient resource in these functions, as the only contact we have is directly with our client contact."  
"Improve the speed of response to queries, with additional resource to support."  
"Increase the proactive aspects of risk management, supporting the client across a number of fronts, as opposed to reacting to issues raised."  
"Meet all timescales"  

70  
"Personable, knowledgeable, and extremely helpful service"  
"This is the people and the relationships that you build"  
"The level of support to assist our business needs does not seem to be in place, meaning that our direct contact at XXX appears to be managing everything."  
"I’ve been very happy with XXX over the years."  
"Personable, knowledgeable, and extremely helpful service"  

71  
"Quicker responses and closer working relationship."  
"Satisfied with the service we receive."  
"We had some problems previously with service and the account team which were addressed and dealt with by a professional way."  
"Quicker responses and closer working relationship."  
"Quicker responses and closer working relationship."  

72  
"Selected 9 out of 10 - XXX provides excellent service, but isn’t 100% perfect."  
"Selected 9 out of 10 - XXX provides excellent service, but isn’t 100% perfect."  
"XXX provides excellent service..."  
"XXX fit with our business. They have the right mix of commercial understanding, pragmatism and expertise for us, and are able to secure commercially attractive terms for our insurance."  
"XXX fit with our business. They have the right mix of commercial understanding, pragmatism and expertise for us."  
"And are able to secure commercially attractive terms for our insurance."
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
<th>Score</th>
<th>Expectation</th>
<th>Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional</td>
<td>&quot;They always have the right attitude whenever you meet or speak to them. They never make you feel that you should not be questioning their advice or opinion.&quot;</td>
<td>(Low)</td>
<td>Experience</td>
<td>Low</td>
</tr>
<tr>
<td>Technical</td>
<td>&quot;Flexibility on structure and acts in a proactive way to a client's needs.&quot;</td>
<td>(High)</td>
<td>Experience</td>
<td>High</td>
</tr>
<tr>
<td>Technical</td>
<td>&quot;Quick response times.&quot;</td>
<td>(Low)</td>
<td>Experience</td>
<td>Low</td>
</tr>
<tr>
<td>Technical</td>
<td>&quot;XXX always provides us with good service.&quot;</td>
<td>(High)</td>
<td>Experience</td>
<td>High</td>
</tr>
</tbody>
</table>

**Credence cases only**
<table>
<thead>
<tr>
<th>94</th>
<th>The team listen to my concerns and assist with questions I may have in relation to our policies. However, I do feel that more focus and detail can be placed on our policies and advice given, rather than myself having to source this or highlight any grey areas in our global package. XIX give no better or no worse a service than our previous insurance brokers. Proactively advising me/organisation in relation to Global Policies that need to be placed under the Master Package. Sourcing insurance requirements via own systems such as the world risk management system, prior to recommending such policies, certainly in overseas locations. Leading insurance programme from a Global perspective and advising ‘me’ of requirements and how our insurance package can be improved eliminating ‘grey’ areas completely.</th>
</tr>
</thead>
<tbody>
<tr>
<td>98</td>
<td>Good interaction from account manager. Very satisfied designing a specific insurance programme that meets our needs rather than just “buying” insurance in the market. Answer to previous question as “not sure” was because I have not used XIX in these areas and so am unaware of their services in these areas. Designing a specific insurance programme that meets our needs rather than just “buying” insurance in the market insurance programme. Answer to previous question as “not sure” was because I have not used XIX in these areas and so am unaware of their services in these areas. Proactively advising me/organisation (Functional)</td>
</tr>
</tbody>
</table>


STOCKMAN, N. 1983. *Antipositivist Theories of Social Sciences*.


