

Service sweethearting and value co-creation: a service-dominant logic perspective

Purpose

Service sweethearting is a phenomenon that centers on a customer-oriented and relational behavior in which frontline employees give free or discounted services that are value experiencing to customers. The purpose of the study is to enhance the understanding of how service sweethearting can increase customers' perceived value of service offerings.

Design/methodology/approach

This study conducts in-depth interviews in different hospitality industry contexts, and subsequently suggest a grounded theory of how frontline employees can use service sweethearting to co-create higher value with customers.

Findings

Drawing on service-dominant logic, the findings show that service sweethearting can be conceptualized as comprising two categories: *calculative* and *prosocial*. It also reveals that both categories of service sweethearting can enhance or undermine the value of service offerings in certain contexts. These findings support service-dominant logic which emphasizes that contexts matter when studying value perceptions of customers.

Research limitations/implications

The study offers a first step toward investigating two categories of service sweethearting and their influences on value perceptions. Further research could develop a more comprehensive contingency approach to help service managers select the context-appropriate service sweethearting strategies.

Practical implications

The study provides insights about how frontline employees can use service sweethearting strategies in a timely manner to enhance value perceptions of customers.

Originality/value

The study combines marketing and organizational literature to propose two categories of service sweethearting and adopts a service-dominant theoretical lens to investigate the context-dependent phenomenon of service sweethearting.

Keywords: *calculative service sweethearting, prosocial service sweethearting, service-dominant logic, value perception, value-in-context, value co-creation*

Paper type: Research paper

1. Introduction

“Service sweethearting,” or “acts of employee deviance in which frontline employees give unauthorized free or discounted goods or services” to customers is not fully understood by service managers (Brady et al., 2012, p. 81). Some see it as a major source of annual revenue loss in their firm and industry (Tarnowski, 2008). Others see the practice as helping to strengthen the relationship between frontline employees and customers. Given that it is difficult to monitor, even if service sweethearting is sanctioned within a firm, service managers face an important question: are the receiving customers always perceiving greater value from the practice?

With an emphasis in the literature on service sweethearting’s antecedents and outcomes (e.g., satisfaction, loyalty, and word-of-mouth) (Brady et al., 2012), there is a relatively narrow understanding of how service sweethearting may enhance customers’ perceived value of service offerings in different contexts. It is important to understand the appropriate timing of performing service sweethearting to ensure firms can benefit from this practice (Bolton and Drew, 1991; Cronin et al., 2000). Some researchers conceptualize service sweethearting as a self-interested and calculative behavior which is motivated by the expectation of reciprocity (Brady et al., 2012; Perugini and Gallucci, 2001; UhlBien and Maslyn, 2003). Yet,

from a prosocial motivation perspective (Grant, 2008), employees may also go above and beyond the call of duty to fulfill their desire to benefit other people. Indeed, some studies suggest that prosocial motivation is associated with multiple employee extra-role behaviors (e.g., Brief and Motowidlo, 1986; Grant and Mayer, 2009). Accordingly, in this paper, we propose a conceptualization of service sweethearting as comprising two categories: *calculative* and *prosocial service sweethearting*.

Motivating our research for such a reconceptualization as well is based on prevailing service-dominant logic that investigates the role of frontline employees in enhancing firm performance (Di Mascio, 2010; Melton and Hartline, 2013). This logic stresses the importance of value co-creation between service providers and customers (Merrilees et al., 2017; Osei-Frimpong et al., 2015; Vargo and Lusch, 2004). It further emphasizes that value is uniquely and phenomenologically determined by service beneficiary (Vargo and Lusch, 2008a, 2016), implying that contexts matters when studying customers' perceived value of service offerings. Until the present study, however, an investigation of service sweethearting and value perceptions in differing contexts has been largely neglected.

In this study, we therefore empirically investigate the two proposed categories of service sweethearting. Our analyses examine customers who have experienced service sweethearting

with frontline employees in different hospitality industry contexts. In-depth interviews are used to explore how customers perceive the value of services after experiencing service sweethearting.

The outcomes of the analysis are the conceptualization of calculative and prosocial service sweethearting and their influences in enhancing value perceptions in different contexts. In particular, our data reveal that both service sweetheartings are effective ways to increase perceived value of service offerings when they are unexpected by customers. Surprisingly, service sweethearting would undermine value perceptions in some contexts. The concept of calculative and prosocial service sweethearting that emerged from this study offers theoretical contributions to the services marketing literature, along with critical managerial implications.

2. Theoretical Background

2.1 Service sweethearting and other forms of extra-role behaviors

Within current service sweethearting literature, the phenomenon is seen as a self-interested and calculative behavior (Brady et al., 2012). This view limits our understanding of service sweethearting because it assumes frontline employees perform service sweethearting behaviors only when they are in a state of high self-concern. For

example, frontline employees undercharging customers expect to receive positive feedback or reciprocity, including financial benefits and non-financial outcomes. Although this focus on calculative service sweethearting may capture many sweethearting behaviors in service industries, it falls short of explaining how and why employees perform service sweethearting without the expectation to receive reciprocity from customers. In particular, focusing mainly on the calculative aspect of service sweethearting hampers our understanding of how calculative and prosocial service sweethearting behaviors contribute to the value perceptions in different ways.

From an organizational perspective, service sweethearting may be seen as an “extra-role” behavior. According to Van Dyne and LePine (1998), extra-role is defined as an employee behavior that is not specified in advance by role prescriptions, such as helping and voice behaviors. One of the more prominent extra-role behaviors is “prosocial” behavior in organizations (Bolino and Grant, 2016; Brief and Motowidlo, 1986). Prosocial behaviors are important for firm success (Merrilees et al., 2017). In their meta-analysis, Podsakoff et al. (2009) found that prosocial organization behaviors not only promote individual outcomes but also enhance organizational effectiveness.

Prior studies mainly investigated frontline employees’ prosocial behavior toward

organization rather than toward customers. Nevertheless, prosocial behavior could be customer-oriented and beneficial to customers (Merrilees et al., 2017). For example, Beatty et al. (2016) found that frontline employees comply with customer special requests when they have desire to help others. In the same vein, service sweethearting could be considered as a customer-oriented prosocial behavior when it is initiated by frontline employees' motivation to help others.

2.2 Service sweethearting and value perception in differing contexts

Although prior research has demonstrated that service sweethearting positively influences customer satisfaction, customer loyalty, and word-of-mouth (Brady et al., 2012), it does not explain why some service sweethearting behaviors succeed in enhancing customers' perceived value of service offerings but others fail to achieve positive outcomes. The limited understanding of the relationship between service sweethearting and value perceptions results in a confusion for both academics and practitioners.

Perceived value is an important element for firms to differentiate themselves from competitors (Sanchez-Fernandez and Iniesta-Bonillo, 2007). Understanding customers' value perception enables firms to develop a more concrete and timely strategy in their service delivery process (Plewa et al., 2015; Sweeney and Soutar, 2001; Zeithaml, 1988). Scholars

have developed agreement that value is idiosyncratic, experiential, interactive, and meaning-laden in a given context (Akaka et al., 2015; Vargo and Lusch, 2008b). That is, value is always uniquely and phenomenologically determined by the customers.

Relating service sweethearting to service-dominant logic, we redefine service sweethearting as *'a customer-oriented and relational behavior in which frontline employees give free or discounted services that are value experiencing to customers in a given context'*.

The investigation of the context-dependent nature of service sweethearting is important because calculative and prosocial service sweethearting may have differing influences on perceived value under different contexts (Akaka et al., 2015; Osei-Frimpong et al., 2015).

Therefore, the study intends to address the following research question:

How do frontline employees enhance customers' perceived value of service offerings through their service sweethearting behaviors in differing contexts?

3. Methodology

3.1 Empirical setting and research design

The empirical setting is the investigation of customers' service sweethearting experience in hospitality industry in the United Kingdom. The main empirical data in this study is collected by in-depth interviews. To minimize external variation beyond phenomena of

interest (Silverman, 2013), we followed three criteria relevant to our research question. First, since value can only be perceived by customers, we chose customers instead of frontline employees as informants (Tynan et al., 2014). Second, all service sweethearting that informants received were offered within the same geographical area of Europe (i.e. United Kingdom), due to the culture issues in influencing service sweethearting behaviors (Hofstede and Hofstede, 2005). Third, we narrowed down our research boundary to the hospitality industry because service offerings could be very different among service sectors.

3.2 Data collection

There are three phases of data collection. In phase 1, secondary data related to service sweethearting behaviors were collected (e.g., reports, newspapers, and website reviews) to familiarize the phenomenon of service sweethearting in the hospitality industry. In phase 2, one author stayed in a company to directly observe how frontline employees offer service sweethearting to customers. In phase 3, through professional contacts, we conducted in-depth interviews with customers who received service sweethearting from frontline employees in the hospitality industry. These retrospective in-depth interviews allowed us to understand how and why frontline employees provide service sweethearting to customers, how service sweethearting enhance customers' perceived value of service offerings, and how the influence

of calculative and prosocial service sweethearting on value perception is dependent on differing contexts. These interviews were recorded and transcribed within 24 hours. Overall, we conducted in-depth interviews with eight customers receiving service sweethearting from frontline employees in the hospitality industry. Figure 1 illustrates some examples of service sweethearting.

Table 1 about here

Beside the notes taken during interviews and the interview transcripts, an additional theoretical note was made after each interview in order to relate data to the theoretical development and refine the interview guide. The interview guide included semi-structured questions that stimulates discussions between interviewer and interviewee. Before the interview starts, the interviewer will describe research objectives and introduce research context to interviewees. During the interviews, different types of questions were asked, such as grand tour questions (e.g., “Can you tell me about the most impressive service sweethearting experience?”), verification questions (e.g., “Do you think the employee is authorized to do service sweethearting?”), and other questions (e.g., “How do you feel after

this service sweethearting? Why?”).

3.3 Data analysis

This study used systematic combining approach to analyze data. “Systematic combining is a process where theoretical framework, empirical fieldwork, and case analysis evolve simultaneously, and it is particularly useful for development of new theories” (Dubois and Gadde, 2002, p. 554). Thus, there is a continuous movement between a theoretical world and an empirical world in our data analysis.

By using NVivo (v. 11) software as a main analytical tool, we engaged in an iterative coding process. We did a first-order analysis which tried to find general categories (i.e. informant terms) that emerge from the transcripts and theoretical notes (Gioia et al., 2012). As the analysis progresses, we then sought the similarities and differences among these categories, where the second-order theoretical themes gradually emerge to help us identify two categories of service sweethearting and their influences on customers’ perceived value in different contexts.

Figure 1 illustrates the data structure: from first-order concepts used by informant terms, to theoretical second-order themes, and to aggregate dimensions. The data structure allowed us to configure complex data into a sensible structure that shows the progress from raw data

to concepts and theoretical themes. These first-order concepts and second-order themes led to the development of the service sweethearting value construction model demonstrated in the next section.

Figure 1 about here

4. Findings

The iterative process between data analysis and literature review led to two categories of service sweethearting. These service sweethearting behaviors can enhance customers' perceived quality/price and emotional value of service offerings. Interestingly, we found that service sweethearting behaviors are detrimental to customers' perceived value in several contexts. To ground our findings in informants' point of views, in addition to evidence provided in Figure 1, we included additional quotes from the in-depth interviews.

4.1 Two categories of service sweethearting and value perceptions

Frontline employees' service sweethearting behaviors can be generally classified into two categories: calculative and prosocial service sweethearting. Frontline employees provide calculative service sweethearting when they expect that customers will have a stronger

relationship with them and will reciprocate them in the future. In contrast, frontline employees' prosocial service sweethearting behavior is initiated by their motivation to help others without expectation of reciprocity. Both service sweethearting behaviors can increase customers' perceived value of service offerings.

Calculative service sweethearting and perceived value

Most frontline employees provide service sweethearting to customers when they concern their self-interest (e.g. receiving symbolic and concrete benefits from the customers they served). The benefits of calculative service sweethearting are not limited to immediate payback (e.g. tip). These benefits could also be realized in the future. As one interviewee said,

Especially the waiter may take the initiative to offer you something for free if you have established good rapport. And the waiter may bring some liquid at the end of the meal. And they will get small tip or better tip ... It's a way to make you feel you are getting a good deal ...

I think it is part of their image. They try to keep you happy and people go back. (INT7)

Calculative service sweethearting is one of the most common methods for firms to build employee-customer relationship in the hospitality industry. By performing service sweethearting behavior, frontline employees have stronger connections with customers. As

one interviewee remarked at the end of interview,

I will say this special service [service sweethearting] will definitely tighten our relationship.

That's why I visit there so often. Even if I don't have any plan to buy food there, I still go inside and chat with him. (INT1)

In general, calculative service sweethearting can enhance customers' perceived value of service offerings. All the interviewees were quite systematic in expressing that calculative service sweethearting elevated their positive feelings toward the service offerings they received from frontline employees:

We feel good that day. It almost just made our day. (INT2)

It makes me feel that I need to go to the shop again because their service and product are very good. (INT4)

The outcomes of calculative service sweethearting were thus considered as positive when they enhance customers' overall value perception of service offerings. It can also bring desirable outcomes such as word-of-mouth for firms:

We gave them very good feedback [on the website]. I wrote that 'we highly recommend this [firm]'. (INT2)

If I come to Canterbury again, I will definitely book their hotel because they upgraded my room and had good service... I will probably recommend my friends to stay there because I know their service is good. (INT6)

Prosocial service sweethearting and perceived value

Some frontline employees use service sweethearting to help customers solve their problems. We called this behavior as prosocial service sweethearting. Frontline employees who provide prosocial service sweethearting to customers have sympathy and can stand in customers' position. They try their best to resolve customers' urgent problems in appropriate ways. One of the interviewees experiencing prosocial service sweethearting, for instance, said,

Just before I flight off, I got a little of trouble. I got a very severe food poisoning. It's so bad I had to go to the hospital. It's very terrible and I felt sick on 26th of September. I am really expecting to pay a heavy amount of money to change my flight because it's too late. Based on my understanding, if you change a flight so late, you almost need to pay another ticket altogether ... When I called to [the company], she asked me 'what happened? Why you can't fly?' I said, I am in the hospital so I won't be able to take the flight...she said, 'Look [the interviewee], what we can do for you right now is that I can help you to rebook a ticket but I

need you to now pay for this new ticket and trust me we will cancel your first ticket.’ ... She even spent some time to ask where I am going to travel. She’s so sweet. (INT3)

On the opposite of calculative service sweethearting, frontline employees doing prosocial service sweethearting did not expect reciprocity from customers and help others in a sincere way. Generally, prosocial service sweethearting also enhanced customers’ perceived value of service offerings:

I feel very lucky because I was ready to pay the extra. But, the fact is I didn’t need to pay for the extra so it makes me feel very special. When you get good service or anything that is free, it becomes special. (INT3)

I feel good and great because it’s something you don’t expect every day or even something that happens very often. So, a present surprise! (INT8)

Prosocial service sweethearting also brought unexpected benefits to the firm. As the interviewee said,

The other thing is I never join the membership in the past. But, when this lady asked me ‘would you like to join us our membership’, I said yes. In the past, when everybody asked me to join, I would say no. But, this time, I join it because of this lady. (INT3)

4.2 Contexts matter for service sweethearting

Service sweethearting is not always beneficial to value enhancement. Indeed, it would have less influence on or even decrease the perceived value of original service offerings when (1) calculative and prosocial service sweethearting becomes an expected additional service, (2) calculative service sweethearting does not fit customers' own culture, and (3) prosocial service sweethearting cannot completely solve customers' urgent problems.

Context 1: service sweethearting as an expected additional service

Although service sweethearting behaviors (both calculative and prosocial) could be an effective strategy for customer relationship management, firms must be aware of their dark side. When frontline employees provide service sweethearting frequently, customers may generate an expectation of service sweethearting. Failing to satisfy such expectation would decrease customer's perceived value of original service offerings. As two of the interviewees said,

My expectation is that this level of service is already here. So, unfortunately for them, I will be quite disappointed if they can't do anything for me. I will feel a little bit of upset. (INT3)

I feel disappointed. I just feel why...? I think they create a sort of expectation of a standard service you may receive, especially for something noticeable. (INT7)

Frequent service sweethearting may make customers feel the sweethearting is an expected additional bonus accompanying with normal service offerings. As one interviewee noted at the end of interview,

I think one has to be very careful when it becomes too common because the experience itself won't be as genuine or as pleasure as before. So, I think they need to be a balance and it shouldn't be something you are going to expect. (INT8)

Context 2: cultural fitness for calculative service sweethearting

For companies allowing frontline employees to use calculative service sweethearting as relationship building strategy, they need to take the cultural fitness into consideration. The cultural fitness here means that calculative service sweethearting is an acceptable and comfortable behavior in customer's own culture. As the following comparative statement suggest:

I guess in other locations it will feel a little bit embarrassed in the sense because you don't know how to react it. Are you supposed to tip more? Or because I give you something for free, how do you reciprocate it in that sense. So, in other locations, it can lead to a different feeling. I will feel like I get a special treatment here and I don't know how to deal with it. (INT7)

In the Turkish restaurant, the special treatment is normal. (INT7)

Context 3: incomplete problem-solving for prosocial service sweethearting

Although we see the benefits of prosocial service sweethearting, it would cause some negative influences on value perceptions when failing to completely solve customers' problem. As one interviewee said,

In this experience, she actually gave me a favor at beginning. I appreciate that favor. However,

I am not really happy because I still had to pay 2 kg for my luggage. (INT5)

5. Discussion and conclusion

Inductive analyses of the findings support the view that both calculative and prosocial service sweethearting behaviors can play a crucial role in increasing customers' perceived value of service offerings. At the same time, the analysis also highlights that context matters for service sweethearting. An emergent research model of service sweethearting value construction process is illustrated in Figure 2.

Figure 2 about here

5.1 A broadened view of service sweethearting

Compared with Brady et al. (2012)'s findings, we find that the receivers of service sweethearting are not limited to friends or acquaintances; they can be new or unfamiliar customers. Drawing on service-dominant logic, such a finding supports a definition of service sweethearting as “a customer-oriented and relational behavior in which frontline employees give free or discounted services that are value experiencing to customers in a given context.” This broadened definition is necessary because most service sweethearting behaviors are a tactic for frontline employees to develop relationship with new customers, especially in the hospitality industry.

The two-category view of service sweethearting further sheds light on existing marketing and organizational literature on frontline employees' extra-role behaviors (Bolino and Grant, 2016; Grant, 2008). From marketing perspective, service sweethearting is a self-interested behavior that brings benefits to frontline employees (Brady et al., 2012). From organizational perspective, service sweethearting is a deviance behavior that hinders the profit of firms. The underlying assumption of existing marketing and organizational literature is that service sweethearting is self-interested and deviant. In contrast with this standpoint, we found service sweethearting could also be an other-focused extra-role behavior when

frontline employees sympathize customers and use service sweethearting to help them solve urgent problems (Bolino and Grant, 2016; Merrilees et al., 2017). This finding is a novel contribution to the current service sweethearting literature. Calculative and prosocial service sweethearting behaviors are two sides of the same coin. They can be self-focused or other-focused. These service sweethearting behaviors enhance customers' perceived value of service offerings (Sweeney and Soutar, 2001).

5.2 The complex relationships between service sweethearting, value perception, and contexts

Another contribution of this study to current services marketing literature emerges from the investigation of contexts the customers deal with. Our investigation is driven by the prevailing service-dominant logic assuming value is always uniquely and phenomenologically determined by customers (Akaka et al., 2015; Vargo and Lusch, 2008b). There are three contexts that need frontline employees pay attention to when employing service sweethearting.

First, service sweethearting is only effective when they are unexpected to customers. If customers feel service sweethearting is just an addition to the original service offerings, service sweethearting would be a potential threat to firms. Second, calculative service sweethearting is highly related to cultural issues (Hofstede and Hofstede, 2005). If calculative

service sweethearting is not acceptable in customers' own culture, customers may have negative feelings and impression toward performing firms. Finally, although prosocial service sweethearting is a sympathetic extra-role behavior, frontline employees need to be careful when they try to use it to solve customers' problems. Failing to 'completely' resolve problems would result in customers' dissatisfaction, reduces perceived value of service offerings.

In conclusion, we have addressed the research question of how do frontline employees enhance customers' perceived value of service offerings through their service sweethearting behaviors in differing contexts (Akaka et al., 2015; Plewa et al., 2015). The inductive analysis of in-depth interviews reveals that both calculative and prosocial service sweethearting behaviors can play a crucial role in increasing customers' perceived value of service offerings. Yet, the analysis also highlights that context may matter for service sweethearting and that for some contexts, it may not result in the value intended.

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perspective**

Figures

Please see the following pages for:

Figure 1: Data Structure

Figure 2: Research Model of Service Sweethearting Value Construction Process

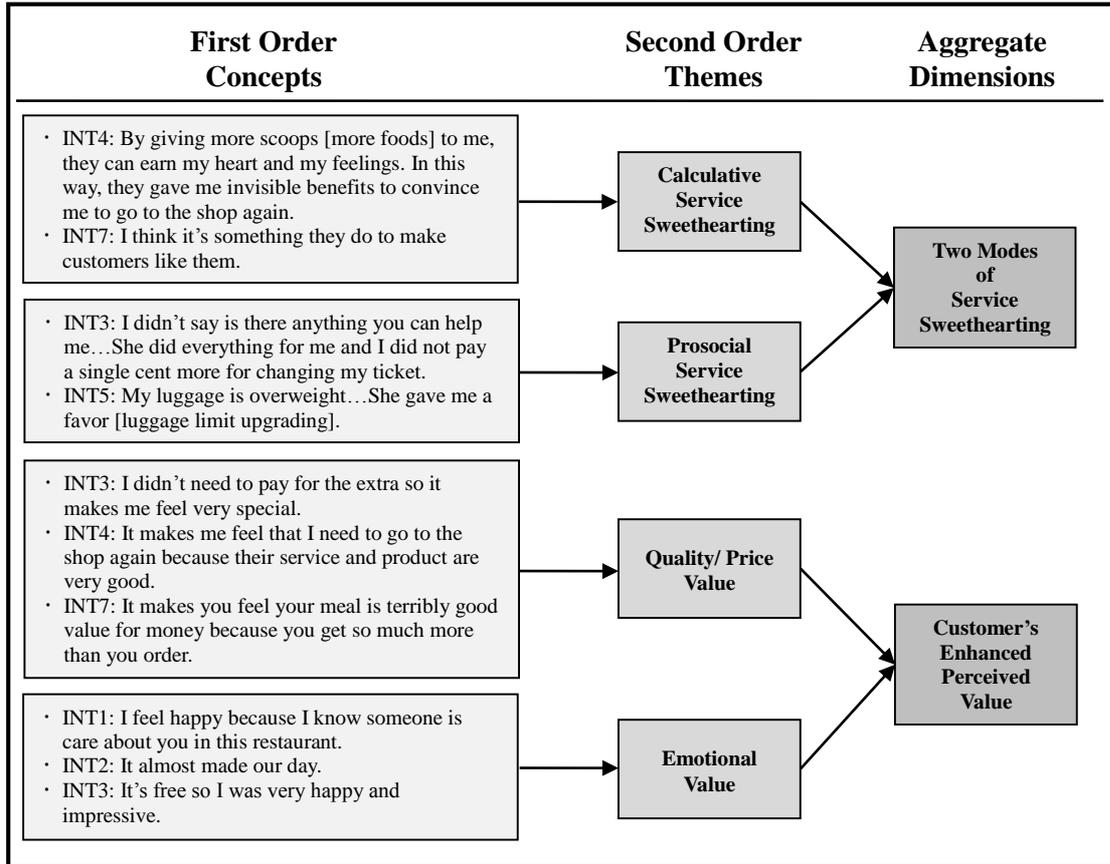


Figure 1 Data Structure

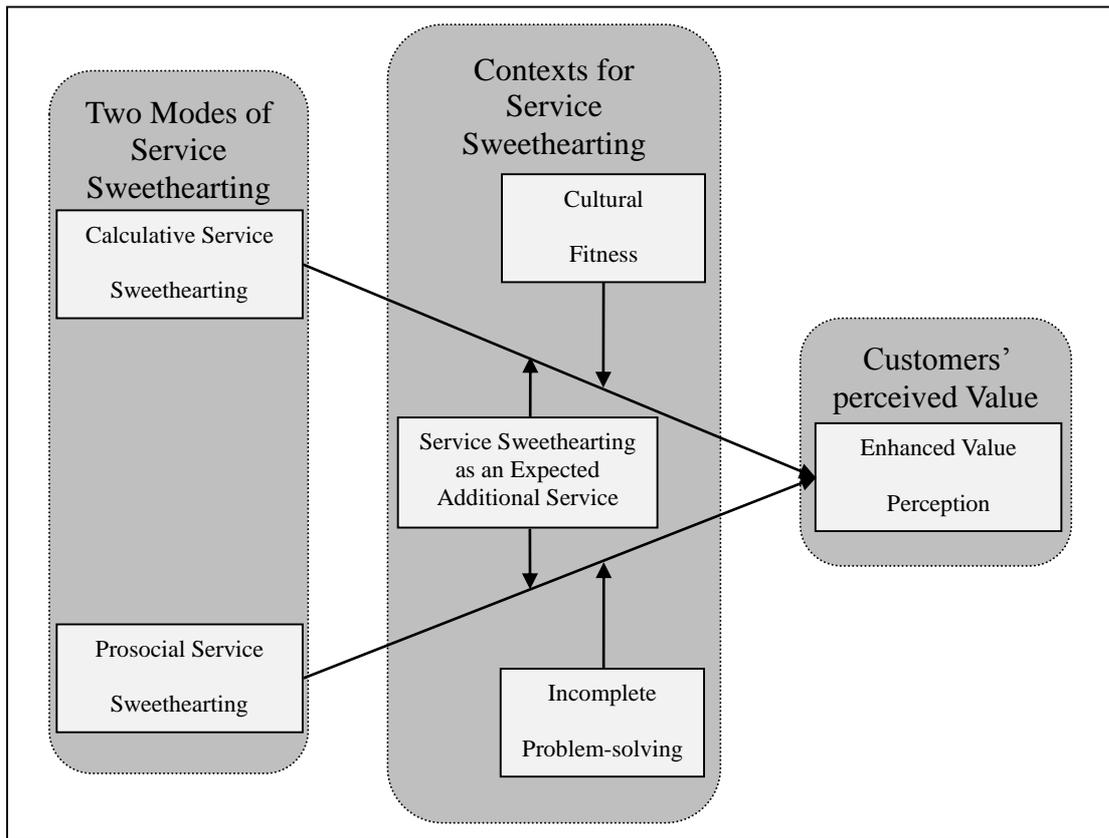


Figure 2 Research Model of Service Sweetheating Value Construction Process

**Service sweethearting and value co-creation: a service-dominant logic
perspective**

Tables

Please see following page for:

Table 1: Illustrated Examples of Service Sweethearting in Hospitality Industry

Table 1 Illustrated Examples of Service Sweethearting in Hospitality Industry

Service Sweethearting Experience: Frontline Employees...
1. ... provided an extra size meal to a customer in a restaurant.
2. ... provided free cup of coffee to a customer in a coffee shop.
3. ... provided a free room upgrading service to a customer in a hotel.
4. ... provided free luggage limit upgrading when a customer took a flight.
5. ... changed the flight ticket of customer two days before departure without charging any service fees.