

Chapter 10: Crafting the Service Environment



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Recap

- **In which course week are we?**
- **Which part of the book?**
- **Which are the tools for depicting service processes?**
- **What does the flowchart describe?**
- **What are the key components of a Service Blueprint?**

Opening question

- 1. Are there places that are in your heart?**
- 2. Are there shop places that are in your heart?**

Service Environments — An Important Element of Service Marketing Mix

- **Service environments (i.e., *servicescapes*)** relate to style and appearance of physical surroundings and other experiential elements encountered by customers at service delivery sites
- Designing service environment is an art, involves time and effort, and can be expensive to implement

What are the goals of a servicescape?

Purpose of Service Environments

- Shape customers' experience and their behaviors
- Support image, positioning, and differentiation
- Part of the value proposition
- Facilitate service encounter and enhance productivity



Support Image, Position, and Differentiation



Orbit Hotel and Hostel, Los Angeles



Four Seasons Hotel, New York

Servicescape as Part of Value Proposition

- **Physical surroundings help shape appropriate feelings and reactions in customers and employees**
 - e.g., Disneyland, Denmark's Legoland
- **Servicescapes form a core part of the value proposition**
 - **Las Vegas: repositioned itself to a somewhat more wholesome fun resort, visually striking entertainment center**
 - **Florida-based Muvico: builds extravagant movie theatres and offers plush amenities. *“What sets you apart is how you package it.”***
(Muvico's CEO, Hamid Hashemi)

The Theory Behind Consumer Responses to Service Environments

The
Stimulus-
Organism-
Response
(SOR)
Model

Valence and
Intensity
Model of
Affect

Stimulus–Organism–Response (SOR) Model



Valence and Intensity Model of Affect



Valence and Intensity Model of Affect

- Environments are stimulating:
 - when they are complex
 - include motion or change
 - have novel and surprising elements
- A relaxing environment with a low information rate has relaxing characteristics.

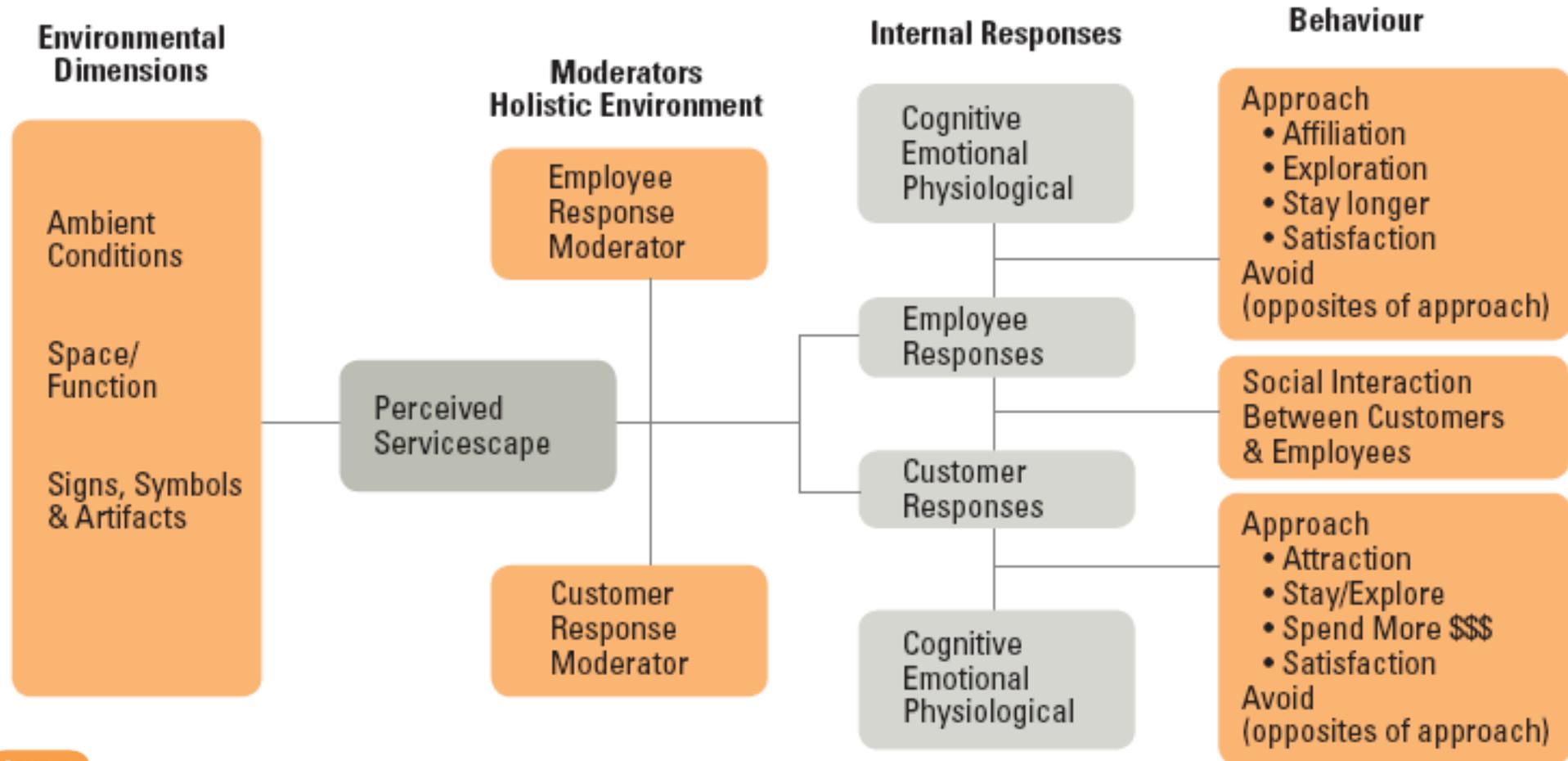
Valence and Intensity Model of Affect



Behavioral Consequence of Affect

- **Pleasant environments result in approach, whereas unpleasant ones result in avoidance**
- **Arousal amplifies the basic effect of pleasure on behavior**
 - ➔ **If environment is pleasant, increasing arousal can generate excitement, leading to a stronger positive consumer response**
 - ➔ **If environment is unpleasant, increasing arousal level will move customers into the “distressed” region**
- **Feelings during service encounters are an important driver of customer loyalty**

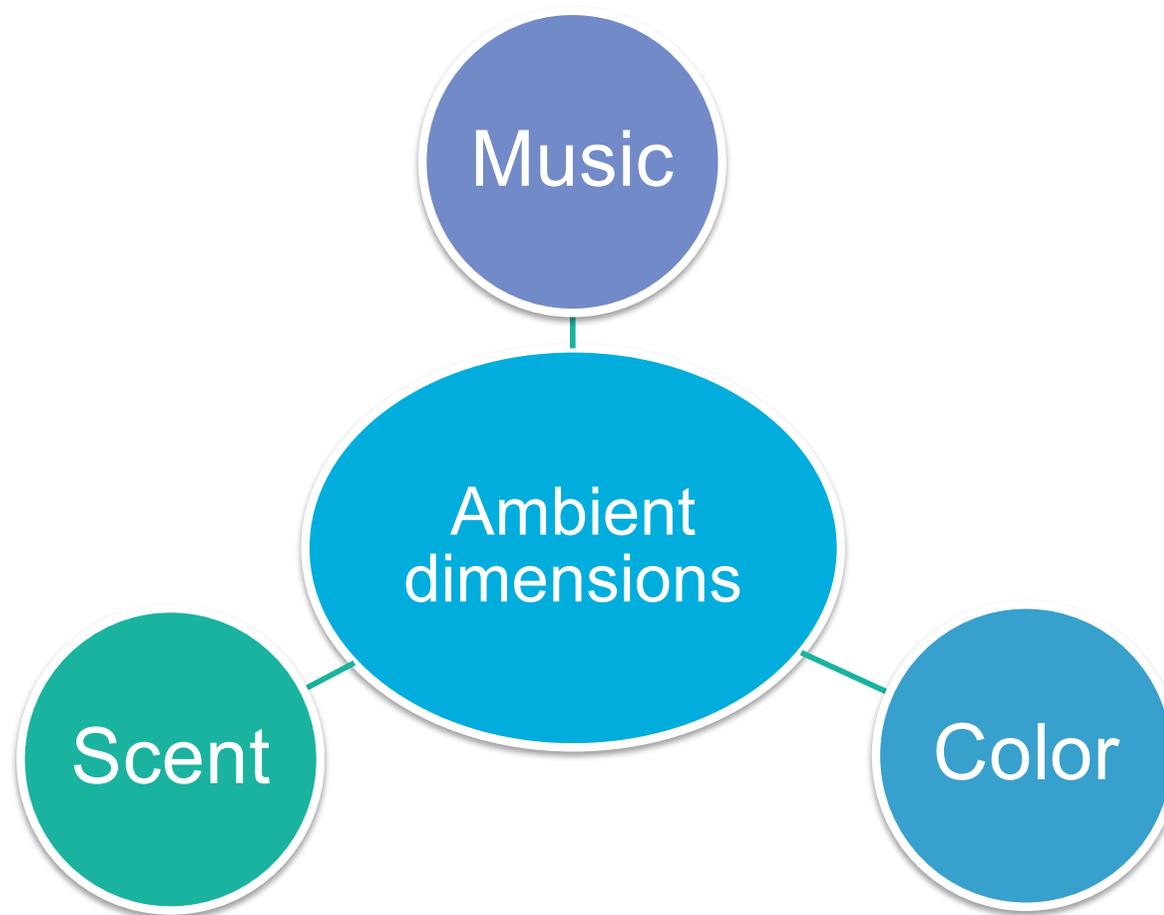
An Integrative Framework: The Servicescape Model



SOURCE

Bitner, M.J. (1992) Servicescapes: The impact of physical surroundings on customers and employees. *Journal of Marketing*, 56 (April), pp. 57–71.

Ambient Dimensions



Main Dimensions in Servicescape Model

- **Ambient Conditions**

<https://www.youtube.com/watch?v=pIC5ZID8WJY>

- **Characteristics of environment pertaining to our five senses**

- **Spatial Layout and Functionality**

- **Spatial layout:**

- *floorplan*
- *size and shape of furnishings*

- **Functionality: ability of those items to facilitate performance**

- **Signs, Symbols, and Artifacts**

- **Explicit or implicit signals to:**

- *help consumers find their way*

Ambient Conditions

- **Ambient conditions are perceived both separately and holistically, and include:**
 - **Lighting and color schemes**
 - **Size and shape perceptions**
 - **Sounds such as noise and music**
 - **Temperature**
 - **Scents**
- **Clever design of these conditions can elicit desired behavioral responses among consumers**



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Music

- **In service settings, music can have powerful effect on perceptions and behaviors, even if played at barely audible levels**

https://www.youtube.com/watch?v=fekEGjCN_O8

- **Structural characteristics of music—such as tempo, volume, and harmony—are perceived holistically**
 - ➔ **Fast tempo music and high volume music increase arousal levels**
 - ➔ **People tend to adjust their pace, either voluntarily or involuntarily, to match tempo of music**
- **Careful selection of music can deter wrong type of customers**

Scent

- **An ambient smell is one that pervades an environment**
 - ➔ **May or may not be consciously perceived by customers**
 - ➔ **Not related to any particular product**
- **Scents have distinct characteristics and can be used to solicit emotional, physiological, and behavioral responses**
- **In service settings, research has shown that scents can have significant effect on customer perceptions, attitudes, and behaviors**

<https://www.youtube.com/watch?v=ObknelcplJA>

Common Associations and Human Responses to Colors

Color	Degree of Warmth	Nature Symbol	Common Association and Human Responses to Color
Red	Warm	Earth	High energy and passion; can excite and stimulate emotions, expressions, and warmth
Orange	Warmest	Sunset	Emotions, expressions, and warmth
Yellow	Warm	Sun	Optimism, clarity, intellect, and mood-enhancing
Green	Cool	Growth, grass and trees	Nurturing, healing and unconditional love
Blue	Coolest	Sky and Ocean	Relaxation, serenity and loyalty
Indigo	Cool	Sunset	Mediation and spirituality
Violet	Cool	Violet flower	Spirituality, reduces stress, can create an inner feeling of calm

Signs, Symbols, and Artifacts

- **Signs are often used to teach behavioral rules in service settings**
- **Explicit signals include signs used (1) as labels, (2) for giving directions, (3) for communicating the service script, and (4) for reminders about behavioral rules**
- **Servicescape designers should use signs, symbols, and artifacts to guide customers clearly through process of service delivery, and to teach the service script in as intuitive a manner as possible**
- **Customers become disoriented when they cannot derive clear signals from a servicescape**

Signs, Symbols, and Artifacts



Figure 10.18 Changi Airport uses a creative sign to manage visitor behavior in its butterfly garden

Selection of Environmental Design Elements

- **Consumers perceive service environments holistically**
 - ➔ **No dimension of design can be optimized in isolation, because everything depends on everything else**
 - ➔ **Holistic characteristic of environments makes designing service environment an art**



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Tools to Guide Servicescape Design

- **Keen observation of customers' behavior and responses**
- **Feedback and ideas from frontline staff and customers**
- **Photo audit – Mystery Shopper to take photographs of service experience**
- **Field experiments can be used to manipulate specific dimensions in an environment and the effects observed**
- **Blueprinting or service mapping—extended to include physical evidence in the environment**

In-class assignment

1. Take your phone and stroll around Faculty infrastructures for a photo audit. Photograph examples of a) *excellent*, and b) *very poor* design features.
2. Second, develop concrete suggestions on how this environment could be improved.
3. Third, visit different settings within the Faculty and write down your feelings and link the servicescape elements that you think are related to them.

Output: a Word document (max six pages) to be uploaded in the Google Drive we share by March 14th.