



THE EXTENDED SERVICES MARKETING MIX FOR MANAGING THE CUSTOMER INTERFACE: PROCESS, PEOPLE AND PHYSICAL EVIDENCE

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MEIC –MARKETING
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DESIGNING AND MANAGING THE SERVICE PROCESSES

Bibliography:

Wirtz and Lovelock (2016), Services Marketing, 8th ed., Chapter 8.

Zeithaml, V. Bitner, M. J. and Gremler, D., Services Marketing: Integrating Customer Focus Across the Firm, Chapter 8.

Service delivery process

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- ❑ Defines the methods and sequence of activities of the service delivery system, specifying how they are interrelated to create value offerings to customers.
- ❑ Processes describing the method and sequence in which service operating systems work.
- ❑ Processes the architecture of services.
- ❑ Poor processes make it difficult for front-line employees to do their jobs well, thus, resulting in low productivity, and increasing the risk of service failures.

Customers As Service Co-creators

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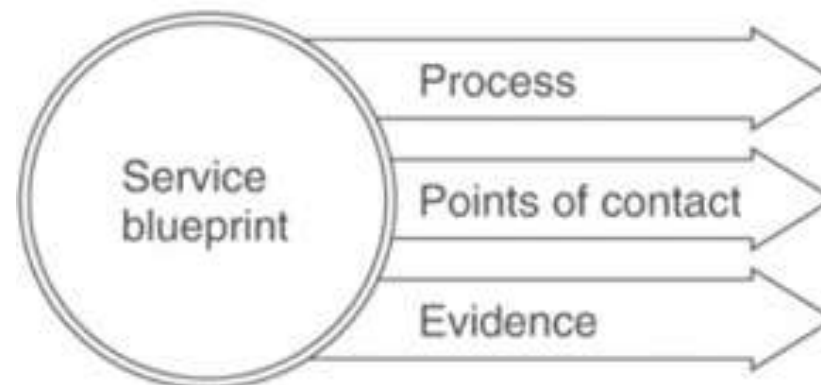
- Value is created when the customer and service providers interact during production, consumption and delivery of the service.
- Service firms need to look at how customers themselves can contribute effectively to value co-creation.
- Firms need to educate and train customers.
- Firms should focus on preventing customer failures.
- The service delivery process should be carefully designed, considering customer role in value co-creation.

Service blueprinting (SB)

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- A tool for simultaneously depicting the **service process**, the **points of customer contact**, and the **evidence of service** from the customer's point of view
 - ▣ focus on the service and the customer.
 - ▣ clarifies the service concept and systematizes the way the service is delivered.

FIGURE 9.3 Service Blueprinting



Service Blueprint (Shostack, 1984)

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□ The SB maps:

- ▣ All key activities that are critical in the service delivery process.
- ▣ Points of customer contact
- ▣ Role of each actor (customer, service representative, support employee)
- ▣ Fail points
- ▣ Waiting points
- ▣ Line of interaction
- ▣ Line of visibility

Service Blueprint Components

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Customer Actions

line of interaction

Visible Contact Employee Actions

line of visibility

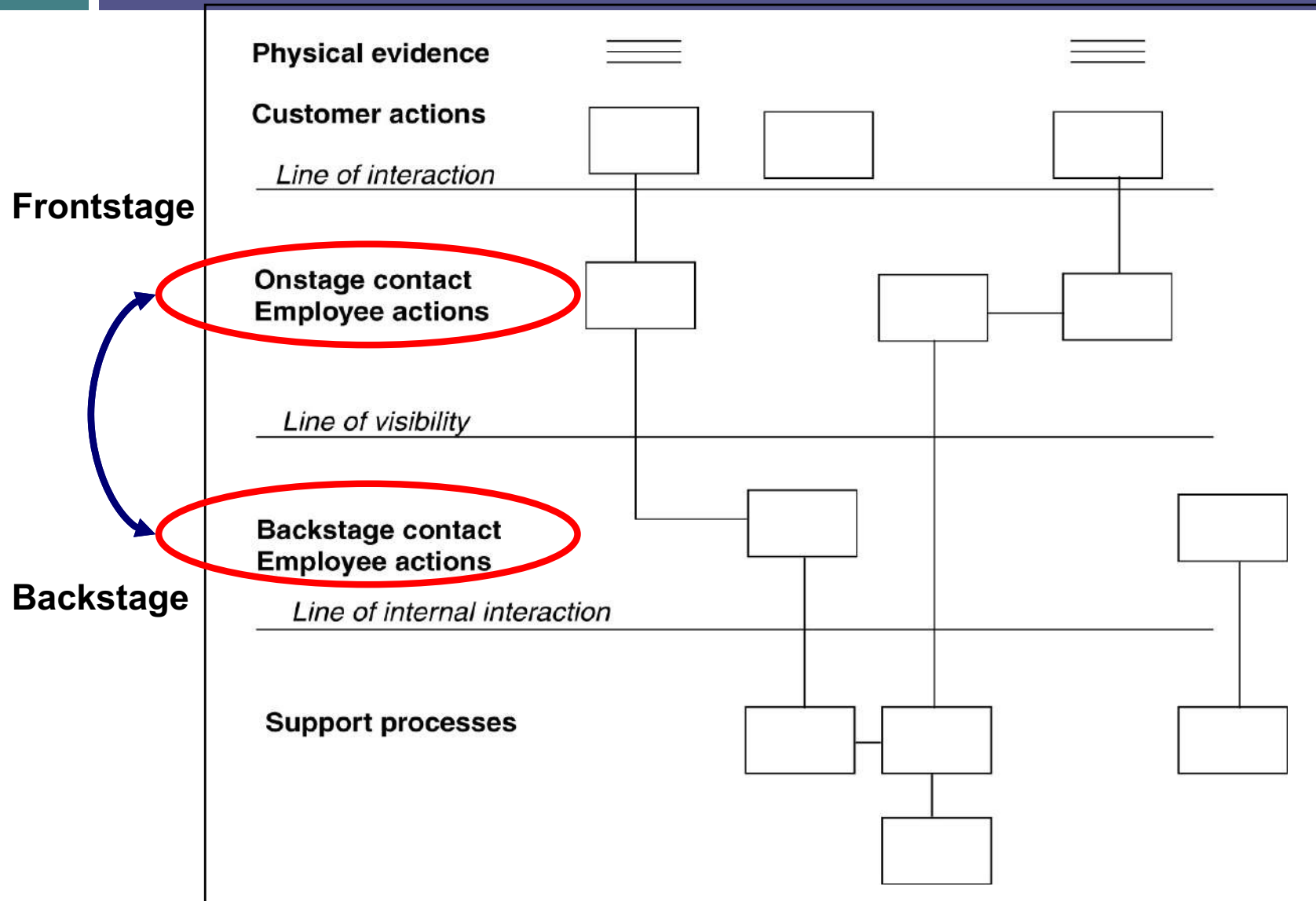
Invisible Contact Employee Actions

line of internal interaction

Support Processes

Service Blueprints Components

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Service Blueprints Components

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- Physical evidence
 - ▣ Characteristics of the physical environment where service provision will occur in the frontstage.
 - ▣ The specification of physical evidence can be done through annotations or visual representations.

- Customer Actions
 - ▣ Steps, choices, activities and interactions that the customer performs in the process
 - ▣ Shows the customer experience

Service Blueprints Components

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- Line of interaction
 - ▣ Separates the activities of the different actors in the service delivery process.
 - Line of interaction - between the customer and the service employee
 - Line of internal interaction - between the contact employee from the technology enabled interface

Service Blueprints Components

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□ Line of visibility

- Separates all service activities that are visible to the customer from those that are not visible

- Frontstage - Service elements that are **visible** to the customer.

- Have a direct impact on the customer experience.

- Backstage - Service elements that are **not visible** to the customer.

- Service elements invisible to the customer, but provide crucial support for service provision.

- Backstage activities have a indirect impact on the customer experience.

Service Blueprints Components

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□ Points of failure

- ▣ Points where something can go wrong in service delivery, with a negative impact on the customer experience.

- Ex: customer login failure, wrong orders

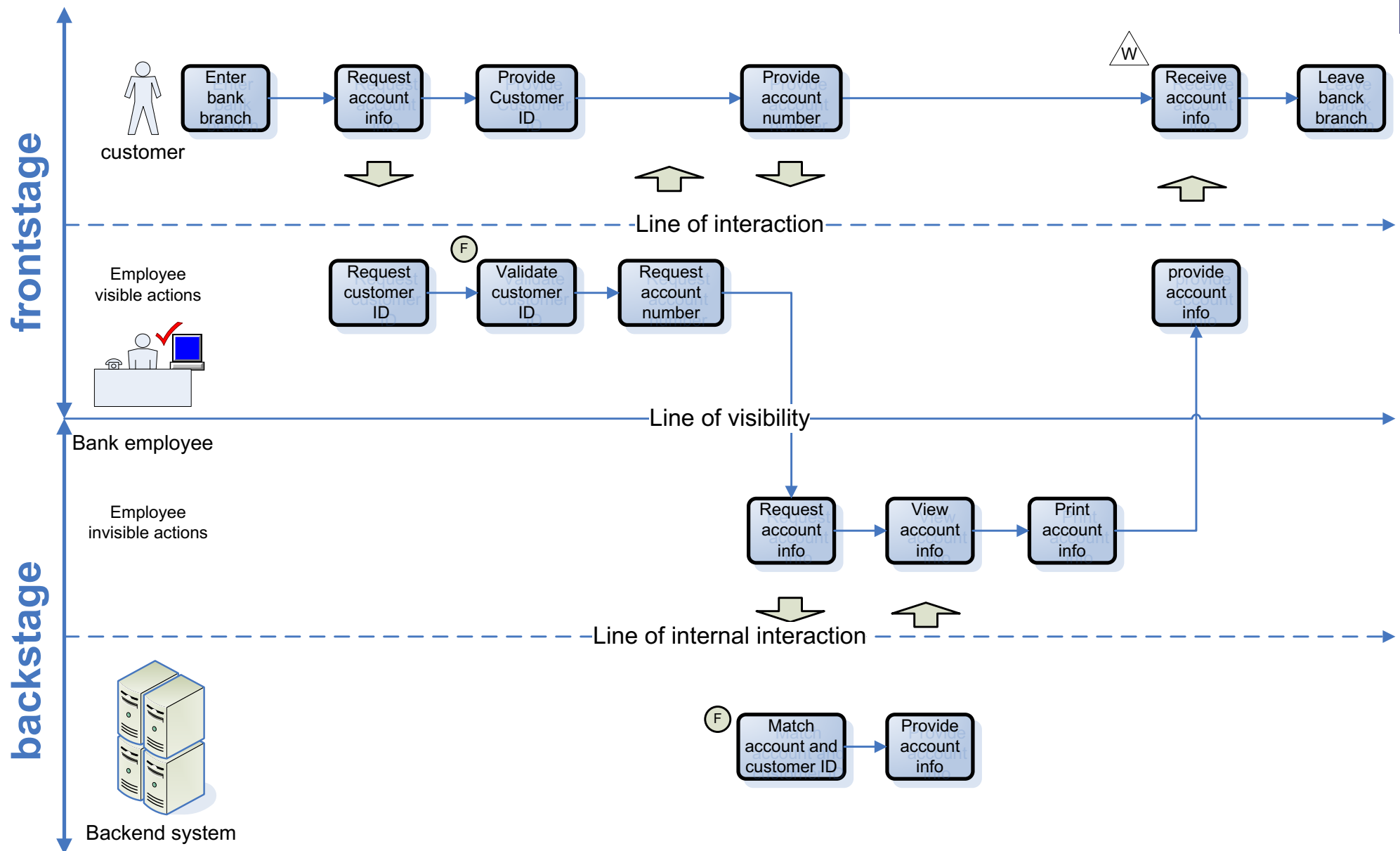
□ Waiting points

- ▣ Points where the service provision can be delayed, with a negative impact on the customer experience.

- Ex: waiting time for a meal, or processing an online order

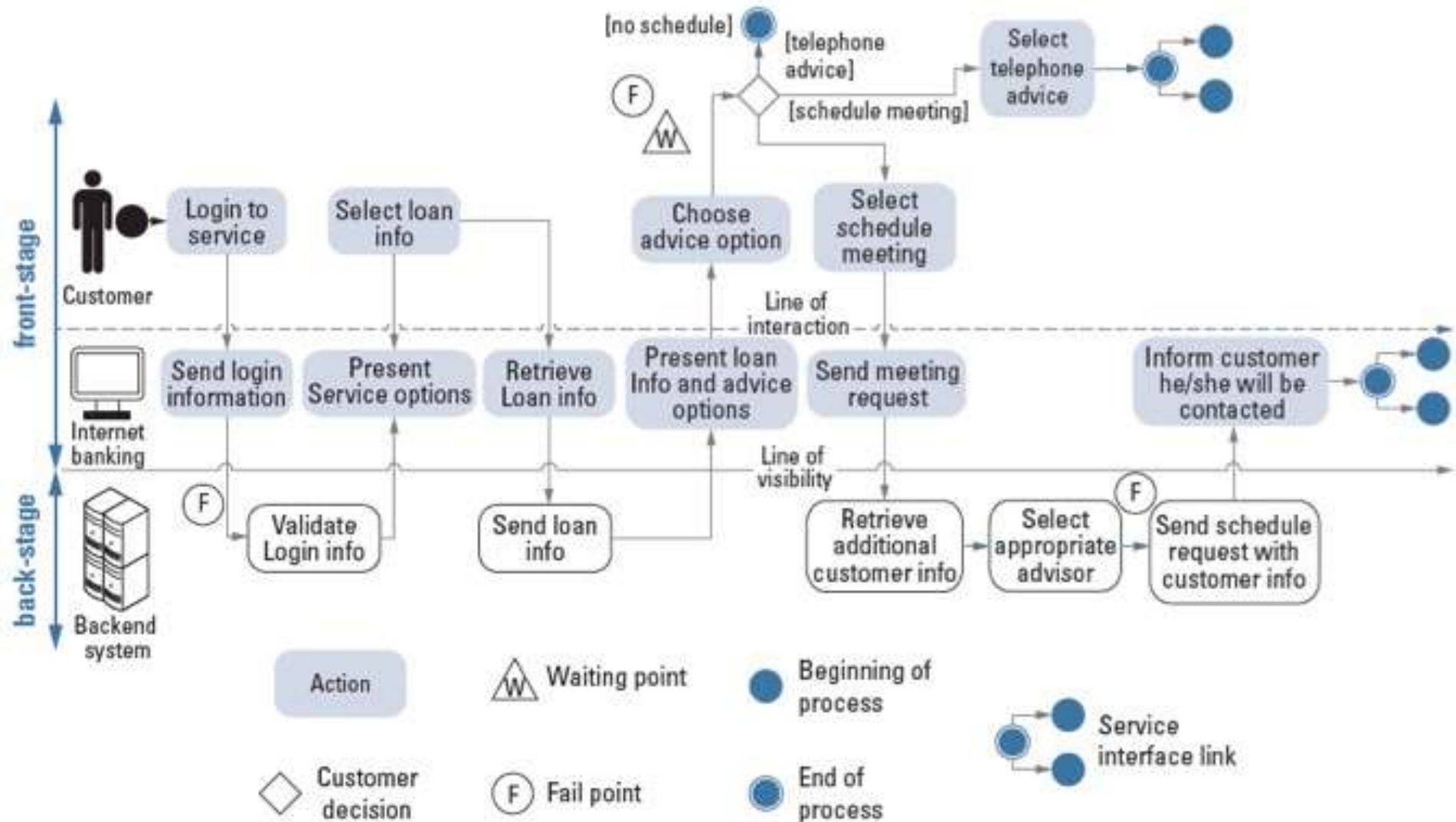
- ▣ The standards for target waiting times should be defined

Service Blueprint for gathering account information through branch banking



Blueprint of a Self-Service Internet-delivered Banking Process

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Source: Patricio et al. (2011) Multilevel Service Design: From Customer Value Constellation to Service Experience Blueprinting, Journal of Service Research, 14, pp180-200.

Developing a Blueprint (1)

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- Define “**big picture**” before “drilling down” to obtain a higher level of detail
- **Identify key activities** in creating and delivering service and **specify linkages** between the activities
 - Identify **direction** in which processes flow
 - Define **standards** for front-stage activities
- Distinguish between “**front stage**” and “**back stage**”
- **Clarify interactions** between customers and staff, and support by backstage activities and systems

Developing a Blueprint (2)

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- **Identify potential fail points** (instances where there is a risk of things going wrong, resulting in diminished service quality):
 - ▣ take preventive measures
 - ▣ prepare contingency

- **Develop standards and targets for execution of each activity** (should reflect customer expectations):
 - ▣ times for task completion,
 - ▣ maximum wait times, and
 - ▣ scripts to guide interactions between employees and customers

Developing a Blueprint (2)

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- **Identify potential fail points:**
 - ▣ take preventive measures
 - ▣ prepare contingency

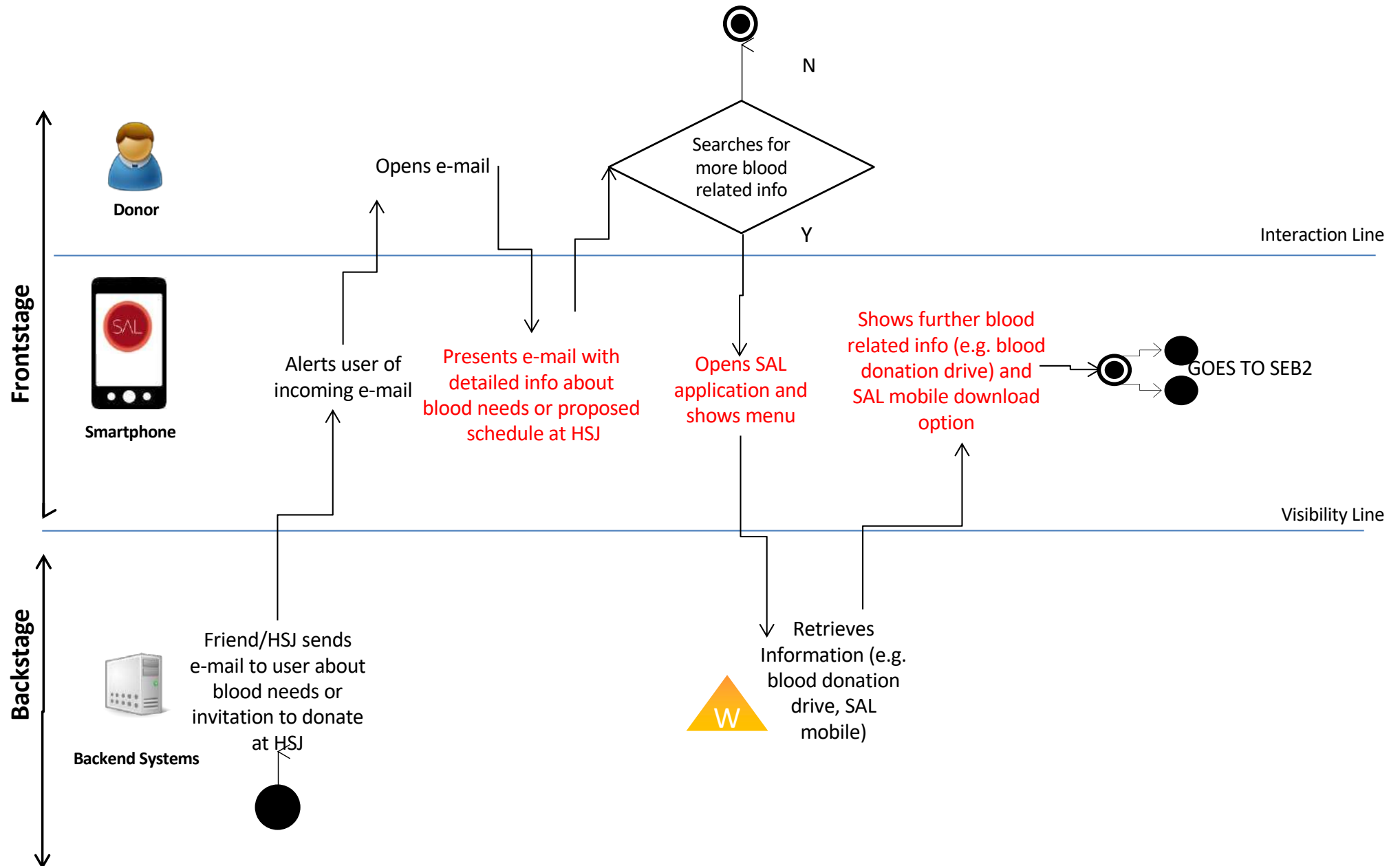
- **Develop standards for execution of each activity:**
 - ▣ times for task completion,
 - ▣ maximum wait times, and
 - ▣ scripts to guide interactions between employees and customers

Example: Blueprints for an app development

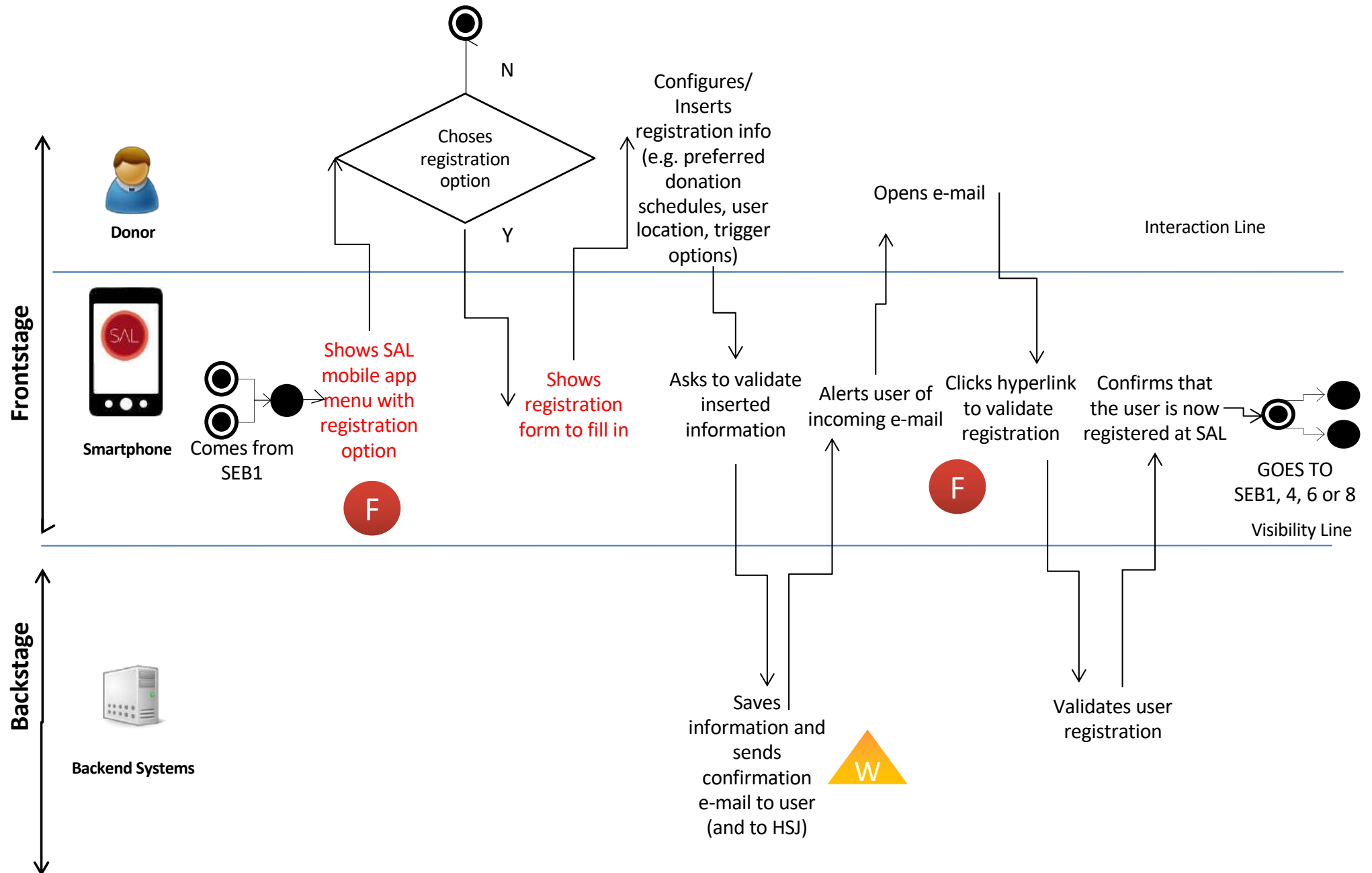
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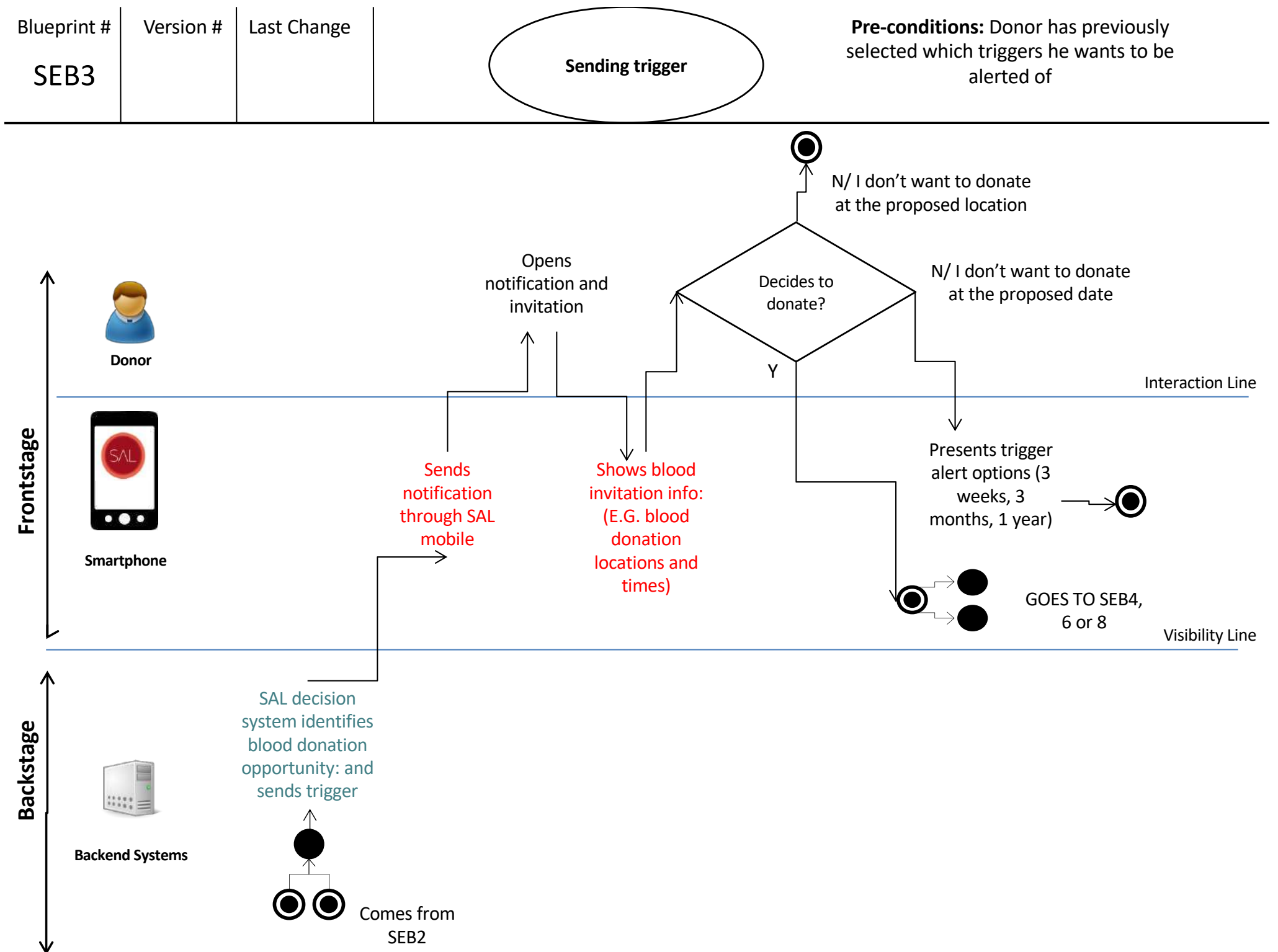
- As part of the service design process, several service blueprints were made to help in designing the blood donation app
 - ▣ SEB1- Hospital Donner receives information about blood donation
 - ▣ SEB2- SAL mobile app download and registration
 - ▣ SEB3- Sending the donner a trigger
 - ▣ SEB4- Scheduling
 - ▣ SEB5-Change donation scheduling
 - ▣ SEB6-Creating blood group donation
 - ▣ SEB7- Receives invitation for scheduled blood donation
 - ▣ SEB8- Checking donation pre-Requisites
 - ▣ SEB9-Getting to blood donation site
 - ▣ SEB10-Welcome and print form
 - ▣ SEB11-Support to Blood collection and recovery monitoring
 - ▣ SEB12-Donor benefit access
 - ▣ SEB13-Return home
 - ▣ SEB14-Follow-up

Blueprint #	Version #	Last Change		Pre-conditions:
SEB1			<div>Receives information about blood donation</div>	



Blueprint #	Version #	Last Change	SAL mobile download and registration		Pre-conditions:
SEB2					

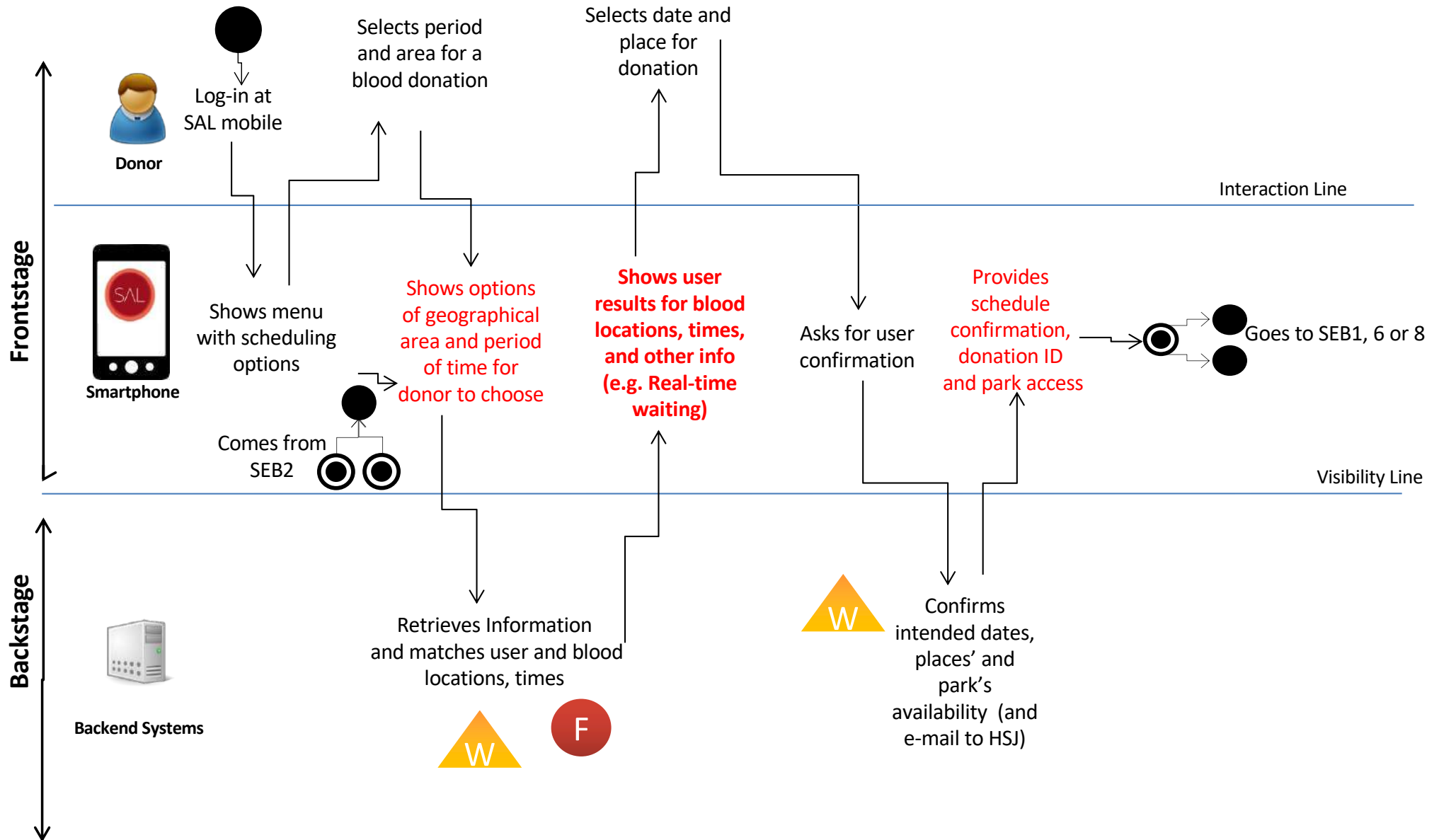




Blueprint #	Version #	Last Change		
SEB4			Scheduling	Pre-conditions: Donor has already installed SAL mobile

Note:

- The donor may either autonomously decide to donate or respond to invitation
- Group donation option may be done during the scheduling process



Multichannel service provision

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- Multichannel services raise new challenges:
 - ▣ Customers can move across different channels along the different stages of service consumption
 - ▣ Need for an integrated design and management of the multichannel service offering.
 - ▣ The service offered by the different channels should be consistent.
- Evolution of Service Blueprinting for the design of multichannel services
- Service Experience Blueprint (SEB) method was developed specifically for designing multi-interface service experiences
 - ▣ Patrício, Lia et al. (2008), Designing Multi-Interface Service Experiences, *Journal of Service Research* Vol 10, Issue 4, pp. 318 – 334.
 - ▣ Patricio, Lia et al. (2011) Multilevel Service Design: From Customer Value Constellation to Service Experience Blueprinting, *Journal of Service Research*, Vol14, issue 2, pp180-200.

Application of Service Blueprints

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- New Service Development
 - ▣ concept development
 - ▣ market testing
- Supporting a “Zero Defects” Culture
 - ▣ managing reliability
 - ▣ identifying empowerment issues
- Service Recovery Strategies
 - ▣ identifying service problems
 - ▣ conducting root cause analysis
 - ▣ modifying processes

Service Process Redesign

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- Need for Service Process Redesign:
 - ▣ Service processes become outdated overtime
 - ▣ A natural weakening of internal processes
- Service Blueprint can be used to:
 - ▣ Analyzing and eliminating activities that do not create value (reducing administrative load)
 - ▣ Changing customer participation in the service delivery process, through self-service systems (Ex: touch screen, mobile app)
 - ▣ Development of direct customer service (Ex: online sales)
 - ▣ Reduced number of service failures
 - ▣ Enhanced productivity
 - ▣ Service bundling (grouping services to improve value offering)

Blueprints Can Be Used By:

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□ **Service Marketers**

- ▣ creating realistic customer expectations:
 - service system design
 - promotion

□ **Operations Management**

- ▣ rendering the service as promised:
 - managing fail points
 - training systems
 - quality control

□ **Human Resources Management**

- ▣ empowering the human element:
 - job descriptions
 - selection criteria
 - appraisal systems

□ **System Technology**

- ▣ providing necessary tools:
 - system specifications
 - personal preference databases

Benefits of Service Blueprinting

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- ❑ Provides a platform for innovation.
- ❑ Recognizes roles and interdependencies among functions, people, and organizations.
- ❑ Facilitates both strategic and tactical innovations.
- ❑ Transfers and stores innovation and service knowledge.
- ❑ Designs moments of truth from the customer's point of view.
- ❑ Suggests critical points for measurement and feedback in the service process.
- ❑ Clarifies competitive positioning.
- ❑ Provides understanding of the ideal customer experience.

Common Issues in Blueprinting

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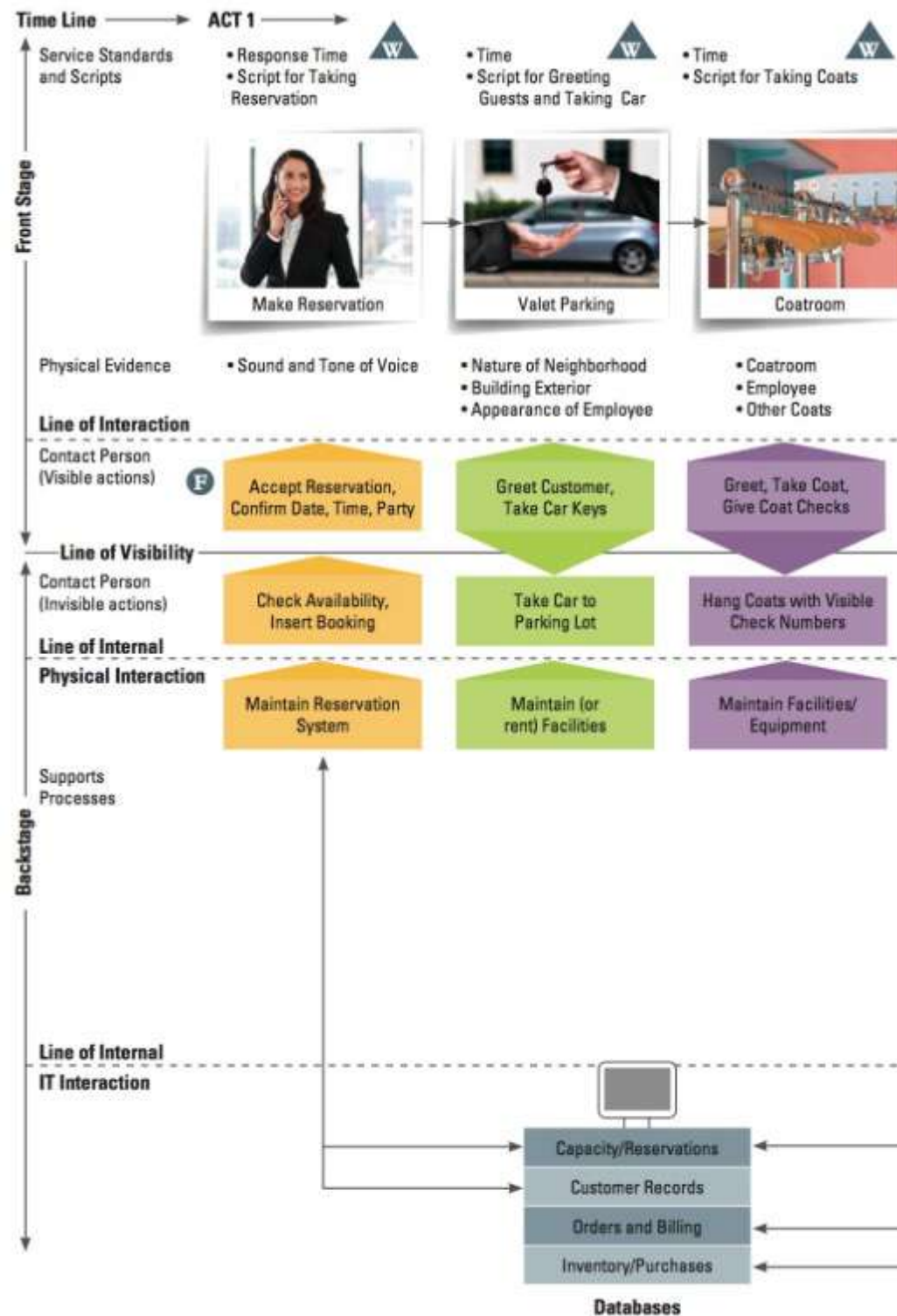
- ❑ Clearly defining the process to be blueprinted
- ❑ Clearly defining the customer or customer segment that is the focus of the blueprint
- ❑ Who should “draw” the blueprint?
- ❑ Should the actual or desired service process be blueprinted?
- ❑ Should exceptions/recovery processes be incorporated?
- ❑ What is the appropriate level of detail?
- ❑ Symbolology
- ❑ Whether to include time on the blueprint

Blueprinting “The Restaurant Drama”

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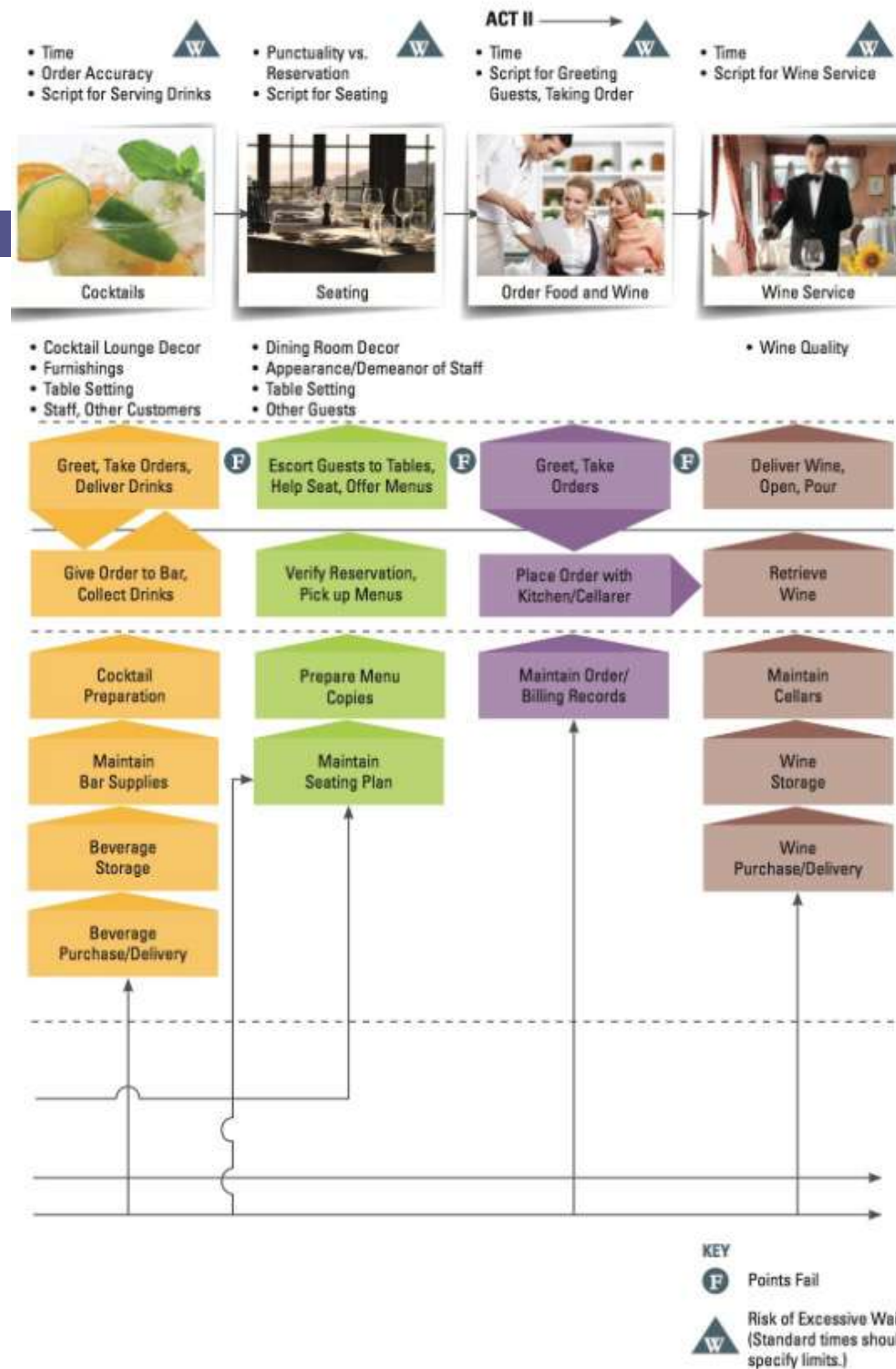
- ❑ To illustrate how blueprinting of a high-contact, people-processing service can be done, examine the experience of a dinner for two at Chez Jean, an upscale restaurant that enhances its core food service with a variety of other supplementary services.
- ❑ Most service processes can be divided into three main steps:
 1. Pre-process stage, where preliminaries occur, such as making a reservation, parking the car, getting seated, and being presented with the menu.
 2. In-process stage, where the main purpose of the service encounter is accomplished, such as enjoying the food and drinks in a restaurant.
 3. Post-process stage, where the activities necessary for the closing of the encounter happen, such as getting the check and paying for the dinner.

Blueprinting the Restaurant Experience: Act 1



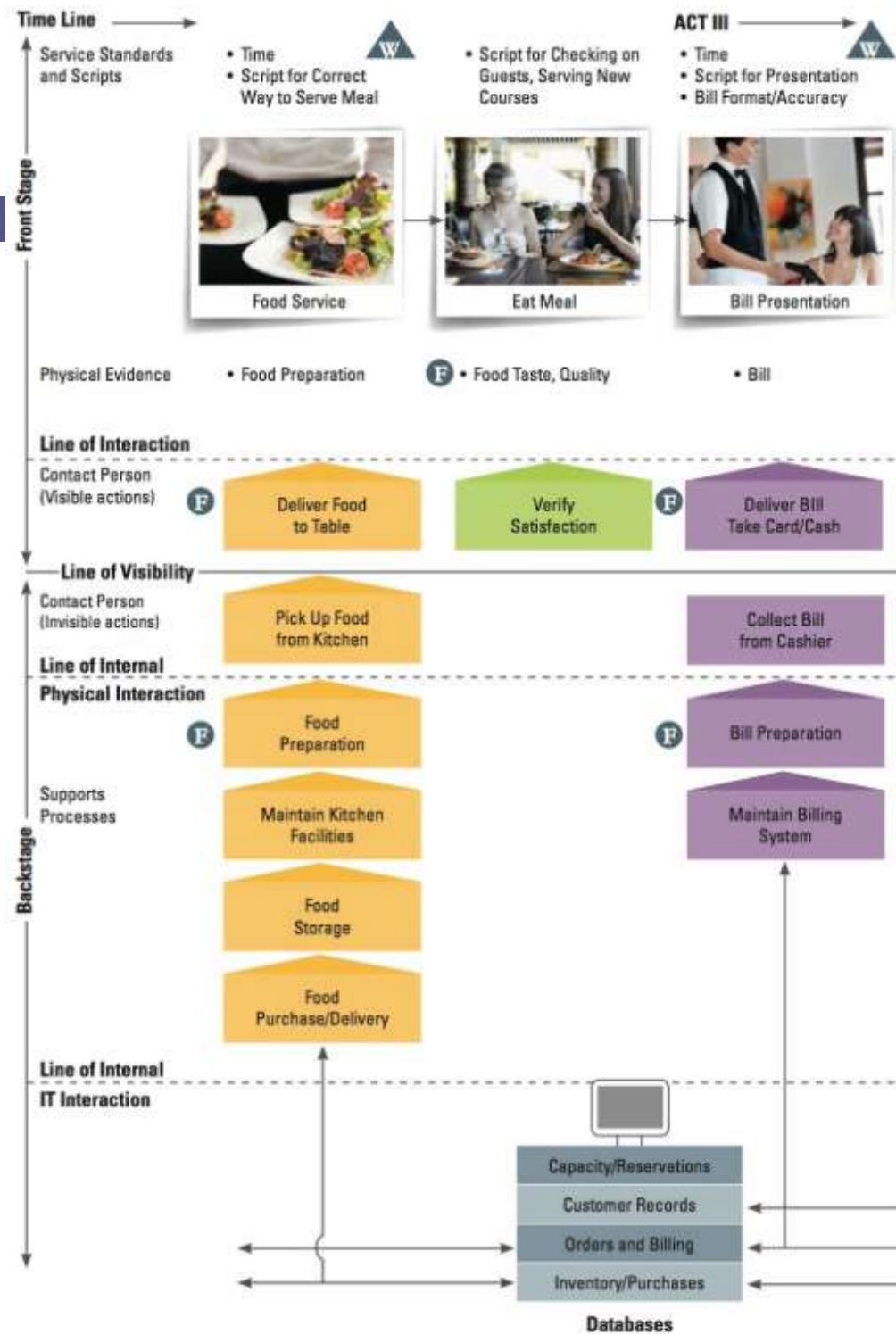
Source: Wirtz and Lovelock (2016), Services Marketing, 8th ed.

Blueprinting the Restaurant Experience: Act 2



Source: Wirtz and Lovelock (2016), Services Marketing, 8th ed.

Blueprinting the Restaurant Experience: Act 3



Source: Wirtz and Lovelock (2016), Services Marketing, 8th ed.

PEOPLE IN SERVICES

Bibliography:

Wirtz and Lovelock (2016), Services Marketing, 8th ed., Chapter 11.

Zeithaml, V. Bitner, M. J. and Gremler, D., Services Marketing: Integrating Customer Focus Across the Firm, Chapter 11 e 12.

The Critical Importance of Service Employees

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- Service employees manage the frontier between the customer and the company.
 - ▣ They are the service.
 - ▣ They are the organization in the customer's eyes.
 - ▣ They are the brand.
 - ▣ They are marketers.



Service Personnel: Source of Customer Loyalty & Competitive Advantage

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- **Customer's perspective:** encounter with service staff is most important aspect of a service
- **Firm's perspective:** frontline is an important source of differentiation and competitive advantage
- **Frontline** is an important driver of customer loyalty
 - ▣ anticipating customer needs
 - ▣ customizing service delivery
 - ▣ building personalized relationships

Challenges in service delivery

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- **Person vs. Role:** Conflicts between what jobs require and employee's own personality and beliefs
 - ▣ **Organizations** must instill “professionalism” in frontline staff
- **Organization vs. Client:** Dilemma whether to follow company rules or to satisfy customer demands
 - ▣ This conflict is especially acute in organizations that are not customer oriented
- **Client vs. Client:** Conflicts between customers that demand service staff intervention

Zappos

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- Why does Zappos pay new employees to quit?
- Could this approach be adopted by other service firms?

When Zappos hires new employees, it provides a four-week training period that immerses them in the company's strategy, culture, and obsession with customers. People get paid their full salary during this period. After a week or so in this immersive experience, though, it's time for what Zappos calls **"The Offer."**:

"If you quit today, we will pay you for the amount of time you've worked, plus we will offer you a \$1,000 bonus."



<https://hbr.org/2008/05/why-zappos-pays-new-employees/>

Motto of Southwest Airlines

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"We hire for
ATTITUDE
and train for
SKILL"



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Frontline in Low-Contact Services

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- Many routine transactions are now conducted without involving frontline staff
 - ▣ Self-service technologies (ATMs, etc.)
 - ▣ Websites for reservations/ordering, payment, etc.
- Though technology and self-service interface is becoming a key engine for service delivery, frontline employees remain crucially important
- These service encounters are critical — they are the “**moments of truth**” that drive a customer’s perceptions of the service firm.

How to Manage People for Service Advantage?

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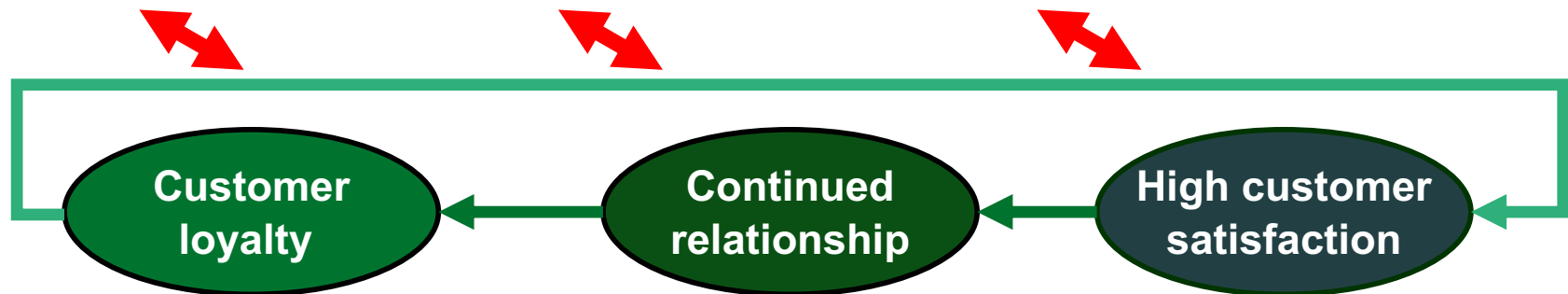
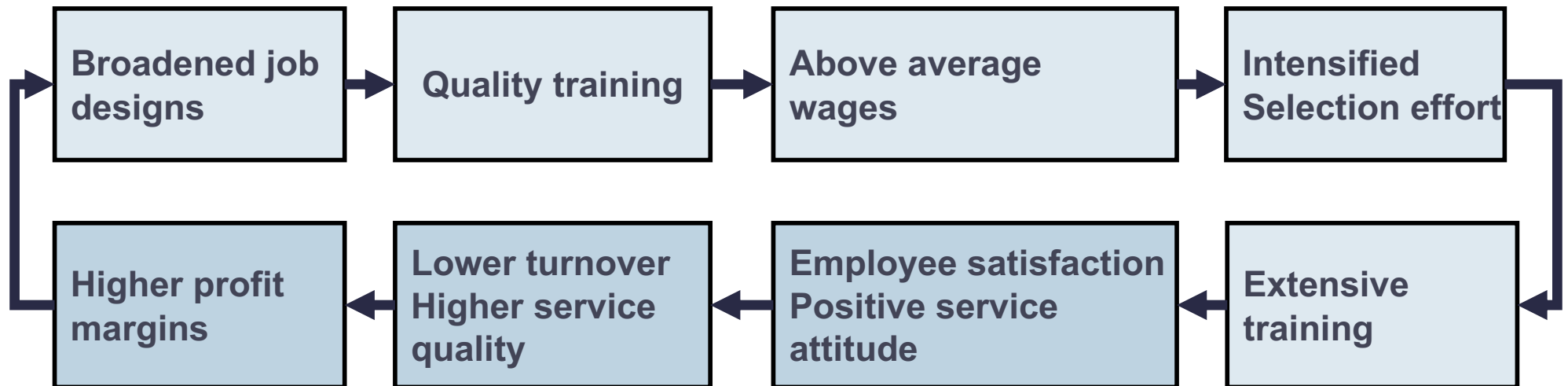
- Staff performance involves both **ability and motivation**
- How can we get able service employees who are motivated to productively deliver service excellence?
 - ▣ Hire the right people
 - ▣ Enable these people
 - ▣ Motivate and energize your people



The cycle of success in managing service people (Heskett)

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Employee cycle



Customer cycle

Levels of Customer Participation

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□ Customer Participation

- ▣ Actions and resources supplied by customers during service production and/or delivery
- ▣ Includes mental, physical, and even emotional inputs



Customer role in value co-creation

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- **Low** - Employees and systems do all the work, consumer presence required during service delivery is low
 - ▣ Often involves standardized service
 - ▣ Ex: airline travel, motel stay, fast-food restaurant
- **Medium** - Customer helps firm create and deliver service
 - ▣ Provide needed information and instructions
 - ▣ Make some personal effort; share physical possessions
 - ▣ Ex: haircut, full-service restaurant, physical exam
- **High** - Customer works actively with provider to cocreate the service
 - ▣ Service cannot be created without customer's active participation
 - ▣ Customer can jeopardize quality of service outcome
 - ▣ Ex: marriage counseling, personal training

Self-Service Technologies (SST)

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- **Ultimate form of customer involvement**
 - ▣ Customers undertake specific activities using facilities or systems provided by service supplier
 - ▣ Customer's time and effort replace those of employees



Self-serve car-repair shops let you be the mechanic

45




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Rent a Bay



We offer various bays for your automotive needs. Our bays are available with lifts or without lifts. Our bays are spacious and available for hourly rentals.

LEARN HOW TO RENT A BAY!


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Our do-it-yourself automotive repair shop offers a wide variety of diagnostic equipment and mechanic tools that can be rented to ensure proper vehicle repairs.

SEE AVAILABLE TOOLS

Repair Resources



We ensure you have access to various resource information to assist you with your automobile repair. Mechanics can also be rented to assist you with repairs.

SEE OUR REPAIR RESOURCES.

Repair Seminars



Self-Serve Garage provides auto repair seminars where you can learn how to make repairs to your car and even learn how to properly maintain your vehicle.

FIND A REPAIR SEMINAR

SSTs present both advantages and disadvantages

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Benefits:

- Time and cost savings,
- Flexibility,
- Convenience of location,
- Greater control over service delivery,
- A higher perceived level of customization



Disadvantages:

- Anxiety and stress experienced by customers who are uncomfortable with using them



Transforming customers into partial employees

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- **Understand the determinants of consumer behavior:**
 - Why would a customer use self-service (e.g. ATM) instead of full-service?
- **Teach customers how to use the innovations:**
 - Customers should not be left to fend for themselves
 - For customers to be taught, employees must first know how to use the technology themselves
- **Monitor and evaluate performance:**
 - A firm's self-service should be continuously monitored and evaluated throughout the year



Customers as Service Co-Creators

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- Customers can influence productivity and quality of service processes and outputs
- Customers not only bring expectations and needs, they also need to have relevant service production competencies
- Customers also need to be recruited as they are “partial employees”. Firms need to get those with the skills to do the tasks
- For the relationship to last, both parties need to cooperate with each other

Importance of Other Customers in Service Delivery

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Have you had a service encounter that was influenced by other customers?

Importance of Other Customers in Service Delivery

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□ Other customers can **detract** from satisfaction:



- ▣ Disruptive behaviors
- ▣ Overly demanding behaviors
- ▣ Excessive crowding
- ▣ Incompatible needs

□ Other customers can **enhance** satisfaction:



- ▣ Mere presence
- ▣ Socialization/friendships
- ▣ Roles: assistants, teachers, supporters, mentors

THE PHYSICAL EVIDENCE IN SERVICES

Bibliography:

Wirtz and Lovelock (2016), Services Marketing, 8th ed., Chapter 10.

Zeithaml, V. Bitner, M. J. and Gremler, D., Services Marketing: Integrating Customer Focus Across the Firm, Chapter 10.

Physical evidence

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- “The environment in which the service is delivered and where the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service.” (Zeithaml, Bitner, and Gremler, 2010)
- Helps firm to create distinctive image and unique positioning
- Service environment **affects buyer behavior**
- The physical environment is also called “**servicescape**”

Elements of Physical Evidence

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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	

(Zeithaml, Bitner, and Gremler, 2010)

The role of the physical environment

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1. **Facilitate the process of service delivery**, improving productivity and enhancing the customer experience and shape behaviours
 - ▣ Physical surroundings help to “engineer” appropriate feelings and reactions in customers and employees, can help to build loyalty towards firm
2. Signal **quality and position, differentiate** and strengthen brand
 - ▣ Customers use service environment as an important quality proxy, and firms go to great lengths to signal quality and portray desired image
3. Core component of **value proposition**
4. Facilitate service encounter and enhance both service **quality and productivity**

How Does Physical Evidence Affect the Customer Experience?

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- Influences the **flow** of the experience, the **meaning** attached to it, the customer **satisfaction** and the **emotional connections** with the service provider
- Physical surroundings help **shape feelings and reactions**
 - ▣ Employees in colorful costumes contribute to sense of fun and excitement



Disney Parks

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Support Image, Position, and Differentiation

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Star Inn Porto – Low Cost Design Hotel

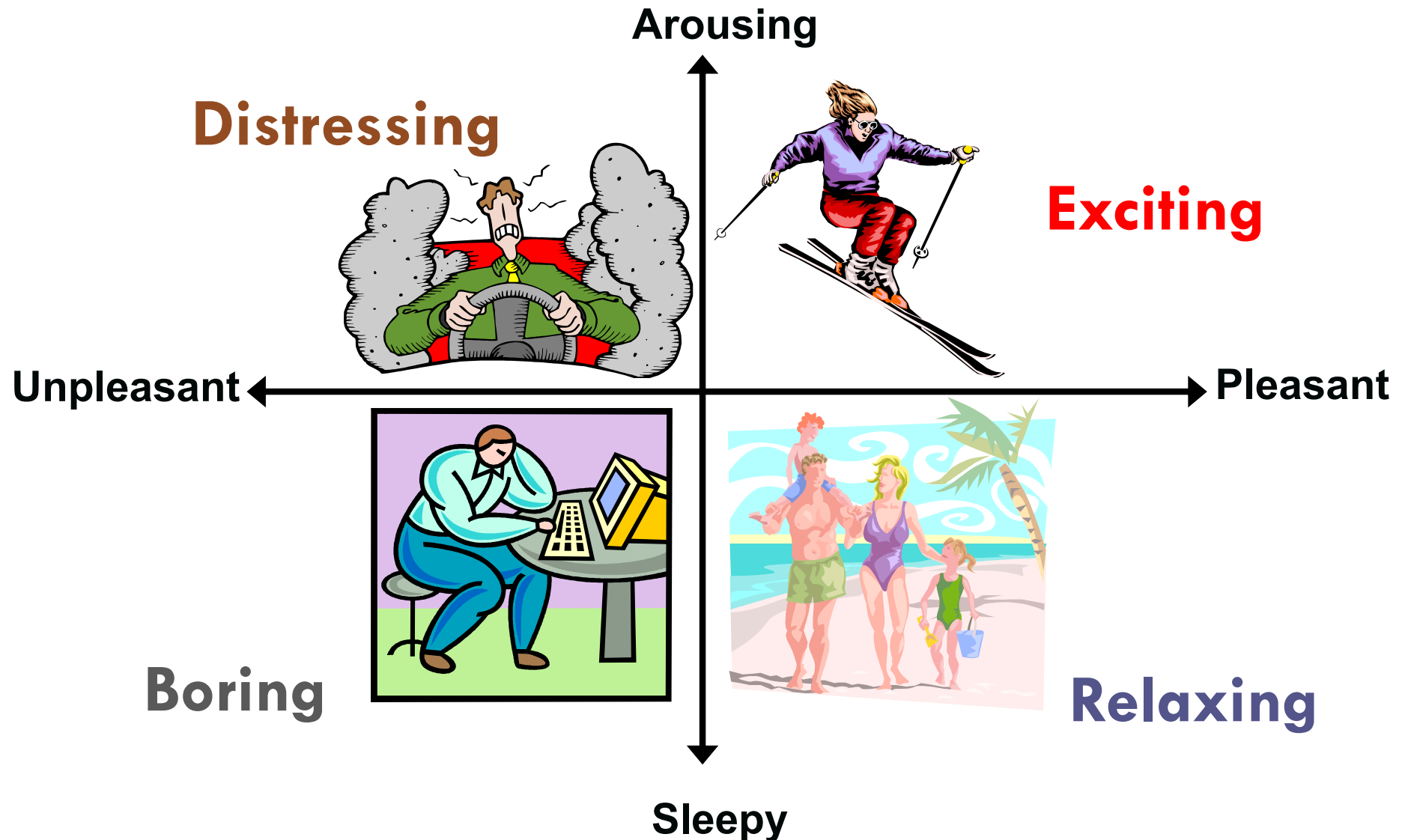


The Yeatman Hotel, Porto, Portugal



The impact of the the physical environment on customer experience (Russel's Model of Affect)

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Russell's Model of Affect

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- 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

Internal Responses to the Servicescape

60

- **Cognition:** environment can affect beliefs about a place and the people and products found in that place
- **Emotion:** color, décor, music, scent affect mood
 - ▣ Pleasure/displeasure
 - ▣ Degree of arousal (amount of stimulation)
- **Physiology:** volume, temperature, air quality, lighting can cause physical discomfort and even pain
 - ▣ Ergonomics

Individual Behaviors in the Servicescape

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- Environmental psychologists suggest that people react to places with two general, and opposite forms of behavior:
 - **Approach:** all positive behaviors that might be directed to a place
 - Desire to stay, explore, work, affiliate
 - Shopping enjoyment, spending time and money
 - **Avoidance:** negative behaviors
 - Desire not to stay, etc.



Variations in Individual Response

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- Personality differences
 - ▣ Arousal seekers vs. arousal avoiders
 - ▣ Environmental reactions (desire to stay or not to stay)
- Purpose for being in the servicescape
 - ▣ Business/pleasure
 - ▣ Utilitarian/hedonistic
- Temporary mood state



Social Interactions in the Servicescape

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- All social interaction is affected by the physical container in which it occurs
 - ▣ Customer-employee
 - ▣ Customer-customer
- Scripts (particular progression of events)
- Physical proximity
- Seating arrangements
- Size
- Flexibility



Main Dimensions in Servicescape Model

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□ 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

Ambient Conditions

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- Affect the **5 senses**
- They may be imperceptible or affect us subconsciously
- Can be perceived both separately and holistically
- They include:
 - ▣ Temperature
 - ▣ Lighting
 - ▣ Color
 - ▣ Noise
 - ▣ Music
 - ▣ Scents



Ambient conditions

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Spatial Layout and Functionality

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- Includes reception area, circulation paths of employees and customers, floor plan, layout of website, arrangement of equipment and furnishings
 - ▣ Accessibility, aesthetics, seating comfort, navigation

- Particularly important in:
 - ▣ Self-service settings
 - ▣ Situations when tasks are complex
 - ▣ Situations when time is short

Layout and Functionality

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Exterior facilities

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Signs, Symbols, and Artifacts

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- Explicit or implicit communication of meaning
 - ▣ Labels, way-finding
 - ▣ Often culturally embedded
- Customers will automatically try to draw meaning from the signs, symbols, and artifacts
 - ▣ Unclear signals from a servicescape can result in anxiety and uncertainty
- Important in forming first impressions
- Can guide customers through process of service delivery
- Can be used to reinforce behavioral rules

Signs examples

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culturally embedded

To guide customers



Signs for Enforcing Behavioral Rules – Singapore

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On top of the Supertree inside
Gardens by the Bay in
Singapore



Selection of Environmental Design Elements

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- 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



Guidelines for Physical Evidence Strategy

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- Recognize the strategic impact of physical evidence.
- Keen observation of customers' behavior and responses
- Feedback and ideas from frontline staff and customers
- Blueprint the physical evidence of service.
- Clarify strategic roles of the servicescape.
- Assess and identify physical evidence opportunities.
- Update and modernize the evidence.
- Work cross-functionally