

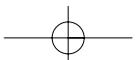
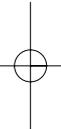
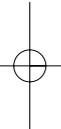
PART 02

Defining the service



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CHAPTER

03

The service encounter

❖ LEARNING OBJECTIVES

After reading this chapter, you should understand:

- ❖ Issues and problems created for the services marketer that arise from having to produce a service 'live' in front of customers
- ❖ The nature of the producer–consumer encounter
- ❖ Conceptual frameworks for analysing the service encounter
- ❖ The role of other customers in the service encounter
- ❖ Services failures and methods by which service firms seek to recover from failure

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 does not even make any 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 will focus on service encounters that occur between a company and its customers face to face. However, many service organizations have recognized the tremendous

improvements in productivity that can occur by dealing with customers over the telephone, or through the internet and we will return in Chapter 4 to the general issue of making service encounters more productive, in particular through the use of the internet.

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 that 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 these 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:

- First, the importance of the encounter is influenced by whether it is the customer him or herself who is the recipient of the service, or whether it is their possessions.
- Second, the nature of the encounter is influenced by the extent to which tangible elements are present within the service offer.

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 encounters 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 health-care, 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.

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

FIGURE 3.1 A classification of service encounter types

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 concerned with the processes of service production as much 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, may 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 also for consumers’ judgement of the service process.
- 2 Goods maintenance services.** Here, services are performed on a customer’s objects rather than their person, an example being the repair of 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 repair garage) 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 consumer 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 consumer 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 broadcasts and other distance learning schemes 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 intangible 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 Designing the customer into the service

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. The service encounter has to treat the consumer as part of a production process, rather than merely an outcome. The consumer goes into the producer's 'factory' and the resulting design of the service process involves trade-offs between the level of service desired by the consumer, the price they are prepared to pay for the service and the operational efficiency of the producer, which in turn will affect the price charged to the consumer and the level of personal service offered. 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?

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. Berry *et al.* (2002) identified five types of service convenience:

- *Decision convenience*, which 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*, which 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*, which 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*, which 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?)
- *Post benefit convenience*, which is consumers' time and effort expenditure following consumption (e.g. in respect of service failures).

We will return to issues of designing the consumer into service processes in future chapters. In this chapter, we will explore conceptual frameworks for including the consumer into service processes. In the following chapter we will explore the producer–consumer boundary in the context of service productivity. Organizations often seek to push the boundary towards the consumer, implying that the consumer undertakes a larger part of the production–consumption process themselves (for example, a restaurant can improve the efficiency of its staff by requiring customers to collect their own food, rather than serving it at their tables). At other times, customers are prepared to pay for additional convenience and the production–consumption boundary moves towards the producer, implying that the consumer is relieved of parts of their role in the production process (for example, a fast-food restaurant may offer a home delivery service, thereby removing the consumer's role of collecting the food from the restaurant).

3.2.2 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 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:

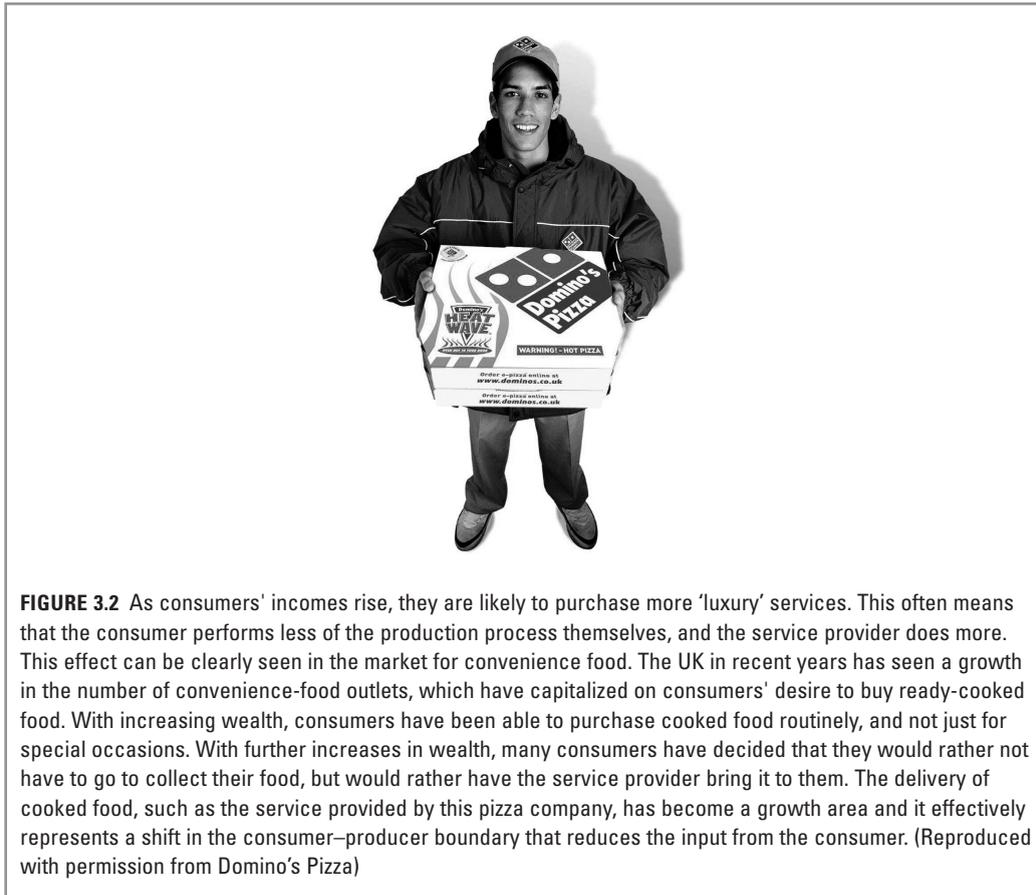


FIGURE 3.2 As consumers' incomes rise, they are likely to purchase more 'luxury' services. This often means that the consumer performs less of the production process themselves, and the service provider does more. This effect can be clearly seen in the market for convenience food. The UK in recent years 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 further increases in 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 that reduces the input from the consumer. (Reproduced with permission from Domino's Pizza)

- *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 and 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 have prevented enjoyment of their own lifestyle. Formal selection criteria can include inspecting the physical appearance of potential customers – many night-clubs 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 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 customers. Bars that 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 (which is now, of course, against the law in the UK), talking during a cinema show and playing loud music in 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. 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. 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.

3.2.3 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 important service encounters and affect the quality of service encounters perceived by its customers. Three categories of such personnel can be identified:

- A service company's intermediaries may dominate a service encounter, or particular stages of the encounter. The first contact that many people have with an organization is through its sales outlets. In the case of an airline, the manner in which a customer is handled by a travel agent can be quite critical and its outcome 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 dominate the service encounter. In such cases, quality control becomes an issue of controlling intermediaries.
- Service providers themselves buy in services from other sub-contracting organizations. Services organizations buying sub-contracted services must ensure that quality control procedures apply to many of its sub-contractors' processes, as well as to their outcomes. Airlines buy in many services from sub-contractors. 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 sub-contractor 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 bought-in services involve a wide range of encounters between the provider and customer. Airlines often sub-



FIGURE 3.3 Services are often produced and consumed in public. Indeed, one of the benefits of a service may be the ambience that is provided by a crowd of fellow customers. One reason for the continuing high attendances at horse race meetings, in the face of increasing levels of televised racing and online gambling, is the atmosphere that is generated by thousands of fans 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. The latter 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 sensitive chanting, the use of flags and banners that obscure fellow fans' view of the game, as well as in controlling drunken and disorderly behaviour. (Copyright Cheltenham Tourism/David Sellman)

contract 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 baggage. The manner in which the sub-contractor's personnel handle customers and resolve such problems as over-booked aircraft, lost tickets and general enquiries assumes critical importance.

- Sometimes staff who are not employed by the service organization or its direct sub-contractors can contribute towards 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 may 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.

We will return to the important issue of networks and relationships between service providers in Chapter 7.

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, so that it allows 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 subjectively judged by the consumer and it is difficult to define the service process in such a way that it can be easily 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 that define the service encounter in terms of role playing. More recently, many academics and business people have been talking about 'customer experience' as a framework for understanding what makes a particularly satisfying encounter between a company and its customers.

3.3.1 Blueprinting

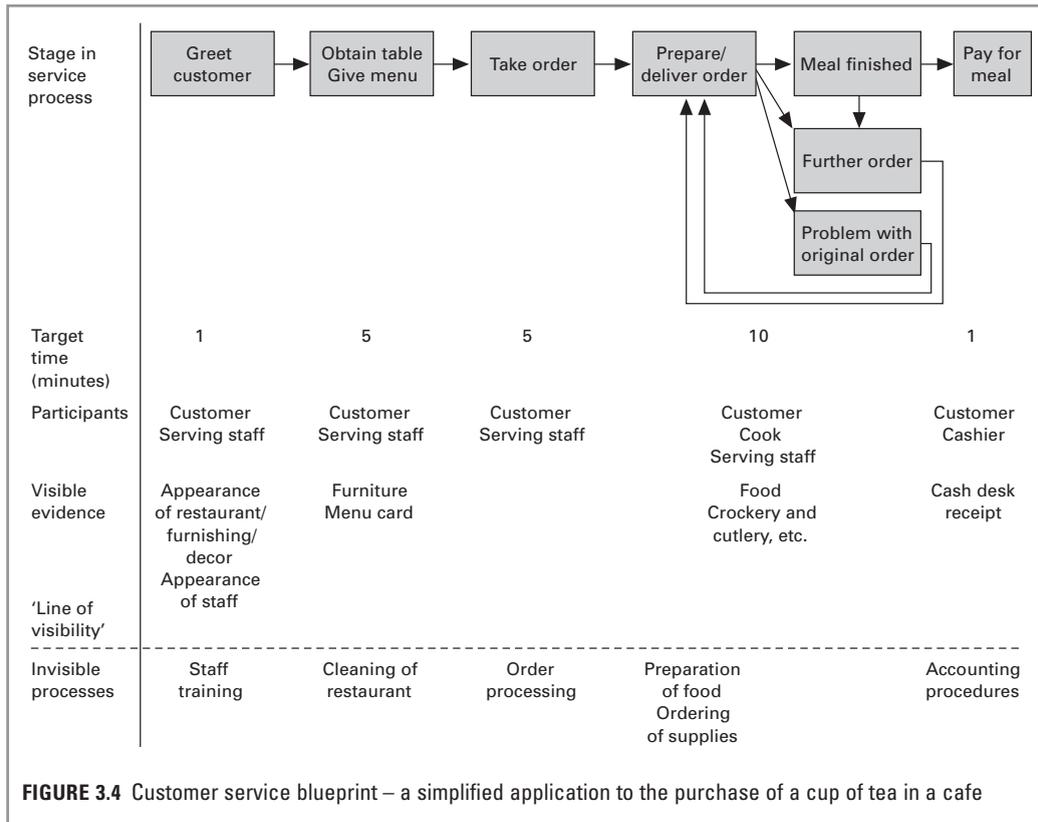
Where service production processes are complex, it is important for an organization to gain a holistic view of how the elements of the service relate to each other. 'Blueprinting' is a graphical approach proposed by Kingman-Brundage (1989) to overcome problems that occur where a new service is launched 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:

- All of the principle functions required to make and distribute a service are identified, along with the responsible company unit or personnel.
- Timing and sequencing relationships among the functions are depicted graphically.
- For each function, acceptable tolerances are identified in terms of the variation from standard that 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 3.4 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 their 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.

Blueprinting is not a new idea, with 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 which 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 3.4 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?
- 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 compensation be assessed?
- A hotel overbooks its accommodation. Which alternative hotels should the duty manager approach first to try and 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 that are incompatible with his role expectations as a business manager. Each role may 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 that 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 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 that 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 the suit to convince customers that he is capable of taking the types of decisions which 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 normally 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 adviser 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.

Both buyers and sellers 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 USA 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 that 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, both parties 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 that casts its cabin crews as the most caring crews in the business may raise customers' expectations of their role in a manner that the crews 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 their crews. 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 been progressively 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. Booms and Bitner 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)

”



FIGURE 3.5 An analogy is often drawn between front-line service workers and actors in a theatre. Typically, both may seek to create an illusion in the eyes of their audiences. The actor playing Romeo in Shakespeare's *Romeo and Juliet* can use costumes and a stage set to take his audience back to Italy in the Middle Ages. The members of the audience suspend belief in the reality around them until they leave the theatre and 16th century Italy suddenly becomes 21st century Manchester again. Many service providers similarly aim to suspend belief through the use of costumes and 'stage' props. Many people go to a coffee shop to escape from the rush of everyday life, and some UK chains have tried to create the illusion of escape to a typical Viennese or Parisian coffee house, for example. But is the analogy between theatre actors and front-line service personnel a valid one? This front-line worker arguably has a much harder task than the stage actor. Unlike the actor, he has to interact with his 'audience', treating each customer as an individual and entering into a dialogue, in contrast to the typical stage actor, who, with a few exceptions, does not directly interact with the audience. Nevertheless, many service organizations base their recruitment on 'audition'-type practices, in which the ability to 'perform' can be just as important a selection criterion as formal qualifications.

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 toward 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 that is hard to find or difficult to open is more likely to achieve the opposite effect. Having induced an approach, the Servicescape should encourage further exploration (for example, a bank branch may try to promote related financial services to customers with attractively designed information posters and video screens). Finally, the Servicescape may need to encourage customers to leave (restaurants and coffee shops that rely on fast turnround of customers may design seats that become uncomfortable after a time, thereby discouraging customers from staying too long and denying their table to the next paying customer).

After entry to 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, contributes 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 customers who find themselves 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 customers of a theatre.

3.3.4 Servuction

The frameworks that we have looked at so far take a fairly operational definition of the service encounter, especially from the perspective of the service provider. Servuction takes a slightly different perspective by concentrating on consumers' perceptions of the service encounter. The framework, developed by Eglie 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

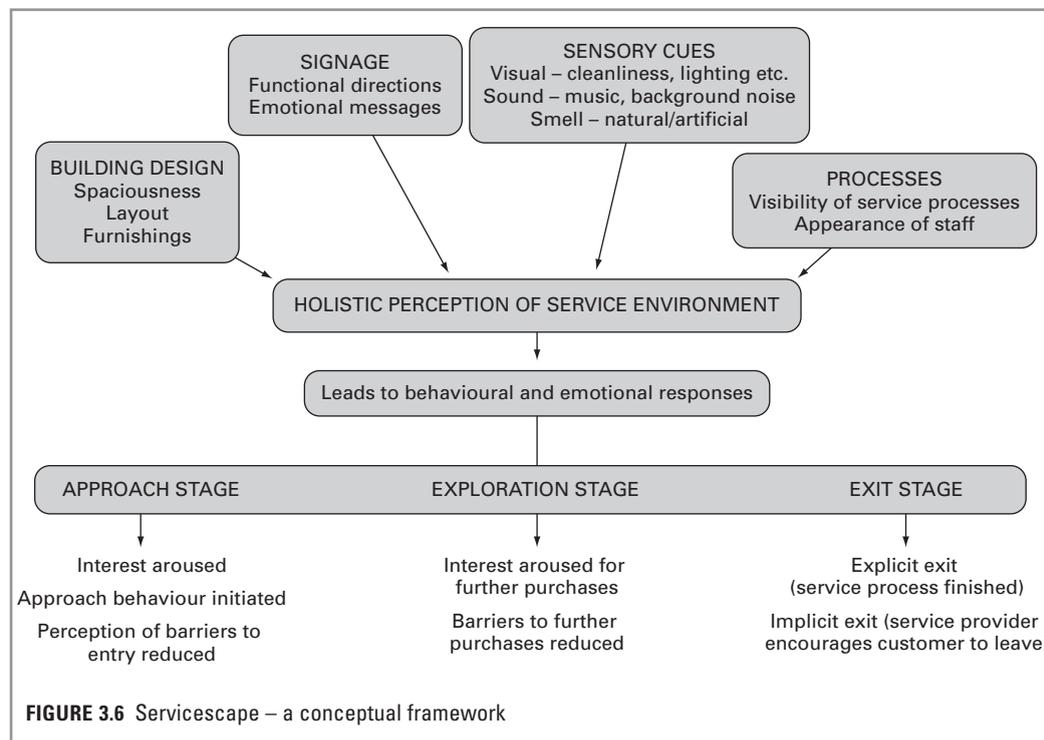




FIGURE 3.7 Service consumption usually takes place in a building provided by the service provider (although, of course, many services take place in the consumer's own home). 'Servicescape' is a term used to describe the environment in which a service is delivered and, to be successful, the servicescape has to do a number of things. First, it has to attract customers. Eye-catching displays such as those found in this coffee shop, must grab attention from potential customers who are passing by. Prospective customers should be encouraged to explore further and so restaurants place their menus in the window and try to give customers a good view of the inside of the restaurant, either through clear windows or by using pictures showing tables that may be upstairs or otherwise not visible. Barriers to further exploration must be reduced and, for this reason, many service establishments deliberately leave their front door open – even the effort of pushing the door may act as a barrier and deter some people. Inside, many restaurants employ 'greeters', who seek to rapidly commit the prospective customer to the coffee shop and initiate the service process. Inside the coffee shop, the Servicescape must be functional for the employees, as well as creating the right ambience for the target customers. Sometimes, the Servicescape can be subtly changed to meet changing needs; for example, soft lighting may be used in the evening to create a leisurely atmosphere, while bright lighting is used for more hurried lunchtime diners. For special occasions, completely new Servicescapes can be created; for example, restaurants often create a festive environment in the run-up to Christmas. It is not just the visual aspects of the Servicescape that can be managed – restaurants also pay close attention to ambient music, which is typically faster at lunchtime and slower in the evening. Restaurants also use smells such as fresh baking or coffee to tempt prospective customers in. Although a lot of effort is spent on encouraging entry and exploration, the Servicescape may also need to discourage customers from staying too long. At closing time, for example, staff typically want to clean up and go home as soon as possible, and a variety of subtle and not-so-subtle hints are used in an attempt to speed the customer's departure.

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 each 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 (1989) 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.

The Servuction approach is particularly relevant to services that 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. One person's definition of the benefits of a leisure visit to Paris may be quite different to another person's – only consumers can define the service encounter that matters to them.

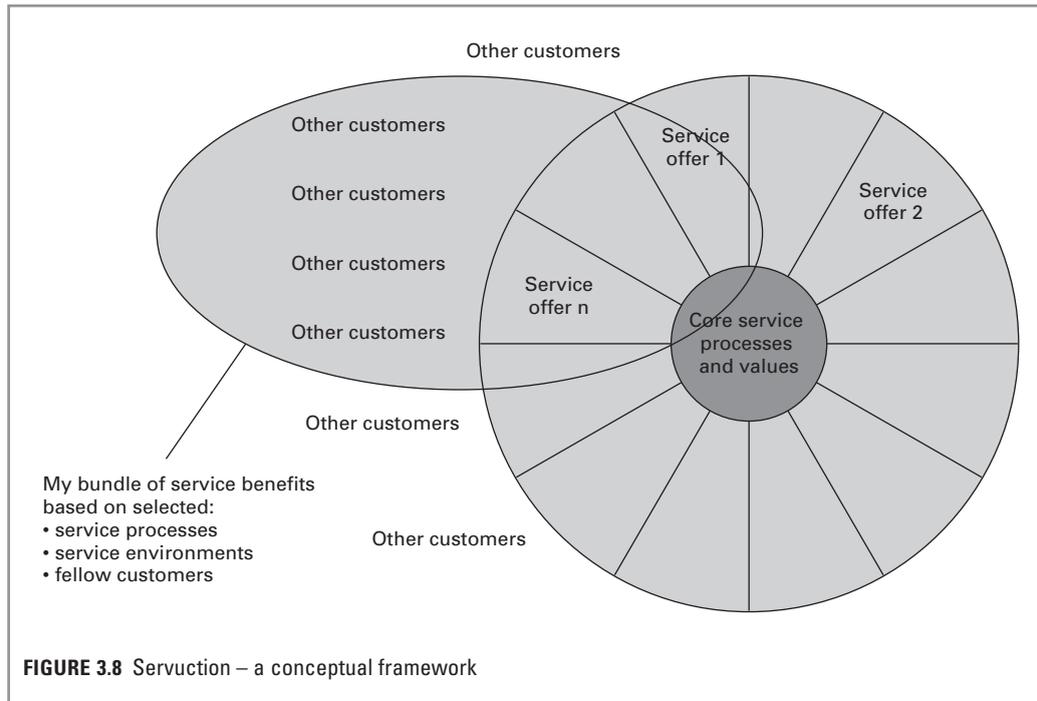
3.3.5 Customer experience

Companies are increasingly using the framework of 'customer experience' to define what they offer their customers. Although the term has become widely used, there are many definitions of just what constitutes customer experience. An all-embracing definition is provided by Gupta and Vajic (2000), who stated that an experience occurs when a customer 'has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by the service provider'. Some authors have broadened the concept of customer experience, with sometimes seemingly circular definitions, for example 'total customer experience emphasizes the importance of all contacts that a consumer has with an organization and the consumer's holistic experience' (Harris *et al.*, 2003). However, such broad definitions take us back to an early definition of Abbott who noted that:

“ ... What people really desire are not products, but satisfying experiences. Experiences are attained through activities. In order that activities may be carried out, physical objects for the services of human beings are usually needed... People want products because they want the experience which they hope the products will render. (Abbott, 1955, cited in Holbrook, 2006, p. 40). ”

Unfortunately, use of the term 'experience' has been confused by its frequent association with hedonistic values of a product rather than the more general utilitarian value defined by Abbott. As a result of such confusion, its use runs counter to a lot of consumer behaviour literature, which emphasizes how consumers' repeated experience of a phenomenon leads to a learned response. While repeated exposure may lead to a learned response, hedonistic definitions of customer experience imply that the value of an experience may lie in the lack of a learned response. The true benefit may lie in attitudinal outcomes of 'surprise', 'delight' and 'excitement'. The first encounter with a stimulus is highly valued because of its novelty, but the stimulus is less likely to be subsequently sought because of its lack of novelty value.

Creating a customer experience is about more than the sum of its individual components, which may typically comprise:



- the physical and relational setting (Grove *et al.*, 1992; Gupta and Vajic, 2000)
- customer-focused product design with expected levels of quality (Price *et al.*, 1995)
- the service delivery processes (Harris *et al.*, 2001)
- aspirational or utilitarian brands (de Chernatony and McDonald, 2003) and supporting relationships (Gummesson, 1997).

A number of authors have recognized the importance of sequencing to the development of a memorable customer experience (e.g. Chase and Dasu, 2001; Pine and Gilmore, 1998, 1999). According to Chatman (1978), experiences should have a sequence structure with a story structured in a manner similar to musical pieces. Creating a story-like time pattern in experience design can provide sequences of emotions similar to those provided by episodes in human life (Deighton, 1992). Pine and Gilmore noted that experience of an emergent phenomenon should be designed for enhancement over time. The sequence of events in an experience design should improve over time and end on a positive note because an unpleasant ending dominates the memory of the entire experience. Returning to the drama analogy, this is similar to musicals invariably ending on a high note.

Sequencing issues have been addressed in discussion of 'flow', described as an experiential state 'so desirable that one wishes to replicate it as often as possible' (Csikszentmihalyi, 1988). To remain in flow, an individual must be presented with progressively more challenging scenarios in order to ensure that the level of complexity is consistent with their motivation and skills. Flow has been examined in relation to a number of leisure services, including gambling, adventure parks and computer-mediated environments that

involve individuals becoming completely engrossed (Hoffman and Novak, 1996; Csikszentmihalyi, 1990; Trevino and Webster, 1992). It has been suggested that the experience of flow may be particularly high where an individual is uncertain about the outcome (Arnould and Price, 1993). Operators of online gambling services have recognized the importance of understanding flow, as we will see in the next chapter.

A crucial aspect of defining a successful customer experience lies in understanding individuals' emotional states, before, during and after the service encounter. When affective involvement with an item or service is high, consumers can experience strong emotional reactions to a stimulus. Emotions act as a source of information, which is used to evaluate the stimulus and lead to the formation of an attitude. Emotions are more likely to play an important role in attitude formation and change when they are relevant to the product or service being consumed (Hoyer and McInnis, 2001; Price *et al.*, 1995). For example, an individual who is tired and hungry may see a restaurant primarily as a source of food, and efforts by restaurant management to provide an experiential environment may fail to appeal to that individual's emotional state. It should follow that the consumer's selective perception is directed towards the food rather than the environment, and therefore the experience retained in memory will focus on the food component. For an individual on vacation and visiting the restaurant for a leisurely social meal, selective perception is more likely to be directed towards environmental cues, which will be retained in memory. Emotional involvement is not an attribute of a product or service; rather it is the importance of it to the consumer. The same product or service can be low-involving for some and high-involving for others. Emotions can transform an event into an experience.

When does a customer experience begin and end? It may be too simplistic to believe that it begins when the consumer initiates a service process and ends on completion of the agreed service. Prior to the service process beginning, individuals may gain experiential benefits through anticipation. For example, many people enjoy the experience of looking through holiday brochures before they choose a holiday, and long before they begin their holiday. There is increasing evidence that anticipation of an event may be recognized as an important experiential benefit, evidenced by the way that some organizations use queues and waiting time to generate emotions of excitement and anticipation for the main event (Cowley *et al.*, 2005). After the event, an experience may be extended through the purchase of memorabilia. Memorabilia contribute to an experience in two important ways. First, they are a visible reminder of the experience, extending the memory of it after the actual encounter; second, memorabilia can facilitate peer discussion of the experience (Goulding, 1999).

What are the boundaries of a customer experience? Service providers may be interested in perceptions of that part of a service encounter that they control, but consumers' perception of their 'total experience' may embrace other non-controllable components. As an example, a dominant element of the experience of dining at a restaurant may be the lack of available public parking spaces or perceived levels of street crime in the vicinity of the restaurant.

One approach to understanding the holistic nature of a customer experience is to draw an experience map showing the emotions evoked as an individual makes their journey through a service process. There may at first sight appear to be similarities between this approach and blueprinting, which was discussed earlier. The difference, however, is that,

Thinking around the subject – Smells sell

Smell has been used for a long time by organizations to create a pleasant service environment. Coffee shops have often circulated the smell of freshly roasted beans by the entrance door in the hope that such smells would be an irresistible invitation to passers-by to enter. Supermarkets have managed smells carefully, for example by extracting unpleasant smells of fish and detergents, and instead circulating fresh bread smells. The effect of smell on consumers' evaluation of a service experience, and their subsequent purchase/repurchase/recommendation, has been well researched (see for example Bosmans, 2006). Among a number of reported findings, the smell of mulled wine has been seen to increase sales of Christmas food, and the smell of toast has been associated with sales of electric toasters. Improvements in technology no longer constrain a service provider to those smells that are an inherent part of their production processes – such as bread smells for a bakery and coffee smells for a coffee shop. Manufactured smells can be imported that are completely unrelated to production processes. The electrical shop selling toasters, for example, would almost certainly have to import an artificial smell, rather than producing it naturally by toasting bread.

Why are companies so keen to spend money creating artificial smells? Most simply, if a smell is seen to work, its use will be further developed. A large multi-outlet chain can experiment with smells by measuring the effects of specific smells on sales in experimental outlets, compared with sales in matched control outlets. More fundamentally, smell can act as part of a service organization's distinctive identity, in much the same way as its distinctive visual identity. Even with a blindfold, many book-buyers may be able to recognize the distinctive smell of a Waterstone's bookshop, or of a Starbucks coffee shop. Why do smells have such effects on buyers? Stimulus–response models can provide some explanation. Some responses may be part of our basic psychological make-up; for example, the smell of fresh food to a hungry person is likely to create a desire for food. However, other stimuli may have a more indirect effect through association with evoked memories. There is no physiological reason why the smell of popcorn should help a video rental business to hire out more videos, but an effect arises from association of popcorn with previous visits to the cinema, maybe associated with happy childhood memories. Of course, a smell that evokes such a response in one person may have no effect in another, and service organizations expanding overseas need to understand cultural definitions of smell, as well as basic physiological responses.

Is the use of smells in the service environment ethical? Can the use of artificial smells be justified where there is no link to actual production methods, and some would argue the company is cynically exploiting consumers' subconscious memories? Are some groups of customers particularly vulnerable to such an approach, for example children, who may be attracted to a store by the smell of confectionery? Or is the use of smell evidence of service organizations' strong customer focus and their determination to create a pleasant experience, whose success can be measured by customers returning and recommending the business to others?

while a blueprint is driven by operational systems and sub-systems, the customer experience map focuses on customers' feelings and emotions at different points in what should be a seamless service process. An example of a customer experience map applied to a full service restaurant is shown in Figure 3.9.

If 'customer experience' is regarded as comprising essentially non-utilitarian benefits that a consumer seeks from a purchase, it could be expected that interest in customer experience advances during periods of prolonged economic prosperity. In the field of leisure and tourism, it has been suggested that the most significant and rapid developments analogous to 'customer experience' have occurred in the UK during periods of prosperity, notably the 1890s, 1930s, 1950s and, more recently, the late 1990s (Urry, 2002). As well as growth in overall GDP per head, these periods have also been associated with increasing disparity in income distribution. More recently, it has been reported that in the first five years of the 21st century, the gap between the richest and poorest segments in UK and US

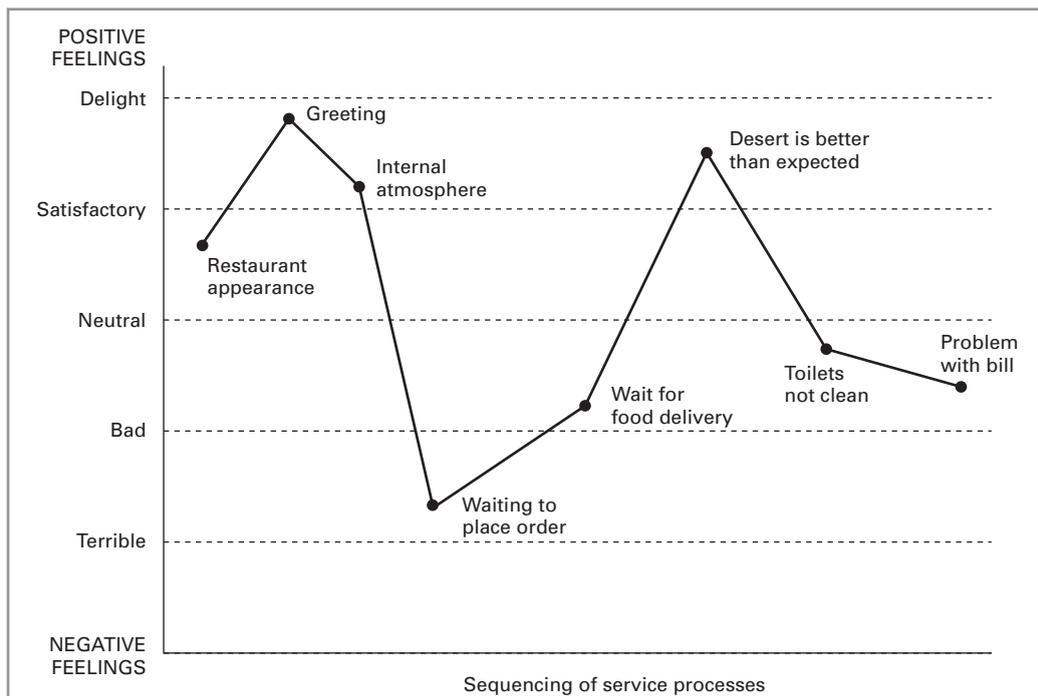


FIGURE 3.9 Complex service processes typically have high points and low points in terms of the feelings and emotions evoked in customers as they pass through the process. Based on survey research, an experience map can seek to identify where these points occur, in order that management can improve on the low points and review the sequence of experience states, and so ensure that customers leave the service process with positive feelings. For example, if payment is a major source of frustration, could this process be moved from the end to the beginning of the service process, so that customers are more likely to leave the restaurant with positive feelings? Of course, an event that generates positive feelings for one customer may generate negative feelings for another, and even the same customer may experience different feelings from one day to the next, reflecting variability in the service process and variability in customers' prior emotional states. With these caveats, this simplified diagram shows how a customer's overall emotional state may fluctuate during a visit to the restaurant.

societies has widened (U.S. Bureau of the Census, 2003; Office of National Statistics, 2006). This widening disparity may explain the apparent anomaly of rapid growth in 'low-cost, low-frills' (and therefore by implication 'low-experience') sectors within the airline, retail and hotel markets. To detractors of the 'experience economy' the growth of 'no-frills' sectors is evidence of consultants' hype and the limited applicability of the customer experience model. However, given a growing disparity in income, price-driven and experience-driven business models can co-exist. Moreover, with continuing rising expectations, it could be expected that non-utilitarian dimensions of experience will continue to become a more important component of the total service offer.

Can a customer experience be defined in the objective and operational manner that is possible for the more operationally driven approach of blueprinting? Probably the greatest problem in developing a simple and operationally acceptable framework for customer experience is the complexity of context-specific variables. The discussion above indicated that experience is conditioned by differences between individuals, differences over time in an individual's emotional state and a variety of situation-specific factors. To be of managerial usefulness in planning and control, a measure of experience must take account of these moderating influences. A further conceptual problem in measuring and managing experience is the identification of an optimal level of experience. For parallel and contributory constructs such as quality and satisfaction, there is an implicit assumption that consumers will prefer outcomes with higher scores on these scales. However, experience is more complex and non-linearity may imply lower cut-off points at which an experience is not recognized, and a higher point beyond which 'more' experience may be associated with negative benefits (imagine a restaurant with excessive sounds and video screens). An alternative, qualitative approach adopted by Holbrook focuses on the 'three Fs' of fantasies (dreams, imagination or unconscious desires), feelings (emotions such as love, hate, anger, fear, joy and sorrow) and fun (hedonic pleasure derived from playful activities or aesthetic enjoyment) as key aspects of the consumption experience (Hirschman and Holbrook, 1982; Holbrook and Hirschman, 1982). However, far from being a new approach to studying consumer behaviour, the authors accepted that this experiential approach had a long lineage, dating back to Alfred Marshall in the 19th century and Adam Smith in the 18th century.

3.4 Health, safety and security of the service encounter

The inseparability of services implies that customers effectively walk into the 'factory' where their service is produced. This analogy is important when it comes to understanding the need to ensure a safe and secure environment in which a service is produced. We now readily accept that employees working in manufacturing industries should be protected from hazards present in the factory. We may think that services involve fewer hazards, but the production/consumption environments may nevertheless present many potential hazards and security risks to employees and consumers alike. Furthermore, legislation, and increasingly litigious consumers, are placing more constraints on the design of services processes. Very often, marketers in their desire to meet consumers' needs run up against regulations that are designed to ensure a safe environment.



FIGURE 3.10 Many consumers regard a service outlet not so much as a functional place where a service can be delivered efficiently, but rather 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 are buying an experience in an imaginatively themed bar.

A contemporary issue concerns smoking in service outlets such as bars and restaurants. For many businesses, smokers may have been good customers, spending more than average, and likely to defect to an alternative venue if smoking was restricted. Marketers had to make the initial calculation whether the loss of smokers would be offset by attraction of additional customers for whom a smoke-free environment was more attractive. But there was a bigger consideration that goes beyond marketing. Should a company run the risk that its employees may sue it for the harmful effects of passive smoking? Marketers may now be frustrated by the legislation to ban smoking in workplace environments, introduced in Ireland in 2004 and gradually being adopted by other EU countries (in force in England and Wales from

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2007). Given the inseparability of services, a ban on smoking at work effectively reduces marketers' discretion, even if market research indicates that a majority of customers would prefer a smoking environment.

At the heart of safety issues is the idea of risk assessment. What is an acceptable risk has changed over time, and varies between countries. Very few services could be considered completely risk-free – even serving a cup of coffee from a coffee takeaway stall runs the risk that the water may be too hot and scald the customer. But the likelihood of this happening, coupled with having reasonable processes in place to make sure this does not happen, means that coffee shops quite happily accept the risk of serving coffee. Sometimes, risk is a central concern of a service encounter, and marketing people generally do not need any reminder of its importance. An outward-bound adventure centre offering courses in abseiling and canoeing, for example, must have robust risk assessment procedures in place, with clearly specified guidelines for managing these risks (for example, allocating a minimum supervisor-to-student ratio and requiring the use of safety equipment and compulsory training for supervisors). At other times, it may be very easy to ignore risk, and companies may fail to undertake a proper risk assessment. What about the risk to the health of staff and customers working in a shop or leisure facility with inadequate ventilation or poor lighting?

There have been a number of cases of reported conflicts between the marketing function of a service business, wanting to improve customer performance at lower cost, and the operating departments, which must ultimately carry responsibility for shortcomings in operating practice. An inquiry into the sinking of the passenger ferry *Herald of Free Enterprise* in 1987 noted the operational pressure to depart on time (and therefore reduce customer complaints about delays), even if this meant the ship leaving with its doors open, a consequence of which was the capsizing of the ship and the loss of 193 lives.

Managers must be very careful to specify a service encounter in a manner that rigorously addresses the issue of risk. Too often, when a service encounter results in injury or death, the initial reaction is to blame the low-level operative who made a mistake. However, this mistake has to be seen in the context of pressures from other sources within the service production process. As an example, 31 people were killed when two trains collided outside London's Paddington station in 1999. The immediate cause of the crash was the driver of one of the trains crossing a red signal. Although this driver took the immediate blame for the incident, a further enquiry revealed a catalogue of service design failures. Questions were raised about the recruitment and training of drivers (the driver concerned had only recently been recruited). Numerous other drivers had reported that the red signal was hard to see in certain conditions, and had been passed at red previously, yet this issue had not been addressed by management. Questions were raised about management's commitment to the installation of an onboard warning system that would have prevented this type of accident. There have been calls for greater use of the charge of corporate manslaughter against managers of companies who design and implement unsafe services. In the Paddington train crash, as in the *Herald of Free Enterprise* disaster, it has been argued that pursuing a prosecution against an errant employee would not serve the public interest as much as a prosecution of the managers who designed poor service processes in the first place.

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:

- 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 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 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 consume the service without fear or interruption. For example, the Israeli airline El Al is acknowledged to have the strictest security of any airline, which 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 services organizations since the events of 11 September 2001, terrorism is of course not 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 service organizations, but their effects on service 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 their distribution channels, for example by introducing tamper-evident packaging. This is in contrast to service organizations, where customers typically enter the production process and cannot be easily 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 much greater.

Service organizations have become targets for terrorist groups. Sometimes, the group may be campaigning against a specific 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 animal rights groups. At other times, a service company may simply represent the values of a group that 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 services 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 did not result in the



FIGURE 3.11 Visitors to Bavaria's beer festivals come away with memories of the beer and barmaids. The service encounter is made memorable by the distinctive dress worn by barmaids, which combines tradition with visual appeal (especially to men, who make up a large part of the festivals' market). The barmaids' dress, known as a 'dirndl', comprises a figure-hugging dress and apron with a tight, low-cut top. The sight of a barmaid dressed in a dirndl and carrying several glasses of beer helps to transform a drink into an experience. Customers love the dress, brewers love it and apparently the barmaids do too. But this apparently happy service environment was threatened in 2006 by the EU's Optical Radiation Directive, by which employers of staff who work outdoors, such as those in Bavaria's beer gardens, must ensure that staff are protected against the risk of sunburn. The serious point underlying the EU legislation is that in the UK alone about 70,000 new cases of skin cancer are diagnosed each year. Faced with this directive, how should the provider of an outdoor service encounter react? If they leave scantily dressed employees exposed to the sun, they could face fines, and possible legal action by employees who subsequently develop skin cancer. But, contrary to many newspaper reports, the EU directive does not specifically require Bavarian barmaids (or outdoor workers elsewhere) to cover up their low-cut dresses. Management must undertake a risk assessment and consider what is appropriate to a specific service encounter. Perhaps the unique character of the Munich Oktoberfest could be preserved with the help of sun cream and by reducing each barmaid's hours of exposure to the sun.

disruption of a plane being blown up, it may have nevertheless caused disruption through 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 services 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 couple of 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 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?

3.5 Service failure and recovery

Almost inevitably, service encounters will not always go according to plan, leaving customers dissatisfied. 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. Kelley and Davis, 1994; Bitner *et al.*, 1990). It has been suggested by Halstead *et al.* (1993) that a single service failure may have two effects. First, a 'halo' effect may negatively colour a customer's perceptions (for example, if an airline loses a passenger's baggage, the passenger may subsequently associate any communication from the airline with failure). Second, 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 so that they become more critical of minor failures in subsequent stages. A diner who has been unreasonably delayed in obtaining their pre-booked table may be more ready to complain about minor problems with the subsequent delivery of their food.

We will begin our analysis of service failure by considering those critical aspects of a service encounter that are prone to failure and have significant impacts on customers.

3.5.1 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

Thinking around the subject – 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 that explain the response, but there are many instances where apparently silly ‘security’ responses are made. Consider the case of the entertainer Jeremy Beadle, who was reportedly denied boarding to 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 was seen by millions of people each week on television. Many nearby fans were apparently able to vouch for his identity. But without the right bit 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 for contracts between security services 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 have also 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 the 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 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 was 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?

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, such incidents can arise also 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 critical incidents:

Pre-sales	Initial telephone enquiry Making reservation Issue of ticket
Post-sales, Pre-consumption	Check in of baggage Inspection of ticket Issue of boarding pass Advice of departure gate Quality of airport announcements Quality of waiting conditions
Consumption	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
Post-consumption	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 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 everybody within a service organization as a 'part-time marketer' (Gummesson, 2002).

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).

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 free-phone 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 complainant has managed to get the feeling off their chest. 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 offence. 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.

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 their propensity to complain.

3.5.2 Identifying service failures and the development of recovery strategies

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).

It is often suggested that a happy customer will go away and tell two or three people about their good service, but a dissatisfied customer will tell probably a dozen about a failure.

Businesses commonly lose 15–20% 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 toward 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 services organizations to recover from an adverse critical incident and to build up a strong relationship once again.

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 victim of importing the American philosophy that once a customer has had a complaint successfully dealt with, they 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 a tide of bogus complaints? One company, Sainsbury’s, now logs all of its complaints centrally in order to try and identify frequent complainers.

Service recovery processes are those activities in which a company engages to address a customer complaint regarding a service failure. There is evidence that 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 (Kau and Loh, 2006; 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 (Churchill and Surprenant, 1982; Oliver, 1980; 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:

- distributive justice (the fairness of the outcome of the complaint resolution process)
- procedural justice (whether the procedures for resolving the failure were considered to be fair)
- 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, that generates a process of interaction leading to a decision and 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

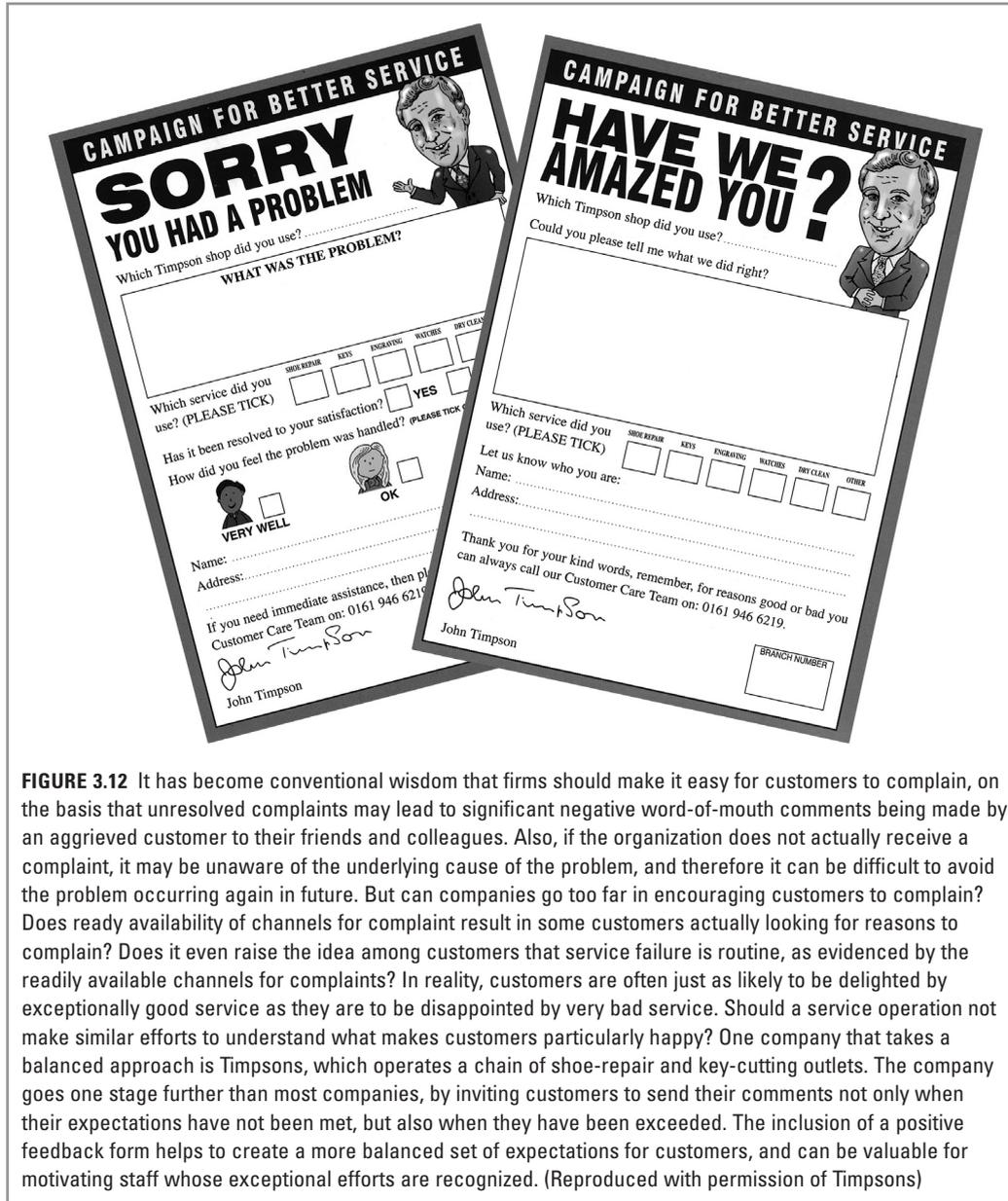


FIGURE 3.12 It has become conventional wisdom that firms should make it easy for customers to complain, on the basis that unresolved complaints may lead to significant negative word-of-mouth comments being made by an aggrieved customer to their friends and colleagues. Also, if the organization does not actually receive a complaint, it may be unaware of the underlying cause of the problem, and therefore it can be difficult to avoid the problem occurring again in future. But can companies go too far in encouraging customers to complain? Does ready availability of channels for complaint result in some customers actually looking for reasons to complain? Does it even raise the idea among customers that service failure is routine, as evidenced by the readily available channels for complaints? In reality, customers are often just as likely to be delighted by exceptionally good service as they are to be disappointed by very bad service. Should a service operation not make similar efforts to understand what makes customers particularly happy? One company that takes a balanced approach is Timpsons, which operates a chain of shoe-repair and key-cutting outlets. The company goes one stage further than most companies, by inviting customers to send their comments not only when their expectations have not been met, but also when they have been exceeded. The inclusion of a positive feedback form helps to create a more balanced set of expectations for customers, and can be valuable for motivating staff whose exceptional efforts are recognized. (Reproduced with permission of Timpsons)

importance of the three dimensions depends on several factors, including: the type and magnitude of the service failure (McCull-Kennedy and Sparks, 2003), the service context (Mattila, 2001), the extent of any prior relationship (Hoffman and Kelley, 2000), customer psychographics (McCole and Herwadkar, 2003), and emotional state (Schoefer and Ennew, 2005).

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 their 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 that 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 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 overbooked, 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 their best advantage. This could involve the tour leader demonstrating to his or her customers that they are determined to get their way with the hotel manager and to get their room allocation restored. They could also negotiate 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 re-arranging 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. First, 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 that best meets the needs of customers. Second, service organizations should empower front-line staff to take remedial action at the time and place that 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 overbooked 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:

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- 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 interests 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).

Thinking around the subject – Wrong kind of excuse put on the line

Train operators in the UK have a long tradition of giving excuses for service failures that have become stock-in-trade for stand-up comedians. 'Leaves on the line' is a problem that perplexes commuters each autumn, amazed that a few small leaves can halt a 100 tonne train. The greatest ridicule was given to 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 communication 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, should it not be addressing the underlying problems? One company that fully acknowledged the intelligence of its customers was Virgin Railways. Richard Branson wrote in the company's customer magazine that its service standards were just not good enough, but pleaded with customers to be patient while the company invested money to reverse decades of government neglect.

A focus in the services marketing literature on service failures and recoveries from individual service encounters draws attention away from the 'bigger picture'. To overcome the problem of just looking at a disconnected 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.

A series of apparently unrelated service failures may lead to a crisis (Elliott *et al.*, 2005). A major train accident, such as that which occurred near to London's Paddington station in 1999, may be the result of apparently minor failures, including faulty safety equipment and inattentive staff, which when combined result in a major crisis. We will return to the subject of crisis management in the context of service organizations' communication in Chapter 13.

CASE STUDY: CREATING A DRAMA AT T.G.I. FRIDAY'S



Is it a pub? Is it a restaurant? Or is it theatre? The operators of T.G.I. Friday's 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 T.G.I. Friday's may come as welcome relief.

T.G.I. Friday's 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 2006, T.G.I. Friday's had 46 restaurants in the UK, and a worldwide total of 934 in 55 countries.

The credo of T.G.I. Friday's, according to Richard Snead, president and CEO of Carlson Restaurants Worldwide, parent company of T.G.I. 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 their restaurants:

- *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 to back-room staff.
- *Product.* A meal is a focal point of a customer's visit and consistency of standards is important.
- *Package.* This comprises the building and furnishings which must be kept well maintained.
- *Ambience.* This is an important part of the meal experience that is difficult to specify, but memorable to customers.

The first T.G.I. Friday's 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. Décor has become a key element in the T.G.I. Friday's experience, transforming an otherwise bland and boring industrial-type building into a theatrical stage. For T.G.I. Friday's interior decor, a full-time antique 'picker' travels extensively to auctions and flea markets. Memorabilia have to be authentic and, if possible, unique to the area where a new restaurant would be located.

T.G.I. Friday's offers 'mass customization' in which the company offers a basically standard service to all customers, but the customer 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 T.G.I. 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 T.G.I. Friday's 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 one hundred 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 T.G.I. Friday's from its competitors. Crucial to the distinction 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.

T.G.I. Friday's 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 whilst 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 T.G.I. Friday's a sustainable business model? Among the portfolio of restaurant formats operated by Whitbread plc, T.G.I. Friday's 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 into 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 T.G.I. Friday's, 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 worth paying staff a little more and passing this on to customers as higher prices?

Case study review questions

- 1 What are the connections between theatre and T.G.I. Friday's? Is the dramaturgical analogy a good one?
- 2 What is meant by a critical incident? How can T.G.I. Friday's 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 T.G.I. Friday's.

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 that are not present in the manufactured goods sector, where goods can be produced out of sight and stockpiled 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 9. The quality of the service encounter contributes towards a consumer's decision on whether to repurchase from a particular supplier, to the extent that an ongoing relationship is developed (Chapter 7).

A critical factor in service encounters that rely on staff inputs by the provider are the quality and consistency of staff. This chapter has highlighted the preoccupation on the part of many service providers with simplifying and deskilling the tasks of staff. There is a limit to which this can go and staff will usually need to be appropriately selected, trained and monitored for most service encounters. These issues are returned to in Chapter 10. 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 12.

Chapter review questions

- 1 Explore the reasons why it is more difficult to specify a service than a manufactured good. Provide a critical overview of approaches used by service companies to describe their service offer in a manner that facilitates planning and control functions.
- 2 Many analyses of the service encounter have drawn analogies with the theatre. Critically assess the extent to which this analogy is valid.
- 3 What is meant by service failure? Critically evaluate strategies that a fast-food restaurant can employ to recover from service failure.

Activities

- 1 Choose one of the following service processes: taking a car into a garage to have an exhaust system renewed; minor building repairs to a house; hair styling and colouring. Draw a service blueprint that 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.
- 2 Consider a high-contact service that you have consumed recently, such as a visit to a bar, restaurant, library or dentist. Construct an experience map, using the principles shown in Figure 3.9. Be careful to consider when your experience began and ended, and identify all the sensory cues that you picked up during the service process. What elements of experience stand out in your memory? Why is this? Why is it important for the service provider to understand your long-term memory of the encounter?
- 3 Consider a visit to a dentist or a doctor's surgery. Identify possible critical incidents during the service process. Suggest how the service provider could identify critical incidents and diagnose whether it has failed or succeeded in respect of these. Use frameworks such as Blueprinting to suggest methods by which recovery from service failure could be facilitated. What do you think is the effect on the service failure/recovery process of the professional status of the doctor/dentist?

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.
- Role-playing** Behaviour of an individual that 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.

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 early papers in the development of this stream of literature:

- Bitner, M.J., Booms, B.H. and Tetreault, M.S.** (1990) ‘The service encounter: diagnosing favourable and unfavourable incidents’, *Journal of Marketing*, 54 (1), 71–84.
- Shostack, G.L.** (1984) ‘Designing services that deliver’, *Harvard Business Review*, 62 (1), 133–39.

Servicescapes are discussed in more detail in the following:

- Bitner, M.J.** (1990) ‘Evaluating service encounters: the effects of physical surroundings and employee responses’, *Journal of Marketing*, 54 (2), 69–82.
- Reimer, A. and Kuehn, R.** (2005) ‘The impact of servicescape on quality perception’, *European Journal of Marketing*, 39 (7/8), 785–808.

The following papers offer further discussion of role playing and scripting, which is an important aspect of 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.
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- 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.
- Williams, J.A. and Anderson, H.H.** (2005) 'Engaging customers in service creation: a theatre perspective', *Journal of Services Marketing*, 19 (1), 13–23.

The subject of customer experience management is discussed in the following:

- Arnould, E. and Price, L.** (1993) 'River magic: extraordinary experience and the extended service encounter', *Journal of Consumer Research*, 20 (1), 24–45.
- Meyer, C. and Schwager, A.** (2007) 'Understanding customer experience', *Harvard Business Review*, 85 (2), 116–26, 157.
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