



Elements to organize the third place that promotes sustainable relationships in service businesses



Daisuke Sugiyama ^{a,*}, Kunio Shirahada ^b, Michitaka Kosaka ^c

^a Japan Advanced Institute of Science and Technology, Center for Advanced Education for Working Professionals, Doctor Course Shinagawa Intercity A-19th Floor 2-15-1, Kounan, Minato-ku, Tokyo 108-6019, Japan

^b Japan Advanced Institute of Science and Technology, Knowledge Science, Associate Professor 1-1, Asahidai, Noumishi, Ishikawa Prefecture 923-1292, Japan

^c Japan Advanced Institute of Science and Technology, Knowledge Science, Professor 1-1, Asahidai, Noumishi, Ishikawa Prefecture 923-1292, Japan

ARTICLE INFO

Article history:

Received 31 December 2014

Received in revised form

18 May 2015

Accepted 19 May 2015

Available online 17 July 2015

Keywords:

The third place

Community

Sustainability

Servicescape

Business model

ABSTRACT

Modernization, urbanization, and digitalization have made human lifestyles and culture increasingly more individualized. Common activities and mutual support by relatives and neighbors have been divided into individual ones and replaced by servitized economies, which have diluted social relationships. External services have satisfied functional needs, but have had little to do with sensitive human issues. That is why service communities and the third place have been recently focused on in service businesses.

This paper proposes how the service business model can establish sustainable relationships between service providers and service receivers by introducing the third place into the service model.

The third place is classified into four types, i.e., communication, private space, meaning focus, and knowledge focus types. We found five factors to effectively organize the third place through case studies i.e., shared space, shared objectives, shared time, self affirmation, and economic sustainability.

These factors should promote a sustainable service model, which is quite material and effectively establishes the third place in communities to develop sustainable businesses.

© 2015 Elsevier Ltd. All rights reserved.

1. Introduction

The background of servitized economy is not only based on the facts of providing enough products by matured industrialized society but also on social issues such as change of lifestyle to individualized one. Many people have lost their own place in society to be themselves. We live in a world of modernization, urbanization, and technical digitalization [1]. These huge changes have caused individualized lifestyles and culture. All activities have become personal, such as those with mobile phones, 'walkmans' (personal handy audio equipment), iPads, and even TV sets. It is mentioned not only 'bowling alone' [2] [3] but also 'watching alone' [4] [5]. That means increasing issues with less human communication and social capital [6] in modern society.

All practical needs are simultaneously satisfied with effective modern urban facilities such as convenience stores or personal door-to-door delivery systems. People do not need to

accommodate daily provisions between neighborhoods as they can buy them in convenience stores that are open 24 h a day. These situations have separated lifestyles from those of other people, and diluted blood relationships and relationships in neighborhoods. Globalization and diverse values have pushed people in this direction. People have not welcomed the sharing of rights or properties. Commons [7] have been divided into private properties [1] to avoid the burden of close relationships. This situation has increased external services instead of shared activities. We can find the dilution of shared realm. The maintenance of commons has been outsourced to external service businesses [8] [9].

Service is based on the win–win relationship between service provider (SP) and service receiver (SR) with value co-creation [10] [11]. The importance of shared realm was recognized as the third place in such contexts and there were many new communities in the advanced business models [12]. Promoting relationship between SP and SR is very important for sustainable service business [13] [14]. In addition to experience value, it is also pointed out that ethical element of what the service realizes, what it means to his/her sense of value i.e., element of perspective, and emotional value of personal preference or attachment, i.e., element of personalization [14] as shown in Fig. 1.

* Corresponding author.

E-mail addresses: sugiyama@jaist.ac.jp, sugiyama.daisuke117@gmail.com (D. Sugiyama), kunios@jaist.ac.jp (K. Shirahada), kosa@jaist.ac.jp (M. Kosaka).

There were researches about six P's elements i.e., basic three elements as product, people, and physical evidence, and additional three elements as perspective, personalization, and program to drive the process of maturing relationship between SP and SR. The transition model of customer and the relationship shows the community as the most matured form of relationship between them (Fig. 1) [15] [14]. When they come to the stage of creating a community, the relationship between them has been somewhat transformed from that of the early stage with confrontation between both parties to the final stage of co-owners pursuing the same direction. Both parties stand on the same side sharing a common destination. It is important to recognize the position of the third place as a core module of the community [16] [17].

This paper focuses on the third place, which is formed through the process of establishing in-depth service relationship between SP and SR, as a different side of community from customer perspective. The purpose of this paper is to analyze what kinds of factors are necessary to promote sustainable relationships in the service business model, by using a case study.

This paper has five parts. The chapter begins with literature survey. Then, authors define the research methods as case studies, and next case studies are conducted. Then the authors discuss implications and finally show conclusions.

2. Literature review

Vargo and Lusch insisted on the Service Dominant Logic (SDL) for service business instead of Goods Dominant Logic (GDL) [10] [11]. Time dimension is an important element in service business. Sustainability is more important in service business than in product selling. Trading physical products ends up with delivery -value in exchange, where value is defined a priori to the transaction. On the contrary, service requires continuous relationship with customer, that is to say value in use, value in context, or value in keep [10] [11] [18]. Good services are not merely a single transaction but are built in and regarded as a part of lifestyle which increases sustainability of business. This concept is based on SDL, not GDL. Community and

the third place are typical forms of this concept. Value chain defined from procurement to delivery should be extended to customer usage in this context.

Oldenburg defined 'the third place' as the great good place [19]. He pointed out homes were the first place, business offices were the second place, and other than these we needed the third place where we could feel relaxed and communicate with people. The background to this idea was in the U.S.A. of the 19th century. He claimed the 'destruction' of 'the informal public life' [19] (preface), which caused habitual absences from work, increased medical expenses, and reduced productivity as 'the problem of place in America' [19] (p.3). He insisted that it was important to have a place that anyone could dwell in by accident, which was open to anybody at any time and that was frank, simple, and plain, where people could feel that they were sharing something important with other people. He also regarded it as a leveler where people could relate to one another regardless of position or wealth. A terrace, e.g., the outdoor table of a sidewalk café, is called a space between a coin and the edge of a dish, which seems to be a space between economical capital and social capital.

Rosenbaum and Massiah claimed a broadened servicescape framework for the concept of the third place as an essential hangout in social realm. They expanded five realms, i.e., physical, cyber, restorative, symbolic, and social [20]. They analyzed person-place customer behaviors by classifying the status of people's requirements to places –utilitarian needs, social needs, emotional needs, called place-as-practical, place-as-social, place-as-home respectively. People gathering in place-as-social exhibit community loyalty to the people. This realm is close to the third place discussed in this paper. Rosenbaum also stated the importance of the third place not only to satisfy consumption needs but also to provide companionship and emotional support especially for older-aged people [21].

In the actual business field, Starbucks Coffee Japan Co. Ltd. is famous for announcing its business model as to provide the third place with superior coffee, relaxed space, and attractive services by its partners [22]. It offered many suggestions of service innovation

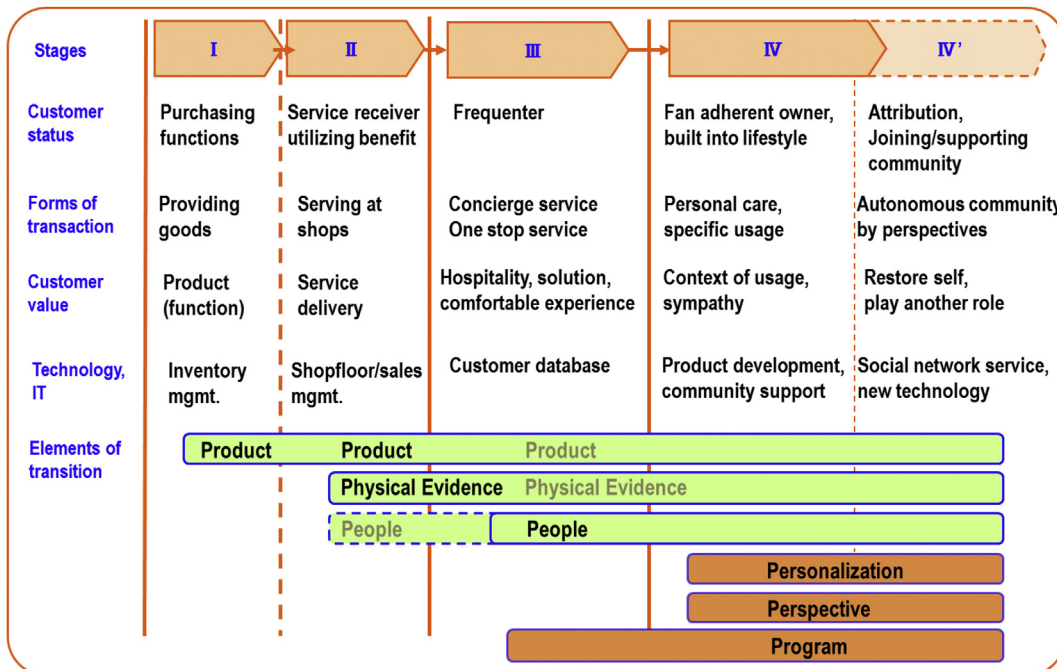


Fig. 1. Transition in customer status (adapted from Ref. [13]).

Download English Version:

<https://daneshyari.com/en/article/375127>

Download Persian Version:

<https://daneshyari.com/article/375127>

[Daneshyari.com](https://daneshyari.com)