

Services Marketing

Chapter 2: Consumer Behavior in a Services Context

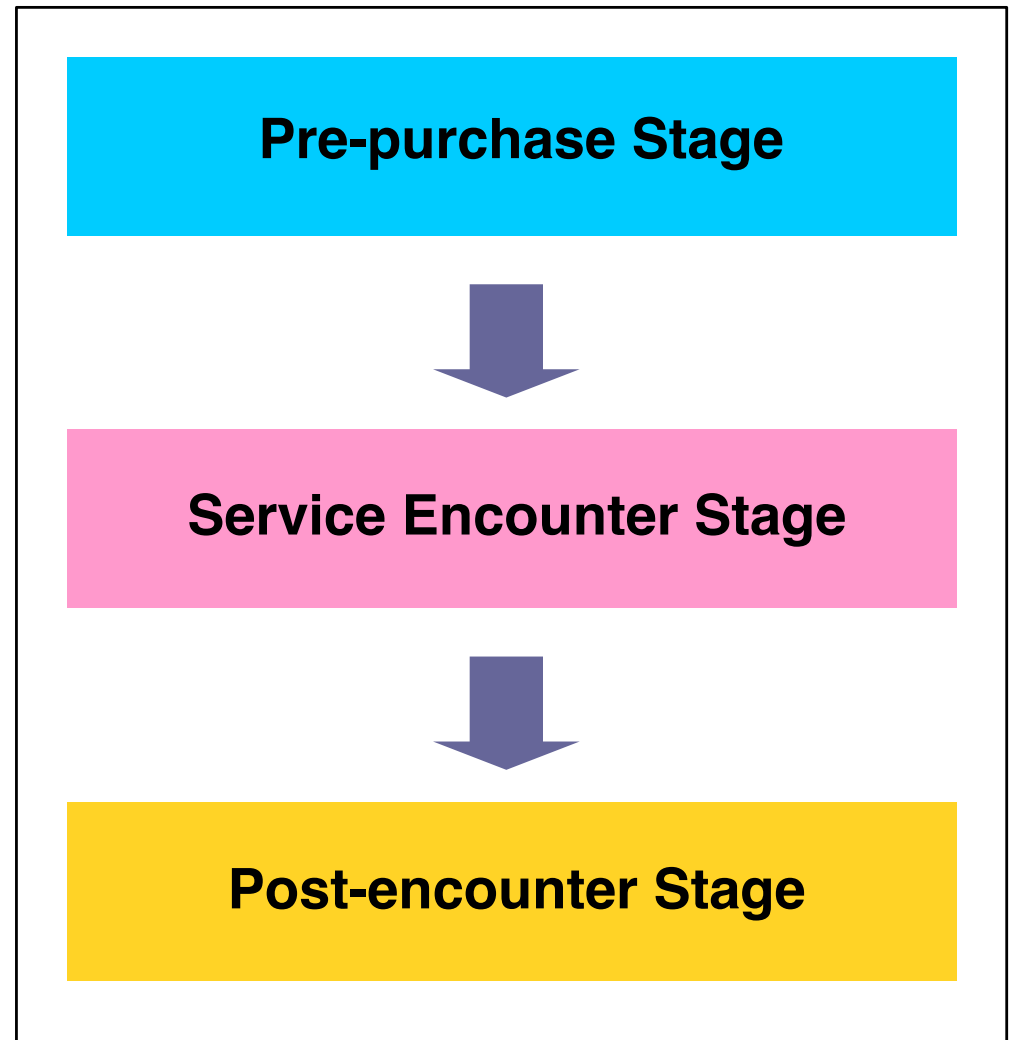


**S. Valentine's day:
you have to choose a
restaurant to have a
dinner with your
partner. How to
chose it?**



Overview of Chapter 2

Customer Decision Making: The Three-Stage Model of Service Consumption



1. Pre-purchase stage

	Stages of Service Consumption	Key Concepts
Pre-purchase Stage	Awareness of needs <ul style="list-style-type: none"> • Clarify needs Information search <ul style="list-style-type: none"> • Explore solutions • Identify alternative service products and suppliers 	Need arousal Evoked set Consideration set

Need Arousal

- Decision to buy or use a service is triggered by **need arousal**
- Triggers of need:
 - ➔ Unconscious minds (e.g., personal identity and aspirations)
 - ➔ Physical conditions (e.g., hunger)
 - ➔ External sources (e.g., a service firm's marketing activities)
- Consumers are then motivated to find a solution for their need

Courtesy of Masterfile Corporation

Information Search

- Need arousal leads to attempts to find a solution
- **Evoked set** – a set of products and brands that a consumer considers during the decision-making process – that is derived from past experiences or external sources
- Alternatives then **need to be evaluated** before a final decision is made

1. Pre-purchase stage

	Stages of Service Consumption	Key Concepts
Pre-purchase Stage	<p>Evaluation of alternatives (solutions and suppliers)</p> <ul style="list-style-type: none"> • Review supplier information (e.g. advertising, brochures, websites) • Review information from third parties (e.g. online reviews, ratings, comments on the web, blogs, awards, and comparison portals) • Discuss options with service personnel • Get advice and feedback from third-party advisors, friends and family, and other customers <p>Make decisions on service purchase and often make a reservation</p>	<p>Multi-attribute model</p> <p>Search, experience, and credence attributes</p> <p>Perceived risk</p> <p>Formation of expectations: desired service level, predicted service level, adequate service level, zone of tolerance</p>

Evaluating Alternatives – Service Attributes

- **Search attributes** help customers evaluate a service before purchase



- **Experience attributes** cannot be evaluated before purchase



- **Credence attributes** are those that customers find impossible to evaluate confidently even after purchase and consumption



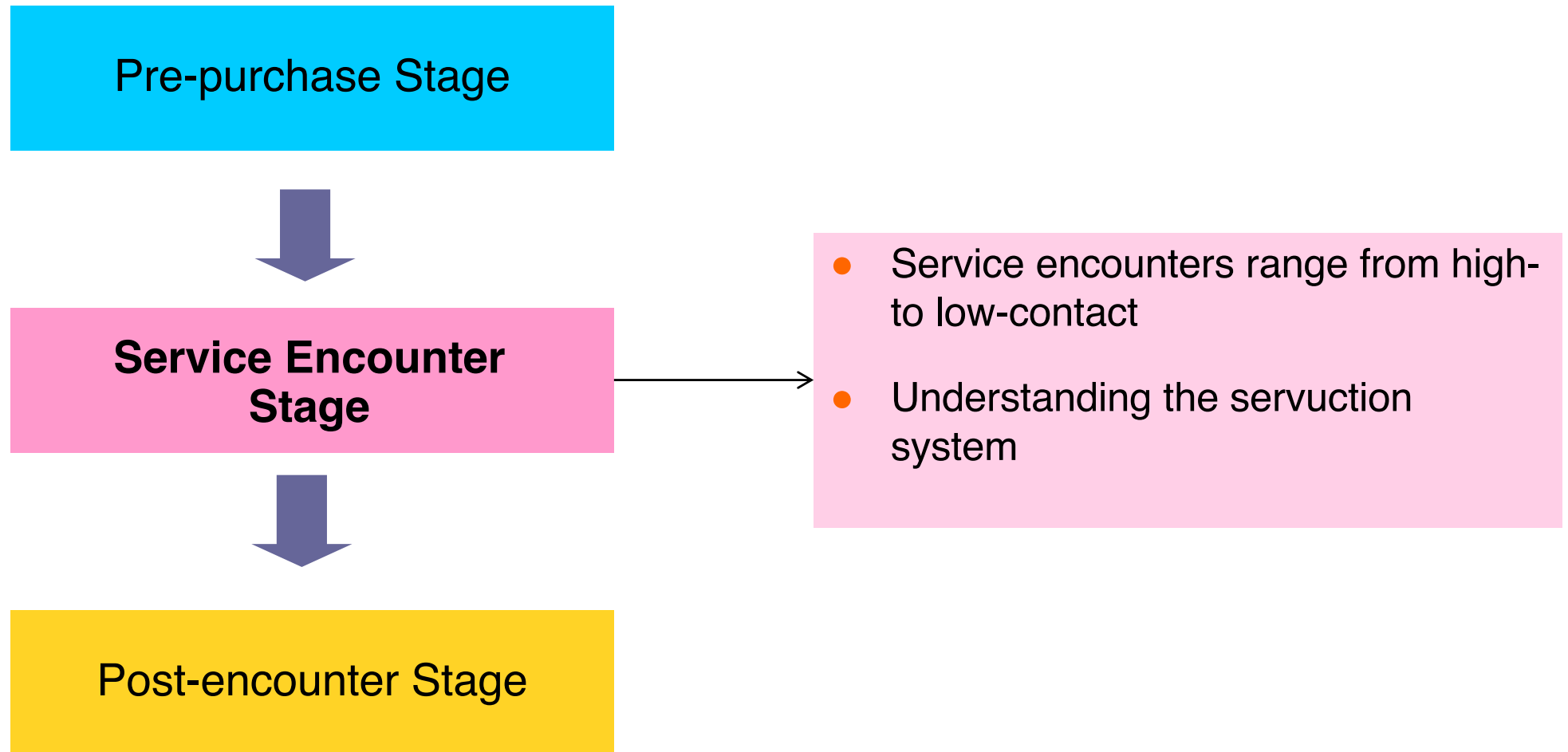
Multi-Attribute Model

	Current Dry Cleaner	Campus Dry Cleaner	New Dry Cleaner	Importance Weight
Quality of Dry Cleaning	9	10	10	30%
Convenience of Location	10	8	9	
Price	8	10	8	
Opening Hours	6	10	9	
Reliability of On-Time Delivery	2	9	9	
Friendliness of Staff	2	8	8	
Design of Shop	2	7	8	
Total Score	7.7	9.2	9.0	100%

BOOKING.COM EXAMPLE

Table 2.1 Modeling Consumer Choice – Susan Munro’s Multi-Attribute Model for Choosing a Dry Cleaner

Service Encounter Stage - Overview



2. Service Encounter Stage

- **Models and frameworks:**

1. **“Moments of Truth” – importance of managing touchpoints**
2. **High/low contact model – extent and nature of contact points**
3. **Servuction model – variations of interactions**
4. **Theater metaphor – “staging” service performances**

Perceived Risks of Purchasing and Using Services

- ***Functional*** – unsatisfactory performance outcomes
- ***Financial*** – monetary loss, unexpected extra costs
- ***Temporal*** – wasted time, delays leading to problems
- ***Physical*** – personal injury, damage to possessions
- ***Psychological*** – fears and negative emotions
- ***Social*** – how others may think and react
- ***Sensory*** – unwanted impact on any of five senses

How Might Consumers Handle Perceived Risk?

- **Seek information from respected personal sources**
- **Compare service offerings and search for independent reviews and ratings via the Internet**
- **Relying on a firm with good reputation**
- **Looking for guarantees and warranties**
- **Visiting service facilities or going for trials before purchase and examining tangible cues or other physical evidence**
- **Asking knowledgeable employees about competing services**

What could be the strategic responses to managing customer perceptions of risk?

UN POMERIGGIO ALL'UNIVERSITÀ
VIVI UN POMERIGGIO TRA I BANCHI DI ECONOMIA

SEGUI LE LEZIONI
INTRODUTTIVE DEI
NOSTRI PROF → INCONTRA I NOSTRI
STUDENTI PER UN
APERITIVO

Free trial (for
services with
high experience
attributes)

Advertise (helps
to visualize)

Display
credentials

Use evidence
management
(e.g., furnishing,
equipment etc.)

Offer
guarantees

Encourage visit
to service
facilities

Give customers
online access
about order
status



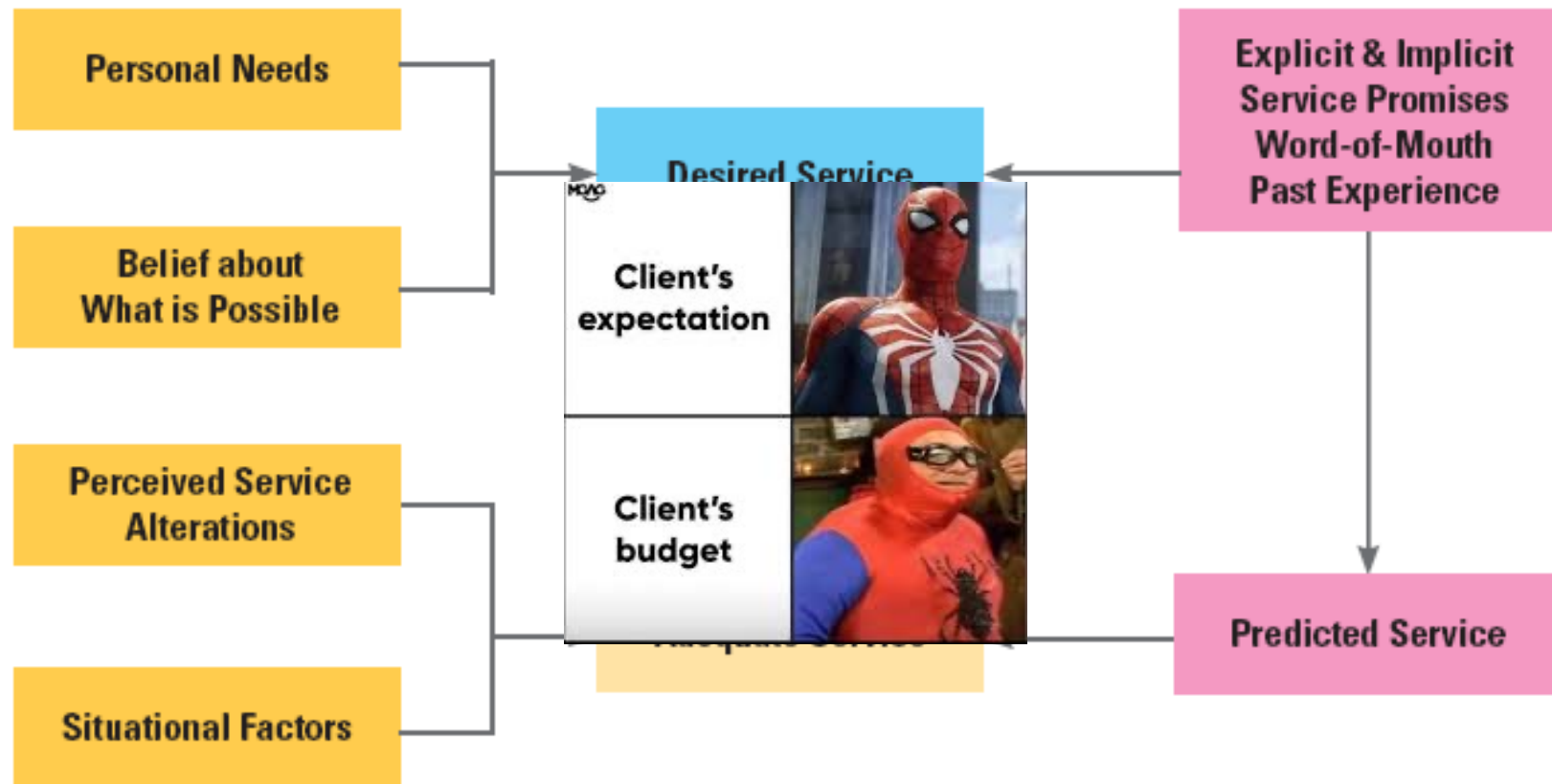
Understanding Customers' Service Expectations

- Customers evaluate service quality by **comparing** what they expect against what they perceive
 - ➔ Situational and personal factors also considered
- Expectations of good service vary from one business to another, and differently positioned service providers in same industry
- Expectations change over time

When you're at the hospital but the client asks for one last change.



Factors Influencing Customer Expectations of Service



Source: Adapted from Valarie A. Zeithaml, Leonard A. Berry, and A. Parasuraman, "The Nature and Determinants of Customer Expectations of Service," *Journal of the Academy of Marketing Science* 21, no. 1 (1993): 1-12

The influence of feedbacks

I enjoyed the structure of the course and especially the openness of the professor. the communication was really open, we could always ask question and received actual feedback on our tasks and projects. also the guest lectures were very informative and gave the course an aspect of usefulness and i feel like i can apply my knowledge not only in theory but in practice

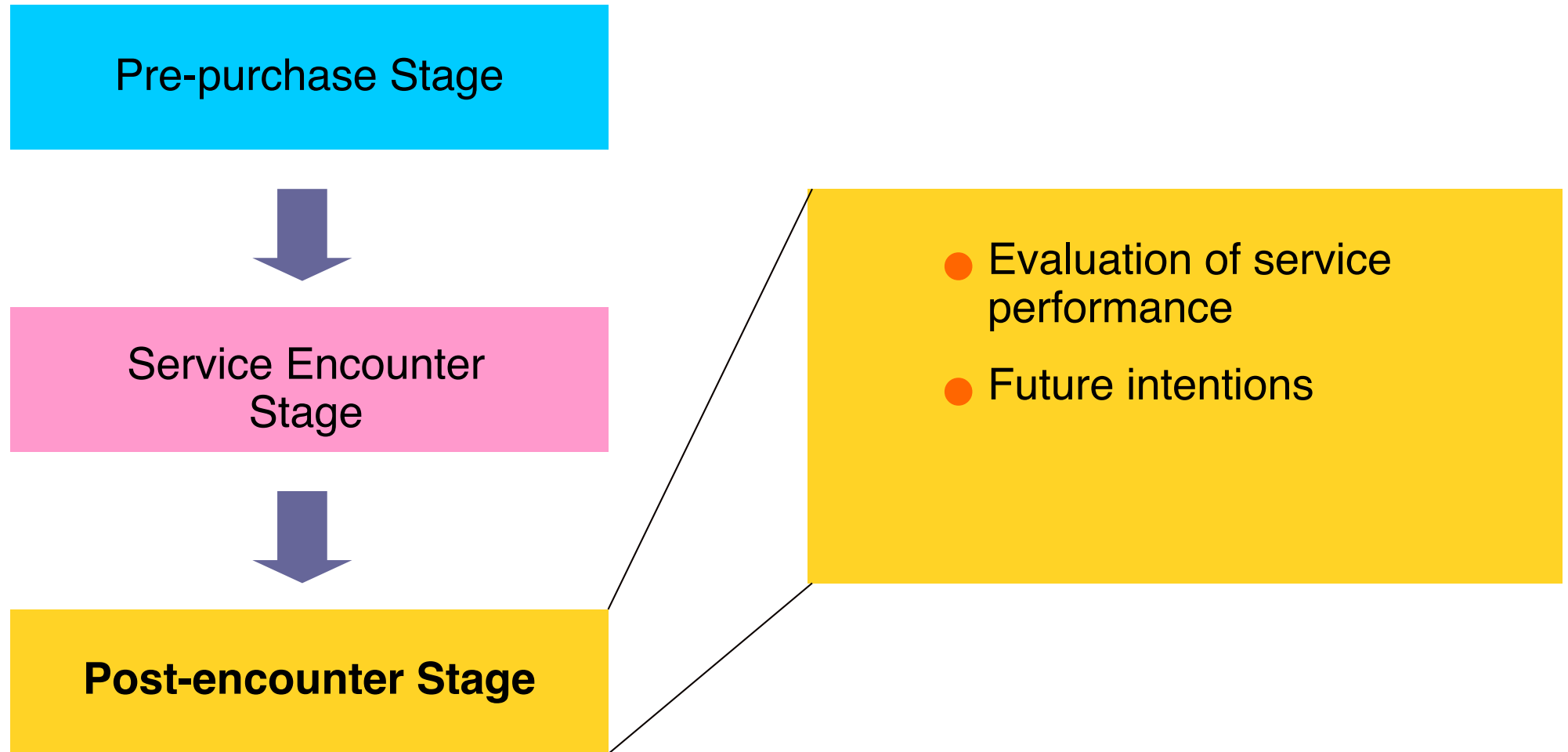
I liked the fact that the professor has invited many guests in our lectures so that we could have also a practical example of how service marketing is applied to a real business. In addition, another element that I really liked is the way the professor conducted the lesson (so half theory and half practice). The availability of the professor and the opportunity of having guests are also core aspects to highlight.

CONS: many assignments in the short-term (but I understand that they were useful to allow us an assimilation of the concepts)

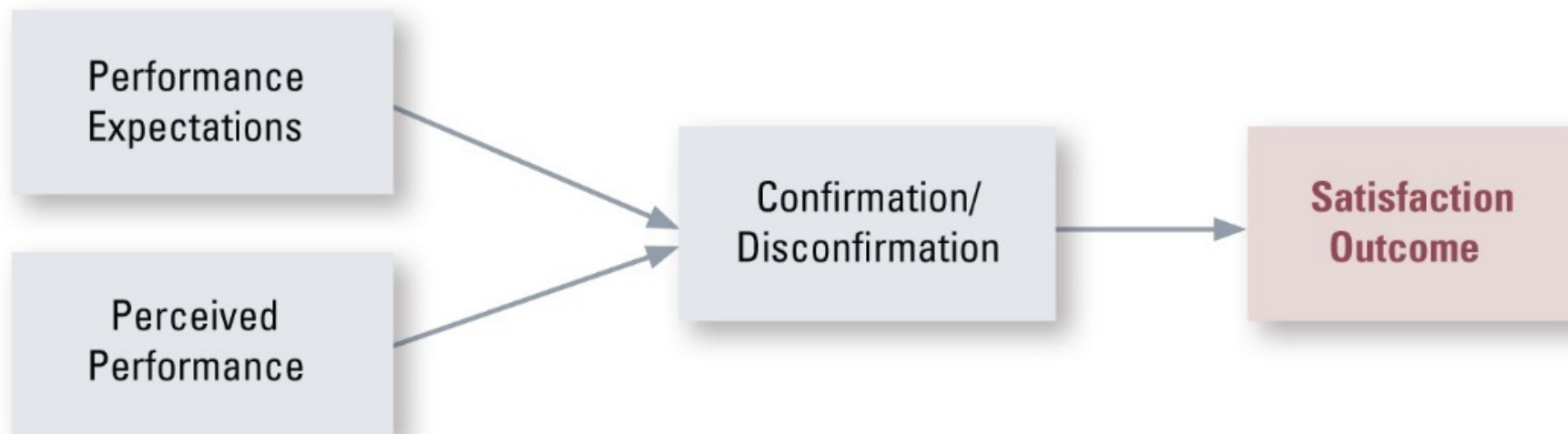
It is too short, thus, there is no time to absorbe at the best all the interesting topics, concepts and strategies.

I think we had a lot of assignments and it helped with the learning but at the same time it was maybe a bit too much.

Post-purchase Stage - Overview



The Expectancy-Disconfirmation Model of Satisfaction



Source: Adapted from Richard L. Oliver (2010), *Satisfaction: A Behavioral Perspective on the Consumer*, 2nd ed. Armonk, NY: M. E. Sharpe.

Post-Encounter Stage

- What happens if the customer is satisfied or not satisfied?
 - service quality perceptions
 - repeat purchase
 - customer loyalty



Just a few rocks

Review of Stonehenge



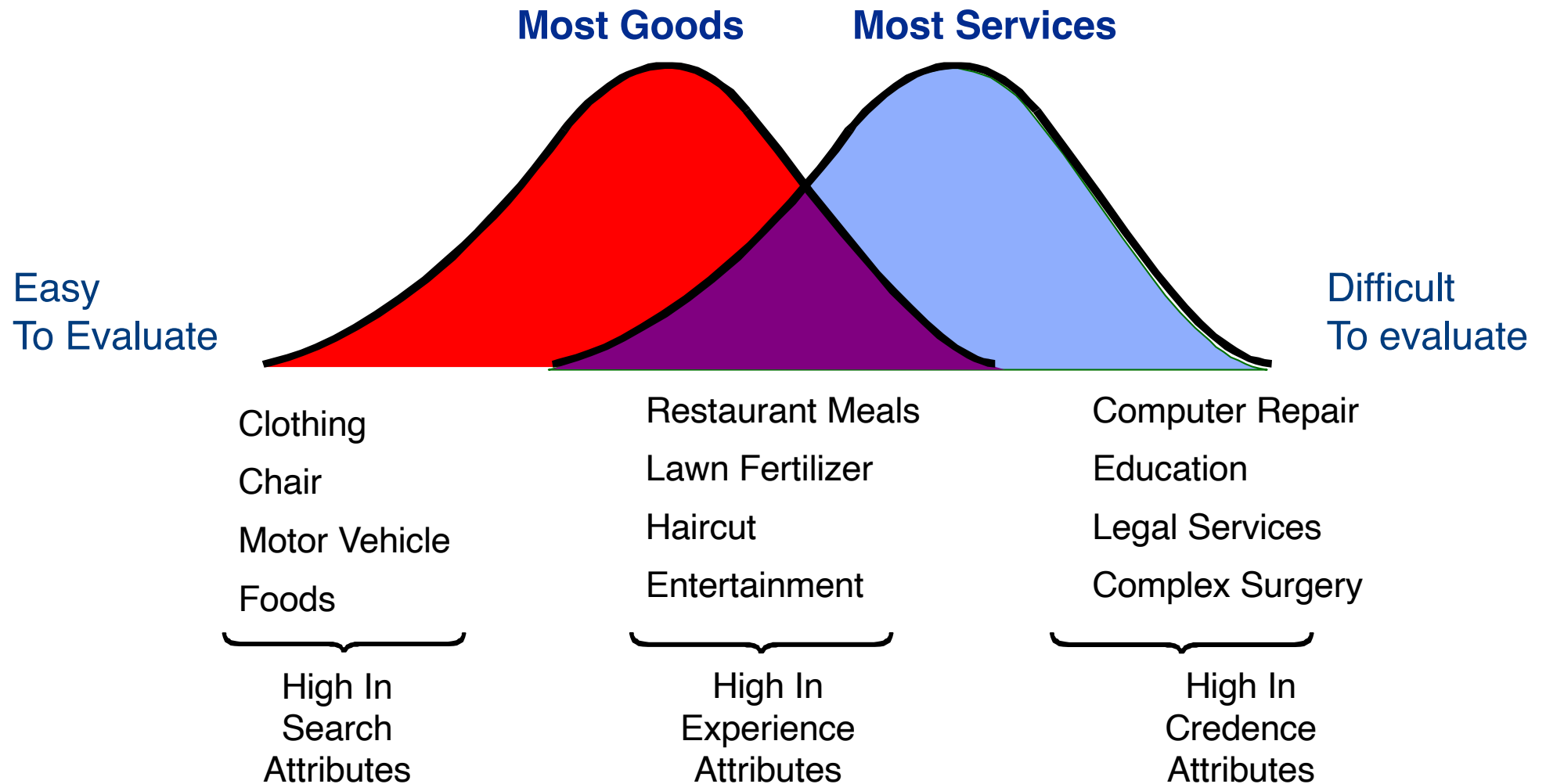
I was disgusted to find this was just a few rocks to look at and nothing to do. They should knock it down and build an arcade or funfair. Don't waste your time what a silly place

Lecture Ch. 2 – In-class assignment

Choose a service among: *a)* Hairdresser, *b)* car repair, or *c)* e-commerce website, and specify what service characteristics make them easy or difficult for consumers to evaluate, and suggest **specific strategies** that marketers can adopt to facilitate evaluation and reduce perceived risk.

Output: a Word document [entitled Group N. **X** – Task Ch.2]. Send it to matteo.cristofaro@uniroma2.it by the end of the day

How Product Attributes Affect Ease of Evaluation



Source: Adapted from Valarie A. Zeithaml, "How Consumer Evaluation Processes Differ Between Goods & Services," in J.H. Donnelly and W. R. George, Marketing of Services (Chicago: American Marketing Association, 1981)