

3

The service encounter



Learning objectives

This chapter will explain:

- issues and problems created for the services marketer which arise from having to produce a service 'live' in front of customers
- the nature of the producer–consumer encounter
- critical incidents and their impact on consumers
- conceptual frameworks for analysing the service encounter
- services failures and methods by which service firms seek to recover from failure
- the role of other customers in the service encounter
- methods used to industrialize the service encounter
- challenges of the computer-mediated service encounters

CHAPTER 3 THE SERVICE ENCOUNTER

3.1 Introduction

Inseparability was introduced in Chapter 1 as a defining characteristic of services. The fact that the production of services cannot normally be separated from their consumption results in producer–consumer interaction assuming great importance within the service offer. The service process can itself define the benefit received by the customer – for example, the way in which customers are handled by a tour guide forms a very large part of the benefit that customers receive. By contrast, a company producing manufactured goods generally only comes into contact with its customers very briefly at the point where goods are exchanged for payment. In many cases, the manufacturer doesn't even make direct contact with its customers, acting instead through intermediaries. Furthermore, the processes by which goods are manufactured are usually of little concern to the consumer.

This chapter begins by considering the basic nature of the interaction that occurs between producer and consumer, and some of the implications of this interaction which are reflected in marketing strategy.

3.2 The service encounter

Service encounters occur where it is necessary for consumer and producer to meet in order for the former to receive the benefits which the latter has the resources to provide. The concept has been defined broadly by Shostack (1985) as 'a period of time during which a consumer directly interacts with a service'. This definition includes all aspects of the service firm with which a consumer may interact, including its personnel and physical assets. In some cases, the entire service is produced and consumed during the course of this encounter. Such services can be described as 'high contact' services and the encounter becomes the dominant means by which consumers assess service quality. At other times, the encounter is just one element of the total production and consumption process. For such 'low contact' services, a part of the production process can be performed without the direct involvement of the consumer.

Some measure of the importance of the multiplicity of contacts between the organization and its customers can be found by counting the total number of interactions that customers have with a particular organization's employees – both marketing and non-marketing. These are sometimes referred to as 'moments of truth', and in a study of Scandinavian Airline Systems, Carlzon (1987) estimated them to be in the order of 50 million per annum.

From the consumer's perspective, interaction can take a number of forms, dependent upon two principal factors.

1. Firstly, the importance of the encounter is influenced by whether it is the customer who is the recipient of the service, or whether it is the customer's possessions.
2. Secondly, the nature of the encounter is influenced by the extent to which tangible elements are present within the service offer.

How tangible is the service?	Tangible	<p>1. HIGH-INVOLVEMENT PERSONAL SERVICES e.g. Healthcare services Hairdressing Public transport</p>	<p>2. GOODS MAINTENANCE SERVICES e.g. Car servicing Building renovation Road haulage</p>
	Intangible	<p>3. SERVICES FOR THE MIND e.g. Education Television programme Radio programme</p>	<p>4. INTANGIBLE ASSET MAINTENANCE SERVICES e.g. Litigation Accountancy Fund management</p>
		The consumer	Their possessions
What is the service performed on?			

Figure 3.1 A classification of service encounter types

These two dimensions of the service encounter are shown diagrammatically in matrix form in Figure 3.1 and some of the implications flowing from this categorization are discussed below.

1. High-involvement personal services

The most significant types of service encounter occur in the upper-left quadrant of Figure 3.1 where the consumer is the direct recipient of a service and the service offer provides a high level of tangibility. These can be described as high-contact encounters. Examples are provided by most types of healthcare where the physical presence of a customer’s body is a prerequisite for a series of quite tangible surgical operations being carried out. Public transport offers further examples within this category. The benefits of a passenger train service are fundamentally to move customers, and without their presence the benefit cannot be received. Services in this quadrant represent the most intense type of service encounters. Customer and producer must physically meet in order for the service to be performed, and this has a number of implications for the service delivery process.

- Quality control becomes a major issue, for the consumer is often as much concerned with the processes of service production as with the end result (not only ‘Will the surgery make me better?’, but also ‘Will I feel comfortable during the surgery?’). Furthermore, because many services in this category are produced in a one-on-one situation where judgement by the service provider is called for, it can be difficult to implement quality control checks before the service is consumed.
- Because the consumer must attend during the production process, the location of the service encounter assumes importance. An inconveniently located doctor, or one who refuses to make home visits, might fail to achieve any interaction at all.
- The problem of managing the pattern of demand is most critical with this group of services, as delays in service production have an adverse consequence not only for the service outcome, but for consumers’ judgement of the service process.

CHAPTER 3 THE SERVICE ENCOUNTER**2. Goods maintenance services**

Here, services are performed on customers' objects rather than their person, an example being the repair of electrical appliances or the transport of goods. A large part of the production process can go unseen without any involvement of the customer, who can be reduced to initiating the service process (e.g. delivering a car to a garage for repair) and collecting the results (picking up the car once a repair has been completed). The process by which a car is repaired – the substantive service – may be of little concern to the customer, so long as the end result is satisfactory. However, the manner in which they are handled during the pre-service and after-service stages assumes great importance. It follows that while technical skills may be essential for staff engaged in the substantive service production process, skills in dealing with customers assume great importance for those involved in customer encounters. Because the customer is not physically present during the substantive service production process, the timing and location of this part of the process allows the service organization a much greater degree of flexibility. In this way, the car repairer can collect a car at a customer's home (which is most convenient to the customer) and process it at its central workshops (which is most convenient to the service producer). As long as a service job is completed on time, delays during the substantive production process are of less importance to the customer than would be the case if the customer was personally delayed during the production of the service.

3. Services for the mind

Here, the consumer is the direct recipient of a service, but does not need to be physically present in order to receive an essentially intangible benefit. The intangibility of the benefit means that the service production process can in many cases be separated spatially from the consumption of the service. In this way, viewers of an intangible television channel do not need to interact with staff from the television company in order to receive the benefits. Similarly, recipients of educational services often do not need to be physically present during an encounter with the education provider. Open University courses and other internet-based distance learning programmes can include little direct contact.

4. Intangible asset maintenance services

The final category of service encounters is made up of intangible services performed on a customer's assets. For these services, there is little tangible evidence in the production process. It follows that the customer does not normally need to be physically present during the production process, as is the case with most services provided by fund managers and solicitors. Here, a large part of the substantive service production process (such as the preparation of house transfer deeds) can be undertaken with very little direct contact between customer and organization. The service encounter becomes less critical to the customer and can take place at a distance without any need to physically meet. Customers judge transactions not just on the quality of their encounter, but also to a much greater extent on outcomes (e.g. the performance of a financial portfolio).

3.2.1 Critical incidents

Incidents occur each time producers and consumers come together in an encounter. While many incidents will be quite trivial in terms of their consequences to the consumer, some of these incidents will be so important that they become critical to a successful encounter. Bitner *et al.* (1990) define **critical incidents** as specific interactions between customers and service firm employees that are especially satisfying or especially dissatisfying. While their definition focuses on the role of personnel in creating critical incidents, they can also arise as a result of interaction with the service provider's equipment.

At each critical incident, customers have an opportunity to evaluate the service provider and form an opinion of service quality. The processes involved in producing services can be quite complex, resulting in a large number of critical incidents, many of which involve non-front-line staff. The complexity of service encounters – and the resultant quality control problems – can be judged by examining how many critical incidents are present. A simple analysis of the interaction between an airline and its customers may reveal the following pattern of potentially critical incidents.

<i>Pre-sales:</i>	Initial telephone enquiry Making reservation Issue of ticket
<i>Post-sales:</i>	Check-in of baggage
<i>Pre-consumption:</i>	Inspection of ticket Issue of boarding pass Advice of departure gate Quality of airport announcements Quality of waiting conditions
<i>Consumption:</i>	Welcome on boarding aircraft Assistance in finding seat Assistance in stowing baggage Reliability of departure time Attentiveness of in-flight service Quality of food service Quality of in-flight entertainment Quality of announcements Safe/comfortable operation of aircraft Fast transfer from aircraft to terminal
<i>Post-consumption:</i>	Baggage reclaim Information available at arrival airport Queries regarding lost baggage, etc.

This list of critical stages of interaction is by no means exhaustive. Indeed, the extent to which any point is critical should be determined by customers' judgements, rather

CHAPTER 3 THE SERVICE ENCOUNTER

than relying on a technical definition by the producer. Where there is a high level of involvement on the part of the consumer, an incident may be considered to be particularly critical. At each critical point in the service process, customers judge the quality of their service encounter.

Successful accomplishment of many of the critical incidents identified above can be dependent upon satisfactory performance by support staff who do not directly interact with customers – for example, the actions of unseen baggage handlers can be critical in ensuring that baggage is reclaimed in the right place, at the right time and intact. This emphasizes the need to treat everyone within a service organization as a ‘part-time marketer’ (Gummeson, 2001).

3.2.2 Identifying critical incidents

It can be quite easy to say that companies should pay attention to critical incidents, but much more difficult to identify just how a customer defines a critical incident. It can be even more difficult to determine when a company has failed in a critical incident. In the academic literature, critical incidents have most often been based on analyses of customers’ spontaneous statements following a short interview (Edvardsson and Strandvik, 2000). Such an approach represents top-of-the-mind memories of service interactions that are socially acceptable to report to an unknown interviewer. Often, no probing has been done and respondents have not been asked to elaborate about how negative or positive such an incident has been. More importantly, within the context of buyer–seller relationships, it can be unrealistic to look at critical incidents in isolation from previous incidents and the whole context of the relationship. There is some evidence that the length of a customer relationship may moderate the effects of failure of a critical incident (Palmer *et al.*, 2000). To overcome the problems of series of critical incidents, Stauss and Weinlich (1995) have suggested the sequential incident technique (SIT). This technique considers the whole history of a relationship and the incidents that have occurred within it. SIT is also useful in the context of ‘blueprinting’ a service design (described later in this chapter).

Many services companies have tried to facilitate complaining behaviour by customers in order that they can more precisely identify failed critical incidents. The increasing use of freefone helplines and customer comment cards is evidence of this. There is a suggestion that complaining may in itself lead to a feeling of satisfaction, simply because the complainants have managed to get the matter off their chests. In one study of members of a fitness centre in the USA, it was found that the greater increase in satisfaction from customers who had been asked for their views came from the most dissatisfied customers (Nyer, 2000). Providing the opportunity to express feelings about a service can prove beneficial to satisfaction levels but must be seen in the context of the business’s willingness to correct errors or offences. Against this, it must also be noted that many companies have experienced an increase in ‘bogus complaints’. With such encouragement to complain, some customers may be tempted to push their luck in the hope of getting some form of compensation for quite spurious complaints.

Not enough complaints?

Nipping complaints in the bud is an important part of service recovery strategy. But how far should companies go in actively encouraging customers to complain? There have been suggestions that Britain – well known for its traditional reserve – has developed a breed of professional complainers who abuse systems set up by companies to invite complaints and feedback about their products. Restaurants, rail operators and hotels have handed out thousands of pounds in vouchers and compensation to bogus complainants who are exploiting firms' fear of losing their loyal customers. Companies seem to be victims of importing the American philosophy that once a customer has had a complaint successfully dealt with, he/she will stay loyal for life. It is commonly accepted that the cost of recruiting a new customer can be around five times the cost of keeping an existing one. But how do companies reconcile the need to satisfy complaining customers with the need to stem the tide of bogus complaints? One company, Sainsbury's, now logs all of its complaints centrally in order to try to identify frequent complainers.

There appears to be variation in different types of consumers' propensity to complain. Heung and Lam (2003) found that female, young and well-educated customers tend to complain more, and confirmed earlier findings that an individual's level of educational achievement is a good predictor of that person's propensity to complain.

3.2.3 The customer–producer boundary

The inseparability of services means that consumers will invariably be an important part of the production process, especially in the case of 'high contact' services. Customers are not passive consumers of a service (as they may be in the case of goods), but are instead active co-producers of the service. But to what extent should they be 'designed into' this production process, rather than leaving the bulk of the inputs to the service provider? The customer–producer boundary is a movable interface whose position can be central to the design and positioning of a service offer. Should the service provider position itself as a premium service in which it takes a lot of **co-production** responsibility away from the consumer (as in the case of home delivery of groceries), or should it offer a more basic service in which consumers are expected to put in more of their own effort, usually in return for a lower price?

Services are, in general, very labour intensive and have not witnessed the major productivity increases seen in many manufacturing industries. Sometimes, mechanization can be used to improve productivity (see below), but for many personal services, this remains a difficult possibility. An alternative way to increase the service provider's productivity is to involve the consumer more fully in the production process.

CHAPTER 3 THE SERVICE ENCOUNTER

As real labour costs have increased and service markets become more competitive, many services organizations have sought to pass on a greater part of the production process to their customers in order to try to retain price competitiveness. At first, customers' expectations may hinder this process, but productivity savings often result from one segment taking on additional responsibilities in return for lower prices. This, then, becomes the norm for other follower segments. Examples where the boundary has been redefined to include greater production by the customer include:

- petrol stations, which have replaced attendant service with self-service
- the Royal Mail, which gives discounts to bulk mail users who do some pre-sorting of mail themselves
- train operators, which have replaced porters with self-service luggage trolleys
- television repair companies, which require equipment for repair to be taken to them, rather than collecting it themselves
- restaurants, which replace waiter service with a self-service buffet.

While service production boundaries have often been pushed out to involve consumers more fully in the production process, some service organizations have identified segments that are prepared to pay higher prices in order to relieve themselves of parts of their co-production responsibilities. Examples include:

- tour operators, who arrange a taxi service from customers' homes, avoiding the need for customers to get themselves to the airport
- car repairers, who collect and deliver cars to the owner's home
- fast-food firms, who avoid the need for customers to come to their outlet by offering a delivery service.

A number of commentators have used the term *service convenience* to describe the extent to which the producer adapts to consumers' needs, by relieving consumers of the need to perform part of the service production process themselves (Figure 3.2). Berry *et al.* (2002) identified five types of service convenience: decision convenience, access convenience, transaction convenience, benefit convenience and post-benefit convenience. *Decision convenience* refers to consumers' perception of the time and effort needed to choose a service (has the service provider guided me through the options that are best for me?); *access convenience* refers to perceptions of the time and effort needed to gain access to a service (how far is the nearest outlet of a restaurant?); *transaction convenience* is consumers' time and effort needed to complete a transaction (do I have to go to a bank branch to open an account?); *benefit convenience* is consumers' time and effort expenditure to experience a service's core benefits (does the train go directly to my destination, or do I have to wait for a connecting train?) and *post-benefit convenience*, which relates to consumers' time and effort expenditure following consumption (e.g. in respect of service failures).

3.3 CONCEPTUAL FRAMEWORKS FOR ANALYSING THE SERVICE ENCOUNTER

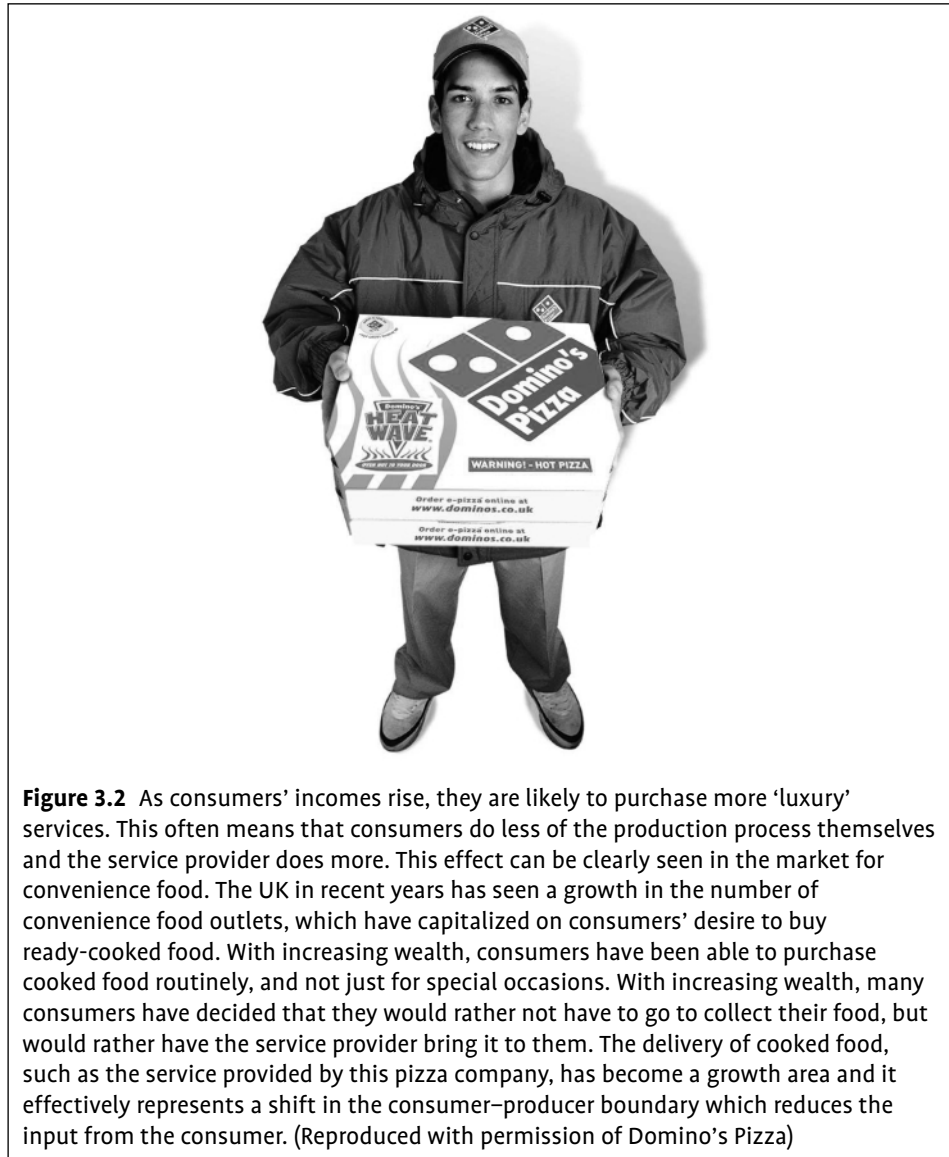


Figure 3.2 As consumers' incomes rise, they are likely to purchase more 'luxury' services. This often means that consumers do less of the production process themselves and the service provider does more. This effect can be clearly seen in the market for convenience food. The UK in recent years has seen a growth in the number of convenience food outlets, which have capitalized on consumers' desire to buy ready-cooked food. With increasing wealth, consumers have been able to purchase cooked food routinely, and not just for special occasions. With increasing wealth, many consumers have decided that they would rather not have to go to collect their food, but would rather have the service provider bring it to them. The delivery of cooked food, such as the service provided by this pizza company, has become a growth area and it effectively represents a shift in the consumer-producer boundary which reduces the input from the consumer. (Reproduced with permission of Domino's Pizza)

3.3 Conceptual frameworks for analysing the service encounter

Services are essentially about processes and cannot be as easily reduced to objective descriptions as in the case of most tangible goods. A fairly precise description of a confectionery bar is usually possible, thus enabling a buyer to judge it and a manufacturer to replicate it. Such a description is much more difficult in the case of a service encounter such as a restaurant meal where a large part of the outcome can only be judged subjectively by the consumer and it is difficult to define the service process in

CHAPTER 3 THE SERVICE ENCOUNTER

such a way that it can easily be replicated. This problem in defining the service encounter has given rise to a number of methodologies, which essentially 'map out' the service process. In this section we will begin with the basic process of 'blueprinting' a service, which has been elaborated into the development of 'servicescapes' and 'servuction' methodologies. We will also consider dramaturgical approaches to the service encounter which define the service encounter in terms of role-playing.

3.3.1 Blueprinting

Where service production processes are complex, it is important for an organization to gain a holistic view of how the elements of the service relate to each other. 'Blueprinting' is a graphical approach proposed by Kingman-Brundage (1989) to overcome problems that occur where a new service is launched without adequate identification of the necessary support functions. The approach essentially attempts to draw a map of the service process.

A customer blueprint has three main elements:

1. all the principal functions required to make and distribute a service are identified, along with the responsible company unit or personnel
2. timing and sequencing relationships among the functions are depicted graphically
3. for each function, acceptable tolerances are identified in terms of the variation from standard, which can be tolerated without adversely affecting customers' perception of quality.

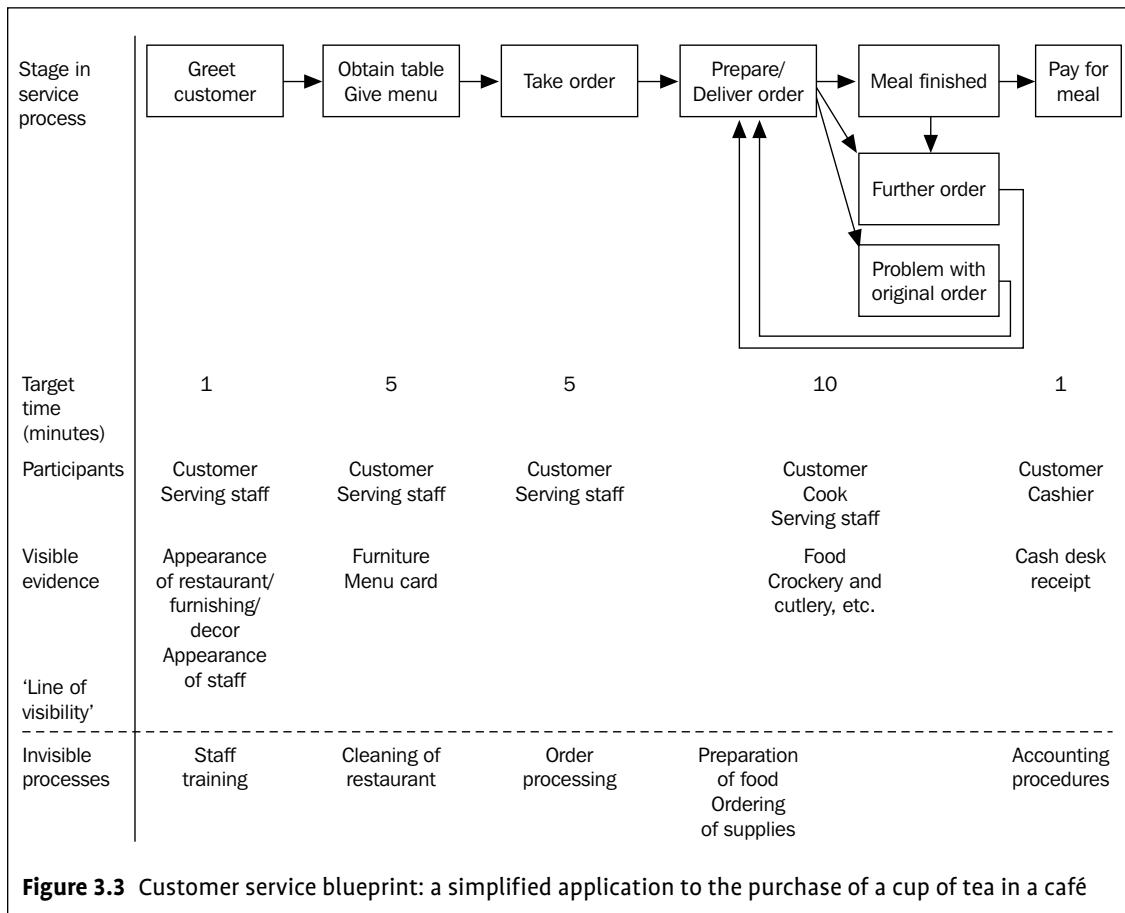
The essence of a blueprint is to show how customers, possessions and information are processed, an implication being that customers are inputs that can be viewed as sources of uncertainty. The principles of a service blueprint are illustrated in Figure 3.3 with a very simple application of the framework to the purchase of a cup of tea in a café.

A customer blueprint must clearly identify all steps in a service process – that is, all contacts or interactions with customers. These are shown in time-sequential order from left to right. The blueprint is further divided into two 'zones': a zone of visibility (processes that are visible to the customer and in which the customer is likely to participate) and a zone of invisibility (processes and interactions that, although necessary to the proper servicing of a customer, may be hidden from his or her view).

The blueprint also identifies points where consumers may potentially perceive failure in the service production process – the critical incidents on which customers base their perception of quality. Identifying specific interaction points as potential failure points can help marketers focus their management and quality control attentions on those steps most likely to cause poor judgements of service quality.

Finally, the blueprint indicates the level of tolerance for each event in the service process and indicates action to be taken in the event of failure, such as repeating the event until a satisfactory outcome is obtained.

3.3 CONCEPTUAL FRAMEWORKS FOR ANALYSING THE SERVICE ENCOUNTER



Blueprinting is not a new idea; it has many precedents in methods of critical path analysis. What is important here is that marketing, operations management and human resource management focus on processes that deliver benefits that are effective to customers and efficient for the company. High-involvement personal services can only be sensibly understood in terms of their production processes rather than outcomes, so blueprinting assumes particular significance.

The example of a blueprint shown in Figure 3.3 is, of course, very simplistic. In practice, firms with complex service processes produce lengthy manuals describing procedures for the different components of their processes. By way of example, a blueprint can be used to identify what employees should do in any of the following circumstances.

- When a dentist has to cancel appointments due to illness, who should inform his patients? When and by whom should alternative arrangements be made? Should some patients be regarded as higher priority than others for rescheduling of appointments?

CHAPTER 3 THE SERVICE ENCOUNTER

- A restaurant customer complains of a badly cooked meal. Who should have the authority to decide whether any recompense should be given to the complainant? On what basis should replacement or compensation be assessed?
- A hotel overbooks its accommodation. Which alternative hotels should the duty manager approach first to try to obtain alternative accommodation for its guests? Should it actively try to 'buy off' intending guests with free vouchers for use on future occasions? If so, who will authorize them and how will their value be calculated?

It doesn't matter how a blueprint is expressed, whether it is in the form of a diagrammatic portrayal of processes or simply in words. The important point is that it should form a shared and agreed basis for action which is focused on meeting customers' needs effectively and efficiently. Of course a blueprint cannot anticipate all contingencies for which a response will be required, for example a bomb explosion in a restaurant or the kidnapping of a bank clerk. Risk management techniques are sometimes used to estimate the likelihood of certain types of events occurring. Nevertheless, if the general nature of a process problem is identified, the outline of possible next steps can be developed.

3.3.2 Dramaturgical approaches

The concept of **role-playing** has been used to apply the principles of social psychology to explain the interaction between service producer and service consumer (e.g. Solomon *et al.*, 1985). It sees people as actors who act out roles that can be distinguished from their own personality. In the sociological literature, roles are assumed as a result of conditioning by the society and **culture** of which a person is a member. Individuals typically play multiple roles in life – as family members, workers, members of football teams, etc. – each of which comes with a set of socially conditioned role expectations. A person playing the role of worker is typically conditioned to act with reliability, loyalty and trustworthiness. An analysis of the expectations associated with each role becomes a central part of role analysis. The many roles that an individual plays may result in conflicting role expectations, as where the family role of a father leads to a series of role expectations which are incompatible with his role expectations as a business manager. Each role might be associated with competing expectations about the allocation of leisure time.

The service encounter can be seen as a theatrical drama. The stage is the location where the encounter takes place and can itself affect the role behaviour of both buyer and seller. A scruffy service outlet may result in lowered expectations by the customer and in turn a lower level of service delivery by service personnel (see Bitner, 1990). Both parties work to a script which is determined by their respective role expectations – an air stewardess is acting out a script in the manner in which she attends to passengers' needs. The script might include precise details about what actions should be performed, when and by whom, including the words to be used in verbal

3.3 CONCEPTUAL FRAMEWORKS FOR ANALYSING THE SERVICE ENCOUNTER

communication. In reality, there may be occasions when the stewardess would like to do anything but wish their awkward customers a nice day. The theatrical analogy extends to the costumes which service personnel wear. When a doctor wears a white coat or a bank manager a suit, they are emphasizing to customers the role they are playing. Like the actor who uses costumes to convince his audience that he is in fact Henry VIII, the bank manager uses a suit to convince customers that he is capable of taking the types of decision that a competent bank manager takes.

In a service encounter, both customers and service personnel are playing roles that can be separated from their underlying personality. Organizations often employ staff not to act in accordance with this personality, but to act out a specified role (although, of course, personality characteristics can contribute to effective role performance). It follows that employees of banks are socialized to play the role of cautious and prudent advisers and to represent the values of the bank in their dealings with customers. Similarly, customers play roles when dealing with service providers. A customer of a bank may try to act the role of prudent borrower when approaching a bank manager for a small business loan, even though this might be in contrast to his fun-loving role as a family member.

Buyers and sellers both bring role expectations into their interaction. From an individual customer's point of view, there may be clear expectations of the role that a service provider should play. Most people would expect a bank manager to be dressed appropriately to play his or her role effectively, or a store assistant to be courteous and attentive. Of interest to marketers are the specific role expectations held by particular segments within society. As an example, a significant segment of young people might be happy to be given a train timetable by an enquiry office assistant and expect to read it themselves. On the other hand, the role expectations of many older people might be that the assistant should go through the timetable and read it out for them. Similarly, differences in role expectations can be identified between different countries. While a customer of a supermarket in the United States would expect the checkout operator to pack their bags for them, this is not normally part of the role expectation held by UK shoppers.

It is not just customers who bring role expectations to the interaction process. Service producers also have their idea of the role which their customers should perform within the co-production process. In the case of hairdressers, there may be an expectation of customers' roles which includes giving clear instructions at the outset, arriving for the appointment on time and (in some countries) giving an adequate tip. Failure of customers to perform their role expectations can have a demotivating effect on front-line personnel. Retail sales staff who have been well trained to act in their role may be able to withstand abusive customers who are acting out of role – others may resort to shouting back at their customers.

The service encounter can be seen as a process of simultaneous role-playing in which a dynamic relationship is developed. In this process, each party can adapt to the role expectations held by the other party. The quality of the service encounter is a reflection of the extent to which each party's role expectations are met. An airline

CHAPTER 3 THE SERVICE ENCOUNTER

which casts its cabin crew as the most caring in the business may raise customers' expectations of their role in a manner which the crew cannot deliver. The result would be that customers perceive a poor-quality service. By contrast, the same standard of service may be perceived as high quality by a customer travelling on another airline which had made no attempt to try and project such a caring role on its crew. The quality of the service encounter can be seen as the difference between service expectations and perceived delivery. Where the service delivery surpasses these expectations, a high quality of service is perceived (although sometimes, exceeding role expectations can be perceived poorly, as where a waiter in a restaurant offers incessant gratuitous advice to clients who simply want to be left alone).

Over time, role expectations change on the part of both service staff and their customers. In some cases, customer expectations of service staff have been raised, as in the case of standards expected from many public services. In other instances, expectations have progressively been lowered, as where customers of petrol stations no longer expect staff to attend to their car, but are prepared to fill their tank and to clean their windscreen themselves. Change in customers' expectations usually begins with an innovative early adopter group and subsequently trickles through to other groups. It was mainly young people who were prepared to accept the simple, inflexible and impersonal role played by staff of fast-food restaurants which many older segments have subsequently accepted as a role model for restaurant staff.

Goodwin (1996) has described how a service encounter drama can involve game-based strategies to outwit an opponent. Service providers sometimes manipulate customers' perceptions of reality, for example by concealing queues to make them appear shorter than they actually are. Some customers also play games, by trying to obtain a higher level of service than the one to which they are entitled (e.g. airline customers seeking an upgrade). Customers may seek reward by abusing guarantees and complaint-handling policies, complaining about non-existent problems and demanding refunds.

3.3.3 Servicescapes

The concept of a 'Servicescape' was developed by Booms and Bitner to emphasize the impact of the 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 McDonald's, compared with a small family-owned restaurant, the concept of Servicescapes may be useful. Booms and Bitner defined a Servicescape as 'The environment in which the service is assembled and in which seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service' (Booms and Bitner, 1981, p. 36). In the service encounter the customer is in the 'factory' and is part of the process. Production and consumption of the service are simultaneous.

The design of a suitable service environment should explicitly consider the likely emotional states and expectations of target customers (Figure 3.4). Booms and Bitner

3.3 CONCEPTUAL FRAMEWORKS FOR ANALYSING THE SERVICE ENCOUNTER



Figure 3.4 Many consumers regard a service outlet not so much as a functional place where a service can be delivered efficiently, but rather as an experience to be enjoyed in its own right. Hard Rock Cafes provide food and drink, but this is only a small part of the total service offer. At Hard Rock Cafes throughout the world, consumers are not just buying a cup of coffee, but an experience in an imaginatively themed bar.

distinguished between 'high-load' and 'low-load' environments, both of which can be used to suit particular emotional states and customer types. They noted that:

A high-load signifies a high information rate; a low-load represents a low information rate. Uncertainty, novelty, and complexity are associated with high-load environments; conversely a low-load environment communicates assurance, homogeneity, and simplicity. Bright colours, bright lights, loud noises, crowds, and movement are typical elements of a high-load environment, while their opposites are characteristic of a low-load environment. People's emotional needs and reactions at a given time determine whether they will be attracted to a high- or a low-load environment.

(Booms and Bitner, 1981, p. 39)

CHAPTER 3 THE SERVICE ENCOUNTER

The Servicescape must encourage target customers to enter the service environment in the first place, and to retain them subsequently. Booms and Bitner discuss 'approach behaviour' as involving such responses as physically moving customers towards exploring an unfamiliar environment, affiliating with others in the environment through eye contact, and performing a large number of tasks within the environment. Avoidance behaviour includes an opposite set of responses. The likelihood of approach behaviour is directly linked to the two dimensions of pleasure and arousal, with a stimulating and pleasing environment being most likely to attract custom. Brightly lit window displays, a prominent and open front door and front-of-house greeting staff are typical actions designed to induce approach. A door which is difficult to find or difficult to open is more likely to achieve the opposite effect.

After entering the service production system, the Servicescape must be efficient and effective for the service provider in securing customers' co-operation in the production system. Clearly explained roles for the customer, expressed in a friendly way, will facilitate this process of compliance. The ambience of the environment, such as lighting, floor plan and signposting, contribute to the Servicescape. The physical aspects of the environment are brought to life by the actions of employees – for example, staff could be on hand to help a customer who gets lost in the service process. Ultimately, the Servicescape should encourage customers to repeat their visit. The environment should leave no reminders of poor service (such as unpleasant queuing conditions) which will cause negative feelings about the service provider. The Servicescape may include **tangible cues** to facilitate repeat business, for example a schedule of forthcoming events may be given to patrons of a theatre.

3.3.4 Servuction

The **servuction** model, developed by Eiglier and Langeard (1987), emphasizes experiential aspects of service consumption and is based on the idea of organizations providing consumers with complex bundles of benefits. The service features provided by an organization providing the service are divided into two parts – visible and invisible. The visible part consists of the physical environment within which the service experience occurs, and the service providers or contact personnel who interact with the consumer during the service experience. The visible part of the organization is supported by the invisible part, comprising the support infrastructure which enables the visible part of the organization to function. The model is completed by the introduction of other consumers, with whom the original consumer may interact within the system. This is important, because in many service encounters, such as tourism and shopping, the actions of fellow consumers can contribute greatly to the overall encounter.

Everyone and everything that comes into contact with the consumer is effectively delivering the service. Bateson has noted that identifying the Servuction system can be difficult because of the often large number of contacts between the service provider and the customers, which may be significantly underestimated (Bateson, 1989).

3.4 THE ROLE OF OTHER CUSTOMERS IN THE SERVICE ENCOUNTER

The Servuction approach is particularly relevant to services which involve high levels of input from fellow consumers or third-party producers. Consumers essentially create their own bundle of benefits from the contributory elements of the service offer. The Servuction model has been applied to the marketing of towns as tourism and shopping destinations (Warnaby and Davies, 1997) in which consumers must essentially define their own bundle of benefits from the complexity of facilities provided by multiple organizations within the town.

3.4 The role of other customers in the service encounter

It is implicit from the above that many service offers can only sensibly be produced in large batches, while the consumers who use the service buy only individual units of the service. It follows therefore that a significant proportion of the service is consumed in public – train journeys, meals in a restaurant and visits to the theatre, for example, are consumed in the presence of other customers. In such circumstances, there is said to be an element of joint consumption of service benefits. A play cannot be produced just for one patron and a train cannot run for just one passenger – a number of customers jointly consume one unit of service output. An environment is created in which the behaviour pattern of any one customer during the service process can directly affect other customers' enjoyment of their service. In the theatre, the visitor who talks during the performance spoils the enjoyment of the performance for others.

The actions of fellow consumers are often therefore an important element of the service encounter, and service companies seek to manage customer–customer interaction. By various methods, organizations seek to remove adverse elements of these encounters and to strengthen those elements that add to all customers' enjoyment. Some commonly used methods of managing encounters between customers include the following.

- *Selecting customers on the basis of their ability to interact positively with other customers.* Where the enjoyment of a service is significantly influenced by the nature of other customers, formal or informal selection criteria can be used to try to ensure that only those customers who are likely to contribute positively to service encounters are accepted. Examples of formal selection criteria include tour companies who set age limits for certain holidays – people booking an 18–30 holiday can be assured that they will not be holidaying with children or elderly people whose attitudes towards loud music may prevent enjoyment of their own lifestyle. Formal selection criteria can include inspecting the physical appearance of potential customers – many nightclubs and restaurants set dress standards in order to preserve a high-quality environment in which service encounters take place. Informal selection criteria are aimed at encouraging some groups who add to

CHAPTER 3 THE SERVICE ENCOUNTER

customers' satisfaction with the service environment, while discouraging those who detract from it. Colour schemes, service ranges, advertising and pricing can be used to discourage certain types of customer. Bars which charge high prices for drinks and offer a comfortable environment will be informally excluding the segment of the population whose aim is to get drunk as cheaply as possible.

- *Determining rules of behaviour expected from customers.* The behaviour of one customer can significantly affect other customers' enjoyment of a service. Examples include smoking in a restaurant, talking during a cinema show and playing loud music on public transport. The simplest strategy for influencing behaviour is to make known the standards of expected behaviour and to rely on customers' goodwill to act in accordance with these expectations. With increasing recognition by most people in society that smoking can be unpleasant for others, social pressures alone may result in most smokers observing no-smoking signs. Where rules are not obeyed, the intervention of service personnel may be called for. Failure to intervene can result in a negative service encounter continuing for the affected party and, moreover, the service organization may be perceived as not caring by its failure to enforce rules. Against this, intervention that is too heavy handed may alienate the offender, especially if the rule is perceived as one that has little popular support. The most positive service encounter results from intervention that is perceived as a gentle reminder by the offender and as valuable corrective action by other customers.
- *Facilitating positive customer–customer interaction.* For many services, an important part of the overall benefit is derived from positive interaction with other customers. Holidaymakers, people attending a conference and students of a college can all derive significant benefit from the interaction with their peer group (Figure 3.5). A holiday group where nobody talks to each other may restrict the opportunities for shared enjoyment. The service providers can seek to develop bonds between customers by, for example, introducing customers to one another or arranging events where they can meet socially.

3.4.1 Service security

Service marketers must increasingly be aware of the possibilities for terrorism to disrupt their service encounters. Terrorism can impact on marketing in a number of ways, as described below.

- The need to take security measures may make a service process unattractive to some consumers, who no longer buy the service. (For example, there has been a suggestion that increased delays at airports due to security screening have led some people to believe that the hassle of flying is too great, and so they have chosen other means of transport, or not travelled at all.)
- The fear of terrorism itself may deter some people from buying a service. (For example, few people ventured into the restaurants and bars of central Belfast

3.4 THE ROLE OF OTHER CUSTOMERS IN THE SERVICE ENCOUNTER



Figure 3.5 Services are often produced and consumed in public; indeed one of the benefits of a service may be the ambience which is provided by a crowd of fellow customers. One reason for the continuing high attendance at horse race meetings, in the face of increasing levels of televised racing, is the atmosphere which is generated by thousands of people simultaneously cheering their horse on. But this atmosphere needs to be carefully managed if it is not to detract from the overall service offer. The horse racing authorities are keen to avoid problems that have been experienced in the past by football clubs. Football clubs increasingly manage the expected behaviour of supporters, mindful of the fact that live football increasingly targets women and family groups, rather than being the traditional all-male preserve. Football clubs have become more vigilant in curbing anti-social behaviour, such as racially insensitive chanting, the use of flags and banners which obscures fellow fans' view of the game, as well as controlling drunken and disorderly behaviour. Racing in the UK has not traditionally suffered from the past problems of football fans' anti-social behaviour, but the owners of the country's race tracks are mindful of the potential harm that could be caused by bad behaviour between customers. (Copyright Cheltenham Tourism/David Sellman)

during the periods of the 'troubles' in Northern Ireland. With the return of peace, restaurants in Belfast's 'Golden Mile' are busy once more.)

- By contrast, rigorous security measures may be perceived by many customers as a price worth paying in order to ensure that they can be consumers of the service without fear or interruption. (For example, the Israeli airline El Al is acknowledged to have the strictest security of any airline, and this has been used by the airline to promote reassurance to consumers.)

Although terrorism has become a much more important item on the agenda of many service organizations since the events of 11 September 2001, it is of course nothing

CHAPTER 3 THE SERVICE ENCOUNTER

new. Companies operating in Northern Ireland and Israel have long experience of designing the threat of terrorism into their service blueprint.

Terrorist attacks can affect manufacturers as well as services organizations, but their effects on services organizations can be very much greater. Manufacturing companies can take steps to protect the security of their production facility by controlling access only to employees. Cases of deliberate damage to manufactured goods are rare, and manufacturers have taken steps to reduce this risk throughout its distribution channels, for example by introducing tamper-evident packaging. This is in contrast to services organizations, where customers typically enter the production process and cannot easily be screened out in the way that unauthorized entry to a factory can be prevented. Indeed, the whole point of most services is for customers to enter the service 'factory', so with relatively open access risks are so much greater.

Services organizations have become targets for terrorist groups. Sometimes, the group may be campaigning against a particular company. This has been the case, for example, with the direct action that has been taken against the companies who supplied services to Huntingdon Life Sciences, a company that undertakes experiments on live animals and has been targeted by numerous groups. At other times, a services company may simply represent the values of a group which terrorists are opposed to, and an attack is a means of making this point publicly and with maximum impact. When a group bombed a branch of the British-owned HSBC Bank in Istanbul in January 2004, it probably did not have any particular grudge against the bank, but the bank symbolized a set of western values and intervention in the world to which the group was opposed. Whatever the reason, services offer relatively easy opportunities for terrorist groups to have great impact through the publicity and disruption that their actions cause. Attacks on underground trains, aircraft and shopping centres can attract considerable publicity for a cause.

How should service organizations handle the possibilities of terrorism? One view is that it may be almost impossible to prevent disruption from a determined terrorist without causing even greater disruption through security processes. If terrorism didn't result in the disruption of a plane being blown up, it may nevertheless have caused disruption through the lengthy security checking of all passengers.

What lengths should an organization go to in order to reduce the possibilities of a terrorist attack? There are a number of issues here.

- What is the best estimate of the probability of a terrorist attack actually occurring? Many service organizations use risk-assessment methodologies, often employing specialist risk assessors
- What will be the downside cost of an attack actually occurring, in terms of physical damage and damage to an organization's reputation?
- What is the public's perception of the probability of an attack and its likely consequences? Consumers often make apparently irrational choices – for example, over the past few decades it has been estimated that the probability of being injured or killed in a terrorist aircraft hijacking is much less than the probability of being

3.4 THE ROLE OF OTHER CUSTOMERS IN THE SERVICE SECTOR

injured or killed in a road traffic accident. Despite this, it is quite common for the fear of flying to be much greater than a fear of driving.

- What is the public's perception of measures taken to reduce the threat of terrorism? Are consumers likely to be deterred by extensive security measures, such as body searches and identity checking, or do these provide a source of reassurance?
- What security measures are operationally feasible? Would it, for example, be feasible to search all passengers entering a busy commuter train station during the peak period?

Am I a comedian, or are you serious?

'Security' has become a blanket excuse used by many service companies to explain why they cannot fulfil a customer's request. Of course, there are often good security reasons which explain the response, but there are many instances where apparently silly 'security' responses are made. Consider the case of the entertainer and TV presenter Jeremy Beadle, who was reportedly prevented from boarding an aircraft bound from London to Glasgow in January 2004 because he did not have any formal identity papers. The check-in staff appeared to be in doubt that he was actually the entertainer who had been seen by millions of people each week on television. Many nearby fans were apparently able to vouch for his identity. But without the right piece of paper to prove that he was in fact the well-known entertainer, he could not proceed.

In many service industries, empowered staff would use their common sense and would weigh up the situation and come to a decision. But the security industry is labour intensive and there can be fierce competition between security service providers who operate on low margins. Staff tend to be paid the minimum wage level and opportunities for choosing top-quality staff and training them in judgement skills are limited. So, in order to comply with government requirements, it is easier for companies to rely on strict rules-based blueprint approaches to security checking.

Fans of Jeremy Beadle who were waiting in Glasgow for him to perform may have been disappointed when he did not turn up. Disappointment may also have been experienced by the thousands of frail little old ladies who have innocently tried to take nail scissors on board an aircraft, but have had them confiscated because 'those are the rules'. Despite the 'rules', a smart and determined terrorist might have developed a much more ingenious method of smuggling harmful objects on board an aircraft.

Often, the appearance of a strictly enforced security policy may give some reassurance to customers that management is taking measures to avoid a terrorist attack. But sometimes the visible appearance of security may be a front for

CHAPTER 3 THE SERVICE ENCOUNTER

much deeper flaws. While there may have been few reported cases of little old ladies using their nail scissors as weapons to overpower cabin crew, it may be easier to imagine a determined terrorist breaking a glass bottle to use as a much more lethal weapon. Little old ladies with nail scissors may be an easy and visible sign that security is being treated seriously by an airline, but would airlines voluntarily enforce a bottle ban, thereby annoying even more passengers, and causing a loss of valuable duty-free sales in airport shops?

3.5 The role of third-party producers in the service encounter

Service personnel who are not employed by a service organization may nevertheless be responsible for many of the critical incidents which affect the quality of service encounters perceived by its customers. Three categories of such personnel can be identified, as discussed below.

1. A service company's intermediaries can become involved in critical incidents before, during or after consumption of a service. The first contact that many people have with an organization is through its sales outlets. In the case of the airline above, the manner in which a customer is handled by a travel agent is a highly critical incident, the outcome of which can affect the enjoyment of the rest of the service, for example where the ticket agent gives incorrect information about departure times or the ticket is ordered wrongly. The incidents in which intermediaries are involved can continue through the consumption and post-consumption phases. Where services are delivered through intermediaries, as is the case with franchisees, they can become the dominant source of critical incidents. In such cases, quality control becomes an issue of controlling intermediaries.
2. Service providers themselves buy in services from other subcontracting organizations. Service organizations buying subcontracted services must ensure that quality control procedures apply to many of their subcontractor processes, as well as to their outcomes. Airlines buy in many services from subcontractors. In some cases these generate very little potential for critical incidents with the airline's passengers. Where in-flight meals are bought in from an outside caterer, the subcontractor has few if any encounters with the airline's customers and quality can be assessed by the tangible evidence being delivered on time. On the other hand, some services involve a wide range of critical incidents. Airlines often subcontract their passenger checking-in procedures to a specialist handling company, for whom quality cannot simply be assessed by quantifiable factors such as length of queues or numbers of lost bags. The manner in which the subcontractor's personnel handle customers and resolve such problems as over-booked aircraft, lost tickets and general enquiries assumes critical importance.

3. Sometimes staff who are not employed by the services organization or its direct subcontractors can contribute towards critical incidents in the service encounter. This occurs, for example, at airports where airport employees, air traffic controllers and staff working in shops within the airport contribute to airline passengers' perception of the total service. In many cases, the airline might have little – if any – effective control over the actions of these personnel. Sometimes, it may be possible to relocate the environment of its service encounters – such as changing departure airports – but it may still be difficult to gain control over some critical publicly provided services, such as immigration and passport control. The best that a service organization can do in these circumstances is to show empathy with its customers. An airline may gain some sympathy for delays caused by air traffic controllers if it explains the reason for delays to customers and does everything within its power to overcome resulting problems.

3.6 Service failure and recovery

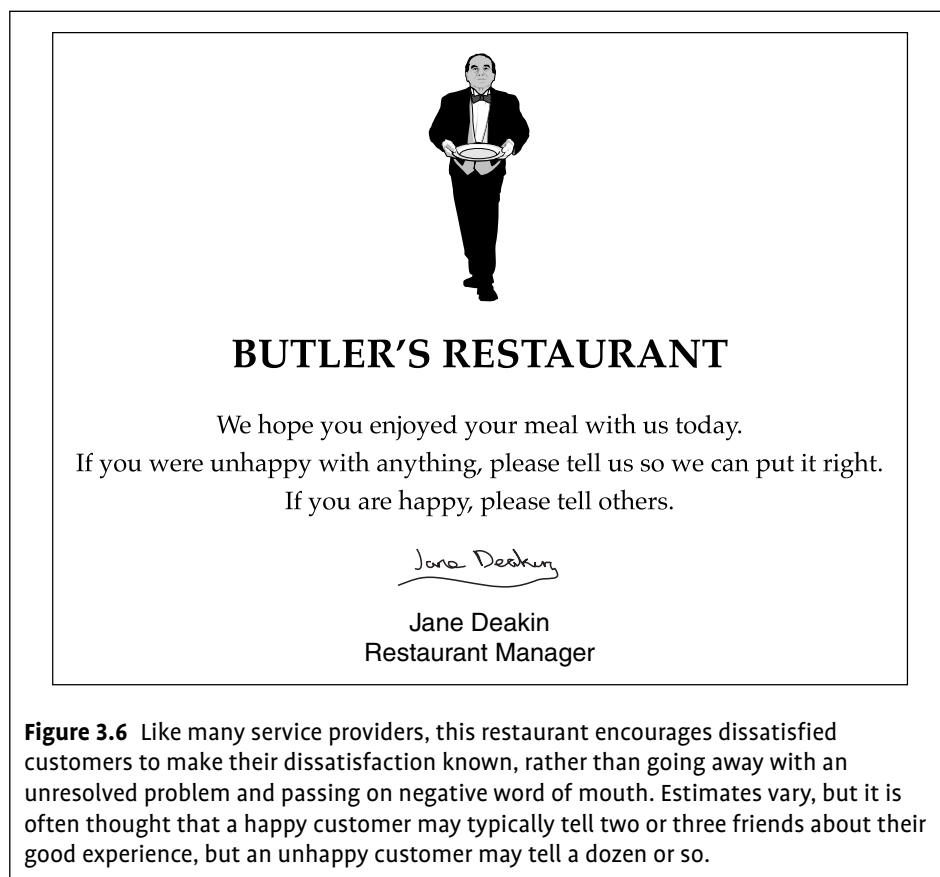
Almost inevitably, service companies will fail at some critical incidents. The inseparable and intangible nature of services gives rise to the high probability of failures occurring. From a customer's perspective, a **service failure** is any situation where something has gone wrong, irrespective of responsibility. The inseparability of **high-contact services** has a consequence that service failure usually cannot be disguised from the customer. Service failures may vary in gravity from being very serious, such as a food poisoning incident, to something trivial, such as a short delay. The service failure literature has produced many typologies characterizing the general nature of service failures (e.g. Bitner *et al.*, 1990; Kelley and Davis, 1994). It has been suggested by Halstead *et al.* (1993) that a single service failure may have two effects. Firstly, a 'halo' effect may negatively colour a customer's perceptions (for example, if an airline loses a passenger's bag, the passenger may subsequently associate any communication from the airline with failure). Secondly, a 'domino' effect may engender service failures in other attributes or areas of a service process. This can occur where a failure in an early stage of a service process puts a customer in a bad mood where he or she becomes more critical of minor failures in subsequent stages. A diner who has been unreasonably delayed in obtaining a pre-booked table may become more ready to complain about minor problems with the subsequent delivery of his or her food.

Service providers should have systems for identifying, tracking and analysing service failures. This allows management to identify common failure situations (Hoffman *et al.*, 1995). More importantly, it allows management to develop strategies for preventing failures occurring in the first place, and for designing appropriate recovery strategies where failure is unavoidable. Firms with formal service recovery programmes supplement the bundle of benefits provided by the core product and enhance the service component of the firm's value chain (Hoffman and Kelley, 2000).

CHAPTER 3 THE SERVICE ENCOUNTER

It is often suggested that a happy customer will go away and tell two or three people about the good service, but a dissatisfied customer will tell probably a dozen about a failure (Figure 3.6). Businesses commonly lose 15 to 20% of their customer base each year (Reichheld and Sasser, 1990). Although customers may defect to the competition for a number of reasons (e.g. better prices, better products, change of market locations, etc.), minimizing the number of customers who defect due to poor customer service is largely controllable. However, there is plenty of evidence that firms do not take complaining customers seriously and that unresolved complaints actually strengthen the customer's negative feelings towards the company and its representatives (Hart *et al.*, 1990). Organizations need to have in place a strategy by which they can seek to recover from failure.

There is a growing body of literature on the methods used by service organizations to recover from an adverse critical incident and to build up a strong relationship once again. **Service recovery** processes are those activities in which a company engages to address a customer complaint regarding a service failure. A good recovery can turn angry, frustrated customers into loyal ones and may create more goodwill than if things had gone smoothly in the first place (Hart *et al.*, 1990).



The study of service failure and recovery has built on a number of theoretical frameworks. These include: attribution theory (Heider, 1958; Maxham and Netemeyer, 2002); justice theory (Adams, 1965; Tax *et al.*, 1998); disconfirmation theory (Oliver, 1980; Churchill and Surprenant, 1982; Parasuraman *et al.*, 1985); social exchange theory (Kelley and Thibaut, 1978; Homans, 1961) and fairness theory (Spreng *et al.*, 1995; Folger and Cropanzano, 1998; McColl-Kennedy and Sparks, 2003).

Justice theory offers the most comprehensive framework for understanding the complaint resolution process from initial service failure to final resolution. Justice theory has evolved to incorporate three dimensions:

1. distributive justice (the fairness of the outcome of the complaint resolution process)
2. procedural justice (whether the procedures for resolving the failure were considered to be fair)
3. interactional justice (which concerns interpersonal behaviour employed in the complaint resolution procedures and delivery of outcomes).

Complaint handling can be viewed as a sequence of events, beginning with communicating a complaint about the service failure, and generating a process of interaction leading a decision to an outcome. Justice literature suggests that each part of the sequence is subject to a fairness consideration and that each aspect of a complaint resolution creates a justice episode (Bies, 1987; Tax *et al.*, 1998).

A successful recovery is accomplished when the aggrieved consumer is provided with an appropriate blend of the three justice dimensions (Maxham and Netemeyer, 2002). The importance of the three dimensions depends on several factors, including: the type and magnitude of the service failure (Smith *et al.*, 1999; McColl-Kennedy and Sparks, 2003), the service context (Mattila, 2001), the extent of any prior relationship (Hoffman and Kelley, 2000), and customer psychographics (McCole and Herwadkar, 2003).

The most important step in service recovery is to find out as soon as possible when a service has failed to meet customers' expectations. A customer who is dissatisfied and does not report this dissatisfaction to the service provider may never come back and, worse still, may tell friends about the bad experience. Services companies are therefore going to increasing lengths to facilitate feedback of customers' comments in the hope that they are given an opportunity to make amends. Service recovery after the event might include financial compensation which is considered by the recipient to be fair, or the offer of additional services without charge, giving the company the opportunity to show itself in a better light. If service recovery is to be achieved after the event, it is important that appropriate offers of compensation are made speedily and fairly. If a long dispute ensues, aggrieved customers could increasingly rationalize reasons for never using that service organization again and tell others not only of their bad service encounter, but also of the bad post-service behaviour encountered.

Rather than wait until long after a critical incident has failed, service companies should think more about service recovery during the service delivery process. It can

CHAPTER 3 THE SERVICE ENCOUNTER

be possible for service organizations to turn a failed critical incident into a positive advantage with its customers. In the face of adverse circumstances, a service organization's ability to empathize with its customers can create stronger bonds than if no service failure had occurred. As an example, a coach tour operator could arrive at a hotel with a party of customers only to find that the hotel has over-booked, potentially resulting in great inconvenience to its customers. The failure to swiftly check its guests into their designated hotel could represent failure of a critical incident which results in long-term harm for the relationship between the coach tour operator and its customers. However, the situation may be recovered by a tour leader who shows determination to sort things out to the best advantage. This could involve the tour leader demonstrating to the customers that he or she is determined to confront the hotel manager and get the room allocation restored. There could also be negotiation with the hotel management to secure alternative hotel accommodation of a higher standard at no additional charge, which customers would appreciate. If the process of rearranging accommodation looked like taking time, the tour leader could avoid the need for customers to be kept waiting in a coach by arranging an alternative enjoyable activity in the interim, such as a visit to a local tourist attraction.

The extent to which service recovery is possible depends upon two principal factors. Firstly, front-line service personnel must have the ability to empathize with customers. Empathy can be demonstrated initially in the ability to spot service failure as it is perceived by customers, rather than some technical, production-oriented definition of failure. Empathy can also be shown in the manner of front-line staff's ability to take action which best meets the needs of customers. Secondly, services organizations should empower front-line staff to take remedial action at the time and place which is most critical. This may entail authorizing – and expecting – staff to deviate from the scheduled service programme and, where necessary, empower staff to use resources at their discretion in order to achieve service recovery. In the case of the tour leader facing an over-booked hotel, taking customers away for a complimentary drink may make the difference between service failure and service recovery. If the tour leader is not authorized to spend money in this way, or approval is so difficult that it comes too late to be useful, the chance of service recovery may be lost for ever.

The role of blueprinting service processes can be emphasized again here. While it may not be possible to anticipate the precise nature of every service failure, a blueprint can indicate what to do in the event of certain general types of failure occurring.

Consider the case of the cancellation of an airline flight which causes great inconvenience to passengers. A blueprint should be able to immediately show:

- who is responsible for informing intending passengers of the cancellation
- which passengers will have priority in being rescheduled to alternative services
- what compensation choices will be offered to passengers
- who will handle unresolved claims for compensation.

In too many organizations, poor blueprinting of recovery processes merely compounds the problem of the original service failure, as customers gain further evidence

that the company is not organized effectively and does not have their best interest at heart. However, although blueprinting may provide a basis for service recovery, it may not be sufficient to turn failed customers into advocates. Understanding the emotional state of the customer can be critical, requiring the service provider's response to be carefully tailored to individual customers' emotional states (see Smith and Bolton, 2002). In one study, it was noted that the warmth shown by employees, their ability to deal with customers' emotions and to demonstrate empathic behaviours had a significant effect on customer loyalty following a service failure (Lemmink and Mattsson, 2002).

Wrong kind of excuse put on the line

Train operators in the UK have a long tradition of giving excuses for service failures which have become stock-in-trade for stand-up comedians. 'Leaves on the line' is a problem which perplexes commuters each autumn, amazed that a few small leaves can halt a 100-tonne train. The greatest ridicule was reserved for British Rail in 1987 when 'the wrong kind of snow' grounded the latest Sprinter trains, which had supposedly been tested in the Arctic.

There are signs that the privatized train operating companies have improved their standards of communication with passengers. Many companies have instructed their train crews that blaming delays on 'operating problems' or 'technical difficulties' is just not good enough for intelligent customers who, with a bit of careful thought, could be brought to empathize with the train company and its problems. Crews have also made greater efforts to keep passengers updated on progress towards resolving a problem, helped by improved two-way communications between trains and central control rooms.

At first sight, the strategy might appear to be paying off. During the first five years of privatization, total passengers carried by train companies increased, despite a general worsening of reliability indicators (although, of course, other factors, such as road traffic congestion could have explained the increase in passenger numbers). The media remains highly sceptical about train companies' excuses, and running down the railways remains a national pastime. As an example, in 2000 the media ran stories about Connex South Central blaming delays on 'atmospheric conditions affecting adhesion of rolling stock'. Had the company gone back to insulting the intelligence of its customers with gobbledegook excuses? Rather than still having to make excuses, shouldn't it be addressing the underlying problems? One company which fully acknowledged the intelligence of its customers was Virgin Railways. Richard Branson wrote in the company's customer magazine that its service standards just weren't good enough, but pleaded with customers to be patient while the company invested money to reverse decades of government neglect.

CHAPTER 3 THE SERVICE ENCOUNTER

3.7 Industrializing the service encounter

Services organizations face a dilemma, for while most seek to maximize the choice and flexibility of services available to customers, they need to reduce the variability of service outcomes in order that consistent brand values can be established. They also need to pursue methods for increasing productivity, and in particular reducing the amount and cost of skilled labour involved in production processes.

Complex and diverse service offers can result in personnel being required to use their judgement and to be knowledgeable about a wide range of services. In many service sectors, giving too much judgement to staff results in a level of variability which is incompatible with consistent brand development. The existence of multiple choices in the service offer can make training staff to become familiar with all of the options very expensive, often matched by a minimal level of income which some services generate. For these reasons, service organizations often seek to simplify their service offerings and to 'deskill' many of the tasks performed by front-line service staff. By offering a limited range of services at a high standard of consistency, the process follows the pattern of the early development of factory production of goods. The process has sometimes been described as the **industrialization of services** and can take a number of forms.

- *Simplifying the range of services available.* Organizations may find themselves offering services which are purchased by relatively few customers. The effort put into providing these services may not be justified by the financial return. Worse still, the lack of familiarity of many staff with little-used services could make them less than proficient at handling service requests, resulting in a poor service encounter which reflects badly on the organization as a whole. Where peripheral services do not produce significant net revenue, but offer a lot of scope for the organization to make mistakes, a case can often be made for dropping them. As an example, retailers have sometimes offered a home delivery service at an additional charge, only to experience minimal demand from a small segment of customers. Moreover, the lack of training often given to sales staff (e.g. on details of delivery areas, etc.) and the general complexity of delivery operations (such as ensuring that there is someone at home to receive the goods) could justify a company in dropping the service. Simplification of the service range to just offering basic retail services allows a wide range of negative service encounters to be avoided, while driving relatively few customers to competitors. It also allows service personnel to concentrate their activities on doing what they are best at – in this case, shop-floor encounters.
- *Providing 'scripts' for role performance.* It was noted above that service personnel act out their role expectations in an informally scripted manner. More formal **scripting** allows service staff to follow the expectations of their role more precisely. Formal scripting can include a precise specification of the actions to be taken by service staff in particular situations, often with the help of machine-based systems. In this way, a telephone sales person can be prompted what to say next by messages on a computer screen. Insurance companies have long experience of simplifying the task of telephone sales personnel so that calculations of premiums are based

3.7 INDUSTRIALIZING THE SERVICE ENCOUNTER

entirely on data provided by customers, and the sales assistant does not need to use his or her own judgement. Scripting specifies welcoming and closing messages.

- *Tightly specifying operating procedures.* In some instances, it may be difficult to set out operating procedures which specify in detail how service personnel should handle each encounter. Personal services such as hairdressing rely heavily on the creativity of individual staff and operating procedures can go no further than describe general conduct. However, many service operations can be specified in much greater detail. At a managerial level, many jobs have been deskilled by instituting formalized procedures, which replace much of the judgement previously made by managers. In this way, bank managers use much less judgement in deciding whether to advance credit to a client – the task is decided by a computer-based credit-scoring system. Similarly, local managers in sectors such as retailing and hotels are often given little discretion over such matters as the appearance of their outlets and the type of facilities provided – these are specified in detail from head office and the branch manager is expected to follow them closely. In this way, organizations can ensure that many aspects of the service encounter will be identical, regardless of the time or place.
- *Replacing human inputs with machine-based inputs.* Machines are generally more predictable in delivering services than humans. They also increasingly offer cost savings, which may give a company a competitive price advantage. Although machines may break down, when they are functioning they tend to be much less variable than humans, who may suffer from tiredness, momentary inattentiveness or periodic boredom. In addition to reducing the variability of service outcomes, machine-based encounters offer a number of other advantages over human-based encounters. We will turn to these in the next section.

Mayo may not be served this way

A student visited her local branch of McDonald's in Northern Ireland. After she had received her burger and fries she asked the serving assistant for some mayonnaise to accompany her food. No sachets of mayonnaise were available, so the server obliged, with typical Irish hospitality, by taking some mayonnaise from a bulk container and putting it on a coffee cup lid for the student. This seemed a pragmatic solution which the customer was more than happy with. But for the serving assistant, it brought a sharp reprimand from her supervisor. This was evidently not allowed by the service blueprint. Perhaps handing over mayonnaise on a cup lid didn't present an image of consistently high professional standards. There may even have been food safety issues involved. But on this occasion at least the customer had been pleased that the server had thought for herself and resolved the problem. How does a company like McDonald's strike a balance between rigid procedures and the need for flexibility to meet the individual customer's requirements?

CHAPTER 3 THE SERVICE ENCOUNTER

3.7.1 Computer-mediated encounters

There has been a lot of excitement about how computer-based systems are likely to change the way consumers interact with service providers. The vision has been presented of consumers sitting at home behind a computer terminal communicating with another computer at the other end, as a result of which services are provided. There is nothing new, of course, in the use of technology to intervene in a producer–consumer encounter. Banks, for example, have for some time reduced the amount of contact that their staff have with customers through the use of ATMs, so Internet banking could be seen as an extension of this technological development.

The extent to which computers are able to intervene in service encounters is influenced by the type of service in question. Chapter 2 discussed bases for classification and it should be quite clear that the role of direct human encounters will always be crucial to some types of services. Where the services process requires direct contact with the customer's body (as in the case of many medical services), the possibilities for computer-based intervention are likely to be small (although it could nevertheless be used to provide support services such as booking facilities for a doctor or a simplified diagnostic facility). Where services involve processes being carried out on the customer's physical assets (e.g. car repairs), there is still likely to be a point of contact where the assets are collected/delivered, although reservation and accounting facilities may be undertaken without direct human encounters. It is in the area of pure services with few tangible components that computer mediated service delivery has had greatest impact. Many 'pure' information services, such as the provision of bank savings accounts and share price information, can be done with very little, if any, face-to-face contact between a customer and a company's employees.

Computer-mediated encounters can impact on traditional face-to-face encounters in a number of ways, as described below.

- Computer mediation can completely replace the need for a face-to-face encounter. For example, the airline easyJet uses its website to remove the need for face-to-face contact for customers booking a ticket with the company.
- Computer mediation may facilitate face-to-face encounters. For example, Thetrainline.com sells train tickets through its website, which can be collected from a customer's local railstation, reducing the amount of queuing at a booking office
- Sometimes, a website can be used to 'educate' a customer prior to a face-to-face encounter. For example, one study of medical practitioners showed patients engaged in internet-based information search that changed the nature of the primary encounter and presented challenges to medical professionals both in terms of doctor–patient relationships and their professional judgement (Hogg *et al.*, 2003).
- The service provider may be able to offer a much wider range of encounter possibilities. For example, Internet banking and ATMs allow many bank transactions to be undertaken at a time which is convenient to the customer, and also at a place which is convenient.

3.7 INDUSTRIALIZING THE SERVICE ENCOUNTER

- It is often possible to programme machinery to provide a range of services reliably in a manner that would not have been possible if the encounter was based on a human service producer. Many telephone companies now offer a wide range of automated telephone services (e.g. call interception services) which can be delivered at lower cost and with higher levels of reliability than if human operators had to be used.
- Automated encounters can give some customers a feeling of greater control over an encounter. A bank customer phoning the local branch to ask for the balance of his or her account may feel that he or she is having to work hard to get the information out of a bank employee and may feel intimidated by asking additional questions. By calling an automated banking information system or using an Internet banking service, some customers may feel they have greater control over their dealings with the bank. (Although, against this, many services users may feel uncomfortable with computer-mediated services and would feel much happier with face-to-face encounters.)

By designing service processes around customers' needs and the opportunities provided by the new technology, more efficient and effective service processes can be designed. As an example, many airlines have developed web-based electronic ticketing systems, which remove all need for direct intervention by the service provider's employees until the point where the customer is about to board the aircraft (Figure 3.7).



Figure 3.7 easyJet claims to be the 'Web's favourite airline' and has used the Internet effectively to simplify encounters between the company and its customers. By 2004, the company claimed that about 80% of its customers used the Internet for booking their tickets, saving administrative costs for the airline which are passed on in lower prices to customers. The company has refused to pay the 10–15% commission traditionally paid by airlines to travel agents. But to make sure that it doesn't miss out on business from individuals or companies who would prefer to book through an agent, EasyJet nevertheless welcomes bookings through travel agents. However, it makes clear that travel agents should pass on their handling costs to the final customer, in recognition of the fact that a travel agent's customer is buying a different kind of encounter. Despite the additional service charge, some customers still prefer the convenience and reassurance that dealing face-to-face with a travel agent may provide. (Reproduced with permission of EasyJet Airline Company Ltd)

CHAPTER 3 THE SERVICE ENCOUNTER

Computer-mediated interaction needs to take account of all the stages involved in an encounter. Building on the discussion earlier in this chapter, classification of the service delivery process to online encounters can be described as follows.

- *Access phase.* This may involve consumers gaining access to a functioning ATM or an Internet-connected computer.
- *Check-in phase.* In this phase, consumers identify themselves to the service organization – for example, by supplying a user name and PIN number. How does a service provider balance the sometimes conflicting need of ease of checking in with the need for security and privacy?
- *Diagnosis stage.* When the consumer is presented, the system must identify his or her needs as quickly as possible. For example, an ATM terminal should be able to diagnose quickly whether a consumer who has checked in wishes to withdraw cash, obtain a statement, pay a bill or deposit a cheque.
- *Delivery.* The consumer's needs are fulfilled (e.g. cash dispensed by an ATM, copy of statement printed).
- *Check-out stage.* During this stage, the consumer is securely disengaged from the service delivery system – for example, by the return of a bank ATM card, or logging off a website.

Of course, service encounters that are computer-mediated need to be designed with the same care and attention to detail as those that involve human encounters. It is not uncommon to find websites that are slow and confusing in their layout and operation or that fail to bring about the desired service. Just as in the failure of a human-based critical incident, failure during a web-based encounter may result in defection of the customer to a competitor. The study of **Human-computer interaction** (HCI) has become an important area of study in its own right.

Some segments of consumers may be slow to embrace computer-mediated exchanges, as we shall see in the next chapter. However, it is not only service users who may be slow to adapt to new self-service technologies. Research has found that designing, updating and maintaining websites proves particularly difficult for small firms (Blackburn and Athayde, 2000).

3.7.2 Measuring service productivity

Productivity can be defined as the efficiency with which an organization's inputs are turned into outputs. The Industrial Revolution that took place in England in the 18th and 19th centuries was characterized by dramatic improvements in the productivity of human, equipment and financial resources. Many have pointed to a 'service revolution' during the past few decades when productivity in many services sectors has shown a significant improvement. Processes of service industrialization, described in this chapter, have contributed to this improvement in productivity. However, services are still a relatively low-productivity sector of the economy. Using a measure

of 'gross value added' (GVA), the UK Office for National Statistics has calculated that although the services sector provides around three times as many jobs as the production sector, it manages only to deliver less than twice as much approximate GVA. Consequently, services-sector labour productivity is about two-thirds that of the production sector. During the two decades 1981–2000, real productivity growth in services was lower than in the manufacturing sector, except for a brief period in 1995–98 (Lau, 2002).

The whole concept of productivity is much more complex for services than for goods. For goods, production can generally be separated from consumption, and consumers are not generally affected by the way in which the item has been manufactured. Provided it performs to standard, a car buyer is not too concerned whether the car has been produced with automated or manual methods of production. However, for the service consumer the nature of production methods can be crucial, because the inseparability of production and consumption means that the whole nature and benefit of the service can change when production methods change. A bank replacing its counter staff with ATMs and telephone banking may appear to have improved its productivity when assessed by such measures as customer transactions per employee or cost per transaction. However, the automated service may be perceived as something quite different from that which went before it. Because of the problem of inseparability, it can be difficult to gain a clear picture of what is happening to the true productivity of the service sector. More efficient does not necessarily mean more effective in meeting consumers' needs.

Case study

Creating a drama at TGI Fridays

Is it a pub? Is it a restaurant? Or is it theatre? The operators of TGI Fridays would hope that their customers see it as all three. For diners who tire of the scripted industrialized service processes of many fast-food chains, the service encounter at a branch of TGI Fridays may come as welcome relief.

TGI Fridays is a themed American restaurant and bar group started in 1965 in the USA and which has been operated as a franchise since 1986 in the UK by Whitbread plc. By 2004, TGI Fridays had 42 restaurants in the UK, and a worldwide total of 735 in 55 countries.

The credo of TGI Fridays – according to Richard Snead, president and CEO of Carlson Restaurants Worldwide, parent company of TGI Fridays – is 'to treat every customer as we would an honoured guest in our home, and it is reflected in everything we do'.

There are four crucial components of the company philosophy which contribute to successful service encounters at its restaurants:

CHAPTER 3 THE SERVICE ENCOUNTER

1. *employees* – these are seen as the key to service quality; this applies not only to front-line staff who visibly contribute to guests' experience, but also back-room staff
2. *product* – a meal is a focal point of a customer's visit and consistency of standards is important
3. *package* – this comprises the building and furnishings which must be well maintained.
4. *ambience* – this is an important part of the meal experience that is difficult to specify, but memorable to customers.

The first TGI Fridays was opened at First Avenue and 63rd Street in New York City in 1965 and featured the now familiar red and white stripes. Inside were wooden floors, Tiffany lamps, bentwood chairs and striped tablecloths. Decor has become a key element in the TGI Fridays experience, transforming an otherwise bland and boring industrial-type building into a theatrical stage. For TGI Fridays interior decor, a full-time antique 'picker' travels extensively to auctions and flea markets. Memorabilia has to be authentic and, if possible, unique to the area where a new restaurant would be located.

TGI Fridays offers 'mass customization' in which the company offers a basically standard service to all customers, but the customers can personalize their meal through an extensive range of menu permutations. The company's approach to managing the service encounter distinguishes between 'hard' and 'soft' elements. Hard elements include core service processes and tangible elements of the product offer, such as car-parking facilities, the menu offered and target service times. The fundamental design of TGI restaurants is remarkably similar throughout the world, with a large central bar area with dining facilities surrounding the bar and authentic American decorative memorabilia. Even the location of the toilets is standard, and an American guest visiting the TGI Fridays restaurant in Coventry would immediately know where to look for them. Red and white striped awnings, wooden floors, Tiffany lampshades, cane chairs, and striped tablecloths create an aura of the American bar/diner. Each restaurant offers a range of approximately 100 American/Mexican food menu items and approximately the same number of cocktails. Service target times form part of the 'hard' element of the service encounter and the company requires that starters should be served within seven minutes of receipt of a customer's order. A computer program helps managers to monitor the achievement of these service times. The 'hard' elements of the service encounter tend to be specified by head office, and branch managers are expected to achieve specified standards. Menus and the product range are designed and priced centrally at head office.

However, it is the 'soft' elements of the service encounter that distinguish TGI Fridays from its competitors. Crucial to this is the empowering of employees to take whatever actions they see fit in order to improve customers' experience. Employee performance requires, therefore, more than the traditional acts of greeting, seating

and serving customers. Employees have to be able to provide both the behaviours, and the emotional displays, to match with customers' feelings. Getting serving staff to join in a chorus of 'Happy Birthday' may not be easy to script, but spontaneous singing when a meal is served to a group of diners celebrating a birthday can make all the difference in customers' experience of their meal. Of course, recruitment of the right kind of people becomes crucial, and prospective candidates are selected as much for their sense of fun as on the strength of their CV. Initial interviews take the form of 'auditions' in which potential recruits are set individual and group tasks to test their personality type. Opportunities are given for trained staff to express their personality and individuality – for example, by wearing outlandish clothes that make a statement about their personality.

TGI Fridays has become a preferred place of employment for restaurant staff, who have enjoyed relatively good working conditions, above-average earnings for the sector – especially when tips are taken into account – and a sense of fun while at work. The chain has won numerous awards as a good employer, including the UK's 15th best workplace according to the *Financial Times* 2004 Survey of Best UK Places to Work, and the only restaurant chain to be included on the list for a second year running. It was also the fourth most fun place to work according to the *FT*.

Is the pattern of service encounters developed by TGI Fridays a sustainable business model? Among the portfolio of restaurant formats operated by Whitbread plc, TGI Fridays has been a star performer, in contrast to some of its more traditional formats, such as Beefeater, which have become less popular with consumers. A glance at the customer review site www.ciao.co.uk provides an insight to customers' experience of the service encounter. Overall, contributors seem to be happy with the format, although a number of people observed that service standards could decline when a restaurant becomes very busy. It may be fine for serving staff to sing to customers when times are quiet, but how can they do this and still meet their service delivery time targets when the restaurant is busy? A number of customers also commented on very high prices charged by TGI Fridays, with more than one person describing them as 'rip-off prices'. But in order to get the best staff who can create a memorable experience, is it a good business model paying them a little more and passing this on to customers as higher prices?

Case study review questions

1. What are the connections between theatre and TGI Fridays? Is the dramaturgical analogy a good one?
2. What is meant by a critical incident? How can TGI Fridays identify what constitutes a critical incident and assess whether it has achieved customer satisfaction?
3. Discuss the relative merits of 'blueprinting', 'Servicescapes' and 'Servuction' as conceptual frameworks for analysing the service encounter at TGI Fridays.

CHAPTER 3 THE SERVICE ENCOUNTER**Chapter summary and links to other chapters**

This chapter has built on the previous chapter by defining a service in terms of its processes. For high-contact services, consumers can be very closely involved in these processes, posing problems of quality control which are not present in the manufactured goods sector where goods can be produced out of sight and stock-piled during periods of low demand. Because they are produced 'live' in the presence of consumers, services have a high chance of failing to meet consumers' expectations, therefore firms must have a strategy for recovering from such failures.

Attempts to measure the quality of a service encounter are considered in more detail in **Chapter 8**. The quality of the service encounter contributes towards consumers' decision on whether to repurchase from a particular supplier, to the extent that an ongoing relationship is developed (**Chapters 4 and 5**).

A critical factor in service encounters which relies on staff inputs by the provider is the quality and consistency of staff. This chapter has highlighted the preoccupation of many service providers with simplifying and deskilling staff tasks. There is a limit to which this can go and staff will need to be appropriately selected, trained and monitored for most service encounters. These issues are returned to in **Chapter 12**. Delays during a service process can impact directly upon consumers, therefore service providers aim to avoid bottlenecks by carefully matching their capacity with the level of demand. The issue of demand management is considered further in **Chapter 13**.

Chapter review questions

1. What distinguishes 'high contact' services from 'low contact' ones?
2. Choose one high-contact services sector with which you are familiar and identify the critical incidents that occur during the service production-consumption process.
3. What is meant by service failure? Suggest strategies that a fast-food restaurant can employ to recover from service failure most effectively.
4. What is meant by the industrialization of services? What are the limits to the industrialization process within the restaurant sector?
5. Many analyses of the service encounter have drawn analogies with the theatre. To what extent is this comparison valid?
6. The service encounter usually involves customers as active participants in the production process. To what extent is it desirable, or possible for a service provider to 'train' customers to be efficient co-producers of a service?

Activity

Choose one of the following service processes: taking a car to a garage to have its exhaust system renewed; minor building repairs to a house; hair styling and colouring. Draw a service blueprint which describes the service processes involved. Your blueprint should identify the different stages involved in the service production process; target times for each stage to be undertaken; the participants involved in each stage; visible evidence of the service process; and the invisible processes involved.

Key terms

Blueprinting A method of visually portraying the processes and participants involved in the production of a service.

Co-production A service benefit can be realized only if more than one party contributes to its production, e.g. customer–producer co-production implies that customers take a role in producing service benefits.

Critical incidents Encounters between customers and service producers that can be especially satisfying or dissatisfying.

Culture The whole set of beliefs, attitudes and customs common to a group of people.

High-contact services Services in which the production process involves a high level of contact between an organization's employees and its customers.

Human–computer interaction The study of how people use computers.

Industrialization of services The process of deskilling and simplifying service production processes with the aim of reducing variability in outcomes and processes.

Mass customization The use of mass production techniques which allow customization of output to individual customer's preferences.

Role-playing Behaviour of an individual which is a result of his or her social conditioning, as distinct from innate predispositions.

Scripting Pursuing a pattern of behaviour that is tightly specified by another party.

Service failure Failure to meet customers' expectations about the standard of service delivery.

Service offer The complexity of tangible and intangible benefits that make up the total functional, psychological and social benefits of a service.

Service recovery Processes used by a company to recover from a service failure.

Servicescape A description of the environment in which service delivery takes place.

Servuction A description of the producer–consumer service production system.

Tangible cues Physical elements of the service offer, brochures and adverts which provide tangible stimuli in the buying decision-making process.

CHAPTER 3 THE SERVICE ENCOUNTER

Selected further reading

The central role of the encounter between an organization's staff and its customers has led to a considerable literature in defining service encounters and prescribing methods for improving the quality of encounters. The following are important papers in the development of this stream of literature.

- Carlzon, J. (1987) *Moments of Truth*, Ballinger Books, Cambridge, MA.
- Bitner, M. (1990) 'Evaluating service encounters: The effects of physical surroundings and employee responses', *Journal of Marketing*, 51 (April), 69–82.
- Bitner, M.J., Booms, B.H. and Tetreault, M.S. (1990) 'The service encounter: Diagnosing favorable and unfavorable incidents', *Journal of Marketing*, 54 (January), 71–84.
- Shostack, G.L. (1985) 'Planning the service encounter', in J.A. Czepiel, M.R. Solomon and C.F. Suprenant (eds) *The Service Encounter*, Lexington Books, Lexington, MA, 243–54.
- Shostack, G.L. (1984) 'Designing services that deliver', *Harvard Business Review*, January/February, 133–319.

The following articles update discussion on service encounters in the context of technology-mediated encounters.

- Dabholkar, P.A. and Bagozzi, R.P. (2002) 'An attitudinal model of technology-based self service: Moderating effects of consumer traits and situational factors', *Journal of the Academy of Marketing Science*, 30 (3), 184–201.
- Bitner, M.J., Brown, S.W. and Meuter, M.L. (2000) 'Technology infusion in service encounters', *Journal of the Academy of Marketing Science*, 28 (1), 138–49.
- Meuter, M.L., Ostrom, A.L., Roundtree, R.I. and Bitner, M.J. (2000) 'Self-service technologies: Understanding customer satisfaction with technology-based service encounters', *Journal of Marketing*, 64 (3), 50–64.
- Hogg, G., Laing, A. and Winkelman, D. (2003) 'The professional service encounter in the age of the Internet: An exploratory study', *Journal of Services Marketing*, 17 (5), 476–94.

The following papers offer a further discussion of role-playing and scripting, which is an important aspect of industrialized service encounters:

- Goodwin, C. (1996) 'Moving the drama into the factory: The contribution of metaphors to services research', *European Journal of Marketing*, 30 (9), 13–36.
- Gabbott, M. and Hogg, G. (1996) 'The glory of stories: Using critical incidents to understand service evaluation in the primary health care context', *Journal of Marketing Management*, 12 (6), 493–503.
- Parker, C. and Ward, P. (2000) 'An analysis of role adaptations and scripts during customer-to-customer encounters', *European Journal of Marketing*, 34 (3/4), 341–58.

The literature on failed service encounters and the ways in which companies recover from service failure has been growing in recent times. The following papers are relevant.

- McCull-Kennedy, J.R. and Sparks, B.A. (2003) 'Application of fairness theory to service failures and service recovery', *Journal of Service Research*, 5 (3), 251–66.
- Maxham, J.G. and Netemeyer, R.G. (2002) 'A longitudinal study of complaining customers' evaluations of multiple service failures and recovery efforts', *Journal of Marketing*, 66 (October), 57–71.
- Lewis, B.R. and Clacher, E. (2001) 'Service failure and recovery in UK theme parks: The employees' perspective', *International Journal of Contemporary Hospitality Management*, 13 (4), 166–75.
- Hart, C.W.L., Sasser, W.E. Jr and Heskett, J.L. (1990) 'The profitable art of service recovery', *Harvard Business Review*, July–August, 148–56.

- Hoffman, D.K. and Scott, W.K. (2000) 'Perceived justice needs and recovery evaluation: A contingency approach', *European Journal of Marketing*, 34 (3/4), 418–32.
- Andreassen, T.W. (2000) 'Antecedents to satisfaction with service recovery', *European Journal of Marketing*, 34 (1/2), 156–75.
- de Ruyter, K. and Wetzels, M. (2000) 'Customer equity considerations in service recovery: A cross-industry perspective', *International Journal of Service Industry Management*, 11 (1), 91–108.
- Mattila, A.S. (2001) 'The effectiveness of service recovery in a multi-industry setting', *Journal of Services Marketing*, 15 (7), 583–96.

References

- Adam, J.S. (1965) 'Inequality in social exchange', in L. Berkowitz, *Advances in Experimental Social Psychology*, vol. 2, Academic Press, New York, 267–99.
- Bateson, J.E.G. (1989) *Managing Services Marketing – Text and Readings*, 2nd edn, Dryden Press, Forth Worth, USA.
- Berry, L.L., Seiders, K. and Grewal, D. (2002) 'Understanding Service Convenience', *Journal of Marketing*, 66(3), 1–17.
- Bies, R. (1987) 'The predicament of injustice: The management of moral outrage', *Research in Organizational Behavior*, 9, 289–319.
- Bitner, M. (1990) 'Evaluating service encounters: The effects of physical surroundings and employee responses', *Journal of Marketing*, 51 (April), 69–82.
- Bitner, M.J., Booms, B.H. and Tetreault, M.S. (1990) 'The service encounter: Diagnosing favourable and unfavourable incidents', *Journal of Marketing*, 54 (January), 71–84.
- Blackburn, R. and Athayde, R. (2000) 'Making the connection: The effectiveness of Internet training in small businesses', *Education and Training*, 42 (4/5).
- Booms, B.H. and Bitner, M.J. (1981) 'Marketing strategies and organization structures for service firms', in J. Donnelly and W.R. George (eds), *Marketing of Services*, American Marketing Association, Chicago, 51–67.
- Carlzon, J. (1987) *Moments of Truth*, Ballinger Books, Cambridge, MA.
- Churchill, G.A. and Surprenant, C. (1982) 'An investigation into the determinants of customer satisfaction', *Journal of Marketing Research*, 19 (November), 491–504.
- Edvardsson, B. and Strandvik, T. (2000) 'Is a critical incident critical for a customer relationship?', *Managing Service Quality*, 10 (2), 82–91.
- Eiglier, P. and Langeard, P. (1987) *Servuction*, McGraw-Hill, New York.
- Folger, R. and Cropanzano, R. (1998) *Organizational Justice and Human Resource Management*, Sage, Thousand Oaks, CA.
- Goodwin, C. (1996) 'Moving the drama into the factory: The contribution of metaphors to services research', *European Journal of Marketing*, 30 (9), 13–36.
- Halstead, D., Drogue, C. and Cooper, M.B. (1993) 'Product warranties and post purchase service: A model of consumer satisfaction without complaint resolution', *Journal of Services Marketing*, 7 (1), 33–40.
- Hart, C.W.L., Sasser, W.E. Jr and Heskett, J.L. (1990) 'The profitable art of service recovery', *Harvard Business Review*, July–August, 148–56.
- Heung, V.C. and Lam, T. (2003) 'Customer complaint behaviour towards hotel restaurant services', *International Journal of Contemporary Hospitality Management*, 15 (5), 283–9.
- Hoffman, K.D. and Kelley, S.W. (2000) 'Perceived justice needs and recovery evaluation: A contingency approach', *European Journal of Marketing*, 34 (3/4), 296–304.
- Hoffman, K.D., Kelley, S.W. and Rotalsky, H.M. (1995) 'Tracking service failures and employee recovery efforts', *Journal of Services Marketing*, 2, 49–61.
- Hogg, G., Laing, A. and Winkelman, D. (2003) 'The professional service encounter in the age of the Internet: An exploratory study', *Journal of Services Marketing*, 17 (5), 476–94.

CHAPTER 3 THE SERVICE ENCOUNTER

- Homans, G.C. (1961) *Social Behavior*, Harcourt Brace and World, New York.
- Kelley, S.W. and Davis, M.A. (1994) 'Antecedents to customer expectations for service recovery', *Journal of the Academy of Marketing Science*, 22 (1), 52–61.
- Kelley, H.H. and Thibaut, J. (1978) *Interpersonal Relations: A Theory of Interdependence*. Wiley, New York.
- Kingman-Brundage, J. (1989) 'The ABCs of service system blueprinting', in M.J. Bitner and L.A. Crosby, (eds), *Designing a Winning Service Strategy*, American Marketing Association, Chicago, IL.
- Lau, E. (2002) 'Productivity measures: ONS strategy', *Economic Trends*, 581, 20–5.
- Lemmink, J. and Mattsson, J. (2002) 'Employee behavior, feelings of warmth and customer perception in service encounters', *International Journal of Retail and Distribution Management*, 30 (1), 18–33.
- Mattila, A.S. (2001) 'The effectiveness of service recovery in a multi-industry setting', *Journal of Services Marketing*, 15 (7), 583–96.
- Maxham, J.G. and Netemeyer, R.G. (2002) 'A longitudinal study of complaining customers' evaluations of multiple service failures and recovery efforts', *Journal of Marketing*, 66 (October), 57–71.
- McCole, P. and Herwadkar, A. (2003) 'Towards a more inclusive model for understanding service failure and service recovery', Proceedings of ANZMAC 2003, Adelaide, Australia.
- McCull-Kennedy, J.R. and Sparks, B. (2003) 'Application of fairness theory to service failures and service recovery', *Journal of Service Research*, 5 (3), 251–66.
- Nyer, P.U. (2000) 'An investigation into whether complaining can cause increased consumer satisfaction', *Journal of Consumer Marketing*, 17 (1), 9–19.
- Oliver, R. (1980) 'A cognitive model of the antecedents and consequences of satisfaction decisions', *Journal of Market Research*, 17 (November), 460–9.
- Palmer, A., Beggs, R. and Keown-McMullan, C. (2000) 'Equity and repurchase intention following service failure', *Journal of Services Marketing*, 14 (6), 513–28.
- Parasuraman, A., Zeithaml, V. and Berry, L.L. (1985) 'A conceptual model of service quality and its implications for future research', *Journal of Marketing*, 49 (Fall), 41–50.
- Reichheld, F.E. and Sasser, W. (1990) 'Zero defections: Quality comes to services', *Harvard Business Review*, 68 (5), 105–11.
- Shostack, G.L. (1985) 'Planning the service encounter', in J.A. Czepiel, M.R. Solomon and C.F. Suprenant (eds) *The Service Encounter*, Lexington Books, Lexington, MA, 243–54.
- Smith, A. and Bolton, R. (2002) 'The effect of customers' emotional response to service failures on their recovery effort evaluations and satisfaction judgements', *Journal of the Academy of Marketing Science*, 30 (1), 5–23.
- Smith, A.K., Bolton, R.N. and Wagner, J. (1999) 'A model of customer satisfaction with service encounters involving failure and recovery', *Journal of Marketing Research*, 36 (3), 356–72.
- Solomon, M.R., Surprenant, C., Czepiel, J.A. and Gutman, E.G. (1985) 'A role theory perspective on dyadic interactions: The service encounter', *Journal of Marketing*, 49 (Winter), 99–111.
- Spreng, R.A., Harrell, G.D. and Mackoy, R.D. (1995) 'Service recovery: Impact on satisfaction and intentions', *Journal of Services Marketing*, 9 (1), 15–23.
- Stauss, B. and Weinlich, B. (1985) 'Process oriented measurement of service quality by applying the sequential incident method', Proceedings of the Workshop on Quality Management, University of Tilburg.
- Tax, S.S., Brown, S. and Chandrashekar, M. (1998) 'Customer evaluation of service complaint experiences: Implication for relationship marketing', *Journal of Marketing*, 62 (April), 60–76.
- Warnaby, G. and Davies, B.J.J. (1997) 'Cities as service factories? Using the Servuction system for marketing cities as shopping destinations', *International Journal of Retail and Distribution Management*, 25 (6–7), 204–10.