



Services Marketing

Integrating
Customer Focus
Across the Firm

second European
edition



Alan Wilson,
Valarie A. Zeithaml, Mary Jo Bitner
and Dwayne D. Gremler

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Brief Table of Contents

About the Authors	xv
Preface	xvii
Acknowledgements	xx
Guided Tour	xxi
Technology to Enhance Learning and Teaching	xxiii

PART 1: Foundations for Services Marketing

Chapter 1	Introduction to Services	3
Chapter 2	Consumer Behaviour in Services	26
Chapter 3	Customer Expectations of Service	49
Chapter 4	Customer Perceptions of Service	71
Chapter 5	Conceptual Framework of the Book: The Gaps Model of Service Quality	94

PART 2: Understanding Customer Requirements

Chapter 6	Listening to Customers Through Research	111
Chapter 7	Building Customer Relationships	138

PART 3: Aligning Service Design and Standards

Chapter 8	Service Innovation and Design	167
Chapter 9	Customer-Defined Service Standards	195
Chapter 10	Physical Evidence and the Servicescape	217

PART 4: Delivering and Performing Service

Chapter 11	Employees' Roles in Service Delivery	245
Chapter 12	Customers' Roles in Service Delivery	271
Chapter 13	Delivering Service Through Intermediaries and Electronic Channels	294
Chapter 14	Managing Demand and Capacity	312
Chapter 15	Service Recovery	338



PART 5: Managing Service Promises

Chapter 16 Integrated Services Marketing Communications	369
Chapter 17 Pricing of Services	393

PART 6: Service and the Bottom Line

Chapter 18 The Financial Impact of Service Quality	417
--	-----

Case Section

1 Starbucks: Brewing More than Just Coffee	439
2 The Ritz-Carlton: Managing the Mystique	443
3 Redefining the AXA Brand	452
4 Pioneering Healthy Quick Service Food: The Case of Yo! Sushi	462
5 TESCO: The Customer Relationship Management Champion	481
6 Ryanair – The Low Fares Airline: Whither Now?	490
7 McDonald’s in UK: The Competitive Strategies	516
8 Disneyland Resort Paris: Mickey Goes to Europe	520


Endnotes	527
-----------------	------------

Index	547
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Detailed Table of Contents

About the Authors	xv
Preface	xvii
Acknowledgements	xx
Guided Tour	xxi
Technology to Enhance Learning and Teaching	xxiii


PART 1: Foundations for Services Marketing

Chapter 1	INTRODUCTION TO SERVICES	3
	<i>Europe's Position as a Global Services Provider</i>	4
	What are Services?	5
	Why Services Marketing?	11
	Service and Technology	12
	Characteristics of Services Impacting on Marketing Activities	15
	Services Marketing Mix	19
	Staying Focused on the Customer	23
	<i>Summary</i>	23
	<i>Key Concepts</i>	24
	<i>Further Reading</i>	24
	<i>Discussion Questions</i>	25
	<i>Exercises</i>	25
Chapter 2	CONSUMER BEHAVIOUR IN SERVICES	26
	<i>Advice for Choosing a Hotel</i>	27
	Search, Experience and Credence Properties	29
	Consumer Choice	30
	Consumer Experience	36
	Post-Experience Evaluation	40
	Understanding Differences Among Consumers	42
	<i>Summary</i>	46
	<i>Key Concepts</i>	47
	<i>Further Reading</i>	47
	<i>Discussion Questions</i>	47
	<i>Exercises</i>	48



Chapter 3	CUSTOMER EXPECTATIONS OF SERVICE	49
	<i>The Ash Cloud: KLM and British Airways Response</i>	50
	Importance of Customer Expectations	51
	Meaning and Types of Service Expectations	51
	Factors that Influence Customer Expectations of Service	56
	Issues Involving Customer Service Expectations	64
	<i>Summary</i>	69
	<i>Key Concepts</i>	69
	<i>Further Reading</i>	69
	<i>Discussion Questions</i>	70
	<i>Exercises</i>	70
Chapter 4	CUSTOMER PERCEPTIONS OF SERVICE	71
	<i>Ensuring High Customer Satisfaction</i>	72
	Customer Perceptions	73
	Customer Satisfaction	74
	Service Quality	78
	Service Encounters: The Building Blocks for Customer Perceptions	84
	The Evidence of Service	89
	<i>Summary</i>	90
	<i>Key Concepts</i>	91
	<i>Further Reading</i>	91
	<i>Discussion Questions</i>	92
	<i>Exercises</i>	92
Chapter 5	CONCEPTUAL FRAMEWORK OF THE BOOK: THE GAPS MODEL OF SERVICE QUALITY	94
	<i>Amazon – Providing Excellent Service</i>	95
	The Customer Gap	96
	The Provider Gaps	96
	Putting it All Together: Closing the Gaps	103
	<i>Summary</i>	107
	<i>Key Concepts</i>	107
	<i>Further Reading</i>	107
	<i>Discussion Questions</i>	108
	<i>Exercises</i>	108

PART 2: Understanding Customer Requirements

	Chapter 6 LISTENING TO CUSTOMERS THROUGH RESEARCH	111
	<i>Researching Policing Services</i>	112
	Using Marketing Research to Understand Customer Expectations	113
	Elements in an Effective Services Marketing Research Programme	114
	Analysing and Interpreting Marketing Research Findings	128
	Using Marketing Research Information	131
	Ethics in Marketing Research	131
	Upward Communication	132
	<i>Summary</i>	135
	<i>Key Concepts</i>	135
	<i>Further Reading</i>	135
	<i>Discussion Questions</i>	136
	<i>Exercises</i>	137
	Chapter 7 BUILDING CUSTOMER RELATIONSHIPS	138
<i>Boots – Focusing on the Customer</i>	139	
Relationship Marketing	141	
Relationship Value of Customers	147	
Customer Profitability Segments	149	
Relationship Development Strategies	152	
Relationship Challenges	158	
<i>Summary</i>	162	
<i>Key Concepts</i>	162	
<i>Further Reading</i>	162	
<i>Discussion Questions</i>	163	
<i>Exercises</i>	163	

PART 3: Aligning Service Design and Standards

	Chapter 8 SERVICE INNOVATION AND DESIGN	167
	<i>eBay – A Radical Service Innovation</i>	168
	Challenges of Service Innovation and Design	170
	New Service Development Processes	172
	Types of New Services	173
	Stages in Service Innovation and Development	174



	Service Blueprinting	180
	High-Performance Service Innovations	189
	<i>Summary</i>	192
	<i>Key Concepts</i>	193
	<i>Further Reading</i>	193
	<i>Discussion Questions</i>	194
	<i>Exercises</i>	194
Chapter 9	CUSTOMER-DEFINED SERVICE STANDARDS	195
	<i>ISS Sets Standards Throughout the World</i>	196
	Factors Necessary for Appropriate Service Standards	197
	Types of Customer-Defined Service Standards	200
	Development of Customer-Defined Service Standards	203
	<i>Summary</i>	215
	<i>Key Concepts</i>	215
	<i>Further Reading</i>	215
	<i>Discussion Questions</i>	216
	<i>Exercises</i>	216
Chapter 10	PHYSICAL EVIDENCE AND THE SERVICESCAPE	217
	<i>Redesigning Fast Food</i>	218
	Physical Evidence	219
	Types of Servicescapes	222
	Strategic Roles of the Servicescape	224
	Framework for Understanding Servicescape Effects on Behaviour	226
	Guidelines for Physical Evidence Strategy	234
	<i>Summary</i>	236
	<i>Key Concepts</i>	237
	<i>Further Reading</i>	237
	<i>Discussion Questions</i>	238
	<i>Exercises</i>	238

PART 4: Delivering and Performing Service

Chapter 11	EMPLOYEES' ROLES IN SERVICE DELIVERY	245
	<i>Employees are the Service and the Brand</i>	246
	Service Culture	247
	The Critical Importance of Service Employees	249
	Boundary-Spanning Roles	252



	Strategies for Delivering Service Quality Through People	257
	Customer-Oriented Service Delivery	266
	<i>Summary</i>	268
	<i>Key Concepts</i>	268
	<i>Further Reading</i>	269
	<i>Discussion Questions</i>	269
	<i>Exercises</i>	270
Chapter 12	CUSTOMERS' ROLES IN SERVICE DELIVERY	271
	<i>IKEA – Customers Create Value for Themselves</i>	272
	The Importance of Customers in Service Co-creation and Delivery	274
	Customers' Roles	276
	Self-Service Technologies – The Ultimate in Customer Participation	281
	Strategies for Enhancing Customer Participation	284
	<i>Summary</i>	290
	<i>Key Concepts</i>	291
	<i>Further Reading</i>	291
	<i>Discussion Questions</i>	292
	<i>Exercises</i>	292
Chapter 13	DELIVERING SERVICE THROUGH INTERMEDIARIES AND ELECTRONIC CHANNELS	294
	<i>LOVEFiLM – The Evolution of DVD Rental Distribution</i>	295
	Delivering Service Through Electronic Channels	296
	Other Forms of Service Distribution	299
	Direct or Company-Owned Channels	301
	Franchising	302
	Agents and Brokers	304
	Common Issues Involving Intermediaries	306
	Strategies for Effective Service Delivery Through Intermediaries	307
	<i>Summary</i>	309
	<i>Key Concepts</i>	310
	<i>Further Reading</i>	310
	<i>Discussion Questions</i>	310
	<i>Exercises</i>	311




Chapter 14	MANAGING DEMAND AND CAPACITY	312
	<i>Hyatt Hotels and Resorts: Managing Demand in Dubai</i>	313
	The Underlying Issue: Lack of Inventory Capability	314
	Capacity Constraints	317
	Demand Patterns	318
	Strategies for Matching Capacity and Demand	319
	Yield Management	326
	Queuing Strategies: When Demand and Capacity Cannot be Matched	330
	<i>Summary</i>	335
	<i>Key Concepts</i>	336
	<i>Further Reading</i>	336
	<i>Discussion Questions</i>	337
	<i>Exercises</i>	337
Chapter 15	SERVICE RECOVERY	338
	<i>Revenge on YouTube – United Airlines Breaks Guitars</i>	339
	The Impact of Service Failure and Recovery	340
	How Customers Respond to Service Failures	343
	Customers' Recovery Expectations	346
	Cultural Differences in Customers' Recovery Expectations	349
	Switching versus Loyalty Following Service Recovery	350
	Service Recovery Strategies	351
	Service Guarantees	359
	<i>Summary</i>	363
	<i>Key Concepts</i>	364
	<i>Further Reading</i>	364
	<i>Discussion Questions</i>	365
	<i>Exercises</i>	365

PART 5: Managing Service Promises

Chapter 16	INTEGRATED SERVICES MARKETING COMMUNICATIONS	369
	<i>T-Mobile Singalong</i>	370
	The Need for Coordination in Marketing Communication	372
	Key Service Communication Challenges	374

	Five Categories of Strategies to Match Service Promises with Delivery	376
	<i>Summary</i>	390
	<i>Key Concepts</i>	390
	<i>Further Reading</i>	390
	<i>Discussion Questions</i>	391
	<i>Exercises</i>	392
Chapter 17	PRICING OF SERVICES	393
	<i>Rail Travellers Don't Know What They are Buying</i>	394
	Three Key Ways that Service Prices are Different for Consumers	395
	Approaches to Pricing Services	400
	Pricing Strategies that Link to the Four Value Definitions	405
	<i>Summary</i>	412
	<i>Key Concepts</i>	412
	<i>Further Reading</i>	412
	<i>Discussion Questions</i>	413
	<i>Exercises</i>	413

PART 6: Service and the Bottom Line

Chapter 18	THE FINANCIAL IMPACT OF SERVICE QUALITY	417
	<i>The Likely Returns from an Investment in Service Quality</i>	418
	Service and Profitability: The Direct Relationship	420
	Offensive Marketing Effects of Service: Attracting More and Better Customers	422
	Defensive Marketing Effects of Service: Customer Retention	423
	Customer Perceptions of Service and Purchase Intentions	425
	The Key Drivers of Service Quality, Customer Retention and Profits	428
	Customer Equity and Return on Marketing	429
	Company Performance Measurement: The Balanced Performance Scorecard	430
	<i>Summary</i>	435
	<i>Key Concepts</i>	435



<i>Further Reading</i>	435
<i>Discussion Questions</i>	436
<i>Exercises</i>	436

Case Section



1 STARBUCKS: BREWING MORE THAN JUST COFFEE	439
2 THE RITZ-CARLTON: MANAGING THE MYSTIQUE	443
3 REDEFINING THE AXA BRAND	452
4 PIONEERING HEALTHY QUICK SERVICE FOOD: THE CASE OF YO! SUSHI	462
Appendix 1 – Yo! Sushi! Customer Segments According to Mosaic Profiles	467
Appendix 2 – Store Design Formats	472
Appendix 3 – The Mystery Diner Assessment Sheet for Yo! Sushi	473
Appendix 4 – A Sample Special Offer Promotion	475
Appendix 5 – Complaints and Positive Feedback Analysis for Sectors A, C, D and E	476
Appendix 6 – Selected Mystery Diner Performance for Period February 2007 to January 2008	478
5 TESCO: THE CUSTOMER RELATIONSHIP MANAGEMENT CHAMPION	481
6 RYANAIR – THE LOW FARES AIRLINE: WHITHER NOW?	490
7 MCDONALD’S IN UK: THE COMPETITIVE STRATEGIES	516
8 DISNEYLAND RESORT PARIS: MICKEY GOES TO EUROPE	520
Endnotes	527
Index	547

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In 2004 Professor Zeithaml received both the Innovative Contributor to Marketing Award given by the Marketing Management Association and the Outstanding Marketing Educator Award given by the Academy of Marketing Science. In 2001 she received the American Marketing Association's Career Contributions to the Services Discipline Award. She is also the recipient of numerous research awards, including the Robert Ferber Consumer Research Award from the *Journal of Consumer Research*, the Harold H. Maynard Award from the *Journal of Marketing*, the MSI Paul Root Award from the *Journal of Marketing*, the Jagdish Sheth Award from the *Journal of the Academy of Marketing Science* and the William F. O'Dell Award from the *Journal of Marketing Research*. She has consulted with more than 50 service and product companies.

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About the Authors



and Management specialisation. Alumni of this programme now work in companies across the United States, leading the implementation of services and customer-focused strategies. Dr Bitner has published more than 50 articles and has received a number of awards for her research in leading journals, including the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Business Research*, *Journal of Retailing*, *International Journal of Service Industry Management* and *Academy of Management Executive*. She has consulted with and presented seminars and workshops for numerous businesses, including Yellow Roadway Corporation, Ford Motor Company, Caremark, IBM Global Services, and RR Donnelley. In 2003, Dr Bitner was honoured with the Career Contributions to the Services Discipline Award by the American Marketing Association's Services Marketing Special Interest Group.

Dwayne D. Gremler is Professor of Marketing at Bowling Green State University (BGSU). He received his MBA and PhD degrees from the W.P. Carey School of Business at Arizona State University. Throughout his academic career, Dr Gremler has been a passionate advocate for the research and instruction of services marketing issues. He has served as Chair of the American Marketing Association's Services Marketing Special Interest Group and has helped organise services marketing conferences in Australia, the Netherlands, France, and the United States. Dr Gremler has been invited to conduct seminars and present research on services marketing issues in several countries. Dr Gremler's research addresses customer loyalty in service businesses, customer–employee interactions in service delivery, service guarantees, and word-of-mouth communication. He has published articles in the *Journal of Service Research*, *International Journal of Service Industry Management*, *Journal of the Academy of Marketing Science* and *Journal of Marketing Education*. He has also been the recipient of several research awards at BGSU, including the College of Business Administration Outstanding Scholar Award and the Robert A. Patton Scholarly Achievement Award. While a professor at the University of Idaho, Dr Gremler received the First Interstate Bank Student Excellence in Award for teaching, an award determined by students in the College of Business and Economics.

Preface

This second European edition of this highly successful *Services Marketing* text is for students and business people who recognise the vital role that services and service play in the economy and our lives. European economies are now dominated by services, and virtually all companies view service as critical to retaining their customers today and in the future. Even manufacturing companies that, in the past, have depended on physical products for their livelihood now recognise that service provides one of their few sustainable competitive advantages.

This second European edition takes the theories, concepts and frameworks that exist in the original American version of the text and applies them to the European context. European examples, cases and readings are used to provide a true European flavour to the material. The material in this second edition has also been updated and restructured to reflect the latest services marketing thinking.

The foundation of the text is the recognition that services present special challenges that must be identified and addressed. Issues commonly encountered in service organisations – the inability to inventory, the difficulty in synchronising demand and supply, and challenges in controlling the performance quality of human interactions – need to be articulated and tackled by managers. This text aims to help students and managers understand and address these special challenges of services marketing.

The development of strong customer relationships through quality service (and services) are at the heart of the book's content. The topics covered are equally applicable to organisations whose core product is service (such as banks, transportation companies, hotels, hospitals, educational institutions, professional services, telecommunication) and to organisations that depend on service excellence for competitive advantage (high-technology manufacturers, automotive and industrial products, and so on).

The book's content focuses on the knowledge needed to implement service strategies for competitive advantage across industries. Included are frameworks for customer-focused management, and strategies for increasing customer satisfaction and retention through service. In addition to standard marketing topics (such as pricing), this text introduces students to topics that include management and measurement of service quality, service recovery, the linking of customer measurement to performance measurement, service blueprinting, customer co-production, and cross-functional treatment of issues through integration of marketing with disciplines such as operations and human resources. Each of these topics represents pivotal content for tomorrow's businesses as they structure around process rather than task, engage in one-to-one marketing, mass customise their offerings, and attempt to build strong relationships with their customers.

Distinguishing Content Features

The distinguishing features of the text and the new features in this second European edition include the following:

- 1 **Cross-functional treatment** of issues through integration of marketing with other disciplines such as operations and human resources management.
- 2 A focus on understanding **the foundations of services marketing** and the customer before introducing the conceptual framework of the remainder of the book based on the **gaps model**.
- 3 Greater emphasis on the topic of **service quality** than existing marketing and service marketing texts.



- 4 Increased focus on **customer expectations and perceptions** and what they imply for marketers.
- 5 Increased **technology, social media and Internet coverage** throughout the text.
- 6 A chapter on **service recovery** that includes a conceptual framework for understanding the topic.
- 7 An improved chapter on **listening to customers through research**.
- 8 A chapter on **customer-defined service standards**.
- 9 Consumer-based pricing and **value pricing strategies**.
- 10 A chapter on **integrated services marketing communications**.
- 11 Increased focus on **customer relationships and relationship marketing strategies**.
- 12 An entire chapter that recognises **human resource challenges and human resource strategies** for delivering customer-focused services.
- 13 Coverage of new service development processes and a detailed and complete introduction to **service blueprinting** – a tool for describing, designing and positioning services.
- 14 Coverage of the customer's role in service delivery and strategies for **co-production**.
- 15 A chapter on the role of **physical evidence**, particularly the physical environment or 'servicescape'.
- 16 A chapter on the **financial impact** of service quality

To support these topics, there are:

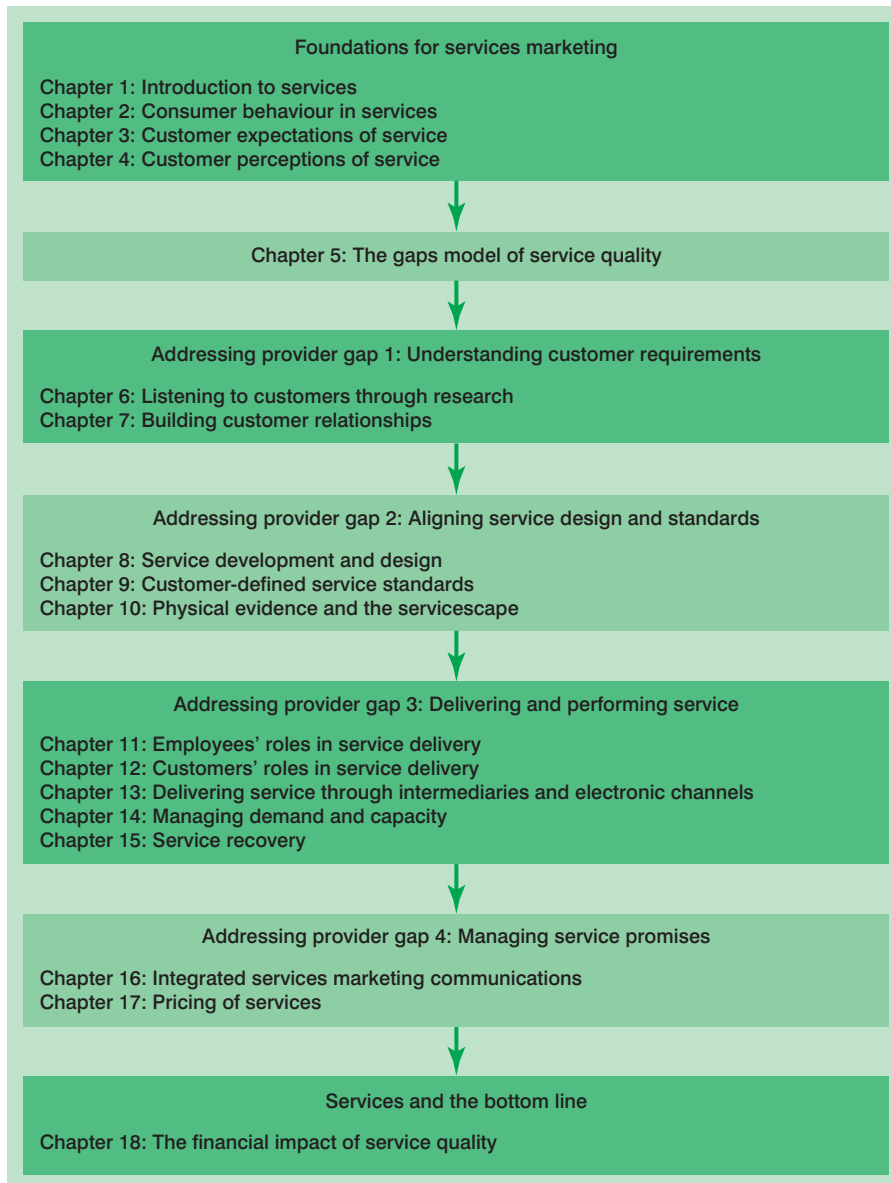
- 1 **European cases and vignettes**.
- 2 '**Service Spotlights**' in each chapter providing short **European examples** to illustrate services marketing in action.
- 3 **Discussion questions** and **exercises** appropriate to the **European context** in each chapter.
- 4 **Up-to-date Suggestions for further reading** (particularly **European reading**) in each chapter.
- 5 Short revision lists of **Key concepts** provided at the end of each chapter.

The framework of the book continues to be managerially focused, with every chapter presenting company examples and strategies for addressing key issues. There are integrating frameworks in most chapters. For example, there are frameworks for understanding service recovery strategies, service pricing, integrated marketing communications, customer relationships, customer roles and internal marketing.

Unique Structure

The text features a structure completely different from the standard 4P (marketing mix) structure of introductory marketing texts. The text starts by introducing the reader to the key foundations for service marketing by introducing services (Chapter 1) and understanding the customer, in terms of behaviour (Chapter 2), expectations (Chapter 3) and perceptions (Chapter 4). The remainder of the text is organised around the gaps model of service quality, which is described fully in Chapter 5. Beginning with Chapter 6, the text is organised into parts around the provider gaps in the gaps model. For example, Chapters 6 and 7 deal with understanding customer requirements; Chapters 8, 9 and 10 with aligning service design and standards; Chapters 11 through to 15 with delivering and performing services; and Chapters 16 and 17 with managing service promises. Chapter 18 then focuses on the total picture of service and the bottom line.

This structure is shown below.



What Courses and Which Students Should Use This Text?

Students need to have completed at least a basic marketing course as a prerequisite prior to using this text. The primary target audience for the text is services marketing classes at the undergraduate, postgraduate (both masters and doctoral courses), and executive education levels. Other target audiences are (1) service management classes at both the undergraduate and postgraduate levels and (2) marketing management classes at the postgraduate level in which a lecturer wishes to provide a more comprehensive teaching of services than is possible with a standard marketing management text. A subset of chapters would also provide a more concise text for use in a specialised mini-semester course. A further reduced set of chapters may be used to supplement undergraduate and graduate basic marketing courses to enhance the treatment of services.

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Guided Tour

Learning Objectives

The chapter's objectives are to:

- Enhance understanding of how consumers choose and evaluate services, focusing on factors that are particularly relevant for services.
- Describe how consumers judge goods versus services in terms of search and credence criteria.
- Develop the elements of consumer behaviour that a services marketer must understand: choice behaviour, consumer experiences and post-experience.
- Examine attitudes towards the use of self service technologies.
- Explore how differences among consumers (cultural differences, group decision making) affect consumer behaviour and influence services marketing strategies.

Learning Objectives

Each chapter opens with a set of learning objectives, summarising what knowledge, skills or understanding readers should acquire from each chapter.

OPENING EXAMPLE

Advice for Choosing a Hotel

The following is an extract from a travel website advising consumers how to select a hotel (not necessarily as simple a purchasing decision as you think).

Choosing the right hotel is always a trying task, and with the endless promotions, deals and programmes out there, it can be daunting. It doesn't help that these days most hotels have websites full of text and slick promotional copy that make you believe you'll be bathing as you step foot into the lobby. How can you tell if a hotel will live up to the hype – and, more importantly, if it's the right hotel for you?

Since every traveller has different needs when searching for a hotel, you should first ask yourself what's most important to you. Does location truly matter, or are you limited to hotels under 100 euros a night? Do you need a hotel with a pool for the kids, or would you rather stay at a small property with lots of local character? Once you've decided on your top priority, then you can make

Opening Example

Each chapter opens with an example of service marketing in action or a services marketing issue that helps you to understand how the theory explored in the chapter is relevant to real marketing practice. Examples include TMobile, Virgin, ISS, eBay, IKEA, LOVEFiLM, Amazon, Boots, Hyatt and the London Underground.

SERVICE SPOTLIGHT

For example, people in Greece are relaxed about eating out and treat a meal as a social occasion, and therefore service in Greek restaurants is generally much slower than in restaurants in Germany or the UK. British people holidaying in Greece are impatient with the speed of restaurant service at the start of their holidays, but this frustration regularly wears off during the holiday as the tourists also become relaxed about time and eating.

Service Spotlights

Each chapter is interspersed with numerous short service spotlights that tie theory to practice and show how companies bring services to their customers. Examples come from a variety of consumer and business-to-business services and cover industries as diverse as banking and tourism. Featured brands include ING, Scandinavian Airlines, Asda Walmart, Expedia and many more.

Summary

This chapter has set the stage for further learning about service marketing by presenting information on changes in the world economy and how they have driven the focus on service: the fact that services dominate the world; the focus on service as a competitive business; the growth of the deregulated and professional service industries; the role of technology in growing from technological advances; and the realisation that services result in unique challenges and opportunities. The chapter also provides a definition of services as deeds, processes and performances, and distinguishes among pure services, value-added services, customer service and

Chapter Summary

This chapter briefly reviews and reinforces the main topics you will have covered in each chapter to ensure you have acquired a solid understanding of the key topics. Use it in conjunction with the learning objectives as a quick reference to check you have understood the service marketing ideas explored in the chapter.



Key Concepts

These are highlighted throughout the chapter in bold, with page number references at the end of each chapter so they can be found quickly and easily. An ideal tool for last minute revision or to check service marketing definitions as you read.

Key Concepts

Attribution of dissatisfaction	42	Purchase
Buying centres	47	Self-service technology
Culture, values and attitudes	43	Service roles
Customer co-production	40	Service script
Evaluation of alternatives	31	Service as theatre
Information search	31	Search v. experience v. credence qualities
Moods and emotions	40	credence qualities
Need recognition	31	Word-of-mouth communication
Perceived risk	33	

Further Reading

Each chapter ends with a list of suggested further reading, listing international research and sources – journals, papers and books – in service marketing. Use this list as a starting point for your reading for assignments or class preparation.

Further Reading

Beatson, A., Lee, N. and Coote, L.V. (2007) 'Self-service technology encounter', *Service Industries Journal*, 27(1), 75–82.

Girard, T. and Dion, P. (2010) 'Validating the search, experience and classification framework', *Journal of Business Research*, 63(9–10), 1111–1118.

Hofstede, G. (2003) *Culture's Consequences: Comparing Values, Behaviors and Organisations across Nations*, 2nd edn, London: Sage Publications.

McKoll-Kennedy, J.R. and Fetter, R. (1999) 'Dimensions of consumer services', *Journal of Services Marketing*, 13(3), 242–63.

Murray, K. and Schlacter, J. (1990) 'The impact of goods versus service assessments of perceived risk and variability', *Journal of the Academy of Marketing Science*, 18(1), 51–65.

Discussion Questions and Exercises

Discussion questions encourage you to review and apply the knowledge you have acquired from each chapter. They are a useful revision tool and can also be used by your lecturer as assignments or practice examination questions. The exercises require a little more time and thought, and can be used as group assignments or exam practice.

Discussion Questions

- 1 Based on the chapter, which aspects of consumer behaviour are different for services versus goods?
- 2 Where does a college or university education fit on the continuum of different types of products? Where does computer software fit? Retailing? Fast food? What are the implications for consumer behaviour?
- 3 What are examples (other than those given in the chapter) of services with high credence properties? How do high credence properties affect consumer behaviour for these services?
- 4 Which services do you consider to be unsuited to the introduction of self-service technology? Why?

Case Studies

The book includes a case study section designed to test how well you can apply the main ideas learned throughout the book to real company examples. The cases integrate a number of service marketing ideas into a fuller example that needs deeper analysis and understanding. Each case study has its own set of questions. Cases include Tesco, Yo! Sushi!, Ryanair, Starbucks, Ritz-Carlton, McDonald's, AXA Insurance and Disneyland Paris.

Case 1 Starbucks: Brewing More than Just Coffee



coffee in an environment that enhances the customer's experience. And offering the customer the experience convenient for the people who were Starbucks' prime customers.

In 1987 Schultz became president of Starbucks and began to reshape its image as a preppy, upscale coffee shop. He updated the company's logo from a green mermaid to a green Siren. He worked to shape Starbucks to be a blend of Italian elegance and American casualness. He carefully designed the store to be everything the customers see, hear and smell. He wanted the store to be a person's best friend, providing a refreshing break in the day or a place to relax in the night. To achieve this goal, Starbucks invested in employee training and a benefit programme so that they could attract and retain skilled employees who would enhance the customer's experience.

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- **Case Notes with guide answers** to case questions, written to help support your students in understanding and analysing the cases in the textbook

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xxiii



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