# Chapter 10:
## Crafting the Service Environment

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# Homework: Servicescape

Please illustrate for the class a servicescape of your choice in detail using photos, videos, and sketches

Consider explicitly visual elements, music, lighting, colors, scent, sense

Consider different view points for the customer (e.g. entrance)

Be prepared to present your servicescape next time.

# Purpose of Service Environments

- **Helps firm to create distinctive image and unique positioning**

- **Service environment affects buyer behavior in three ways:**

  - **Message-creating** medium: Symbolic cues to communicate the distinctive nature and quality of the service experience
  - **Effect-creating** medium: Use colors, textures, sounds, scents and spatial design to enhance desired service experience
  - **Attention-creating** medium: Make servicescape stand out from competition and attract customers from target segments
  - **Facilitator** medium: Support the service delivery and interaction process

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

# Part of the Value Proposition

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

| Servicescape | Other Tangibles |
|---|---|
| Facility exterior | Business cards |
|    Exterior design | Stationery |
|    Signage | Billing statements |
|    Parking | Reports |
|    Landscape | Employee dress |
|    Surrounding environment | Uniforms |
| Facility interior | Brochures |
|    Interior design | Web pages |
|    Equipment | Virtual servicescape |
|    Signage | |
|    Layout | |
|    Air quality/temperature | |
|    Sound/music/scent/lighting | |

# 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, counters, machinery,equipment, and how they are arranged**
  - ➢ Functionality: Ability of those items to facilitate performance

- **Signs, Symbols, and Artifacts**
  - ➢ Explicit or implicit signals to:
    - – **Communicate firm's image**
    - – **Help consumers find their way**
    - – **Convey rules of behavior**

# Impact of Ambient Conditions



- Ambient environment is composed of hundreds of design elements and details that **must work together** to create desired service environment

- 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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# Impact of Signs, Symbols, and Artifacts



- **Guide customers clearly through process of service delivery**

  - Customers will automatically try to draw meaning from the signs, symbols, and artifacts
  - Unclear signals from a servicescape can result in anxiety and uncertainty about how to proceed and obtain the desired service
  - For instance, signs can be used to reinforce behavioral rules

# Signs Teach and Reinforce Behavioral Rules in Service Settings: sports events
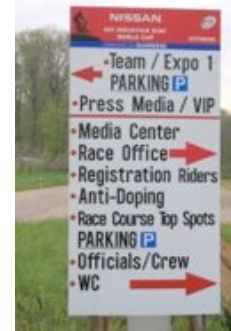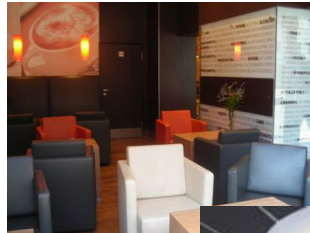
# People Are Part of the Service Environment: Generator Hostel

**Distinctive Servicescapes Create Customer Expectations**

# McDonald versus McCafe

**Each servicescape clearly communicates and reinforces its hotel's respective positioning and sets service expectations as guests arrive**

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# Impact of Music

- In service settings, music can have a 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

# Impact of Music on Restaurant Diners

| Restaurant Patron Behavior | Fast-beat Music Environment | Slow-beat Music Environment | Difference between Slow- and Fast-beat Environments | |
| --- | --- | --- | --- | --- |
| | | | Absolute Difference | % Difference |
| Consumer time spent at table | 45min | 56min | +11min | +24% |
| Spending on food | $55.12 | $55.81 | +$0.69 | +1% |
| Spending on beverages | $21.62 | $30.47 | +$8.85 | +41% |
| Total spending | $76.74 | $86.28 | +$9.54 | +12% |
| Estimated gross margin | $48.62 | $55.82 | +$7.20 | +15% |

Source: Ronald E. Milliman (1982), "Using Background Music to Affect the Behavior of Supermarket Shoppers," *Journal Of Marketing, 56 (*3): pp. 86–91

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# Impact of 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

# Effects of Scents on Perceptions of Store Environments (1)

| Evaluation | Unscented Environment Mean Ratings | Scented Environment Mean Ratings | Difference |
|---|---|---|---|
| **Store Evaluation** | | | |
| **Negative/positive** | **4.65** | **5.24** | **+0.59** |
| **Outdated/modern** | **3.76** | **4.72** | **+0.96** |
| **Store Environment** | | | |
| **Unattractive/ attractive** | **4.12** | **4.98** | **+0.86** |
| **Drab/colorful** | **3.63** | **4.72** | **+1.09** |
| **Boring/Stimulating** | **3.75** | **4.40** | **+0.65** |

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# Effects of Scents on Perceptions of Store Environments (2)

| Evaluation | Unscented Environment Mean Ratings | Scented Environment Mean Ratings | Difference |
|---|---|---|---|
| **Merchandise** | | | |
| **Outdated/up-to-date style** | **4.71** | **5.43** | **+0.72** |
| **Inadequate/adequate** | **3.80** | **4.65** | **+0.85** |
| **Low/high quality** | **4.81** | **5.48** | **+0.67** |
| **Low/high price** | **5.20** | **4.93** | **-0.27** |

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- **Colors can be stimulating, calming, expressive, disturbing, impressional, cultural, exuberant, symbolic**

- **Color pervades every aspect of our lives, embellishes the ordinary, gives beauty and drama to everyday objects**

- **Colors have a strong impact on people's feelings**

- **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

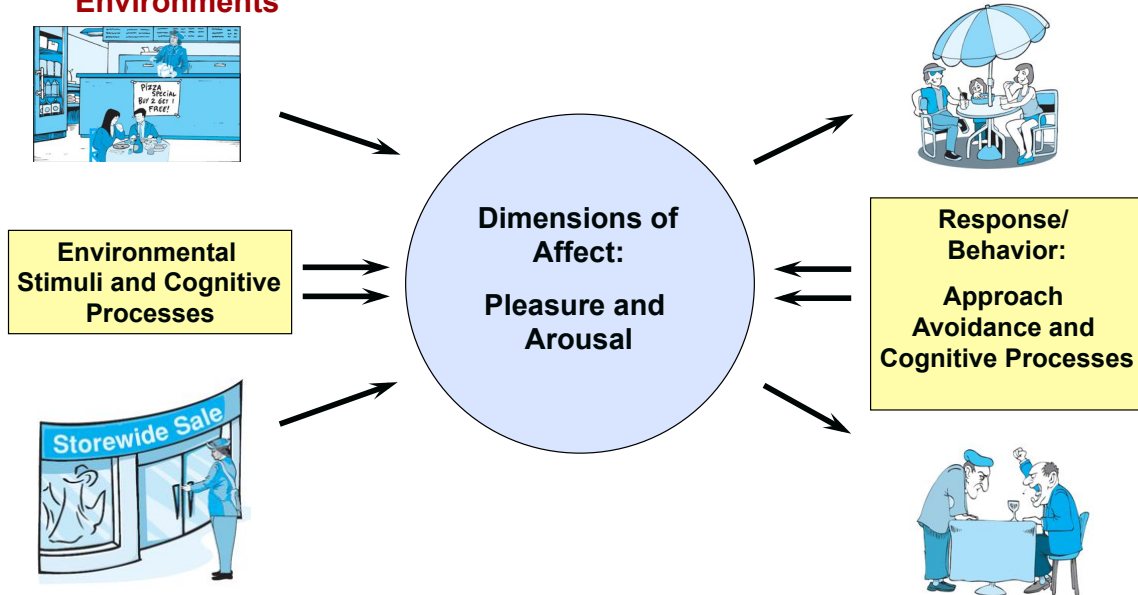## Common Associations and Human Responses to Colors (Table 10.3)

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

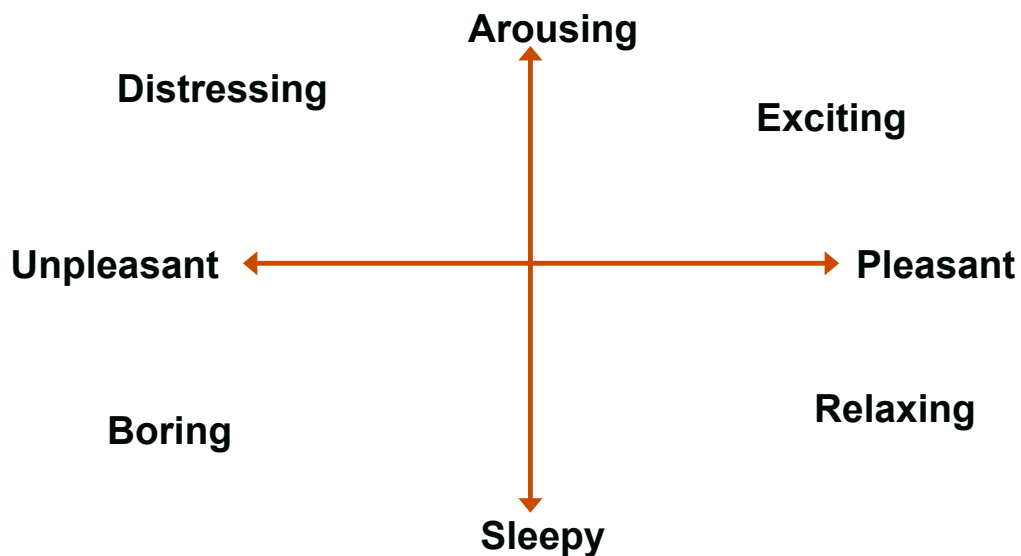# The Mehrabian-Russell Stimulus-Response Model (Fig 10.2)

**Feelings Are a Key Driver of Customer Responses to Service Environments**



**Dimensions of Affect:**

**Pleasure and Arousal**

**Environmental Stimuli and Cognitive Processes**

**Response/ Behavior:**

**Approach Avoidance and Cognitive Processes**

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# The Russell Model of Affect
## Fig 10.3

**Arousing**

**Distressing**

**Exciting**

**Unpleasant** ← → **Pleasant**
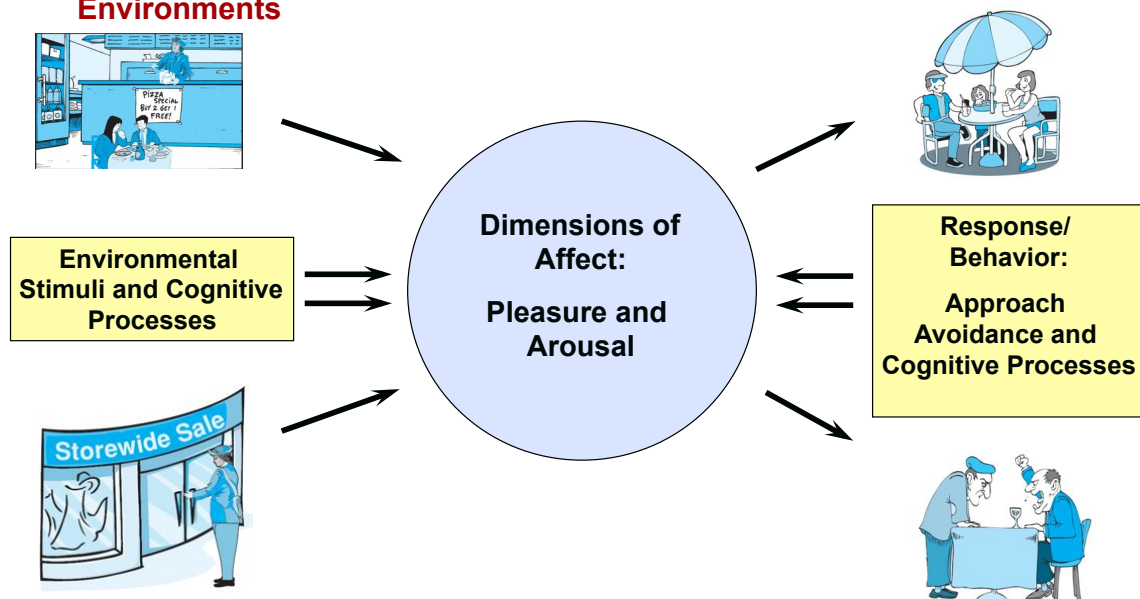
**Boring**

**Relaxing**

**Sleepy**

- **Emotional responses to environments can be described along two main dimensions:**
  - Pleasure: Direct, 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

- **Russell separated cognitive part of emotions from these two emotional dimensions**

- **Advantage: simplicity, allows a direct assessment of how customers feel**
  - Firms can set targets for affective states

**Feelings Are a Key Driver of Customer Responses to Service Environments**

Source: Mary J. Bitner, "Servicescapes: The Impact of Physical Surroundings on Customers and Employees," Journal of Marketing 56 (April 1992), pp. 57-71.

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# An Integrative Framework: Bitner's Servicescape Model (2)

SERVICES MARKETING

- **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

- **Design with a holistic view**

  ➤ Servicescapes have to be seen 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

## Tools to Guide Servicescape Design

- **Keen observation** of customers' behavior and responses to the service environment by management, supervisors, branch managers, and frontline staff

- **Feedback and ideas** from frontline staff and customers, using a broad array of research tools from suggestion boxes to focus groups and surveys.

- **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.

## Guidelines for Physical Evidence Strategy

1. **Recognize the strategic impact of physical evidence.**

2. **Blueprint the physical evidence of service.**

3. **Clarify strategic roles of the servicescape.**

4. **Assess and identify physical evidence opportunities.**

5. **Be prepared to update and modernize the evidence.**