

Chapter 10: Crafting the Service Environment



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Overview of Chapter 10



Services Marketing

- **What is the Purpose of Service Environments?**
- **Understanding Consumer Responses to Service Environments**
- **Dimensions of the Service Environment**
- **Putting It All Together**

What is the Purpose of Service Environments?

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



Shape customers' experience and their behaviors

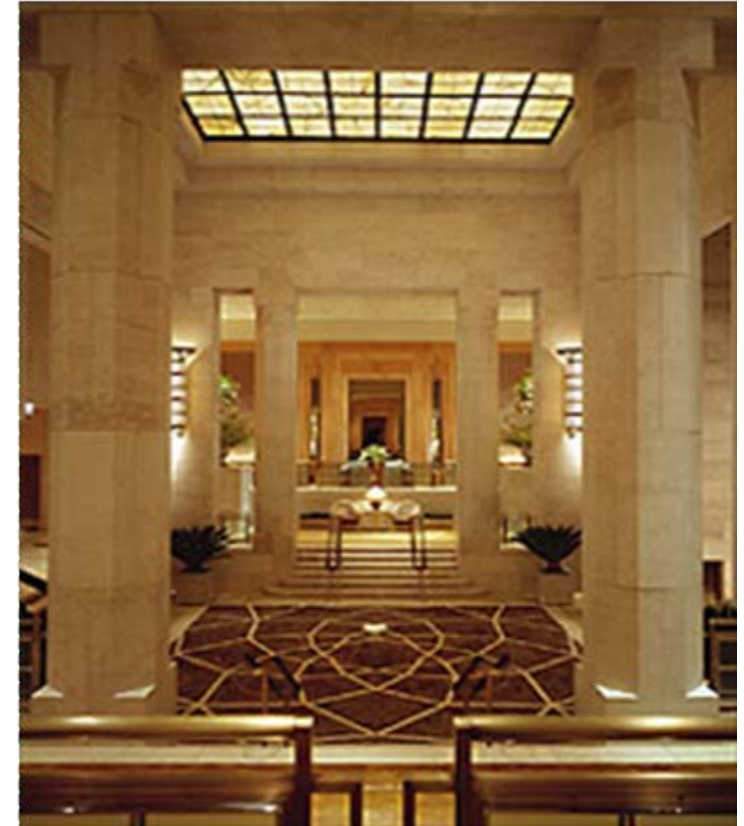


- **Message-creating medium**
 - ➔ symbolic cues to communicate the distinctive nature and quality of the service experience
- **Attention-creating medium**
 - ➔ make servicescape stand out from competition and attract customers from target segments
- **Effect-creating medium**
 - ➔ use colors, textures, sounds, scents, and spatial design to enhance desired service experience

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)

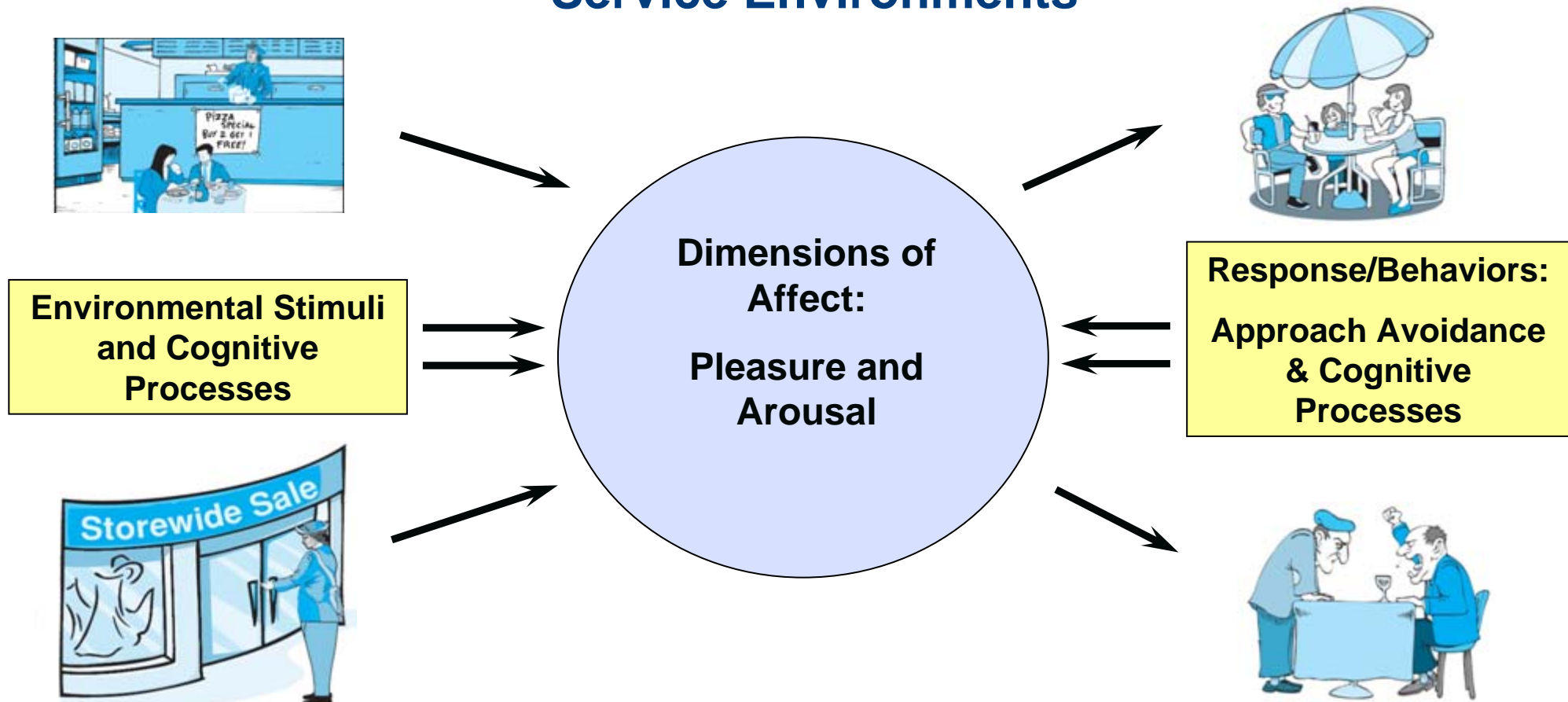
The power of servicescapes is being discovered

Understanding Consumer Responses to Service Environments

The Mehrabian-Russell Stimulus-Response Model



Feelings Are a Key Driver of Customer Responses to Service Environments



Insights from Mehrabian-Russell Stimulus-Response Model



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It is a simple yet fundamental model of how people respond to environments that illustrates:

- **The environment, its conscious and unconscious perceptions, and interpretation influence how people feel in that environment**
- **Feelings, rather than perceptions/thoughts drive behavior**
- **Typical outcome variable is 'approach' or 'avoidance' of an environment, but other possible outcomes can be added to model**

The Russell Model of Affect/Experience



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Insights from Russell's Model of Affect



- Emotional responses to environments can be described along two main dimensions:
 - ➔ Pleasure: subjective, depending on how much individual likes or dislikes environment
 - ➔ Arousal: how stimulated individual feels, depends largely on information rate or load of an environment
- Separates cognitive emotions from emotional dimensions
- Advantage: simple, direct approach to customers' feelings
 - ➔ Firms can set targets for affective states

Drivers of Affect



- **Caused by perceptions and cognitive processes of any degree of complexity**
- **Determines how people feel in a service setting**
- **If higher levels of cognitive processes are triggered, the interpretation of this process determines people's feelings**
- **The more complex a cognitive process becomes, the more powerful its potential impact on affect**

Behavioral Consequence of Affect

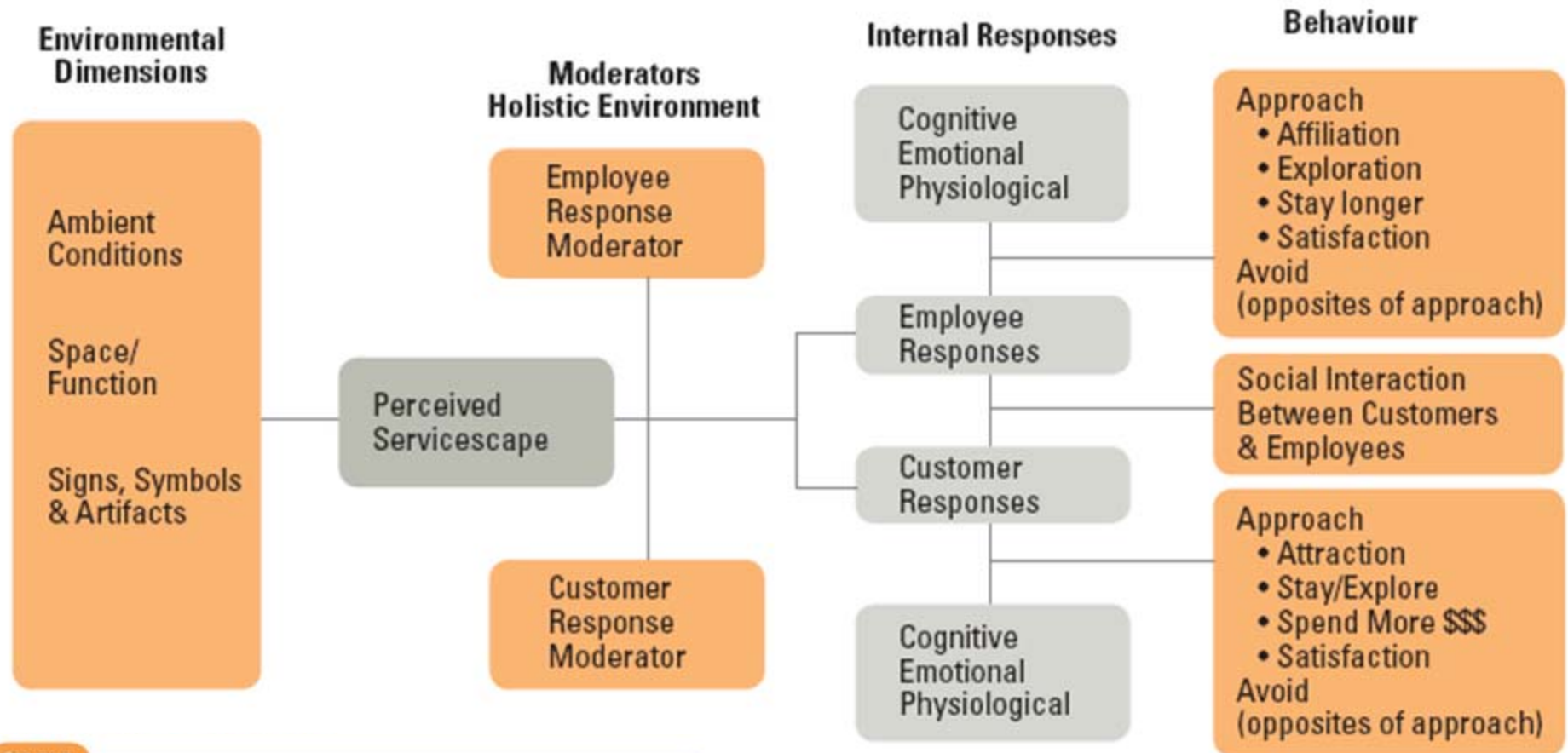


- Pleasant environments result in approach, whereas unpleasant ones result in avoidance
- Arousal amplifies the basic effect of pleasure on behavior
 - ➔ If environment is pleasant, increasing arousal can generate excitement, leading to a stronger positive consumer response
 - ➔ If environment is unpleasant, 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



Services Marketing



SOURCE

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

An Integrative Framework: The Servicescape Model



- Identifies the main dimensions in a service environment and views them holistically
- Internal customer and employee responses can be categorized into cognitive, emotional, and psychological responses, which lead to overt behavioral responses towards the environment
- Key to effective design is how well each individual dimension fits together with everything else

Dimensions of the Service Environment

Main Dimensions in Servicescape Model



- **Ambient Conditions**

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



- **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**

Aromatherapy: Effects of Selected Fragrances on People



Fragrance	Aroma Type	Aromatherapy Class	Traditional Use	Potential Psychological Effect on People
Eucalyptus	Camphoraceous	Toning, stimulating	Deodorant, antiseptic, soothing agent	Stimulating and energizing
Lavender	Herbaceous	Calming, balancing, soothing	Muscle relaxant, soothing agent, astringent	Relaxing and calming
Lemon	Citrus	Energizing, uplifting	Antiseptic, soothing agent	Soothing energy levels
Black pepper	Spicy	Balancing, soothing	Muscle relaxant, aphrodisiac	Balancing people's emotions



- **Colors can be defined into three dimensions:**
 - ➔ Hue is the pigment of the color
 - ➔ Value is the degree of lightness or darkness of the color
 - ➔ Chroma refers to hue-intensity, saturation, or brilliance
- **People are generally drawn to warm color environments**
 - ➔ Warm colors encourage fast decision making and are good for low-involvement decisions or impulse buys
 - ➔ Cool colors are preferred for high-involvement decisions

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



- **Communicates the firm's image and helps customers find their way**
 - ➔ **First time customers will automatically try to draw meaning from the signs, symbols, and artifacts**
- **Challenge is to guide customer through the delivery process**
 - ➔ **Unclear signals from a servicescape can result in anxiety and uncertainty about how to proceed and obtain the desired service**



Putting It All Together

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



Strategic Experiential Modules

SENSE
FEEL
THINK
ACT
RELATE

SENSE

Primary
Elements

and

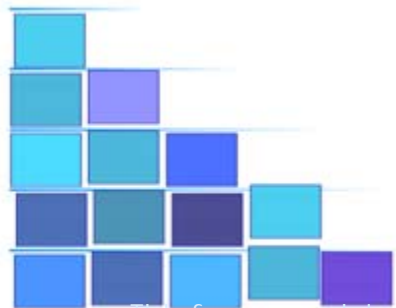
Styles

Verbal and visual
Symbols

and

Themes

Overall impressions



FEEL

Moods

Light

Positive, negative, or neutral

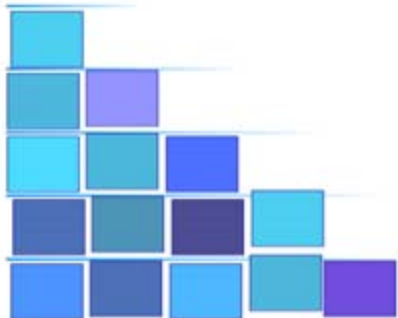
Often unspecific

Emotions

Strong

Positive or negative, meaningful

Triggered by objects, people and events



THINK

THINK Concepts

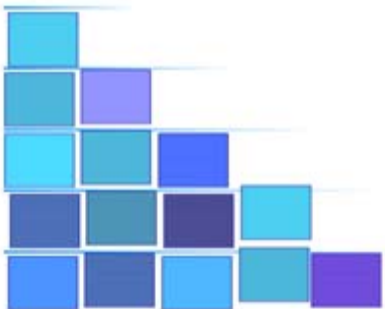
Convergent

Divergent

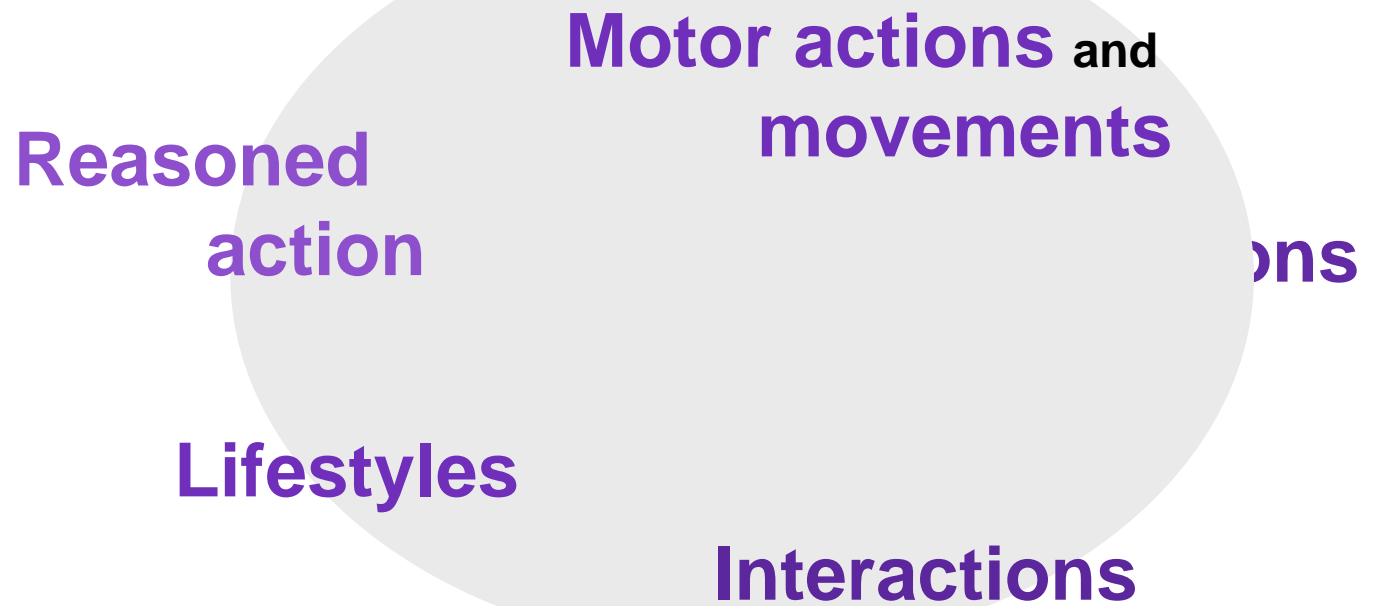
Directional

Associative

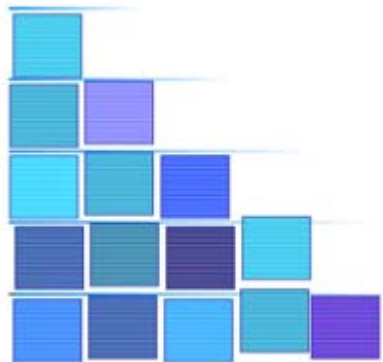
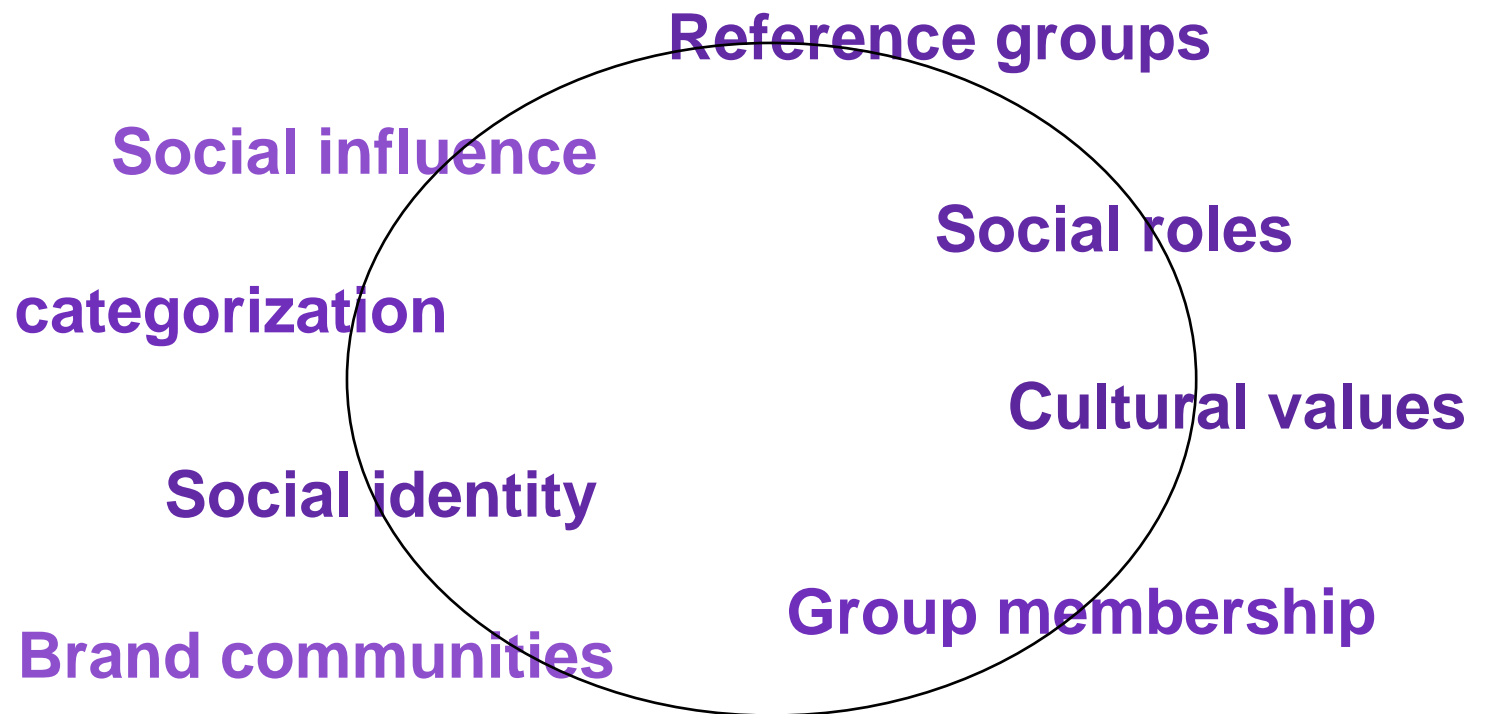
THINK Campaigns



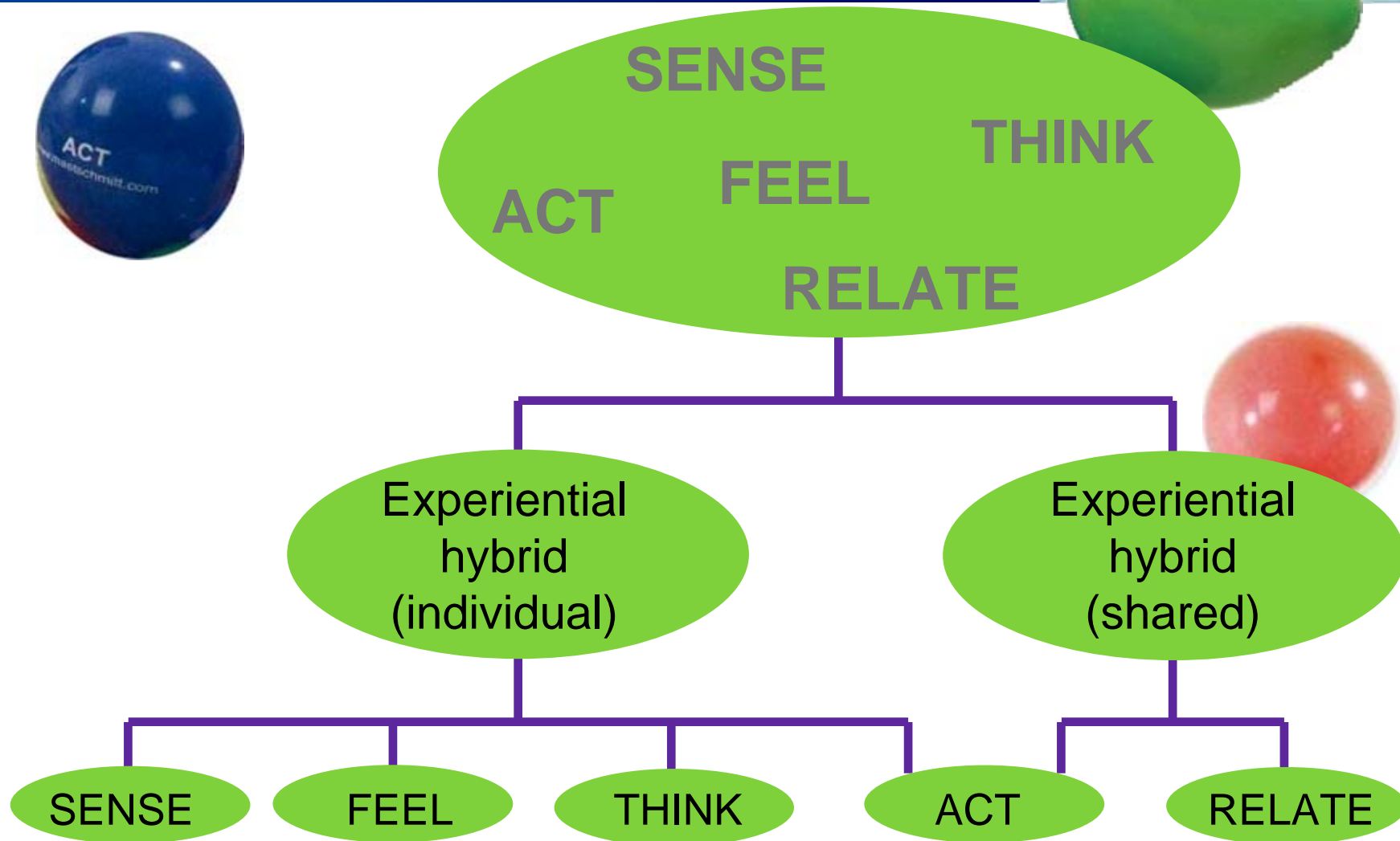
ACT



RELATE



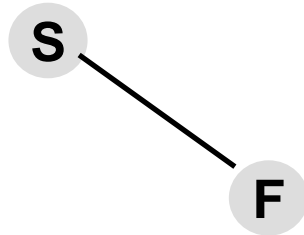
The experiential hierarchy



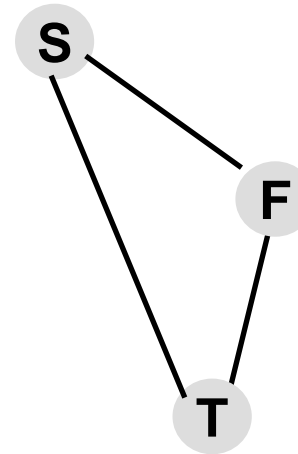
Creating holistic experiences



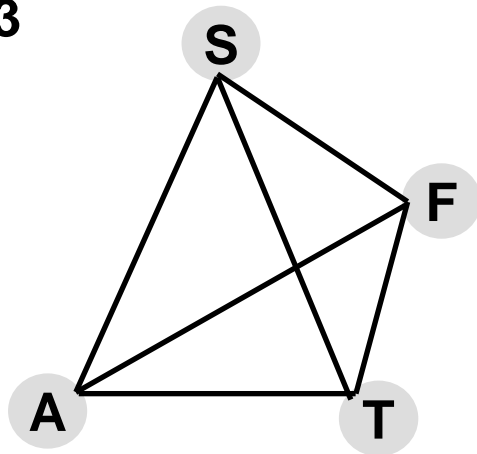
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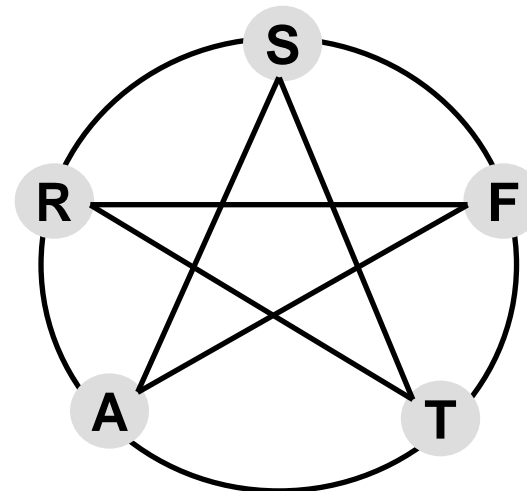
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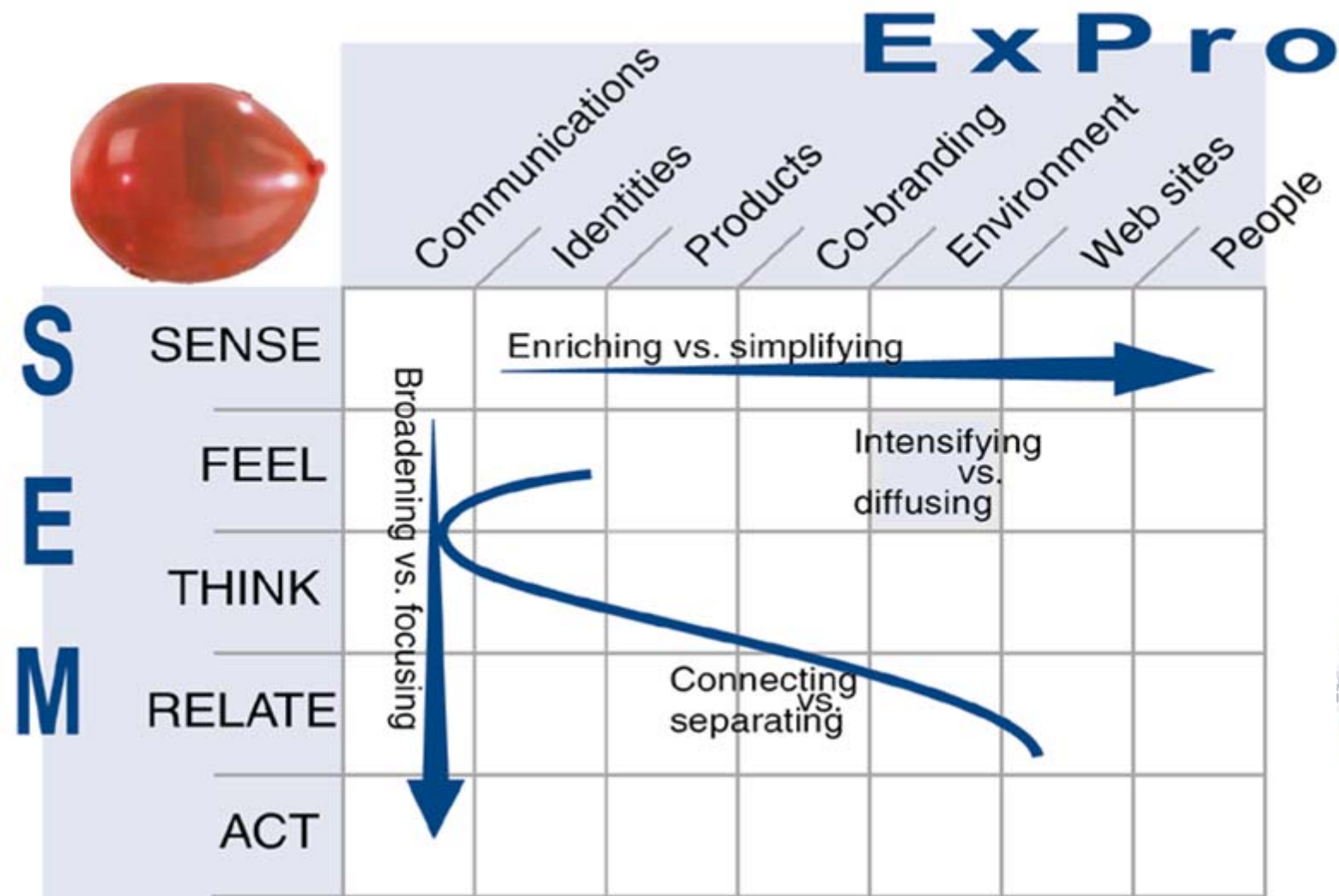
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The Experiential Grid



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Additional strategic issues



Brand architecture

Corporate branding

Sub-branding and endorsements

Global experiential brands

Standardization vs. localization

Co-branding

Brand extensions

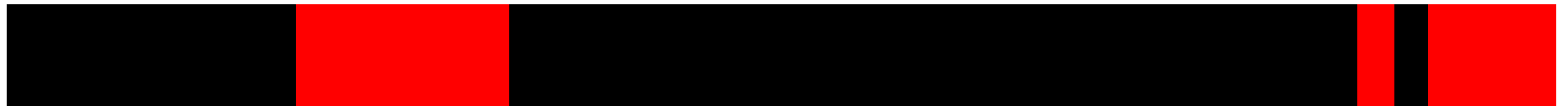
Partnership strategies



Process: the five steps of customer experience management

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- 1 analyzing the experiential world of the customer
- 2 building the experiential platform
- 3 designing the brand experience
- 4 structuring the customer interface
- 5 engaging in continuous innovation



Steps and tools



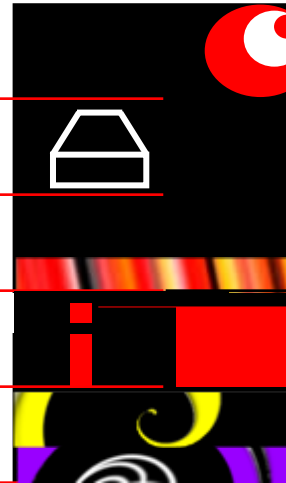
experiential world

experiential platform

brand experience

customer interface

continuous innovation



EX Funneling

EX Platform Board

EX Branding

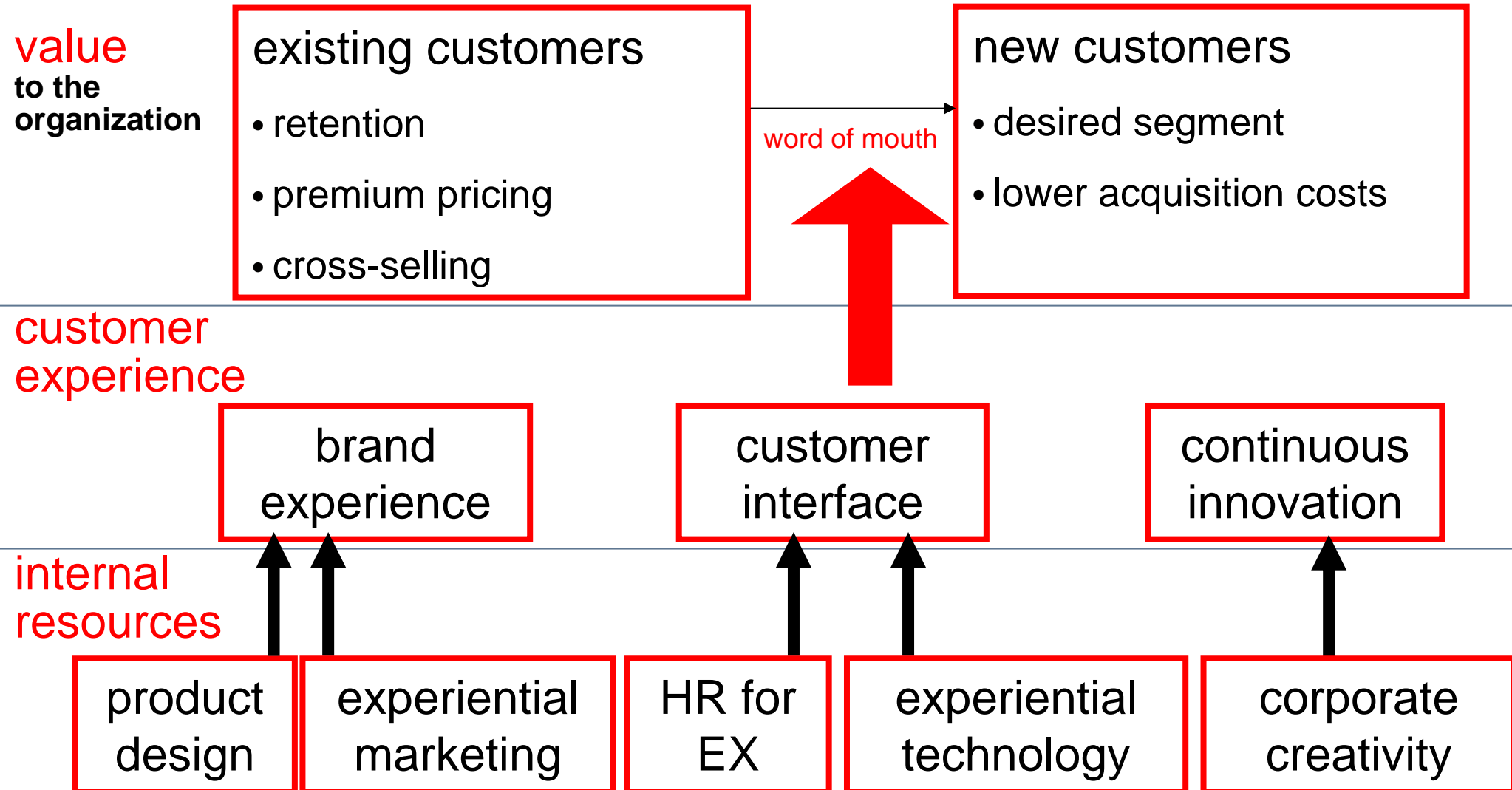
EX Interfacing

EX Innovating

The complete CEM model



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The

Experience-Oriented

Organization



Summary



Services Marketing

- **Service environment:**
 - Shapes customers' experiences and behavior
 - Facilitates service encounters and enhances productivity
- **Mehrabian-Russell stimulus-response model and Russell's model of affect help us understand customer responses to service environments**
- **Main dimensions of servicescape model:**
 - Ambient conditions – music, scent, color, etc.
 - Spatial layout and functionality
 - Signs, symbols, and artifacts

Summary



Services Marketing

- When putting it all together, firms should
 - ➔ Design with a holistic view
 - ➔ Design from a customer's perspective
 - ➔ Use tools to guide servicescape design