

# Strategies of Service Innovation - Internet and Substance Marketing

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## Abstract

With the popularity of the internet, internet marketing, direct transactions or other business activities, is becoming increasingly. Along with the development of internet and the rapid growth of e-commerce, internet marketing has become in a hot topic of business in recent years. Zappos uses customer relationship marketing (CRM) and a loyalty business model in its internet business. The primary sources of the company's rapid growth have been repeat customers and numerous word of mouth recommendations. In 2005, the chairman reported that 60% of customers were repeat buyers. In 2008, they ended their 110% price protection policy and free overnight shipping. The company promises 4-day shipping free with all orders but often delivers next-day anyway, so as to surprise customers jovially. The culture of customer satisfaction is the company's core values and factors of success.

Franchise services, which in Taiwan, services more than 1,400 chain headquarters. The density ranks are the first place in the world, has leapt to the leading group of the franchise industry in Asia. Wang Group can be described as the representative of this industry. The stock of company was listed on the first day on March 6, 2012 and won the highest share price of "Tourist Class" in Taiwan. Viewing corporate culture of Wang Group, we investigate that how it uses of marketing strategies and the key to its success in this discussion too.

In this paper, we examine the influence of enterprised culture on ethical behavior (a kind of service innovation) by considering two separate corporate case studies: Wang Group and Zappos. In this study, we show that enterprised culture is a primary driver in employee behavior and that leaders shape this behavior. Wang Group and Zappos have become renowned for their ethical culture. We will learn the importance of alignment between culture and core values as well as how to assess whether an enterprised culture will support its statement of core values.

Keywords: CRM, Internet Shopping, Marketing Strategy, Service Innovation, Standardization

## 1. Introduction

The concept of customer-oriented marketing is proposed in the 1950's by Peter F. Drucker <sup>1</sup> (1954), Theodore Levitt <sup>2</sup> (1960), and other scholars. It is viewed that meeting the needs of customers is the basic business objectives, corporate profits and shareholder wealth which is to provide good customer service remuneration, rather than the goal of enterprise. These statements include total quality management (TQM),<sup>3</sup> customer satisfaction degree and the recent concept of customer loyalty; The profits of the enterprise as the role play rules, and to reward the enterprise of the achievements in customer service, but the pursuit of profit behavior, make enterprises stagnated as the true role of the customer service, make the pursuit of maximum profit and short-sighted, quick success and equate (Wayland and Cole, 1997).

Reichheld (1996) proposed the point of view of create value. In his book, he mentioned that profit is the results in the creation of value, profit should be a method rather than the end results instead of the target; Michael Porter <sup>4</sup>(1980), competitive advantages: low cost leadership, differentiation and focus centralized Focus, positioning companies to obtain the maximum possible value of the status; Prahalad and Hamel (1990), Stalk, Evans, & Shulman, (1992) and other people also from the internal point of view to use of resources and competitiveness of the enterprise into a product market; these market-based and resource-based view, ignore the customer is to create value for the participation of persons. Wayland and Cole (1997) demand-side strategy view, is a built in customer base, rather than "customer-driven" or "customer-led" the concept of cognition to the client the origin of shareholder value, to establish a good customer relationship is not the end, but to construct a cornerstone of the real value of enterprises. Customers are other than an asset, the "relationship" is the asset value basis of the relationship is based on the buyers and sellers alike, knowledge, experience and each other's feelings. In pursuit of developing and maintaining profitable customer relationships, the value will be created; the value of the enterprise will eventually be equal to the total value of the customer relationship. The customer relationship is the cornerstone of a strategic framework, a clear link from the enterprise all the various actions taken to create value for customers and shareholders.

Under the influence of global competition, manufacturing and service industry boundaries blur, to be caused by long-term competitive advantage, many manufacturers have crossed over to the service areas of thinking in order to differentiate the service, create to meet the changing needs of customers' additional value. Domestic service providers continue to take service in innovative ways to meet consumer demand, but also enhance their competitiveness, the period to come to the fore in the competitive service industry. On the right path with the appropriate time, provide the most appropriate services and the needs of the customer, and caring personal service, creating value for customers, and its length of customer loyalty for the business, the formation of competitors difficult place competitiveness, thus creating profits (Press et al., 1997). Customer relationship management is not a tool, but it is ideas and strategies; "customer doctrine" is an extraordinary ability and mission to change the basis of value of the enterprise, corporate philosophy, business strategy and customer to define, which cannot provide all our customers the highest quality and services, customer class, group, and adjust expectations, thus expand the minds of the customer. On the relationship between the customer and the organization, the establishments of mutual nurturing cares and respect the structure of mutual nurturing care and respect loyalty.

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<sup>1</sup> Peter Ferdinand Drucker (November 19, 1909 – November 11, 2005) was an influential writer, management consultant, and self-described "social ecologist.

<sup>2</sup> Theodore Levitt, 1925 - 2006) was a Harvard Business School senior professor, and is thought to be one of the founders of modern marketing.

<sup>3</sup> TQM is a management approach to long-term success through customer satisfaction.

<sup>4</sup> Michael E. Porter, (1947 - ) the authority of the well-known scientists, economists, competitive strategy and the development of the national economy competitiveness, he became Harvard Business School professor at age of 26. He is the youngest professor in Harvard history.

Customer relationship management is not in information systems or information technology, must be positioned in the business of marketing strategies (Chen, and Popovich, 2003) to understand and influence customer behavior through meaningful communication, in order to achieve the increase of new customers, to prevent existing customers loss, increase customer loyalty and improve customer profitability of a means (Swift, 2000).

Which it is called customer relationship management (CRM), department of internal recycling through the organization, integrated marketing, sales, service and other departments of the window to listen and learn and then know the customer to determine the relationship between value orientation, the data libraries to the Information Technology, Enterprise Resource Planning (ERP)<sup>5</sup>, Data Mining of tools, according to the different stages of the customer life cycle, take a different strategy of customer integration in, to provide customers tailor-made personal service to meet customer psychological, social values and needs, practice customer doctrine, increase switching costs degree of difficulty and obstacles, customer loyalty, and reduce the marketing costs for long-term reliable and stable turnover and profit of the strategy process (Winer, 2001).

Customer relationship management is with customers and other interest groups to create, maintain, and enhance the value of the relationship with each other. The goal is to pass customer long-term value and success indicators are long-term customer satisfaction and loyalty by creating better customer value, satisfaction and loyalty in order to maintain the long-term profitable relationships with customers (Armstrong and Kolter, 2003). Customer relationship management is through the integration of technology and knowledge to create loyalty to the huge customer base, complex yet delicate active marketing and cross-selling process. Scholars for the definition of customer relationship management roughly can be divided into two major categories, the strategic point of view and continuity of the relationship between marketing point of view, emphasized that CRM is assisted through information technology, integration of business functions, customer interaction channels, and even advanced in the first category database technology to explore customer needs, enhance customer loyalty and satisfaction (Payne et al., 1999; Kalakota and Robinson, 1999).

The second category of CRM is interpreted as the continuity of relationship marketing, focusing on looking for the enterprise's most valuable customers, and be customer segmentation, different products, channels to be met in order to enhance its contribution (Peppers and Rogers, 1999). Customer relationship management is for the use of integrated sales, marketing and after-sales service strategy, developed by the consistency of actions of the organization. The combination of process and technology basis are to identify the real needs of the customer, internal product and service improvements, integrated customer relationship management applications.

Their commercial purpose is as following:

- (1) Existing relationships to improve performance.
- (2) Integrated system to provide the best service.
- (3) To establish more suitable for the customer sales process.
- (4) To create new value and build loyalty.
- (5) Implement a more proactive solution.

The goal of customer relationship management is to ensure that all contact with the enterprise customers is able to get the required information or services to meet the needs of the customers. On the other hand, all staff must be determined to deal with customer needs can be made with the customer-related information within the enterprise, and use of telecommunications and database information for more effective implementation of customer relationship management (Peppard, 2000). Customer relationship management is a combination of computer software, using information technology

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<sup>5</sup> ERP is a way allowing the company to integrate the optimized structure of the internal value system, through the integration of information transmission to connect the various departments.

to integrate planning, marketing and customer service, enhance customer tailor-made services to improve customer loyalty and operational efficiency, a series of process (Rigby, Reichheld, & Schefter, 2002).

The framework of customer relationship management, but the customer life cycle (acquisition, promote, maintain) as the basis, with the different stages under different functional solutions, integrated customer relationship management applications:

- (1) Access to customers who might purchase: For enterprises, to attract customers the first step, but as a promotion and get by with the convenience and innovative products and services, one of the customers the way. Same time, enterprises must be further through superior products and services, to provide a higher value with customers.
- (2) Enhance the profitability of existing customers: the effective use of cross-selling and increasing sales, enterprises will be more to consolidate the relationship with customers and create more profit. The customer, the transaction convenience and cost reduction, is value enhancing.
- (3) Maintain the value of customer: the customer, value creation from corporate initiative to provide consumers interested in the product. Through the establishment of the relationship between effective aware of customers' needs be met, thereby maintaining more profitable customers. The so-called customer retention is appropriate, in other words, is to customer demand for the services the subject of non-market demand for the services the subject (Kalakota and Robinson, 1999).

According to the proposed conceptualization, CRM is concerned with the creation of market intelligence that firms can leverage to build and sustain a profit-maximizing portfolio of customer relationships. Thus, to develop a more refined understanding of CRM, it is imperative to consider not only the specific set of activities that firms undertake to create that intelligence but also how they utilize it to achieve the intended process objective <sup>6</sup>. Broadly speaking, the CRM literature suggests that the requisite market intelligence is generated through the effective execution of a knowledge management process (Campbell, 2003; Crosby and Johnson, 2001a; Fahey et al., 2001; Massey et al., 2001; Plakoyiannaki and Tzokas, 2002; Stefanou and Sarmaniotis, 2003) and that the resulting intelligence is utilized to build the profit maximizing portfolio of customer relationships by enabling firms to select the right customers, prioritize relationships, and productively manage interactions with them (Hansotia, 2002; Hirschowitz, 2001; Reinartz et al., 2003; Rigby et al., 2002). Knowledge and interaction management are posited as the major subprocesses of the CRM macro level process. The remainder of this section will be devoted to discussing and explaining the interrelationship between these key sub processes.

The customer is willing to money, services, organizations or enterprises provided financial goods or services are exchanged, the exchange of this is not continuous, through the accumulation of time or the combination of the interactive process, and gradually become a continuous exchange reciprocity and, therefore, exchange or reciprocity to obtain the desired value and satisfaction. Griffin (1995) describes that the customer is habitual to you purchasing. The real customer is the time to cultivate. This to establish the patronage of the way must be through a period between the interaction and regular contact. A person if there is no record of regular contact or repetitive purchase, not the customer, can only be regarded as general buyers.

## **2. Internet Marketing**

### **2.1 Company's Culture of Zappos**

Talk about mass marketing in the marketing field in the past business (Mass Marketing) concept has tended to decline

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<sup>6</sup> A profit-maximizing is a portfolio of customer relationships.

continuation from the arrival of the interactive era of customer relationship management era (Peppers and Rogers, 1999). Traditional marketing success of the key points, emphasizing the benchmark as a measure of market share, key to the success of customer relationship management, customer share, based on the customer as a basis for measure; traditional marketing will find more and more of the customers to buy products, customer relationship management is to provide customers with more products and services; traditional marketing management product, the executor is responsible for product sales, customer relationship management is customer requirements execution with the pace of time, responsible for the increase of the expected value of existing customers.

In 1995, the United States and Europe thanks to the boom of e-commerce booming, the rise of another industrial revolution; go to a lot of marketing oriented or market-oriented sales (Mass Marketing, after the Industrial Revolution "production oriented"), further into the custom of customer relationship management" period. The customer relationship management, in short, is the use of high technology as a tool for the conversion of all customer information to customer knowledge, in-depth analysis of customer psychological, and explore the real needs of the customer, product or service to meet the customer's personal needs to meet to stuck with customers, making it a high degree of loyalty of the customer.

Zappos.com <sup>7</sup> is an electronic commerce company specializing in footwear and is currently based in Henderson, Nevada, USA. The company warehouse is located in Shepherdsville, Kentucky, along with an outlet store. In addition, Zappos has two outlets stores in Las Vegas, Nevada and Henderson, Nevada. Zappos was founded in 1999. It has since expanded its product offerings to clothing, accessories, and even various overstocked merchandise through its subsidiary companies. Zappos started as a shoe retailer, and today their daily customer interaction is around 6,500 inbound calls, 1,500 online chats, 1,300 emails and 300 tweets. Despite its young age, online shoe retailer Zappos has received a seemingly disproportionate amount of media attention regarding its unique corporate culture (O'Brien, 2009; Pershcel, 2010). However, this attention is well deserved, as Zappos is considered by many to be a shining example of customer service, culture, and ethics (Chafkin, 2009). Zappos does not just differ in size; it differs drastically in its business paradigm as well (Hsieh, 2010a). Zappos uses a loyalty business model and relationship marketing. The primary sources of the company's rapid growth have been repeat customers and numerous word of mouth recommendations. In 2010, the chairman reported that 75% of customers were repeat buyers.

The company places its emphasis on developing its culture and core values around the happiness of both its employees and its customers. Zappos has become renowned for its culture and customer service. The core values at Zappos were drawn from this culture and the actions of leaders at all levels have strengthened it. Even when challenged by a \$1.6 million mistake, Zappos remained committed to delivering on its promises and its core values. Though not publicly cited by Hsieh or anyone in the Zappos leadership team, the business philosophy of the company appears greatly aligned with Heskett, Sasser, and Schlesinger's (1997) service profit chain; the concept that when a company puts emphasis on employee and customer satisfaction, profit follows invariably (Heskett, et. al, 1994). Zappos CEO, Tony Hsieh, believed that writing out core values was too corporate and ineffective. Hsieh was familiar with the offsite retreat homework assignment used by most corporations and did not want to draft a document that failed to reflect the true culture of his employees. Instead, Hsieh focused first on creating a dignified company culture: one that was committed to exceptional customer experiences (Hsieh, 2010a). Hsieh even reinforced this culture by drafting a book of essays about company cultures comprised entirely of employee contributions (Chafkin, 2009).

Zappos leadership did not lead with a statement of core values. Instead, Hsieh created and reinforced a culture that held these values, and let employees themselves declare it. In this way, Zappos leaderships not only created a list of values

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<sup>7</sup> The company is small, employing approximately 2,000 people at its headquarters in Las Vegas, Nevada and in its warehouse in Kentucky.

that employees believed in, but also leveraged the power of social proof to ensure that employees acted on what they believe. The strength of their beliefs would be put to the test on May 21, 2010, when a computer error developed on 6pm.com, a Zappos-owned bargain retailer. A flaw in the website caused the price of every product on the site to be reset to \$49.95. Within six hours of discovering the error, Zappos employees had fixed the mistake. Then Zappos' Director of Brand Marketing and Business Development made the announcement on the company's blog: Zappos would honor every transaction. This decision would cost Zappos over \$1.6 million (Burkus, 2011). However, it would also serve as another example of how Zappos sought to stay true to its culture and core values and deliver —WOW through customer service (Hsieh, 2010a).

Zappos has a stated goal to offer "best service in the industry". Their service promotes such benefits as:

- (1) Free shipping both ways
- (2) A 365-day return policy
- (3) A call center that is always open

They ended their 100% price protection policy and free overnight shipping. The company promises 4-day shipping free with all orders but often delivers next-day anyway, so as to pleasantly surprise customers. Zappos eventually developed training programs designed to reinforce this internal framework. Hsieh has even gone so far as to offer to pay employees to quit if they are not a cultural fit (Taylor, 2008). It was Zappos employees who eventually persuaded Hsieh that they needed a statement of values to represent the Zappos environment (Hsieh, 2010a). Instead of taking his senior executives off-site to prepare such a statement, Hsieh borrowed the strategy used to create the culture book. Hsieh emailed everyone in the company, asking for their input on what they believed were the core values of Zappos (Chafkin, 2009). Zappos settled on ten core values as following:<sup>8</sup>

- (1) Deliver WOW Through Service.
- (2) Embrace and Drive Change.
- (3) Create Fun and a Little Weirdness.
- (4) Be Adventurous, Creative, and Open-Minded.
- (5) Pursue Growth and Learning.
- (6) Build Open and Honest Relationships With Communication.
- (7) Build a Positive Team and Family Spirit.
- (8) Do More With Less.
- (9) Be Passionate and Determined.
- (10) Be Humble.

Once these foundational values were identified, Hsieh knew they had to take root within the organization (Chafkin, 2009). The human resources department eventually would create interview questions to examine candidate's positions on each of these principles (Hsieh, 2010a). Once hired, new employees are required to read and sign a statement of acknowledgement, indicating their understanding and acceptance of the company's core values.

According to Hsieh (2010b)<sup>9</sup>, he thinks there are "Seven Ways to Achieve Exceptional Customer Service" as following:

- (1) Make customer service a priority for the whole company. It's not just a department.
- (2) Empower your customer service reps. rarely should they have to escalate a customer's issue to a supervisor.
- (3) Fire customers who are insatiable or abuse your employees.

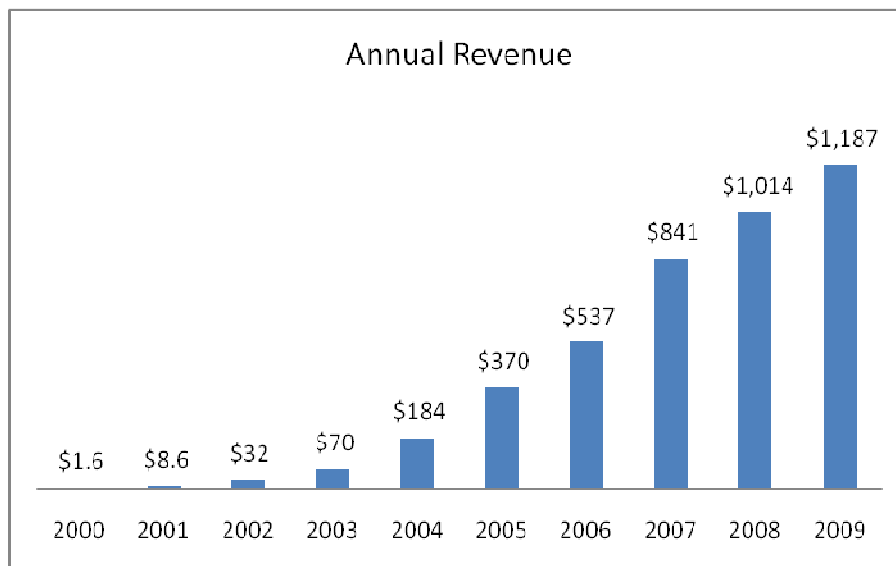
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<sup>8</sup> See Hsieh, T. (2010). *Delivering happiness: A path to profits, passion and purpose*. New York: Business Plus.

<sup>9</sup> Hsieh, T. (2010). Zappos's CEO on Going to Extremes for Customers. *Harvard Business Review*, July–August 1-5.

- (4) Don't measure call times, don't up sell, and don't use scripts.
- (5) Don't hide your phone number. You want to talk to customers.
- (6) View the cost of handling customers' calls as an investment in marketing, not an expense.
- (7) Celebrate great service by telling exceptional stories to the entire company.

Looking back, Zappos attribute most of its growth over the past few years to the fact that they invested time, money, and resources in three key areas: customer service, company culture, and employee training and development. For customers to obtain the greatest satisfaction is the priority goal of company's operation. Zappos business strategy is so innovative, execution is so determined, and decision-making is so transparent (Chafkin, 2009).



**Graph 1: Zappos' Annual Revenue from 2000 ~ 2009 (Unit per Million USD)** <sup>10</sup>

### 3. Substance Marketing

#### 3.1 Marketing Strategy of Wang Group

Accommodation and catering are belonging in the service industry in Taiwan. The service industry is booming in recent years, and it accounts for the proportion of the national gross product (GNP) over 70%. Besides, its population accounts for total ratio of employment population closing 60%. With the progress of Taiwan's economic environment, income and standard of living of the people increased gradually, people pay more and more attention to quality of life. The domestic service industry provides continuing to take service in innovative ways to meet consumer demand. Also it enhances its competitiveness, expecting stand out in a highly competition. As the amount of investment and technology, food and beverage industry are with low barriers to entry. There are 110,000 restaurants in Taiwan; only 20 of all can break 1 billion turnovers "natural barrier" of SMEs, Wang Group <sup>11</sup> is only 15 years to reach 5 billion turnovers, Taiwan's largest restaurant group. Franchise to establish a competitive advantage to create wealth, to stand out in the same industry, largely in the hands of its intangible knowledge and ability, and cumulative process through in-depth observation and analysis of domestic chain industry catering chain industry by "the wisdom of capital why our chain services, build and manage the key to competitive advantage, intellectual capital management and planning reference point of view of intellectual capital.

<sup>10</sup> Data Source: Rearrangement from "Hsieh, T. (2010b). Zappos's CEO on Going to Extremes for Customers. Harvard Business Review, 88(July–August), page 45".

<sup>11</sup> "Wang Group" changed its name to "Wow Prime" in 2009 and Dai, Sheng-Yi is president of group.

The intangibility of services, making the new service cannot be precise dismantling of its composition, such as physical products; new services usually do not involve complex technology or high investment, often launched shortly after the competitors can easily imitate, difficult to patent may face more difficulties and obstacles than the development of product innovation under the protection of the service innovation. According to 2007 statistics of the Ministry of Economic Affairs, Taiwan about 110,000 restaurants, 99.75% annual turnover of 100 million Yuan in turnover of more than 100 million Yuan, only 271, of which there is only about 20 food and beverage companies, to break through 1 billion turnover in SMEs "threshold" (Chen, 2008).

### **3.1.1 Sturdy of Operating system and prudent expansion**

As the amount of investment and technology, food and beverage industry are with low barriers to entry. With low barriers to entry, making the competitors is all the dispersed consumers, but also shows the Wang Group into its large commendable. 104 Job Bank <sup>12</sup> survey found that, to entrepreneurship, 60 percent to 70 percent of workers would choose the food and beverage services, it seems to prepare one of hundreds of thousands, they cook and opened a restaurant equate been neglected. Running a business required to financial systems, capital allocation, personnel training and core technology dimension. This is not psychologically prepared to do business in the restaurant industry, naturally significantly reduce the profit. Tax data for 2005 showed that only 77% of large-scale catering enterprises profitable and in small and medium scale food and beverage industry who make money ratio is less than half.

Food and beverage industry to do a little another reason is the "people". Food and beverage industry is not just selling food, but an "experience." Food and service are likely due to the cooks and waiters change; even the same person, a different mood and environment, will have a gap, it is difficult to reach consensus; coupled with consumer preferences, tastes different, and add more dine in the process variables to improve the management of the difficulty. And manufacturing development of the product can be mass-produced model, very different. Therefore, the common sporadic several unique style of "brand" of the restaurant industry, it is hard to service and meals normalized copy, resulting in economies of scale (Guo, 2009).

Most of the local restaurant franchise, often not be done in the turnover of 1 billion Yuan, began authorized to join, collect huge royalties, eventually because of high employee turnover, gain experience, simply cannot deal with operational problems encountered by the franchise. Since the 1980s, McDonald's entrance in Taiwan, with starting a restaurant chain wave, the majority of the local chain does not encounter a problem, cannot continue to show, is joined out of control gives rise to a "tart effect, resulting in atrophy of the case immediately after the rushed to the pinnacle of short-term, non-to count.

### **3.1.2 Standardization of Services, Copy Success**

Regardless of the number of employees is 500 people or 5,000 people, is a store or 100 stores, a notebook standard operating procedures, can not only ensure that the food and maintain a consistent quality of service, not out of tune, you can also quickly copy, quick to show; As for packages of practice to help control food costs, facilitate the calculation of the number of visitors.

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<sup>12</sup> 104 Job Bank is a human resources intermediary in Taiwan. It assists the matching work for job seeker and the companies which want to recruit.



### 3.1.3 Business philosophy

The honest — honest is as the top priority. To be the company, colleagues, vendors, customers, government, family, honesty, and sincere attitude: both integrity really.

The group power — team work, team spirit. Sure that 1 +1 +1 = 9 positive chain reaction. I believe that under the group incentive, everyone's potential can give full play to the extreme.

Innovation - the creative act mature but not old-fashioned. To courage the traditional challenges, not superstitious, or not stale. Any decision is of the scientific digital analysis. Satisfaction — everything to make customer satisfaction, company satisfaction, so that all around are satisfied; of course, Also self-satisfaction. However this is non-complacency, but modestly.

First, the education and training:

Want from staff in the education and training, Wang Group, rose to the manager must complete 206 credits of in-house training, including store training, classroom training and corporate training in three parts. Departure from the cultural core of the "seven circles", career training for colleagues planning - design 206 education credits:

- (1) Trainer courses
- (2) Receptionist courses
- (3) Management of curriculum: basic, advanced and advanced classes
- (4) Severe Training

**Table 1: Five steps in the development of innovative services** <sup>13</sup>

	Name	Interpretation
Step 1	Standardized general services	Including the terms of the service personnel, ushers, delivered meals, desktop decoration, and other standards.
Step 2	Special service to dine purpose	Colleagues presented a cake or light snacks service to those customers who are birthday.
Step 3	Personalized services	Not just people's differences and even a single customer at different times will have different needs.
Step 4	Critical moment touching service	The guests who come first came are hungry, sending food quickly, then guests eat, you can begin to talk to him to chat.
Step 5	Creativity and innovation impression embedded services	Through brainstorming, constantly drawn to the movie plot or nature, research updates, a more appropriate service rules, so that customers amazing.

Second, the reward system:

The reward system is Wang Group successful retention factors, including employee stock ownership (for the managers and chiefs) and dividends (for all employees) in two parts, published monthly in the financial statements of each store, cohesion centripetal force. The turnover rate within the Wang Group each year is less than 5%.

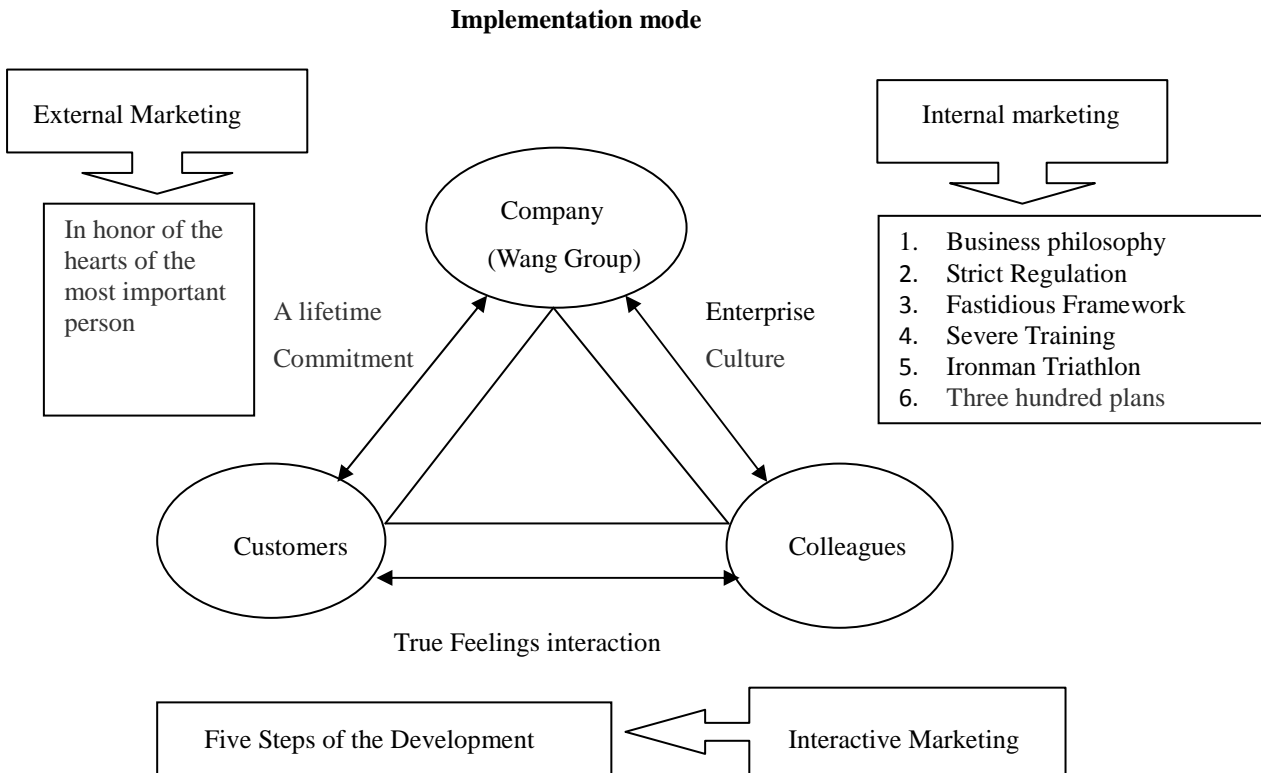
Third, Manpower pool plan:

Response to the manpower needs of the fast to show the king products Formosa Plastics addition to the transferred to a new brand of business manager and chef of trained, but also invented the "manpower pool plan, a joint public recruitment, selection of practical experience manager and reserve cadres. These various systems and practices, Wang Group in a brand can maintain a certain balance of power and standard of quality to maintain and to show the speed.

<sup>13</sup> See <http://www.hiretail.hinet.net/NEWS/News20030910-412-02.html>.

Fourth, the Central Standing Committee system:

Department of Wang Group to take collective decision-making, by the Associate executives composed of the so-called "Central Standing Committee decision".<sup>14</sup>



**Graph 2: Market Strategy of Wang Group**<sup>15</sup>

Standardized job specification is important in business management, standardization of service specification service workers learn how to service the impact research has rarely been explored. Standard operating specifications for the manufacturing sector is considered as a matter of course, the standardization of service specification of the service industry is not being taken seriously. The services sector is a lot of details, service of process is important, the services need sensitivity, during which a good experience, but also need to leave it passed down. Should pass good experience to stay down, need to transforming the experience into a standardized operation, will be efficient. Of course, good service and cannot rely on service standardization and specification of other factors with.

Standardization<sup>16</sup> of service specification for employees to learn service actions and processes, has a significant of; standardized service specification and thus for the employees learn the intangible service experience concept, attitude of the heritage study, a significant impact; even, standardized service specification to the learning of the same time of their life values, have a clear impact.

From the beginning of the implementation of standardized since 2003, seven years, Wang Group work from the past two manuals, development of 38 of this manual and operating rules, these rules are sometimes fine manners to require employees to service the guests must be using the terminology and movements of the "common services"; Employees more close to human nature in the Wang product of my efforts and harvest is proportional to the "reward system, the higher the

<sup>14</sup> See [http://www.wangsteak.com.tw/cultural\\_family.htm](http://www.wangsteak.com.tw/cultural_family.htm) (Website of Wang Group).

<sup>15</sup> See: <http://www.kesum.com/sq/jygl/200802/41134.html> (in Chinese).

<sup>16</sup> A process in which the value of a potential standard is fixed by a measurement made with respect to a standard whose value is known.

incentive, which also makes the principal officer within the Wang Group turnover rate in less than two percent per year, time the turnover rate of four percent, a number of differences in the catering industry (Wang and Chen, 2004).

#### 4. Conclusion

The purpose of this study is hoping to service innovation through cross-industry case studies to explore the nature of service innovation and enterprise use of the cause and impact of service innovation to identify the commonality of the cross-industry innovation. Zappos is through constant trial and error, and understand that what really make the company unique. When other companies compete lower prices to attract customers, and fulfill orders and exhausted, Zappos is to show its true competitive advantage: provide more reliable service. Zappos has set a criterion for better service: let the customer on the Internet easier, more rapid selection of shoes, but also delivery reliable, and worry-free return, which are part of these services. Zappos has unique recipe for success. (1) Free shipping and free return. (2) Unique telemarketing staff to fully show of personality. (3) The company to pay \$ 1,000 in prize of money to encourage new employees to resign.

Wang Group and internal to the disclosure of all OTC's performance and cost, 20% camp I dividends, give employees a voluntary monitoring costs, and create profit; and set a charge of self-regulation provisions, strict implementation; king of product turnover rate of less than 5% monthly recoverable 300,000 customer feedback form, which is the key to the success of Taiwan's largest food and beverage industry. Wang Group's personnel system, unique in many ways, the moon and a break for nine days, more than 20% dividend in the month camp manager chef shares, salary higher than the industry average of 20% and so on, these practices that break the service industry practices, not only helped inspire the first-line officers, but also makes its principal staff turnover rate below 5%, part-time staff turnover rate is not more than 8%.

Catering services-intensive industries "physical" and "emotional" first-line personnel at work, in addition to the patrol to move around, have to directly face the customer dissatisfaction and complaints, and therefore need incentives and feedback have the power to comply with standard operating procedures, will be very easy it will cause a high turnover rate, or to vent their emotions in their clients, or cause a high turnover rate. The turnover rate increased less personnel training, service quality will be reduced, creating a vicious cycle, directly impact the willingness of customers to patronize. The company to the customer oversight, the financial to the colleagues in management, "When the customer to reflect their views, the competent for the abnormal phenomenon Management, without having to regularly inspect the branches, worried that employees are not honest. When employees become shareholders of the Company will be particularly concerned about the costs and profitability. Financial disclosure, the staff helped a dime to keep a close eye cost to identify the method of profit. Managers do not have to constantly worry about lazy employees or make a mistake, so employees also from tangible feedback and invisible respect to job satisfaction. Performed according to standard operating procedures, it is possible to reach the performance KPIs (key performance indicators); reached performance, the branches will be able to immediately share the surplus, resulting in the power of the next executed in accordance with standard operating procedures. Branches profit sharing is standard operating procedures and clear KPIs, forming a positive cycle of profit. Enterprises have three keys to the formation of a virtuous cycle of a natural operation, to sustainable growth and prosperous.

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