



SERVICE MARKETING

CHAPTER 9: CRAFTING SERVICE ENVIRONMENT

OVERVIEW

9.1 The Purpose of Service Environment

9.2 Understanding Consumer Responses to Service Environments

9.3 Dimensions of the Service Environment

SERVICE ENVIRONMENT

The **physical service environment** customers experience plays a **key role** in *shaping the service experience* and *enhancing (or undermining) customer satisfaction*, especially so in high-contact, people-processing services.

Service environments, also called **servicescapes**, relate to the *style and appearance of the physical surroundings* and other *experiential elements* encountered by customers at **service delivery sites**.

PURPOSE OF SERVICE ENVIRONMENTS

There are four core purposes of servicescapes:

- 1. Engineer the customers' experiences and shape their behavior**
- 2. Convey the planned image of the firm and support its positioning and differentiation strategy**
- 3. Be part of the value proposition**
- 4. Facilitate the service encounter and enhance both service quality and productivity.**



Disney theme parks often are cited as vivid examples of service environments that make customers feel comfortable and highly satisfied and leave a long-lasting impression

SHAPE CUSTOMER'S EXPERIENCE AND THEIR BEHAVIORS

Service environment and its accompanying atmosphere affect buyer behavior in three important ways:

1. ***As a message-creating medium***—using **symbolic cues** to communicate to the intended audience about the distinctive nature and quality of the service experience.
2. ***As an attention-creating medium***—to **make** the servicescape **stand out** from that of competing establishments and to attract customers from target segments.
3. ***As an effect-creating medium***—employing **colors, textures, sounds, scents,** and **spatial design** to enhance the desired service experience and/or to heighten an appetite for certain goods, services, or experiences.

SUPPORT IMAGE, POSITION, AND DIFFERENTIATION



Orbit Hotel and Hostel, Los Angeles



Four Seasons Hotel, New York

The **Orbit** caters to **younger** guests who love fun and have **low budgets**, and the **Four Seasons** to a more **mature, affluent, and prestigious** clientele that includes upscale business travelers.

Each of these two servicescapes clearly **communicates and reinforces** its hotel's respective **positioning** and sets **service expectations** as guests arrive.

SERVICESCAPE AS PART OF VALUE PROPOSITION

Physical surroundings help shape appropriate **feelings** and **reactions** in customers and employees



Legoland



Disneyland

The clean environment of **Disneyland** or **Denmark's Legoland**, plus employees in colorful costumes, all contribute to the **sense of fun and excitement** visitors encounter on arrival and throughout their visit.

Source:

- (1) <http://www.legolandholidays.dk/data/wcmshowfile/C9AA025874AE4D9895718A023ADCF637.jpg>
<https://thesalesmaster.files.wordpress.com/2009/07/observe-look-magnifying-glass1.jpg>
- (2) <https://secure.cdn1.wdprmedia.com/resize/mwImage/1/1300/544/75/wdprmedia.disney.go.com/media/wdpro-assets/dlr/home/home-page-design/disneyland-hotel-pool-monorail-guests-2x1.jpg?18072017171338>

SERVICESCAPE AS PART OF VALUE PROPOSITION

Servicescapes form a **core part** of the **value proposition**

Las Vegas

repositioned itself to a somewhat more wholesome fun resort, visually striking entertainment center



(1)

Florida-based Muvico

builds extravagant movie theatres and offers plush amenities.



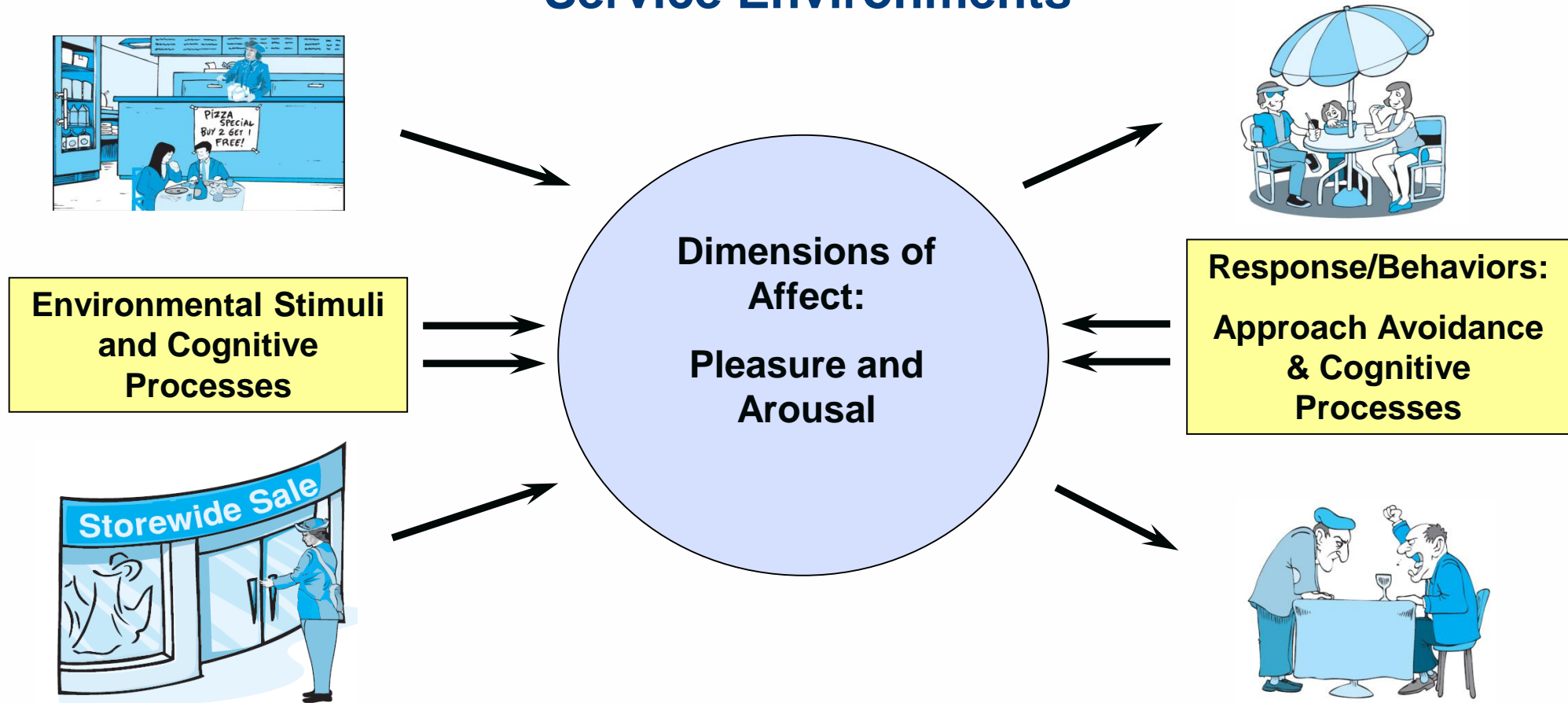
(2)

*“What sets you apart is **how you package it.**”*
–Hamid Hashemi,
Muvico’s CEO

CONSUMER REPOSSES 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

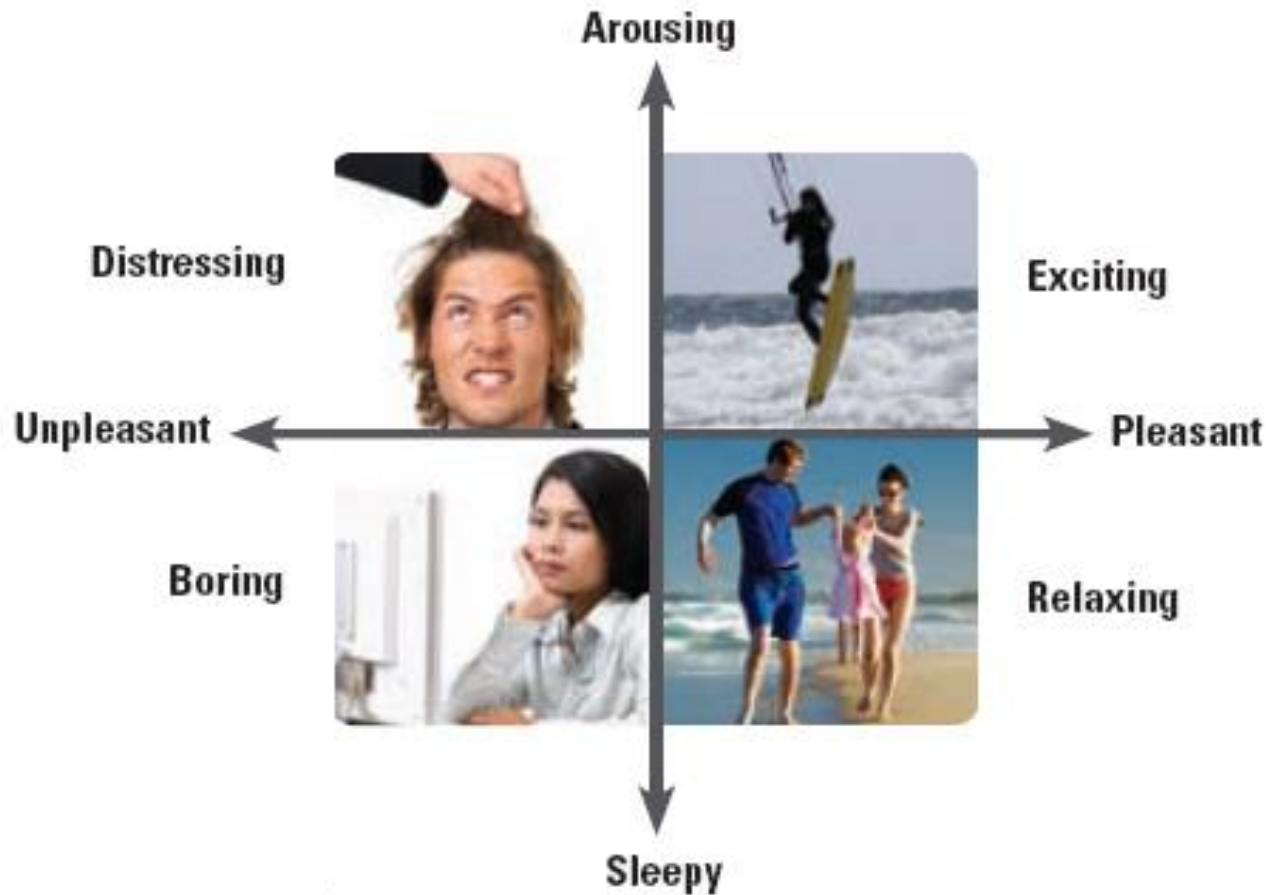
It is a simple yet fundamental **model** of how people **respond to environments** that illustrates:

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



Russell's model of affect is widely used to help **understand feelings in service environments** and suggests that emotional responses to environments can be described along *two main dimensions, pleasure and arousal.*

INSIGHTS FROM RUSSELL'S MODEL OF AFFECT

Two main dimensions of emotional responses to environments:

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

Russells' Model separates cognitive emotions from emotional dimensions

Advantage: simple, direct approach to customers' feelings; firms can set targets for affective states

THE RUSSELL MODEL OF AFFECT



(1)

the operator of a bungee-jumping business might want customers to feel aroused (assuming there is little pleasure in having to gather all one's courage before jumping)



(2)

A disco operator may want customers to feel excited (a relatively high arousal environment combined with pleasure)

Source:

(1) <https://resources.stuff.co.nz/content/dam/images/1/4/1/4/e/k/image.related.StuffLandscapeSixteenByNine.620x349.18go46.png/1449088389633.jpg>

(2) http://ddt5juiq7j39k.cloudfront.net/wp-content/uploads/2013/11/Party_and_event_planning_disco_slide.jpg

AFFECTIVE AND COGNITIVE PROCESSES

Determines **how people feel** in a service setting

Affect caused by *perceptions and cognitive processes* of any degree of complexity

If **higher levels of cognitive processes** are **triggered**—for instance, through something *surprising* in the service environment—, the **interpretation** of this surprise **determines** people's **feelings**

The **more complex** a **cognitive process** becomes, the **more powerful** its potential **impact** on affect

BEHAVIORAL CONSEQUENCE OF AFFECT

Arousal amplifies the **basic effect of pleasure** on behavior

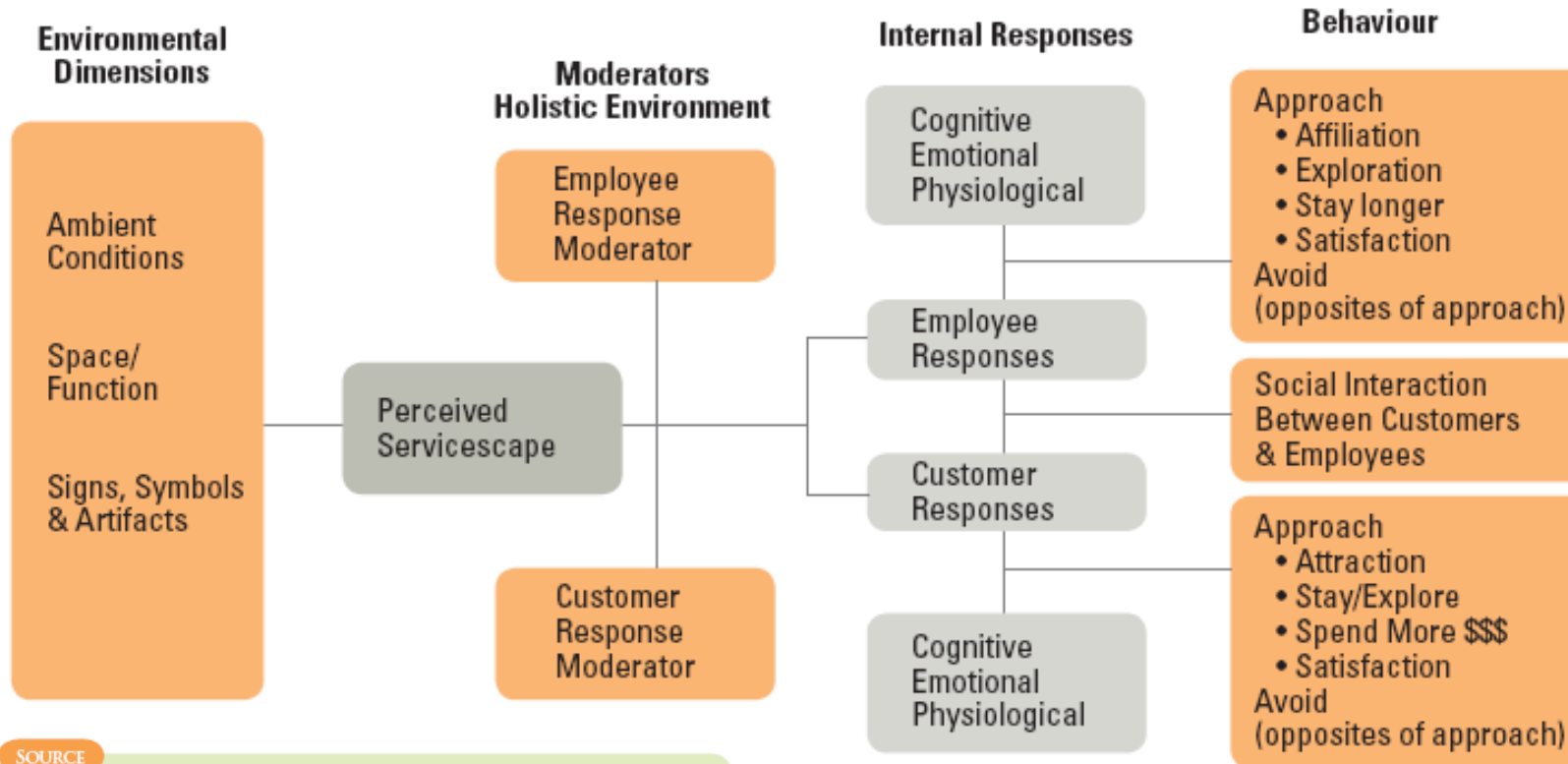
If **environment** is **pleasant**, increasing arousal can generate ***excitement***, leading to a stronger positive consumer response

If **environment** is **unpleasant**, increasing arousal level will move customers into the ***“distressed”*** region

“Pleasant environments result in ***approach***, whereas **unpleasant** ones result in ***avoidance***”

Feelings during **service encounters** are an important **driver** of **customer loyalty**

THE SERVICESCAPE MODEL: AN INTEGRATIVE FRAMEWORK



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

The servicescape model shows the main dimensions in service environments: **ambient conditions, space/functionality, and signs, symbols, and artifacts.**

Source:
(1) https://accucode-kswgjupeyhv6hd.netdna-ssl.com/wp-content/uploads/2015/08/The-true-cost-of-slow-wifi_z2dwbg_yylyik.jpg
(2) http://cdn.business2community.com/wp-content/uploads/2014/12/customer_support_banner.jpeg

THE SERVICESCAPE MODEL: AN INTEGRATIVE FRAMEWORK

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

The key to effective design is **how well each individual dimension fits together with everything else.**

Servicescape model includes **employee responses** to the service environment. It's crucial that designers become aware of how a particular environment enhances (or at least does not reduce) the productivity of frontline personnel and the quality of service they deliver.

DIMENSIONS OF THE SERVICE ENVIRONMENT

MAIN DIMENSIONS IN SERVICESCAPE MODEL

1. Ambient conditions

Characteristics of environment pertaining to our five senses

Clever design of these conditions can **elicit desired behavioral responses** among consumers

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**

MUSIC

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**



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Careful selection of music can **deter wrong type of customers**

SCENT

An ambient scent 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*

Source:

- (1) <https://www.garuda-indonesia.com/images/corporate/corporate-about.jpg>
- (2) <http://assets.kompas.com/crop/0x54:1000x554/780x390/data/photo/2017/06/20/2014652927.jpg>
- (3) <http://assets.kompas.com/crop/0x145:1000x645/780x390/data/photo/2017/04/22/003542320170422-122858-873-kartini.flight-.jpg>

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

Sources: www.Fragrant.demon.co.uk, www.naha.org/WhatisAromatherapy; Dana Butcher, "Aromatherapy-Its Past & Future," *Drug and Cosmetic Industry*, 16, No. 3, 1998, 22–24; Shirley Price and Len Price, *Aromatherapy for Health Professionals*, 3rd edn.; A. S. Mattila and J. Wirtz, "Congruency of Scent and Music as a Driver of In-store Evaluations and Behavior," *Journal of Retailing*, 77, 2001, 273–289.

This table shows the generally assumed **effects of specific scents** on people as prescribed by aromatherapy.

CASE: AMBIUS

As a response to the trend of scenting servicescapes, professional service firms have entered the **scent marketing** space.



Ambius, a Rentokil Initial company, offers scent-related services such as “*sensory branding*,” “*ambient scenting*” and “*odor remediation*” for retail, hospitality, health care, financial services, and other services.

COLOR

Color is “*stimulating, calming, expressive, disturbing, impressional, cultural, exuberant, symbolic*.” It pervades every aspect of our lives, embellishes the ordinary, and gives beauty and drama to everyday objects.”

Warm colors encourage fast decision making and are good for low-involvement decisions or impulse buys

Cool colors are preferred for high-involvement decisions

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*

Hues are classified into warm colors (red, orange, and yellow hues) and cold colors (blue and green), with **orange** (a mix of red and yellow) the **warmest** and **blue** the **coldest** of the colors.

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	Coollest	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

Sources: Sara O. Marberry and Laurie Zagon, *The Power of Color—Creating Healthy Interior Spaces*. New York: John Wiley, 1995, 18; Sarah Lynch, *Bold Colors for Modern Rooms: Bright Ideas for People Who Love Color*. Gloucester, MA: Rockport Publishers, 2001, 24–29.

This table summarizes **common associations** and **responses to colors**.

MAIN DIMENSIONS IN SERVICESCAPE MODEL

2. Spatial layout and functionality

Spatial layout:

- floorplan
- size and shape of furnishings
- potential machinery and equipment and the ways in which they are arranged.

Functionality:

ability of those items to facilitate performance

Spatial layout and functionality create the **visual** and **functional** servicescape for *delivery and consumption* to take place.

Both dimensions **determine *user friendliness*** and the ***facility's ability to service customers well***; and, they not only affect the efficiency of the service operation, they also shape the customer experience.

MAIN DIMENSIONS IN SERVICESCAPE MODEL

3. Signs, symbols, and artifacts

Explicit or implicit signals to communicate the firm's image, help customers find their way, and to convey the service script.

The challenge is to use signs, symbols, and artifacts to **guide customers clearly** through the process of service delivery and to **teach the service script in** as **intuitive a manner** as possible.



Examples of explicit signals include signs that can be used:

- (1) as labels
- (2) for giving directions
- (3) for communicating the service script
- (4) behavioral rules

CASE: HEALTHPARK MEDICAL CENTER, FORT MEYERS, FLORIDA

HealthPark Medical Center in Fort Meyers, Florida combined **full-spectrum color** in its lobby with **unusual lighting** to achieve a *dreamlike* setting.



Craig Roeder, the lighting designer for the hospital, explained: “It’s a hospital. People walk into it worried and sick. I tried to design an entrance space that provides them with light and energy—to **‘beam them up’** a little bit before they get to the patient rooms.”

PEOPLE ARE PART OF THE SERVICE ENVIRONMENT

Service firms seek to **recruit staff** to fill specific roles, costume them in uniforms consistent with the servicescape in which they will be working, and script their speech and movements.

Marketing communications seek to **attract customers** who will not only appreciate the ambience created by the service provider but will actively enhance it by their own appearance and behavior.



Employees at Disney theme parks are called cast members. Once dressed up, they must “perform” for the guests.

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**



Distinctive servicescapes—from table settings to furniture and room design—create different customer expectations of these two restaurants

TOOLS TO GUIDE SERVICESCAPE DESIGN

1. **Keen observation** of customers' behavior and responses to the service environment by management, supervisors, branch managers, and frontline staff.
2. **Feedback and ideas from frontline staff and customers** using a broad array of research tools ranging from **suggestion boxes** to **focus groups** and **surveys**.
3. **Photo audit** is a method of asking customers (or mystery shoppers) to **take photographs** of their service experience.
4. **Field experiments** that can be used to manipulate specific dimensions in an environment so that the effects can be observed.
5. **Blueprinting** or **flowcharting** can be extended to include the physical evidence in the environment.

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