Chapter 8

A Tale of Two Banks: Customer Services on Facebook

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ABSTRACT

By focusing on Facebook as an emerging Social Media (SM) customer services channel, this research provides an insight into social media service encounters. Data were collected from the Facebook pages of two British banks. Evidence is presented on the discrepancy between what customers expected of SM and what banks were prepared to offer, a discrepancy which resulted in customer frustration. The findings also demonstrate that, apart from banking regulation, a bank’s own SM policies and the training and empowerment of its staff are likely to impact on the quality of firm-customer interactions on SM. It is challenging for financial institutions to develop strategies to address customer queries satisfactorily on their SM pages and at the same time to work within the rules of compliance regulations. Moreover, many customers who put up a complaint on SM are observed to have developed rather negative feelings about their banks and to have lost their trust, suggesting a lack of clarity about the limited role of banks’ Facebook channel among customers.

1. INTRODUCTION

As “critical moments of truth” (Bitner et al., 2000), service encounters have attracted significant interest in the marketing literature. The conventional approach limits its scope to human interactions and views service encounters as: “the dyadic interaction between a customer and service provider” (Surprenant & Solomon, 1987, p.87). On the other hand, a broader view of the service encounter takes a holistic view of all aspects of this encounter, including human as well as virtual interactions, the service environment and other visible elements of a service, termed “the total customer experience” (Harris et al., 2003).
This chapter adopts the broader view of the service encounter. According to industry sources, 22 percent of US online adults used Twitter as customer service channels in 2014 while the ratio went up to 37 percent in 2015 (Jacobs, 2015). Consequently, we consider a broader view of the service encounter a better reflection of modern business circumstances.

The authors argue that social media service encounter (SMSE) is likely to reshape the provision of services between firms and their customers. However, service encounters research is still primarily focused on traditional channels. Hence this research aims to provide an insight into SMSE by addressing the following research questions:

1. Why do people post a customer services query on Facebook?
2. What is the quality of the interaction between firms and their customers on Facebook?
3. What are customers’ expectations of service encounters on Facebook?

With these research objectives, we aim to bridge a gap in the literature by integrating service encounters and social media literature. We also aim to present an insight into how firms manage interactions with their customers on platforms that, unlike traditional delivery channels, are open to observation and the participation of other people. We discuss what opportunities social media customer services offer for firm growth.

This chapter will continue with a critical review of traditional and social media service encounters literature in Section 2, followed by the details of our research methodology in Section 3. In Section 4, empirical research data and findings are presented in relation to each of the research questions presented above. Section 5 discusses the implications of our research for policy and practice. In Section 6, the limitations of the research are outlined. The chapter ends with conclusions in Section 7.

2. LITERATURE REVIEW

2.1 Service Encounters

Due to the inseparability of the production and consumption processes, service encounters are reported to be “the service” from the customer perspective (Surprenant & Solomon, 1987; Bitner et al, 2000), highlighting the importance of service interactions in shaping customers’ experiences. With the aim of investigating technology supported interactions, the literature review addresses human as well as virtual interactions in the sections below.

Human Interactions

In marketing literature, human interactions are considered during the service delivery and the service recovery. Human interactions during the service delivery play an important role in the relationship development process. When investigating why human interactions are essential in enhancing customer relationships, the social support which is likely to be delivered in a face-to-face setting is identified as a key aspect (Ford, 2001; (Adelman et al, 1994; Sharma & Patterson, 1999). Ford (2001) suggests that customers expect to engage in conversations of a social nature in their dealings with service provid-