Specialization:-OPERATION MANAGEMENT

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Notes

Servicescape: Meaning, Types, Behaviours, Roles & Approaches | Service Marketing

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1. Meaning of Servicescape:

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'Servicescape' refers to the environments in which services are delivered and where the firm and customer interact.

Service providers should build environments that achieve a balance between two primary objectives:

(1) Develop environments that appeal to consumer pleasure and arousal states while avoiding atmospheres that create submissiveness; and

(2) Construct environments that facilitate the operational ease and efficiency of the firm.

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Though several studies in the marketing and environmental psychology literature have examined physical environment, little work has been done within sport and recreation context. The concept of a servicescape was developed by Booms and Bitner to emphasize the impact of the physical environment in which a service process takes place.

If you were to try to describe the differences a customer encountered when entering a branch of say like McDonald's compared with a small family restaurant, the concept of servicescapes may prove useful. Booms and Bitner defined a servicescape as "the environment in which the service is assembled, and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service".

The Christmas tree in a classroom is part of the physical environment of the service – the servicescape. Due to their abstract nature, services cannot be tried before purchase or consumption; therefore, customers look for physical evidences of the service. Shostack believes that a product is judged by an abstract image but a service is already abstract. Therefore, we will evaluate a service with comprehensive or tangible things. As the service itself is not tangible, the peripheral clues will be evaluated.

In schools, man evaluates the buildings, the classrooms or the staff-rooms for instance. Bitner defines servicescapes as the "physical environment" of the service encounter or the "man-made, physical surroundings as opposed to the natural or social environment". However, this last definition does not fit perfectly with the school servicecape. Indeed the natural surroundings of a school such as the sea or the mountain nearby, might influence the service.

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"Research suggests that the physical settings may also influence the customer's ultimate satisfaction with the service". Some classrooms with nice decoration and materials on the walls are more welcoming for students than others, austere and disorganized with Spartan atmosphere. The willingness to learn is higher for students in nice servicescape and their perception of the service is by consequence higher.

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The service is often produced and consumed simultaneously: therefore, the surroundings might have a strong impact on customer perception and be consequence on customer experience of the service. (Bitner) Because of this time consideration (services are produced and consumed simultaneously) it appears that the satisfaction of both—employees and customers—are strongly linked. In some schools, the classrooms are very hot in summertime and very cold in wintertime.

These bad climatic conditions of classrooms, will afflict the working conditions of the teacher and thereby', the quality of the service for their students. According to environmental psychologists, individuals react to places by avoidance or approach (Bitner). Depending on the classroom, staff and pupils will show a behaviour willing to stay, explore, work and affiliate or reluctant to these actions.

However, employees and customers have different needs and desires for their environment surroundings. Teachers prefer to have their own classroom to have all the materials they need to teach, whereas students might prefer to have their own classroom as well to avoid to move thirty students each hour from one room to other.

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2. What does the Servicescape Include?

Bitner refers to the servicescape as the "built environment" or, more specifically, the "man-made, physical surroundings as opposed to the natural or social environment".

The three important aspects of the servicescape are:

(1) Spatial Layout and Functionality:

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Because service environments generally exist to fulfill specific purposes or needs of customers, spatial layout and functionality of the physical surroundings are particularly important. Spatial layout refers to the ways in which machinery, equipment, and furnishings are arranged, the size and shape of those items, and the spatial relationships among them. Functionality refers to the ability of the same items to facilitate the accomplishment of customer and employee goals.

The spatial layout and functionality of the environment are particularly important for customers in self-service environments, where they must perform the service on their own and cannot rely on employees to assist them. Thus the functionality of an ATM machine and of self-service restaurants, gasoline pumps, and Internet shopping are critical to success and customer satisfaction.

The importance of facility layout is particularly apparent in retail settings, where research shows it can influence customer satisfaction, store performance, and consumer search behaviour. Research conducted in two department stores in Korea found that store facilities significantly affected consumers' emotional responses. Layout accessibility, facility aesthetics, and seating comfort have all been shown to impact patrons' perceptions of quality in spectator sports and casino settings as well.

(2) Signs, Symbols, and Artifacts:

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Many items in the physical environment serve as explicit or implicit signals that communicate about the place to its users. Signs displayed on the exterior and interior of a structure are examples of explicit communicators. They can be used as labels (name of company, name of department, and so on) for directional purposes (entrances, exits), and to communicate rules of behaviour (no smoking, children must be accompanied by an adult). Adequate signs have been shown to reduce perceived crowding and stress.

Other environmental symbols and artifacts may communicate less directly than sign, giving implicit cues to users about the meaning of the place and norms and expectations for behaviour in the place. Quality materials used in construction, artwork, presence of certificates and photographs on walls, floor-coverings, and personal objects displayed in the environment can all communicate symbolic meaning and create an overall aesthetic impression.

The meanings attached to environmental symbols and artifacts are culturally embedded. Restaurant managers in United States, for example, know that white tablecloths and subdued lighting symbolically convey full service and relatively high prices, whereas counter service, plastic furnishings, and bright lighting symbolise the opposite. In U.S. office environments, certain cues such as desk size and placement symbolise status and may be used to reinforce professional image.

Signs, symbols, and artifacts are particularly important in forming first impressions and for communicating new service concepts. When customers are unfamiliar with a particular service establishment, they will look for environmental cues to help them categorise the place and begin to form their quality expectations. In a study of dentists' offices, it was found that consumers use the environment, particularly its style of decoration and level of quality, as a cue to the competence and manner of the service provider.

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(3) Ambient Conditions:

Ambient conditions include background characteristics of the environment such as temperature, lighting, noise, music, scent, and colour. All of these factors can profoundly affect how people feel think, and respond to a particular service establishment. For example – a number of studies have documented the effects of music ort consumers' perceptions of products, their perceptions of how long they have waited for service, and the amount of money they spend.

When there is music, shoppers tend to perceive they spend less time shopping and in line than when there is no music. Slower music tempos at lower volumes tend to make shoppers more leisurely, and, in some cases, they spend more. In the Mayo Hospital lobby, piano music serves to reduce stress. Shoppers also spend more time when the music "fits" the product or matches their musical tastes.

Other studies have similarly shown the effects of scent on consumer responses. We know that scent in bakeries, coffee shops, and tobacco shops, for example, can be used to draw people in, and pleasant scents can increase lingering time. We also know that the presence of a scent reduce perceptions of time spent and improve store evaluations.

Scents that are congruent with the product type, cause customers to spend more time thinking about their product decisions. A nursing home chain discovered that in its facilities "the best odour was no odor." Patients and their families believed that unpleasant odours signified an unclean facility, whereas the odor of cleaning solvents signified that unpleasant odours were being covered up.

As a general rule, ambient conditions affect the five senses. Sometimes such dimensions may be totally imperceptible (gases, chemicals, infrasound) yet have profound effects, particularly on employees who spend long hours in the environment.

The effects of ambient conditions are especially noticeable when they are extreme. For example, people attending a symphony in a hall, where the air conditioning has failed and the air is hot and stuffy, will be uncomfortable, and their discomfort will be reflected in how they feel about the concert. If the temperature and air quality were within a comfort tolerance zone, these ambient factors would probably go unnoticed.

Ambient conditions also have a greater effect when the customer or employee spends considerable time in the servicescape. The impact of temperature, music, odours, and colours builds over time. Another instance, in which ambient conditions will be particularly influential, is when they conflict with what the customer or employee expects.

3. Types of Servicescapes:

Is a framework for categorising service organisations on two dimensions that captures some of the key differences that will impact the management of the servicescape? Organisations that share a cell in the matrix will face similar issues and decisions regarding their physical spaces.

The physical setting may be more or less important in achieving the organisation's marketing and other goals depending on certain factors:

(i) Servicescape Use:

First, organisations differ in terms of whom the servicescape will actually affect. That is, who actually comes into the service facility and thus is potentially influenced by its design—customers, employees, or both groups? There are three types of service organisations that differ on this dimension. At one extreme is the self-service environment, where the customer performs most of the activities and few if any employees are involved.

Examples of self-service environments include ATMs, movie theatres, express mail drop-off facilities, self-service entertainment such as golf and theme parks, and online Internet services. In these primarily self-service environments, the organisation can plan the servicescape focusing exclusively on marketing goals such as attracting the right market segment and making the facility pleasing and easy to use.

At the other extreme of the use dimension is the remote service, where there is little or no customer involvement with the servicescape. Telecommunications, utilities, financial consultants, editorial, and mail-order services are examples of services that can be provided without the customer ever seeing the service facility. In fact, the facility may be in a different state or a different country.

(ii) Complexity of the Servicescape:

Some service environments are very simple, with few elements, few spaces, and few pieces of equipment. Such environments are termed lean. Shopping mall information Kiosks and FedEx drop-off facilities would be considered lean environments because both provide service from one simple structure.

For lean servicescapes, design decisions are relatively straightforward, especially in self-service or remote service situations in which there is no interaction among employees and customers. Other servicescapes are very complicated, with many elements and many forms. They are termed elaborate environments.

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4. Understanding of Different Behaviours in the Servicescape:

The physical environment is particularly salient for services, as most services are produced and consumed simultaneously, with the consumer "in the factory" experiencing the total service within the firm's physical facility. Bitner suggested that the service setting can affect consumers' emotional, cognitive, and physiological responses, which, in turn, influence their evaluations and behaviours.

Our focus is on affective responses or feelings that are created by contact with the physical environment. Environmental elements within the services setting influence emotions in two dimensions – pleasure and arousal. The 'pleasure dimension' refers

to the degree to which a consumer feels good or happy with the environment, whereas 'arousal' refers to the degree by which the person feels excited, stimulated, or active in an environment.

Servicescape may influence the consumer's affective state in either a positive or negative direction, which in turn may affect post-purchase evaluations. The framework for understanding servicescape effects on behaviour follows from basic stimulus — organism — response theory. In the framework the multi-dimensional environment is the stimulus, consumers and employees are the organisms that respond to the stimuli, and behaviours directed at the environment are the responses.

The assumptions are that dimensions of the servicescape will impact customers and employees and they will behave in certain ways depending on their internal reactions to the servicescape. That human behaviour is influenced by the physical setting in which it occurs, is essentially a truism.

Interestingly, however, until the 1960s, psychologists largely ignored the effects of physical setting in their attempts to predict and explain behaviour. Since that time, a large and steadily growing body of literature within the field of environmental psychology has addressed the relationships between human beings and their built environments.

Various theorists have tried to examine the content of affect, the dimensions that underlie it, and the distinction between types of affect.

Different approaches have been used – facial expression research, language-based research and logical theory derivation and testing based on a psycho-evolutionary perspective. Although most empirical studies on emotions in satisfaction research have used Izard's Differential Emotions Scale, Russell's model of affect was chosen for the present investigation for several reasons. First, the two models based on facial expression research and psycho-evolutionary perspectives only define discrete dimensions, which do not capture the possible similarities and differences among emotions.

Second, the Russell model separates cognition from affect. Russell defines affect as an internal state being comprised of pleasure and arousal. This two-dimensional matrix categorizes all affective responses as valenced combinations of pleasure and arousal. Other dimensions of affect (e.g., locus of causality, importance of the

emotion, locus of control, and dominance) can thus be interpreted as cognitive appraisals.

In contrast, Izard's and Plutchik's frameworks implicitly include cognitive processes in their models. Third, our goal was to assess consumers' responses to the pre-consumption retail environment as opposed to interpersonal aspects of consumption, thus further justifying the use of this emotions scale.

Mehrabian and Russell suggested that affect mediates the relationship between the physical environment and an individual's response to that environment, thus resulting in two behaviours – approach or avoidance. Approach behaviours are represented by an individual's desire to stay, explore, or work in an environment, whereas avoidance behaviours refer to the opposite.

In terms of consumer behaviour, approach behaviours include a desire to patronize an outlet and a willingness to return for future purchases. Because our goal was to examine the impact of the preprocess environment on post-purchase evaluations, the out-come variable in the Russell model was changed from avoidance/approach behaviour to satisfaction, and repurchase intention.

(i) Individual Behaviours:

Environmental psychologists suggest that individuals react to places with two general, and opposite, forms of behaviour – approach and avoidance. Approach behaviours include all positive behaviours that might be directed at a particular place, such as desire to stay, explore, work, and affiliate.

Avoidance behaviours reflects the opposite — a desire not to stay, to explore, to work, or to affiliate. In a study of consumers in retail environments, researchers found that approach behaviours (including shopping enjoyment, returning, attraction, and friendliness toward others, spending money, time spent browsing, and exploration of the store) were influenced by perceptions of the environment.

In addition to attracting or deterring entry, the servicescape can eventually influence the degree of success consumers and employees experiences in executing their plans once inside. Each individual comes to a particular service organisation with a goal or purpose that may be aided or hindered by the setting.

The ability of employees to do their jobs effectively is also influenced by the servicescape. Adequate space, proper equipment, and comfortable temperature and air quality—all contribute to an employee's comfort and job satisfaction, causing him or her to be more productive, stay longer, and affiliate positively with coworkers.

(ii) Social Interactions:

In addition to its effects on their individual behaviours, the servicescape influences the nature and quality of customer and employee interactions, most directly in interpersonal services. It has been stated that "all social interaction is affected by the physical container in which it occurs." The "physical container" can affect the nature of social interaction in terms of the duration of interaction and the actual progression of events.

In many service situations, a firm may want to ensure a particular progression of events (a "standard script") and limit the duration of the service. Environmental variables such as physical proximity, seating arrangements, size, and flexibility can define the possibilities and limits of social episodes such as those occurring between customers and employees, or customers and other customers.

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5. Roles of the Servicescape:

The servicescape can play many roles. An examination of the variety of roles and how they interact, makes clear how strategically important it is to provide appropriate physical evidence of the service.

(1) Facilitator:

The servicescape can also serve as a facilitator in aiding the performances of persons in the environment. How the setting is designed, can enhance or inhibit the efficient flow of activities in the service setting, making it easier or harder for customers and employees to accomplish their goals. A well-designed, functional facility can make the service a pleasure to experience from the customer's point of view and a pleasure to perform from the employee's. On the other hand, poor and inefficient design may frustrate both customers and employees.

(2) Socialiser:

The design of the servicescape aids in the socialisation of both employees and customers in the sense that it helps to convey expected roles, behaviours, and relationships. For example – a new employee in a professional services firm would come to understand her position in the hierarchy partially through noting her office assignment, the quality of her office furnishings, and her location relative to others in the organisation.

The design of the facility can also suggest to customers what their role is relative to employees, what parts of the servicescape they are welcome in, and which are for employees only, how they should behave while in the environment, and what types of interactions are encouraged. For example – consider a Club Med vacation environment that is set up to facilitate customer-customer interactions as well as to facilitate guest interactions with Club Med staff.

The organisation also recognises the need for privacy, providing areas that encourage solitary activities. To illustrate further, in some Starbucks location the company is experimenting with shifting to more of a traditional coffeehouse environment where customers spend social time rather than coming in for a quick cup of coffee on the run. To encourage this type of socialising, these Starbucks locations have comfortable lounge chairs and tables set up to encourage interaction and staying longer.

(3) Package:

Similar to a tangible product's package, the servicescape and other elements of physical evidence essentially "wrap" the service and convey an external image of what is "inside" to consumers. Product packages are designed to portray a particular image as well as to evoker particular sensory or emotional reaction. The physical setting of a service does the same thing through the interaction of many complex stimuli.

The servicescape is the outward appearance of the organisation and thus can be critical in forming initial impressions or setting up customer expectations—it is a visual metaphor for the intangible service. This packaging role is particularly important in creating expectations for new customers and for newly established service organisations that are trying to build a particular image. The physical

surroundings offer an organisation the opportunity to convey an image in a way not unlike the way an individual chooses to "dress for success."

The packaging role extends to the appearance of contact personnel through their uniforms or dress and other elements of their outward appearance. Interestingly, the same care and resource expenditures given to package design in product marketing are not generally provided for services, even though the service package serves a variety of important roles. There are many exceptions to this generality, however.

Smart companies like Starbucks, FedEx, and Marriott spend a lot of time and money relating their servicescape design to their brand, providing their customers with strong visual metaphors and "service packaging" that conveys the brand positioning.

(4) Differentiator:

The design of the physical facility can differentiate a firm from its competitors and signal the market segment. The service is intended for given its power as a differentiator, changes in the physical environment can be used to reposition a firm and/or to attract new market segments. In shopping malls the signage, colours used in decor and displays, and type of music wafting from a store signal the intended market segment.

Washington mutual bank clearly communicates through its servicescape its differentiation as a bank for consumers and families. As you enter one of its branches, the first thing you see is a mural of children. Then you are greeted by an informal, khaki-clad concierge. There is an area for children to play as well as a retail store offering financial books, software, and piggy banks, clearly differentiating this bank from those whose focus is commercial accounts or private, upscale banking.

The design of a physical setting can also differentiate one area of a service organisation from another. This is commonly the case in the hotel industry where one large hotel may have several levels of dining possibilities, each signalled by differences in design: Price differentiation is also often partially achieved through variations in physical setting. Bigger rooms with more physical amenities cost more, just as larger seats with more leg room (generally in first class) are more expensive on an aeroplane.

A development in movie theatres is the addition of luxury screening rooms with club chairs and waiters. Taking advantage of this alternative, customers, who are willing to pay a higher price to see the same film, can experience the service in an entirely different environment.

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6. Internal Responses to the Servicescape:

The perceived servicescape does not directly cause people to behave in certain ways. Although the internal responses are discussed independently here, they are clearly interdependent – A person's beliefs about a place, a cognitive response, may well influence the person's emotional response, and vice-versa.

In other words, employees and customers respond to dimensions of their physical surroundings cognitively, emotionally, and physiologically, and those responses are what influence their behaviours in the environment. For example, patients, who come into a dentist's clinic that is designed to calm and sooth their anxieties (emotional responses), may believe as a result that the dentist is caring and competent (cognitive responses).

(1) Variations in Individual Responses:

In general, people respond to the environment in the ways just described — cognitively, emotionally, physiologically — and their responses influence how they behave in the environment. However, the response will not be the same for every individual, every-time.

Personal differences as well as temporary conditions such as moods or the purpose for being there can cause variations in how people respond to the servicescape. One personal trait that has been shown to affect how people respond to environments is aroused seeking. Arousal seekers enjoy and look for high levels of stimulation, whereas arousal avoiders prefer lower levels of stimulation.

(2) Environment and Cognition:

The perceived servicescape can have an effect on people's beliefs about a place and their beliefs about the people and products found in that place. In a sense the servicescape can be viewed as a form of nonverbal communication, imparting

meaning through what is called "object language." In other cases, perceptions of the servicescape may simply help people to distinguish a firm by influencing how it is categorised.

The overall perception of the servicescape enables the consumer or employee to categorise the firm mentally. Research shows that in the restaurant industry a particular configuration of environmental cues suggests "fast foods," whereas another configuration suggests "elegant sit-down restaurant." In such situations, environmental cues serve as a short-cut device enabling customers to categorise and distinguish among types of restaurants.

(3) Environment and Emotion:

In addition to influencing beliefs, the perceived servicescapes can directly elicit emotional responses that, in turn, influence behaviours. Just being in a particular place can make us feel happy, light-hearted, and relaxed, whereas being in another place may make us feel sad, depressed, and gloomy.

The colours, decor, music, and other elements of the atmosphere can have an unexplainable and sometimes very sub-consciousness effect on the moods of people in the place. For some people, certain environmental stimuli (noises, smells) common in dental clinics can bring on immediate feelings of fear and anxiety. Environmental psychologists have researched people's emotional responses to physical settings.

They have concluded that any environment, whether natural or engineered, will elicit emotions that can be captured by two basic dimensions:

(a) Pleasure/displeasure; and

(b) Degree of arousal (amount of stimulation or excitement).

Servivescapes that are both—pleasant and arousing—would be termed exciting, whereas those are pleasant and non-arousing, or sleepy, would be termed relaxing. Unpleasant servicescapes that are arousing would be called distressing, while unpleasant, sleepy servicescape would be gloom. These basic emotional responses to environments can be used to begin predicting the expected behaviours of consumers and employees who find themselves in particular type of place.

(4) Environment and Physiology:

The perceived servicescape may also affect people in purely physiological ways. Noise that is too loud, may cause physical discomfort, the temperature of a room may cause people to shiver or perspire, the air quality may make it difficult to breathe, and the glare of lighting may decrease ability to see and cause physical pain. All of these physical responses may, in turn, directly influence whether people stay in and enjoy a particular environment.

It is well known that the comfort of seating in a restaurant influences how long people stay. The hard seats in a fast-food restaurants cause most people to leave within a predictable period of time. Similarly, environmental design and related physiological responses affect whether a person can perform his or her job function well. A vast amount of research in engineering and design has addressed human physiological responses to ambient conditions as well as physiological responses to equipment design.

Such research fits under the rubric of human factors design or ergonomics. Human factors research systematically applies relevant information about human capabilities and limitations to the design of things and procedures people use. Thus an arousal avoider in a loud, bright disco with flashing neon might show strong disliking for the environment, whereas an arousal seeker would be very happy.

In a related vein, it has been suggested that some people are better screeners of environmental stimuli than others. Screeners of stimuli would be able to experience a high level of stimulation but not be affected by it. Non-screeners would be highly affected and might exhibit extreme responses even to low levels of stimulation. The particular purpose for being in a servicescape can also affect a person's response to it.

A person who is on an aeroplane for a one-hour flight will likely be less affected by the atmosphere on the plane than will the traveller who is embarking on a 10-hour overseas flight. Similarly, a day-surgery hospital patient will likely be less sensitive and demanding of her environment than would a patient who is spending two weeks in the hospital. And a person who is staying at a resort hotel for a business meeting will respond differently to the environment than a couple on their honeymoon.

Temporary mood states can also cause people to respond differently to environmental stimuli. A person who is feeling frustrated and fatigued after a long day at work is likely to be affected differently by a highly arousing restaurant than the person would be after a relaxing three-day weekend.

The important thing to remember is that not every person will always respond in the same way to the environment — individual moods, purposes, and expectations may influence the response. And common personality characteristics (arousal seeking, environment screening) may cause certain groups of people to respond in predictably similar ways.

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7. Approaches for Servicescape Effects:

The main approaches for servicescapes are as follows:

(1) Direct Observation:

Using observation methods, trained observers make detailed accounts of environmental conditions and dimensions, also observing and recording the reactions and behaviours of customers and employees in the servicescape. Through direct observation, depth interviews, and photography, researchers compared detailed accounts of gift giving as it was observed and experienced in two separate retail stores – the mouse house and baubles.

Over-time and extended involvement with the stores, the researchers were able to explore settings, actors, events, processes, and objects related to gift giving. The advantages of direct observation, when done by highly trained and skilled observers, are depth of information acquired and its accuracy. The interrelationship of elements of the environment and the reactions and interactions of participants in the environment can be unobtrusively recorded, increasing the validity of the findings beyond what is typically found in a standardised survey.

The findings could be very useful in redesigning the servicescape or in comparing different facilities. Direct observation can also be useful when there is very specific servicescape question that needs answering — for example, "What are the foot traffic flow patterns in the mall during peak business hours, and are the new signs

effective in directing people?" The disadvantages of direct observation are primarily related to time and dollar costs.

First, the researchers who observe the servicescape, must be highly trained and skilled in ethnographic methods, which makes data collection expensive. Second, they must be allowed to observe for some period of time, and the interpretation of their detailed records can be very labour intensive. Unlike the survey method, the data cannot, as a rule, be entered into a computer and analysed with nice, clean quantitative results.

(2) Environment Surveys:

An environment survey asks people (either customers or employees) to express their needs and preferences for different environmental configurations by answering predetermined questions in a questionnaire format. This is the type of research conducted in a retail bank setting that was designed to measure the importance of different environmental dimensions and elicit user expectations about bank facilities.

The study surveyed 3,000 bank customers and 2,000 bank employees about 32 environmental variables organised into five categories – ambient conditions, aesthetics, privacy, efficiency/convenience, and social conditions. Across the categories, employees and customers often had different expectations for the bank facility. Although this study was conducted in on specific setting, more recent research has developed a general measurement scale to assess "perceived servicescape quality.

"The scale measures perceptions of three servicescape factors—ambience, design, and social conditions. The measure was developed using perceptions of 1,674 consumers across 10 different industries. The advantages of surveys are the ease of administration and interpretation of results. Usually, the data are collected via standardised questions and the results can be entered into a computer and easily interpreted.

Thousands of questionnaires can be sent out or administered over the phone, so sample sizes can be very large and many environmental variables can be explored simultaneously. The primary disadvantage of an environmental survey is that sometimes the results may be less valid than results from other methods i. e., the

answers to the survey questions may not truly reflect how people feel, or how they will behave.

(3) Photographic Blueprints:

A photographic blueprint essentially provides a visualisation of the service at each customer action Step. The visual can be a slide, a photograph, or the entire service process as video-taped from the customer's point of view. By combining service blueprint with photos, managers and other service employees can see the evidence of service from the customer's point of view. The photographic blueprint can provide a powerful analytic tool to begin assessing the service process.

Photographic blueprints are extremely useful in providing clear and logical documentation of the physical evidence as it currently exists in a given service situation. Before changes can be made, the current state of physical evidence should be made apparent to all concerned. The photos and/or video-tapes give more depth to the process blueprint, and the blueprint forces certain logic on the analysis of the physical evidence.

The photographic blueprint can give a vivid picture of how things are. The main disadvantage of a photographic blueprint is that it is just a starting point. In and of itself it doesn't answer any questions, but many questions can be asked of it. It doesn't give any clues as to customer and employee preferences and needs; it could, however, be used as a catalyst for gathering customer and employee opinions.

(4) Experiments:

Experimental methods are among the best ways to assess specific customer and employee reactions to environmental changes or alternatives when it is important to know their true reactions and preferences. Experiments involve exposing groups of customers to different environmental configurations and measuring their reactions. The advantages of experiments lie primarily in the validity of the results, i.e., if the experiment is carefully done, you can believe and rely on the results.

Because environmental dimensions often affect people subconsciously and the multitude of dimensions interacts to form a composite impression, it is difficult to get accurate responses to questions about the environment in the absence of actual experience. As with direct observation methods, the disadvantages of experiments

relate primarily to costs and time. Ideally, actual servicescape prototypes would be designed and various groups of consumers would respond to the alternatives.

Marriott Hotels has used this approach in designing its hotel rooms. However, because of the expense involved in constructing actual servicescapes, some form of simulation (verbal descriptions, photos/slides, scale models, videos, and computer simulations) will likely be used. Environmental psychologists and marketers have shown that simulated environments can work well in achieving results similar to what would be found in actual, constructed environments.

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8. Functions of the Servicescape:

Service environments also called Servicescape, relate to the style and appearance of the physical surroundings and other experiential elements encountered by customers at service delivery sites. Designing the service environment is an art that takes considerable time and effort and can be expensive to implement.

The Servicescape primarily performs the following functions:

(1) Image, Positioning and Differentiation:

For organizations delivering high contact services or leisure services like shopping malls, the design of the service environment and the way in which tasks are performed by the service contact personnel jointly play a vital role in creating a particular corporate identity and shaping the nature of the customers' experience. Hence, the form Servicescape is not only a message, attention, and effect creating medium but forms an integral part of the service experience and value proposition.

(2) Facilitating the Service Encounter and Enhancing Productivity:

Servicescapes can be so designed that they facilitate service encounters and consequentially also increase productivity. For example inclusion of child-care enclosures in the Servicescapes of shopping malls, is an innovative design innovation, for facilitating lengthy shopping experiences of customers visiting these malls.

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1. Servicescape 1 Servicescape is a concept that was developed by Booms and Bitner to emphasize the impact of the physical environment in which a service process takes place. The concept of servicescape can help assess the difference in customer experience between a fast-food franchise restaurant and a small, family-run restaurant. Whereas the quality of the food may be the same, the customer may perceive higher quality in the latter over the former based on the environment in which the service is provided. Booms and Bitner defined a servicescape as "the environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service". The servicescape includes the facility's exterior (landscape, exterior design, signage, parking, surrounding environment) and interior (interior design and decor, equipment, signage, layout, air quality, temperature and ambiance). A Framework for Understanding Servicescape Effects on Behaviour (Bitner, 1992) The framework follows from basic "stimulus-organism-response" (SOR) theory :- • Stimulus = physical evidence • Organism = customers and

employees responding to the stimuli • Response = changed/unchanged behaviour depending on customers and employees internal reactions to the physical evidence (1) Behaviours in the Servicescape Individual behaviours Environmental psychologists recognise that human behaviour is influenced by the physical setting in which it occurs. They suggest that individuals react to places with two general, and opposite, forms of behaviour : approach and avoidance. (Mehrabian & Russell, 1974) Social interactions The servicescape can influence the nature and quality of customer and employee interactions : • customer-customer interaction • employee-employee interaction • employee-customer interaction (2) Internal Responses to the Servicescape Customer and employee perceptions of the servicescape lead to certain beliefs, emotions, and physiological sensations which influence behaviour. Environment and Cognition The servicescape can affect people"s beliefs about a service firm and their beliefs about the people and products found in that place.

2. 2. Servicescape 2 Environmental clues allow us to categorise and distinguish among different types of service businesses. Environment and Emotion The servicescape can affect people"s moods and emotions that in turn influence their behaviour. Environment and Physiology The servicescape can affect us physiologically that in turn will influence our behaviour. (3) Internal Response Moderators Refer to factors that may cause one individual to respond to the same servicescape differently from other individuals : Personality differences - are you an arousal seeker or an arousal avoider ? Arousal seekers look for and enjoy high levels of stimulation - arousal avoiders are the opposite. Your mood – affects your perceptions of, and your response to, the servicescape Your purpose for being there - if you are in a hotel for a business meeting, you may be less sensitive to the environment than a person who is there for two weeks. (4) Physical Environmental Dimensions According to environmental psychology, people respond to their environments holistically, i.e. it is the total assortment of stimuli that determines people"s reaction to the environment. Ambient Conditions Background characteristics of the environment such as temperature, lighting, noise, scent, colour and music. These affect how customers and employees feel, think, and respond to a particular service firm.

3. 3. Servicescape 3 Spatial Layout and Functionality Spatial layout - arrangement of items like furniture and equipment Functionality - ability of the items to meet customer and employee goals (i.e. to facilitate performance). Think about the functionality of ATMs and „pay-at-the pump" petrol pumps. Signs, Symbols and Artefacts These communicate about the service firm. Managerial Implications 1. By understanding the strategic roles played by the servicescape (outlined below), service marketers can focus on the necessary role(s) to achieve their goals. Service marketers can achieve both external marketing goals (e.g. projecting a desired image) and internal organisational goals (e.g. increasing productivity) through servicescape decisions. a) Package The servicescape and other elements of physical evidence is like the packaging for a tangible product – it provides the "wrapping" for the service. The packaging role : • creates expectations for customers • portrays a particular image for the service b) Facilitator The servicescape and other elements of physical evidence can help the performances of customers and employees in the environment. A well designed service facility can make the service enjoyable to experience from the customer"s point of view and enjoyable to perform from the employee"s point of view. c) Socialiser The design of the servicescape and other elements of physical evidence can help in the socialisation of both employees and customers. d) Differentiator

4. 4. Servicescape 4 The design of the servicescape and other elements of physical evidence can differentiate a firm from its competitors and indicate the market segment(s) the service is aiming for. Physical evidence can be used to reposition the service firm in the eyes of its customers. A service firm can alter its physical evidence in order to attract different market segments and charge different prices. 2. The service marketer can gain useful ideas for a physical evidence strategy by examining the servicescapes of other service businesses that are similar in terms of whether the servicescape is designed principally for - customers only /self service - employees only - customers and employees together interacting in the servicescape 3. With regard to servicescape decisions, the service marketer needs to work closely with operations and human resources so that the needs of customers and employees are met and a consistent image is presented through the physical evidence. 4. The service marketer must be prepared to update and modernise the physical

evidence. The servicescape concept, once introduced, became a key factor in many marketing studies. References 1. ^ a b Booms, BH; Bitner, MJ (1981). "Marketing strategies and organisation structures for service firms". In Donnelly, J; George, WR. Marketing of Services. Chicago, IL: American Marketing Association. 2. ^ Kim, Kyoungtae; Bae, Sungwon; Stringfellow, Don (12 April 2005). "The Servicescape in Golf Courses: The Effects of Physical Environment on the Consumers' Internal Response and Behavioral Outcome (Sport Management)". 2005 AAHPERD National Convention and Exposition. Chicago, Illinois. Retrieved 20 September 2012. 3. ^ Rosenbaum, Mark S.; Wong, Ipkin A. (2007). "The Darker Side of the Servicescape: A Case Study of the Bali Syndrome". International Journal of Culture, Travel, and Hospitality Research 1 (3): 161–174. 4. ^ Rosenbaum, Mark S.; Montoya, Detra (2007). "Exploring the Role of Ethnicity in Place Avoidance and Approach Decisions". Journal of Business Research 60 (3): 206–214. 5. ^ Rosenbaum, Mark S. (2005). "The Symbolic Servicescape: Your Kind is Welcomed Here". Journal of Consumer Behaviour 4: 257–267. Dimensions in service environment? Answer: · Ambient conditions · Space/functionality · Signs, symbols, artifacts. Customers tend to view these holistically and hence the key to effective design is how well each individual dimension fits together with everything else. There are customer and employee response moderators (Cognitive, emotional and

5. 5. Servicescape 5 psychological). This means that the same service environment can have different effects on different customers, depending on what they like. It is now recognized that productivity of frontline personnel and quality of service they deliver is also affected by the environment. Internal customer and employee responses can be categorized into cognitive responses (eg quality perceptions and beliefs), emotional responses(e.g. feelings and moods) and psychological responses (pain and comfort). These internal responses lead to overt behavioral responses such as avoiding a crowded store or responding positively to a relaxed environment by spending more time and extra money on impulse purchases. It is important to understand that the behavioral responses of customers and employees must be shaped in ways that facilitate production and purchase of high - quality services. Obviously, relaxed and happy frontline service staff would behave

very differently from agitated and stressed front-liners. Ambient conditions Ambient conditions are characteristics of the service environment that pertain to our 5 senses. Even when they are not consciously noted, they impact upon people's emotional well - being, perceptions and even attitudes and behaviors. Ambient environment or Atmosphere is composed of literally hundreds of design elements and details that have to work together to create the desired service environment. The resulting atmosphere creates a mood that is perceived and interpreted by the customer. Include : Lighting and colour schemes Size and shape perceptions Sounds Temperature Scents Clever design of these can elicit desired behavioral responses. Music · Even barely audible music can have powerful effect on perceptions and behaviors in service settings. Tempo, volume, harmony are perceived holistically and their effect on different age groups differs widely. · Fast tempo music and high volume music · increases arousal levels and causes people to walk faster and talk and eat more quickly in restaurants. People tend to adjust their pace voluntarily or involuntarily to match the music. Scent An ambient smell is one which pervades an environment, may or may not be consciously perceived by a customer and is not related to any particular product. Power of smell: Freshly baked croissants smelt before you pass a Barista coffee shop makes you aware of your hunger and the solution: Enter Barista and get some food. Same is true of bakeries, cafes, pizzerias. Presence of scent Can have a strong impact on mood, affective and even evaluative responses and even purchase intentions and in - store behaviors. Service marketers realize the importance of using scent to make you hungry and thirsty in a restaurant, relax you in a dentist's waiting room, and energize you to work out harder in a gym, makes gamblers gamble more and so on. Spatial layout and Functionality Spatial layout refers to how furnishings, counters, machinery and equipment are etc are arranged. Functionality refers to their ability to facilitate the performance of service transactions. Both affect buying behavior, customer satisfaction and hence the business performance of the service facility.

6. 6. Servicescape 6 Signs, symbols and artifacts Customers automatically try to draw meanings from them. They also draw cues from them to help them form expectations about the type and level of service that is being offered. They use them to guide them through the service environment and service process.

Customers get angry and frustrated if they cannot get clear signals from a services cape. They must be used appropriately by the service marketer to guide customers through the service delivery process. Where service staff to guide are few this becomes even more important. People as a part of environment The appearance and behavior of both service staff and customers can reinforce or detract from the impression created by the service environment. Marketing communications may seek to attract customers who will not only appreciate the ambience created by the service provider but also actively enhance it by their behavior and appearance.

Unit 2

Service Management (5e)Operations, Strategy, Information TechnologyByFitzsimmons and FitzsimmonsChapter – 4New Service Development

Learning Objectives Discuss the new service development process.
Prepare a blueprint for a service operation.Describe a service process using the dimensions of divergence and complexity.Use the taxonomy of service processes to classify a service operation.Compare and contrast the generic approaches to service system design.

Levels of Service Innovation
Radical InnovationsMajor Innovation:new service driven by information and computer based technologyWells Fargo Internet banking launched in May 1995Start-up Business:new service for existing marketNew Services for the Market Presently Served:new services to customers of an organizationBank branches in Supermarkets

Incremental Innovations

Service Line Extensions:augmentation of existing service line, such as adding new menu items, new routesExclusive lounge at Airports for first class passengers for some airlinesService Improvements:changes in features of currently offered serviceDelta Airlines use of ATM-like kiosks to distribute boarding passes to passengersStyle Changes:modest visible changes in appearancesSome funeral homes now arrange for celebration of life instead of mourn death

Technology Driven Service Innovation

Power/energy - International flights with jet aircraftPhysical design - Enclosed sports stadiums, Hotel AtriumMaterials - AstroturfMethods - JIT and TQMInformation - E-commerce using the Internet

Sources of New Services

Customer suggestionsFrontline employeesMining customer database

New Service Development Cycle

PeopleTechnologySystemsProductFull LaunchDevelopmentDesignAnalysisOrganizationalContextTeamsToolsEnablersFormulationof new servicesobjective / strategyIdea generationand screeningConceptdevelopment andtestingBusiness analysisProject authorizationFull-scale launchPost-launch reviewService designand testingProcess and systemdesign and testingMarketing programPersonnel trainingService testing andpilot runTest marketing

Service Design Elements 1. Structural

Delivery systemFront and back officeAutomationCustomer participationFacility designSizeAestheticsLayoutLocationCustomer demographicsSingle versus multiple sitesCompetitionSite characteristicsCapacity planningManaging queuesNumber of serversAccomodating average or peak demand

Service Design Elements 2. Managerial

Service encounterService cultureMotivationSelection and trainingEmployee empowermentQualityMeasurementMonitoring methodExpectations versus perceptionsService guaranteeManaging capacity and demandStrategies for altering demand and controlling supplyQueue managementInformationCompetitive resourcesData collection

Service Blueprint of Luxury Hotel

☐ Strategic Positioning Through Process Structure

Degree of ComplexityMeasured by the number of steps in the service blueprint. For example a clinic is less complex than a general hospital.Degree of DivergenceAmount of discretion permitted the server to customize the service. For example the activities of an attorney contrasted with those of a paralegal.Figure 4.3 (pp 85)Allows us to see the market positioning of a service based on degree of complexity and degree of divergence allowed

☐ Structural Alternatives for a Restaurant Table 4.3 (pp 85)

No ReservationsSelf-seating. Menu on BlackboardEliminateCustomer Fills Out FormPre-prepared: No ChoiceLimit to Four ChoicesSundae Bar: Self-serviceCoffee, Tea, Milk onlyServe Salad & Entree Together:Bill and Beverage TogetherCash only: Pay when LeavingTAKE RESERVATIONSEAT GUESTS, GIVE MENUSSERVE WATER AND BREADTAKE ORDERSPREPARE ORDERSSalad (4 choices)Entree (15 choices)Dessert (6 choices)Beverage (6 choices)SERVE ORDERSCOLLECT PAYMENTSpecific Table SelectionRecite Menu: Describe Entrees & SpecialsAssortment of Hot Breads and Hors D'oeuvresAt table. Taken Personally by Maltre d'Individually Prepared at tableExpand to 20 Choices: Add Flaming Dishes;Bone Fish at Table; Prepare Sauces at TableExpand to 12 ChoicesAdd Exotic Coffees; Sherbet betweenCourses; Hand Grind PepperChoice of Payment. Including House Accounts:Serve MintsLOWER COMPLEXITY/DIVERGENCE CURRENT PROCESS HIGHER COMPLEXITY/DIVERGENCE

☐ Taxonomy for Service Process Design

Service processes can be classified using the concept ofDivergencethe object toward which service activity is directedDegree of customer contact

☐ 1. Degree of divergence

Low divergence – standardized service with high volumeTasks are routineRelatively low level of technical skills requiredProduction-line approach, example, McDonaldsHigh divergence – customized servicesMore technical and analytical skills requiredMore flexibility requiredMore capacity required

☐ 2. Object of the Service Process

Working on goods of the customer, ex. Auto repairProperty must be secured from damage or lossServices where the provider provides facilitating goods ex restaurantAppropriate stock levels and the quality of these facilitating goods becomes a concernProcessing informationDone in back office, ex. check processing at a bankProviding information over phone , ex. Phone

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bankingProcessing People, ex. Haircut or surgical operationHigh interpersonal skills required as well as technical skills

☐ 3. Type of Customer Contact

Decision on level of customer contact will decide the type of training for employees and the design of the facilityIndirect via electronic media – no need for service provider at the time of service deliveryIndirect via phone – need for service provider at the time of delivery and need for employee interpersonal skillsCustomer is physically present for part or full service – need for interpersonal skills and also careful planning of service layout

☐ Taxonomy of Service Processes Table 4.4 (pp. 86)

☐ Generic Approaches to Service Design

Production-lineCustomer as CoproducerCustomer ContactInformation Empowerment

☐ 1. Production-Line Approach

CharacteristicsRoutine and simple servicesHigh standardizationLow customer contactLimited discretionary action of personnel – to get consistency in service performanceDivision of Labor – total job is broken into groups of simple tasksSubstitution of technology for people – example ATM machinesService standardization – limited service options creates opportunities for predictability and preplanning

☐ 2. Customer as Co-Producer

CharacteristicsFor most services, the customer is present when the service is being performedWe can use the customer as a productive worker – through proper design of the serviceEither compensate the customer for their service or design in such a way that he/she does not feel as a co-producerSelf Service – E-tickets over the Internet provide convenienceSmoothing Service Demand – will allow better use of capacity, which is time-perishableTo implement demand-smoothing strategy, customers must participate, adjusting the time of their demand to match availability of the service.Appointments, reservations, price incentives

☐ 3. Customer-Contact Approach

Manufacturingis a controlled environment focused on maximizing productivity and capacity utilization; inventory to decouple production from customer demandServicesWhen low contact – then run them as manufacturing in back-office, achieving high capacity utilization and economies of scaleWhen high-contact – the quality is determined by customers' experience – both the process

and the outcome are importantSeparate different components of service into high and low contact areas to bring efficiencyConsiderations that will impact high and low contact are given in table 4.5 (pp 93)

4. Information Empowerment

Employee empowerment – faster and accurateRecord keepingcustomer namesSupplier relationshipCommunication with other firmsAll aspects of an operation can be integrated (ERP systems)Customer empowermentCustomers can use Internet to educate themselves

Customer Value Results produced for the customer Process quality

It must satisfy the need for which it was purchasedProcess qualitySince customer is a part of the process of service delivery, therefore improvement in service quality will be appreciated by the customerPrice to the customerGreater consistency in service quality should lower cost – because that allows greater alignment between customer perceptions and expectations; resulting in lower price being offered to customerCost of acquiring the serviceTotal cost of acquiring the service is important to customers

1. 4 APPROACHES TO SERVICE SYSTEM DESIGN Customer as Co-producer • For most service systems, the customer is present when the service is being performed. • Instead of being a passive bystander, the customer represents productive labor just at the moment it is needed, and opportunities exist for increasing productivity by shifting some of the service activities onto the customer (i.e., making the customer a co-producer). • Customer participation can increase the degree of customization.

2. 5. 5 APPROACHES TO SERVICE SYSTEM DESIGN Key points in Customer as a Co-producer • Self-Service • Smoothing Service Demand • Customer-Generated Content

3. 6. 6 APPROACHES TO SERVICE SYSTEM DESIGN Customer Contact Approach • The manufacture of products is conducted in a controlled environment. The process design is totally focused on creating a continuous and efficient conversion of inputs into products without consumer involvement. • One approach is to separate the service delivery system into high and low-contact customer operations. The low-contact, or back-office, operation is run as a plant, where all of the production management concepts and automation technology are brought to bear. • This separation of activities can result in a customer perception of personalized service while in fact achieving economies of scale through volume processing.

4. 7. 7 APPROACHES TO SERVICE SYSTEM DESIGN Key points in Customer Contact Approach • Degree of Customer Contact • Separation of High- and Low-Contact Operations

Ref: Robert Johnstonand Graham Clark Service operation Management Improve services