



SERVICE MARKETING

CHAPTER 2: CONSUMER BEHAVIOR IN A SERVICES CONTEXT

OVERVIEW

2.1 Pre-purchase Stage

2.2 Service Encounter Stage

2.3 Post-encounter Stage

PRE-PURCHASE STAGE

NEED AROUSAL CASE

Picture (1) shows a kid having fever and feeling the need to go to the doctor



Picture (2) shows a kid being treated by doctor

When you have an abnormally high body temperature or when your body does not feel well, you would probably feel the need to see a doctor to get treated. This realization is called a need arousal

NEED AROUSAL

Need arousal: customer's *awareness* of their *need*

Need arousal are triggered by:

1. Unconscious minds (e.g., personal identity and aspirations)
2. Physical conditions (e.g., Someone that feel ill would go meet the doctor)
3. External sources (e.g., a service firm's marketing activities)

EXAMPLE OF NEED AROUSAL TRIGGERED BY EXTERNAL SOURCES



Picture (1) is an advertising by amusement park called Dunia Fantasi which promote their new attraction. This marketing activity could grows need arousal

INFORMATION SEARCH

In order to satisfy the need, customers are motivated to **search solutions for their problem.**



Evoked set (consideration set): the set of products or brands a customer may consider in the decision-making process.

The evoked set can be derived from

1. Past experience
2. External sources (such as advertising, retail displays, news stories, online searches, and recommendations from service personnel, friends, and family)

EVALUATING ALTERNATIVES - SERVICE ATTRIBUTES

- 1) **Search attributes:** customers can evaluate a product before purchase
E.g., facilities, location, type of restaurant and price

Picture (1) shows a water park that suitable for recreation and picture (2) shows a swimming pool that suitable for sports



(1)



(2)

EVALUATING ALTERNATIVES - SERVICE ATTRIBUTES (2)

2) Experience attributes: cannot be evaluated before purchase

The consumer will not know how much s/he will enjoy the food, the service, and the atmosphere until the actual experience

Picture (1) shows Master chefs tasting the dish and experience the flavor of the food



(1)

EVALUATING ALTERNATIVES - SERVICE ATTRIBUTES (3)

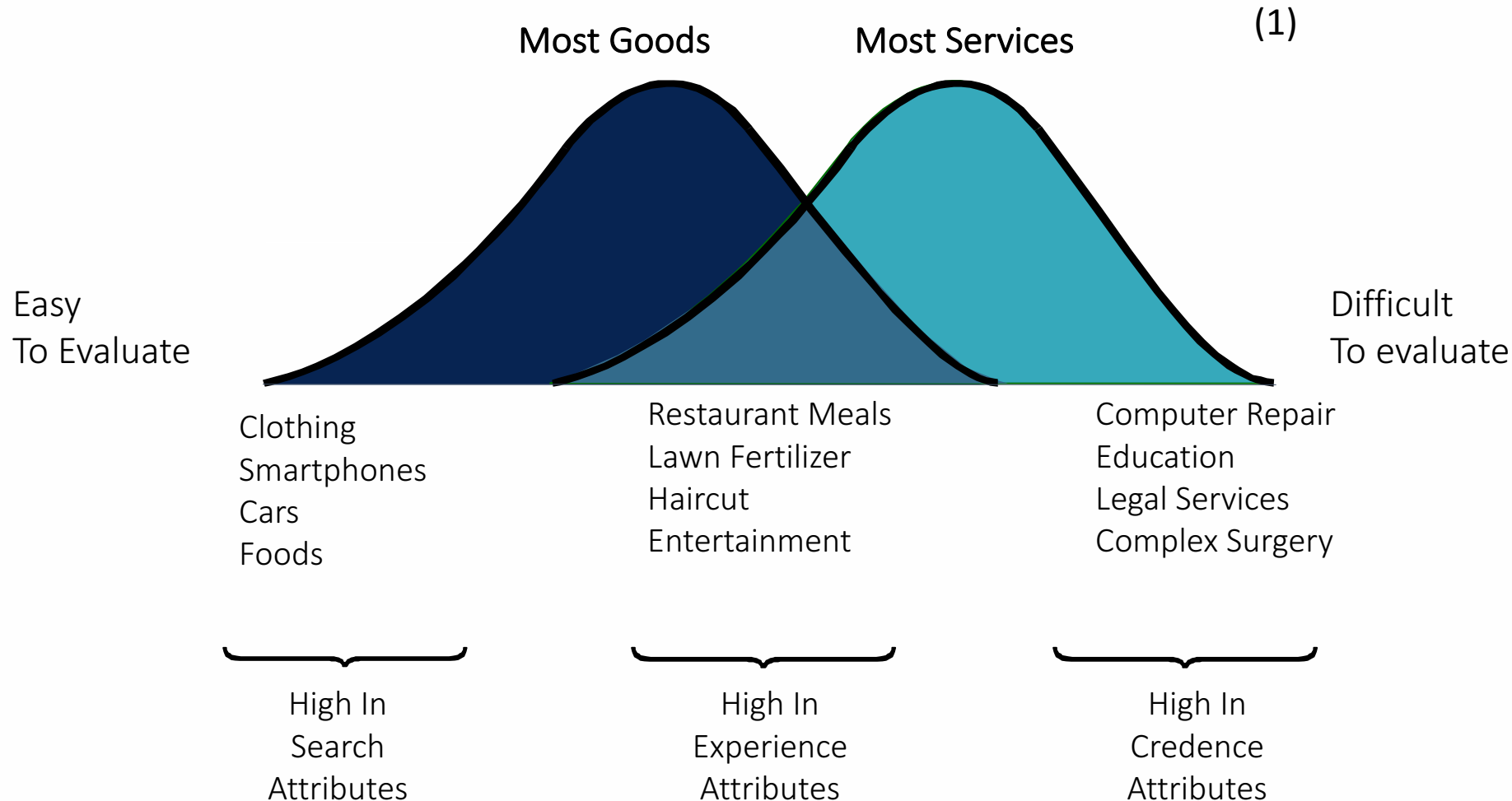
- 3) **Credence attributes:**
customers find *impossible to evaluate confidently*
even after purchase and consumption
E.g., hygiene and the healthiness of the cooking ingredients

Picture (1) shows a surgery performance.
Patients who have undergone surgery
could not evaluate the quality of their
treatment



(1)

HOW PRODUCT CHARACTERISTICS AFFECT EASE OF EVALUATION



Service are tend to be more difficult to evaluate and high in experience and credence attributes while most **goods** are more easy to evaluate and high in search attributes

EVALUATING ALTERNATIVES - PERCEIVED RISK

Categories of perceived risks:

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



HOW TO HANDLE PERCEIVED RISK?

Methods to handle perceived risk

1. **Searching information** from trusted personal sources
2. **Comparing service offerings** and searching for reviews and **ratings** via internet
3. Relying in a **good reputation firm**
4. Looking for **guarantees and warranties**
5. **Trying aspects of the service** before purchasing
6. **Asking knowledgeable employees** about competing services.

SUITABLE STRATEGIES FOR REDUCING CUSTOMER RISK PERCEPTIONS

Free trial (for services with high experience attributes)

Institute visible safety procedures

Display credentials (for professional firm or person)

Encourage visit to service facilities

Give customers online access about order status

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

Advertise (for high credence qualities & high customer involvement)

Encourage to preview the service

Offer guarantees

EVALUATING ALTERNATIVES - SERVICE EXPECTATIONS



Expectations are formed during the search and decision-making process



Expectations can be situation-specific



Expectations change over time

SITUATION-SPECIFIC EXAMPLE

UBER

GO  JEK

An Ojek For Every Need

Grab

Your **expectations** about how long your driver will arrive are **depends on your time situation**.

You will **demand faster** performance **when you are late** for work than when you intend to go to the mall

FACTORS INFLUENCING CUSTOMER EXPECTATIONS OF SERVICE

(1)

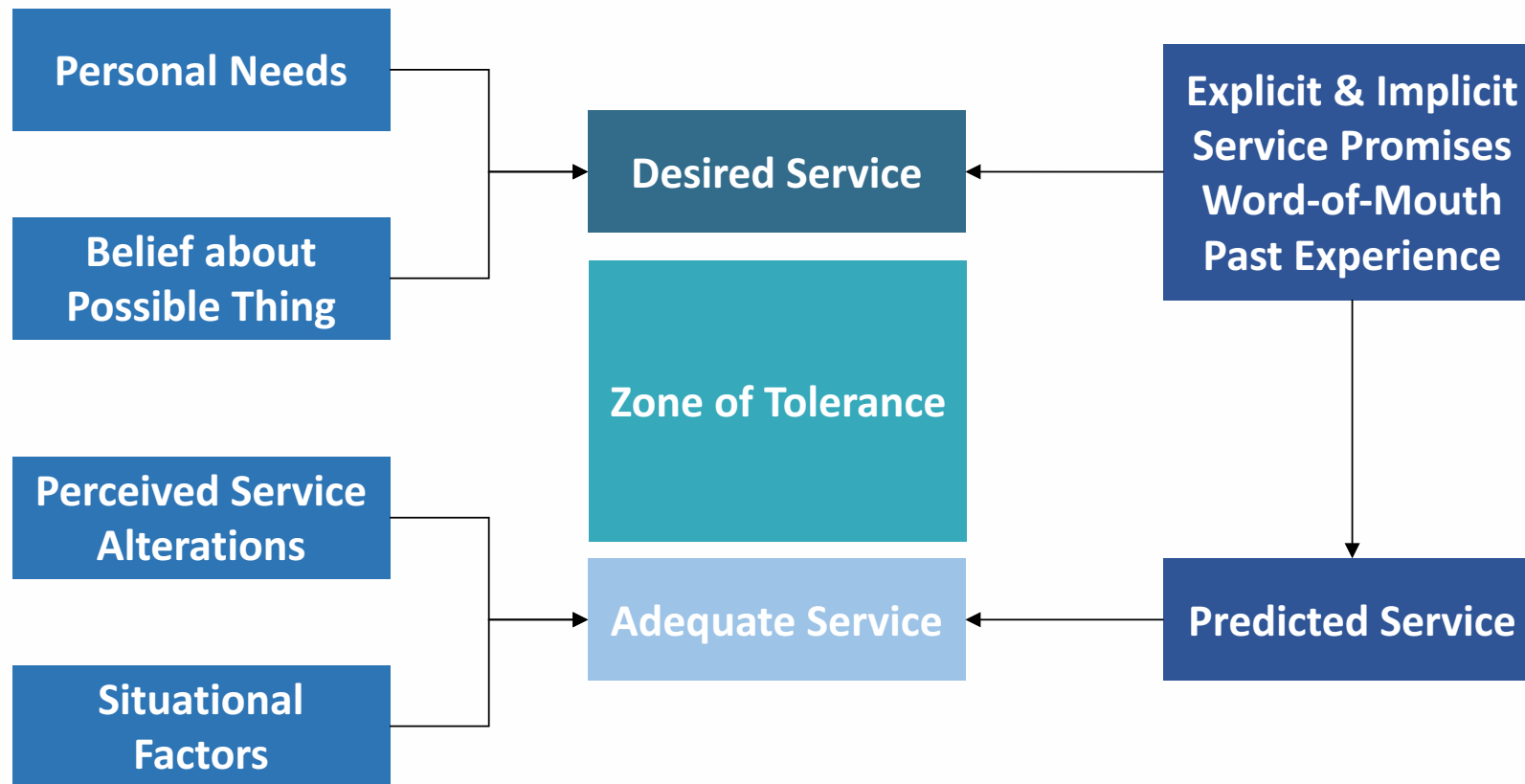


Figure (1) shows the ***factors that influence the different levels of customer expectations of service***

Expectations embrace several elements, including desired, adequate, and predicted service, and a zone of tolerance that falls between the desired and adequate service levels

Source:

(1) 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

COMPONENTS RELATED TO CUSTOMER EXPECTATIONS

1

Desired Service Level

Wished-for level of service quality that customer believes can and should be delivered

2

Adequate Service Level

Minimum level of service that can be accepted without being dissatisfied

3

Predicted Service Level

Service level that customer believes will be receiving from firms

4

Zone of Tolerance

Acceptable range of variations in service delivery

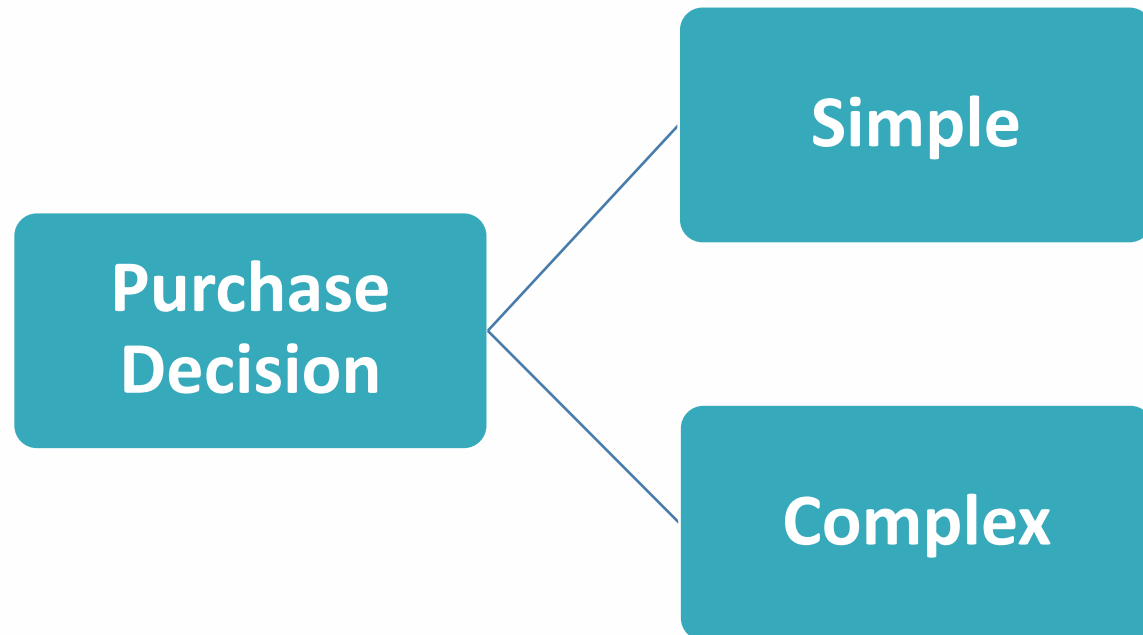
HOW EXPECTATIONS DIVERSE?



The **components** of **customer expectations** may be **vary** depending on factors such as competition, price, importance of specific service attributes, and customer experiences

Picture (1) and (2) shows quirky hairstyles of Rihanna. As a pop singer, actress, and fashion icon, Rihanna may has a higher desired and adequate service for her hairstylist than most of us.

PURCHASE DECISION



- Perceived risks are low
- The alternatives are clear
- Have been experience before

- Involving trade-offs
- Involving multiple attributes

SIMPLE PURCHASE DECISION

Choosing movie theater
is considered as a simple
purchase decision
because the perceived
risks are low

Picture (1) is a photo of
Indonesia's famous cinema,
Cinema XXI



(1)

COMPLEX PURCHASE DECISION

To decide on airline for travelling, we would consider many factors such as convenience of schedules, reliability, seat comfort, safety, attentiveness of cabin crew, and availability. Therefore, purchase decision for airline is more complex



SERVICE ENCOUNTER STAGE

SERVICE ENCOUNTER STAGE

Service encounter stage: a period of time during which a customer interacts directly with a service provider

BRIEF TIME FRAME



In barbershop, customer and service provider has little time to interact because the barber would more focus to do his job

LONG TIME FRAME



While in counseling, the customer and psychologist need a longer time to interact

MODELS AND FRAMEWORK IN SERVICE ENCOUNTER EXPERIENCE

“Moments of Truth”

Importance of managing touchpoints

High / low Contact Service Model

Extent and nature of contact points

Servuction Model

Variations of interactions

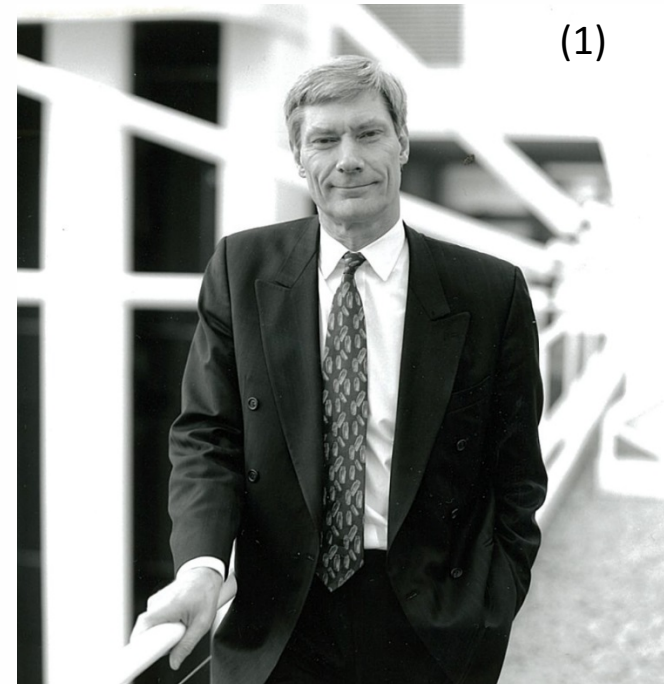
Theater Metaphor

“Staging” service performances

1. SERVICE ENCOUNTERS ARE “MOMENTS OF TRUTH”

“[W]e could say that the perceived quality is realized at the **moment of truth, when the service provider and the service customer confront one another in the arena**. At that moment they are very much on their own. . . . It is the skill, the motivation, and the tools employed by the firm’s representative and the expectations and behavior of the client which together will create the service delivery process.”

- *Richard Normann, Management Consultant & founder of Service Management Group*



“moment of truth” show the importance of contact points with customers

2. SERVICE ENCOUNTERS RANGE FROM HIGH CONTACT TO LOW CONTACT

HIGH-CONTACT SERVICES

- Customers contact to the service provider takes on a **physical and tangible nature**
- Customers **visit the service facility**

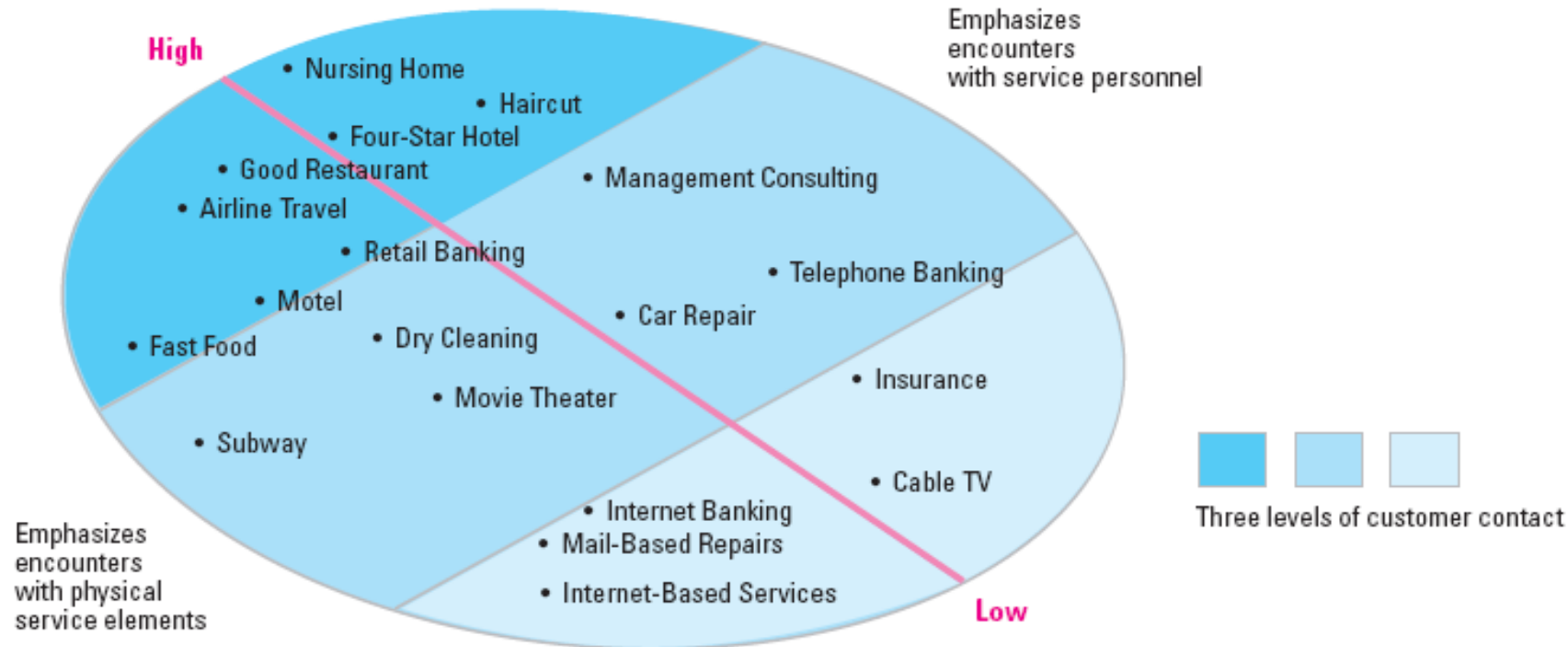
LOW-CONTACT SERVICES

- Involve **little physical contact** between customers and service providers
- **Communicates by** medium of **electronic** or physical distribution channel
- Becoming more **self-service**

LEVELS OF CUSTOMER CONTACT WITH SERVICE ORGANIZATIONS

Levels of Customer Contact with Service Organizations

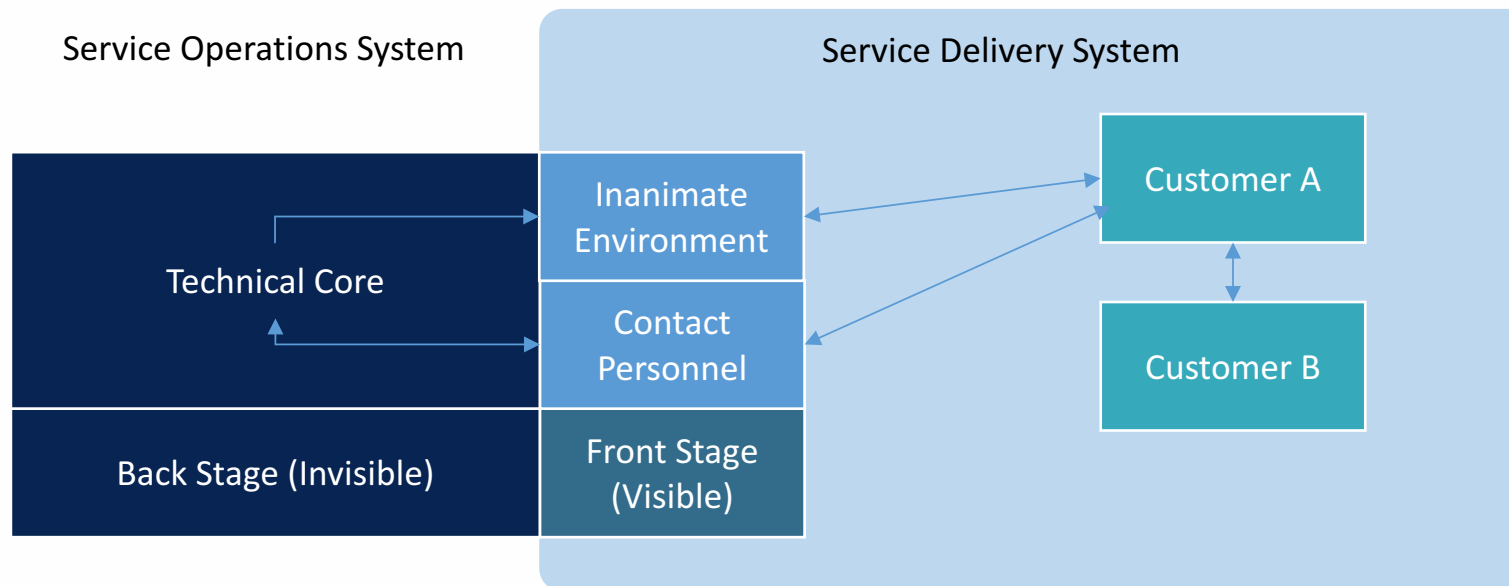
(1)



Customer contact with service organizations vary from high, medium, to low. It also divided by emphasizes encounters with physical service elements and with service personnel

3. THE SERVUCTION SYSTEM

Servuction system: *combination of service and production* which is described as a part of the service organization's physical environment that is *visible to and experienced by customers.*



Servuction model contains 2 system, service operations and service delivery

3. THE SERVUCTION SYSTEM

The servuction system consists of:

Technical core

where inputs are processed and the elements of the service product are created

Service delivery system

“final assembly” of service elements takes place and service is delivered (including building, equipment, and personnel)

THE SERVUCTION SYSTEM EXAMPLE

(1)

TECHNICAL CORE

The kitchen in a restaurant is a back-stage where dishes are made and plated



SERVICE DELIVERY SYSTEM

The front-stage including equipment, personnel, and customer

4. THEATER AS METAPHOR FOR SERVICE DELIVERY

Service facilities (the stage): the setting where drama play out and can changes from one act to another

Personnel: member of cast in the front-stage and production team in the back-stage

Role: combinations of social cues that guide behavior in a specific setting or context

Script: Specifies the sequences of behavior for customers and employees

ROLE AND SCRIPT THEORY COMPLEMENT EACH OTHER



(1)

Professor has roles to deliver a well-structured lecture, give assignment related to topic, and engaging the students in discussion.

Students have roles to come to class prepared and on time, listen attentively, participate in discussions, and not disrupt the class.

The script for a lecture describes specific actions to be taken by professor and students starting with students arrive at class until the professor leave the class.

POST-ENCOUNTER STAGE

CUSTOMER SATISFACTION WITH SERVICE EXPERIENCES

Satisfaction: an attitude-like *judgment* following a service *purchase experience*.

Customer satisfaction judgement is labeled as:

- ***positive disconfirmation*** - service perceived > service expected
- ***negative disconfirmation*** - service perceived < service expected
- ***confirmation*** - service perceived = service expected

ARE EXPECTATIONS ALWAYS WORKS OUT?

Comparing service perceived to expectations *works well in reasonably competitive markets* in which customers have adequate knowledge to choose a service that meets their needs and wants.

However, those approach *could be vague in noncompetitive markets* or in situations in which customers do not have free choice

EXPECTATION IN NONCOMPETITIVE MARKET INDUSTRY EXAMPLE



(1)

Railway industry is a **noncompetitive market industry**. Therefore, if *customer expectations are low* and actual service delivery meets the dismal level that was expected, customers *will hardly feel they are receiving good service quality*.

CUSTOMER DELIGHT

Customer delight is a function of three components:

1

**Unexpectedly
high levels of
performance**

2

**Arousal
(e.g., surprise,
excitement)**

3

**Positive impact
(e.g., pleasure,
joy, happiness)**

LINKS BETWEEN CUSTOMER SATISFACTION AND CORPORATE PERFORMANCE



Researchers from the University of Michigan found that on average, every 1 percent increase in customer satisfaction is associated with a 2,37 percent increase in a firm's return on investment (ROI).

In other words, by creating more value for the customer, as measured by increased satisfaction, the firm creates more value for its owners.

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