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Summary
E-service is “the provision of service over electronic networks” [1]. The authors argue that “e-service provides a new business paradigm for organizations operating in the electronic environment” [1]. They state that it is very important for businesses to adopt an e-service orientation regardless of whether they sell goods or services. The network-based economy required businesses to take on a customer-centric business approach in order to stay competitive in the market. In fact, the philosophy of e-service is to focus on customers---satisfying their needs and therefore generating revenue and growth in market. On a strategic level, e-service emphasizes on services, relationships, and customer equity instead of products and transactions. On the tactical level, the focus is on personalization, customization, self-service strategies, privacy, security, risk management, and e-service measurement.

Critical Comments

Strengths
- By transferring physical products into services, the firm or company can maintain its competitive advantage.
- In the B2B domain, by providing a software service instead of a software product, a company can learn more about the usage of its software and be more aware of the needs of its customers, which contribute towards the firm’s competitiveness.
- The electronic environments are well suited for collecting customer preference information. This allows the companies to provide customized services to their customers.
- Focused and customized service or offerings builds switching costs and reduces the customer costs such as search cost, risk cost, and transaction cost. This provides means for better understanding customer needs and aids toward customer satisfaction and improves customer equity.
- Self-service technologies designed and implemented in e-service can give customers control in their transaction timing and process; therefore, increase customer satisfaction and equity.

Weaknesses
- Generally, customers are uncomfortable about the security and privacy of their transmitted personal information. If the firm doesn’t design its system and processes that minimize this insecurity with safety of electronic transactions, then the customers are less likely to use that service.
- Risks are always involved when using online technologies. Servers can be attacked by viruses and hackers.
- Customers might not be comfortable with using online technologies.
- The firm’s system must be well designed. A badly designed system can provide poor user-friendly interface, reduce customers’ usage comfort and satisfaction. So, a badly designed e-service system will not give the market competitiveness promised by e-service.

Interesting Points
A lot of trust is involved when customers use e-service.
- They have to trust that the firm will not wrongly use their personal information such as selling the information to other firms.
• They have to feel comfortable about the security of the service technology that the firm provides.

Critical Questions
1. How can a firm ensure personal information security and privacy for its customers?
2. What current technologies are best suited for maintaining transaction security for the customers?
3. Are there any government regulations that protect customers’ privacy from firms exchanging their customers’ personal information?
4. E-service management relies on customer assessment. How can a firm ensure that the customer assessments collected are representative of all its customers’ opinions of the firm?

References
<http://www.sce.umkc.edu/~leeyu/class/CS551-03/cs551.htm>