Detailed Contents

About the Authors iv	Simultaneous Production and
Preface vii	Consumption 21
rielace vii	Perishability 22
	Search, Experience, and Credence
PART 1	Qualities 23 Challenges and Quartiers for Service
FOUNDATIONS FOR SERVICE	Challenges and Questions for Service Marketers 24
MARKETING 1	Service Marketing Mix 24
	Traditional Marketing Mix 25
Chapter 1	Expanded Mix for Services 26
Introduction to Services 2	Staying Focused on the Customer 27
	Exhibit 1.2: Southwest Airlines:
What are Services? 4 Service Industries, Service as a Product,	Aligning People, Processes, and Physical
Customer Service, and Derived Service 4	Evidence 28
Tangibility Spectrum 6	Summary 29
Trends in the Service Sector 6	Discussion Questions 29
Why Service Marketing? 8	Exercises 29
Service-Based Economies 8	Notes 30
Service as a Business Imperative in Goods-	110105 50
Focused Businesses 9	Objection O
Deregulated Industries and Professional	Chapter 2
Service Needs 10	Conceptual Framework of the Book:
Service Marketing Is Different 10	The Gaps Model of Service Quality 33
Service Equals Profits 10	The Customer Gap 35
Exhibit 1.1: Is the Marketing of	The Provider Gaps 36
Services Different? A Historical	Provider Gap 1: the Listening
Perspective 11	Gap 36
But "Service Stinks" 12	Provider Gap 2: the Service Design
Strategy Insight: Competing Strategically	and Standards Gap 37
through Service 13	Global Feature: An International Retailer
Service and Technology 14	Puts Customers in the Wish Mode to Begin
Technology-Based Service Offerings 14	Closing the Gaps 38
New Ways to Deliver Service 15	Provider Gap 3: the Service Performance
Technology Spotlight: The Changing	Gap 40
Face of Customer Service 16	Technology Spotlight: Technology's Critical
Enabling Both Customers and	Impact on the Gaps Model of Service
Employees 16	Quality 42
Extending the Global Reach of	Provider Gap 4: the Communication
Services 16	Gap 44
The Internet Is a Service 17	Putting It All Together: Closing the Gaps 45
Global Feature: The Migration of	Strategy Insight: Using the Gaps Model
Service Jobs 18	to Assess an Organization's Service
The Paradoxes and Dark Side of Technology	Strategy 46
and Service 19	Summary 48
Characteristics of Services 19	Discussion Questions 48
Intangibility 20	Exercises 48
Heterogeneity 21	Notes 49

PART 2 FOCUS ON THE CUSTOMER 49	Customer Satisfaction 80 What Is Customer Satisfaction? 80 What Determines Customer Satisfaction? 81	
Chapter 3	National Customer Satisfaction Indexes 83	
Customer Expectations of Service 50	The American Customer Satisfaction Index 83	
-	Outcomes of Customer Satisfaction 85	
Service Expectations 52	Service Quality 87	
Types of Expectations 53	Outcome, Interaction, and Physical	
Global Feature: Global Outsourcing of	Environment Quality 87	
Personal Services: What Are Customers'	Service Quality Dimensions 87	
Expectations? 54	Global Feature: Differences in Service	
The Zone of Tolerance 54	Quality Perceptions and Customer Rage	
Factors that Influence Customer Expectations	Across Cultures 88	
of Service 57	E-Service Quality 91	
Sources of Desired Service Expectations 57	Customer Effort 93	
Technology Spotlight: Customer	Service Encounters: The Building Blocks for	
Expectations of Airport Services Using	Customer Perceptions 93	
Technology 58	Strategy Insight: Customer Satisfaction and	
Sources of Adequate Service Expectations 60	the Bottom Line 94	
Sources of Both Desired and Predicted Service	Service Encounters or Moments of Truth 94	
Expectations 63	The Importance of Encounters 96	
Strategy Insight: How Service Marketers	Exhibit 4.1: One Critical Encounter Destroys	
Can Influence Customers' Expectations 65	a 30-Year Relationship 97	
Issues Involving Customers' Service	Types of Service Encounters 98	
Expectations 66	Sources of Pleasure and Displeasure in Service	
What Does a Service Marketer Do if Customer	Encounters 98	
Expectations Are "Unrealistic"? 66	Technology Spotlight: Customers Love	
Exhibit 3.1: Service Customers Want the	Amazon 100	
Basics 67	Technology-Based Service Encounters 102	
Should a Company Try to Delight the	Summary 104	
Customer? 68	Discussion Questions 104	
How Does a Company Exceed Customer	Exercises 105	
Service Expectations? 69	Notes 105	
Do Customers' Service Expectations		
Continually Escalate? 71	PART 3	
How Does a Service Company Stay Ahead	UNDERSTANDING CUSTOMER	
of Competition in Meeting Customer	REQUIREMENTS 111	
Expectations? 71	MIQUINENIENTS III	
Summary 72	Chapter 5	
Discussion Questions 72	•	
Exercises 73	Listening to Customers through Research 113	
Notes 73	Research 115	
	Using Customer Research to Understand Customer Expectations 115	
Chapter 4	Research Objectives for Services 115	
Customer Perceptions of Service 76	Criteria for an Effective Service Research	
	Program 116	
	Exhibit 5.1: Elements in an Effective	
buttojuetton retuin 20, 1120 E	Customer Research Program for	
Transaction versus Cumulative		
Perceptions 79	Services 118	

TICC 11 Class Manufaction	Exhibit 6.1: A Typology of Exchange
Elements in an Effective Service Marketing	Relationships 148
Research Program 121	The Goal of Relationship Marketing 149
Complaint Solicitation 121	Technology Spotlight: Customer
Technology Spotlight: Conducting Customer	Information Systems Help Enhance the
Research on the Web 122	Customer Relationship 150
Critical Incident Studies 124	Benefits for Customers and Firms 150
Requirements Research 124	Relationship Value of Customers 154
Relationship and SERVQUAL Surveys 125	Exhibit 6.2: Calculating the Relationship
Exhibit 5.2: SERVQUAL: A	Value of an Intuit Customer 155
Multidimensional Scale to Capture	
Customer Perceptions and Expectations	Customer Profitability Segments 157
of Service Quality 126	Profitability Tiers—the Customer Pyramid 157
Trailer Calls or Posttransaction	The Customer's View of Profitability
Surveys 128	Tiers 158
Service Expectation Meetings and	Making Business Decisions Using Profitability
Reviews 129	Tiers 158
Process Checkpoint Evaluations 130	Relationship Development Strategies 159
Market-Oriented Ethnography 130	Core Service Provision 160
Mystery Shopping 131	Switching Barriers 160
Customer Panels 131	Relationship Bonds 161
Lost Customer Research 132	Global Feature: Developing Loyal
Future Expectations Research 132	Customers at Airbnb 164
Analyzing and Interpreting Customer Research	Relationship Challenges 166
Findings 132	The Customer Is Not Always Right 166
Strategy Insight: Big Data Provides New	Strategy Insight: "The Customer Is Always
Tools to Research Consumers 133	Right": Rethinking an Old Tenet 168
Global Feature: Conducting Customer	Ending Business Relationships 170
Research in Emerging Markets 134	Summary 171
Customer Journey and Experience Maps 134	Discussion Questions 172
Importance/Performance Matrices 136	Exercises 172
Using Marketing Research Information 137	Notes 172
Upward Communication 137	
Objectives for Upward Communication 137	Chapter 7
Exhibit 5.3: Elements in an Effective	
Program of Upward Communication 138	Service Recovery 178
Research for Upward Communication 138	The Impact of Service Failure and Recovery 179
Exhibit 5.4: Employees Provide	Service Recovery Effects 180
Upward Communication at Cabela's,	Exhibit 7.1: The Service Recovery
"World's Foremost Outfitter" 140	Paradox 182
Benefits of Upward Communication 140	How Customers Respond to Service Failures 183
Summary 141	Why People Do (and Do Not) Complain 183
Discussion Questions 141	Exhibit 7.2: The Internet Spreads the Story
Exercises 142	of Poor Service Recovery: "United Breaks
Notes 142	Guitars" 184
	Types of Customer Complaint Actions 186
Chapter 6	Types of Complainers 186
•	Service Recovery Strategies: Fixing the
Building Customer Relationships 144	Customer 187
Relationship Marketing 146	Respond Quickly 188
The Evolution of Customer Relationships 147	Exhibit 7.3: Service Hero Stories 189

Provide Appropriate Communication 190	Types of Service Innovation 225		
Technology Spotlight: Cisco Systems—	Service Offering Innovation 226		
Customers Recover for Themselves 192	Innovating around Customer Roles 227		
Treat Customers Fairly 192	Innovation through Service Solutions 227		
Exhibit 7.4: Fairness Themes in Service	Service Innovation through Interconnected		
Recovery 194	Products 228		
Global Feature: Service Recovery across	Exhibit 8.1: Pills with Sensors Track Drug		
Cultures 196	Usage by Patients 229		
Cultivate Relationships with Customers 198	Stages in Service Innovation and Development 229		
Service Recovery Strategies: Fixing the	Front-End Planning 231		
Problem 198	Strategy Insight: Strategic Growth through		
Encourage and Track Complaints 198	Services 232		
Learn from Recovery Experiences 199	Implementation 235		
Strategy Insight: Eliciting Complaints and	Exhibit 8.2: Service Innovation at the Mayo		
Reports of Service Failure 200	Clinic 236		
Learn from Lost Customers 200	Service Blueprinting: A Technique for Service		
Make the Service Fail-Safe—Do It Right the	Innovation and Design 238		
First Time! 201			
Service Guarantees 202	What Is a Service Blueprint? 238		
Characteristics of Effective Guarantees 203	Blueprint Components 239		
	Service Blueprint Examples 240		
Types of Service Guarantees 204	Blueprints for Technology-Delivered		
Benefits of Service Guarantees 205	Self-Service 242		
When to Use (or Not Use) a Guarantee 205	Reading and Using Service Blueprints 243		
Exhibit 7.5: Questions to Consider in	Building a Blueprint 244		
Implementing a Service Guarantee 206	Exhibit 8.3: Blueprinting in Action at		
Switching Versus Staying Following Service	ARAMARK Parks and Destinations 246		
Recovery 207	Exhibit 8.4: Frequently Asked Questions		
Summary 209	about Service Blueprinting 248		
Discussion Questions 209	Summary 248		
Exercises 210	Discussion Questions 249		
Notes 210	Exercises 249		
	Notes 250		
PART 4			
ALIGNING SERVICE DESIGN	Chapter 9		
AND STANDARDS 217	Customer-Defined Service Standards 254		
Chapter 8	Factors Necessary for Appropriate Service		
Service Innovation and Design 218	Standards 256		
Service innovation and Design 210	Standardization of Service Behaviors and		
Challenges of Service Innovation and	Actions 256		
Design 220	Formal Service Targets and Goals 257		
Important Considerations for Service	Strategy Insight: Using Big Data to Define		
Innovation 221	Service Standards and Improve Customer		
Involve Customers and Employees 221	Experience 258		
Global Feature: The Global Service	Customer-, Not Company-, Defined		
Innovation Imperative 222	Standards 259		
Employ Service Design Thinking and	Types of Customer-Defined Service Standards 260		
Techniques 222	Hard Customer-Defined Standards 260		
Technology Spotlight: Facebook: A Radical	Exhibit 9.1: Examples of Hard Customer-		
Service Innovation 224	Defined Standards 261		

Soft Customer-Defined Standards 262	Exhibit 10.2: Social Support in
One-Time Fixes 263	"Third Places" 297
Global Feature: Adjusting Service Standards	Internal Responses to the Servicescape 298
around the Globe 264	Environmental Dimensions of the
Exhibit 9.2: Examples of Soft Customer-	Servicescape 300
Defined Standards 266	Exhibit 10.3: Designing the Mayo Clinic
Development of Customer-Defined Service	Hospital 302
Standards 266	Global Feature: McDonald's Adapts
Turning Customer Requirements into Specific	Servicescapes to Fit the Culture 304
Behaviors and Actions 266	Guidelines for Physical Evidence Strategy 304
Exhibit 9.3: Hard and Soft Standards for	Recognize the Strategic Impact of Physical
Service at Ford Motor Company 267	Evidence 305
Exhibit 9.4: Expected Behaviors for Service	Blueprint the Physical Evidence of Service 306
Encounters at John Robert's Spa 270	Clarify Strategic Roles of the
Technology Spotlight The Power of Good	Servicescape 306
Responsiveness Standards 276	Assess and Identify Physical Evidence
Developing Service Performance Indexes 278	Opportunities 306
Summary 278	Update and Modernize the Evidence 307
Discussion Questions 278	Work Cross-Functionally 307
Exercises 279	Summary 307
Notes 279	Discussion Questions 308
	Exercises 308
Chapter 10	Notes 309
Physical Evidence and the	
Servicescape 281	PART 5
•	DELIVERING AND PERFORMING
Physical Evidence 283	SERVICE 313
What Is Dhasing! Evidence? 202	
What Is Physical Evidence? 283	
Technology Spotlight: Virtual	Chapter 11
Technology Spotlight: Virtual Servicescapes: Experiencing Services	Chapter 11 Employees' Roles in Service 315
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284	Employees' Roles in Service 315
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the	Employees' Roles in Service 315 Service Culture 316
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction,
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292 Differentiator 292	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service Quality Dimensions 323
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292 Differentiator 292 Framework for Understanding Servicescape Effects	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service Quality Dimensions 323 Boundary-Spanning Roles 323
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292 Differentiator 292 Framework for Understanding Servicescape Effects on Behavior 293	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service Quality Dimensions 323 Boundary-Spanning Roles 323 Emotional Labor 324
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292 Differentiator 292 Framework for Understanding Servicescape Effects on Behavior 293 The Underlying Framework 293	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service Quality Dimensions 323 Boundary-Spanning Roles 323 Emotional Labor 324 Sources of Conflict 325
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292 Differentiator 292 Framework for Understanding Servicescape Effects on Behavior 293 The Underlying Framework 293 Behaviors in the Servicescape 293	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service Quality Dimensions 323 Boundary-Spanning Roles 323 Emotional Labor 324 Sources of Conflict 325 Strategy Insight: Strategies for Managing
Technology Spotlight: Virtual Servicescapes: Experiencing Services through the Internet 284 How Does Physical Evidence Affect the Customer Experience? 284 Types of Servicescapes 287 Servicescape Usage 287 Servicescape Complexity 288 Strategic Roles of the Servicescape 289 Package 289 Facilitator 289 Strategy Insight: Strategic Positioning through Architectural Design 290 Socializer 292 Differentiator 292 Framework for Understanding Servicescape Effects on Behavior 293 The Underlying Framework 293	Employees' Roles in Service 315 Service Culture 316 Exhibiting Service Leadership 317 Developing a Service Culture 317 Global Feature: How Well Does a Company's Service Culture Travel? 318 Transporting a Service Culture 318 The Critical Role of Service Employees 320 The Service Triangle 321 Employee Satisfaction, Customer Satisfaction, and Profits 322 The Effect of Employee Behaviors on Service Quality Dimensions 323 Boundary-Spanning Roles 323 Emotional Labor 324 Sources of Conflict 325

Strategies for Delivering Service Quality	Define Customers' Roles 365
Through People 328	Technology Spotlight: Technology Facilitates
Hire the Right People 329	Customer Participation in Health Care 368
Technology Spotlight: How Technology Is	Recruit, Educate, and Reward
Helping Employees Serve Customers More	Customers 370
Effectively and Efficiently 330	Exhibit 12.3: Working Together, U.S.
Exhibit 11.1: Google Quickly Becomes a	Utility Companies and Customers Conserve
Preferred Employer in Its Industry 332	Energy 371
Develop People to Deliver Service	Exhibit 12.4: Weight Watchers Educates and
Quality 334	Orients New Members 372
Exhibit 11.2: Potential Benefits and Costs	Manage the Customer Mix 373
of Empowerment 336	Summary 375
Provide Needed Support Systems 337	Discussion Questions 375
Retain the Best People 338	Exercises 376
Customer-Oriented Service Delivery 340	Notes 376
Summary 342	110005 370
Discussion Questions 342	
Exercises 343	Chapter 13
Notes 343	Managing Demand and Capacity 382
110103 545	The Underlying Issue: Lack of Inventory
	Capability 384
Chapter 12	Capacity Constraints 386
Customers' Roles in Service 349	Time, Labor, Equipment, and Facilities 387
The Importance of Customers in Service	Optimal versus Maximum Use of
Cocreation 351	Capacity 387
Customers Themselves 351	Demand Patterns 388
	The Charting of Demand Patterns 388
Strategy Insight: Customer Cocreation	Predictable Cycles 389
of Value: An Important Strategy	Random Demand Fluctuations 389
Frontier 352	
Fellow Customers 354	Demand Patterns by Market Segment 390 Strategies for Metabing Consolity and
Exhibit 12.1: Client Cocreation of Value in	Strategies for Matching Capacity and Demand 390
Business-to-Business Services 356	
Customers' Roles 356	Shifting Demand to Match Capacity 390
Customers as Productive Resources 356	Global Feature: Cemex Creatively Manages
Customers as Contributors to Quality,	Chaotic Demand for Its Services 391
Satisfaction, and Value 358	Adjusting Capacity to Meet Demand 394
Exhibit 12.2: Which Customer (A or B)	Combining Demand and Capacity
Will Be Most Satisfied? 359	Strategies 397
Global Feature: At Sweden's IKEA,	Strategy Insight: Combining Demand
Customers around the World Cocreate	(Marketing) and Capacity (Operations)
Customized Value 360	Strategies to Increase Profits 398
Customers as Competitors 361	Yield Management: Balancing Capacity Utilization,
Self-Service Technologies—The Ultimate in	Pricing, Market Segmentation, and Financial
Customer Participation 363	Return 398
A Proliferation of New SSTs 363	Implementing a Yield Management
Customer Usage of SSTs 364	System 400
Success with SSTs 365	Exhibit 13.1: Simple Yield Calculations:
Strategies for Enhancing Customer	Examples from Hotel and Legal
Participation 365	Services 401

Technology Spotlight: Information and	Manage Customer Education 437
Technology Drive Yield Management	Manage Internal Marketing
Systems 402	Communication 439
Challenges and Risks in Using Yield	Summary 442
Management 402	Discussion Questions 443
Waiting Line Strategies: When Demand and	Exercises 443
Capacity Cannot be Matched 404	Notes 443
Employ Operational Logic 404	
Exhibit 13.2: Overflow in the ED: Managing	Chapter 15
Capacity Constraints and Excess Demand in	Pricing of Services 446
Hospital Emergency Departments 405	
Establish a Reservation Process 407	Three Key Ways that Service Prices are Different
Differentiate Waiting Customers 408	for Customers 448
Make Waiting More Pleasurable 408	Customer Knowledge of Service Prices 448
Summary 411	Exhibit 15.1: What Do You Know about the
Discussion Questions 411	Prices of Services? 449
Exercises 412	The Role of Nonmonetary Costs 451
Notes 412	Price as an Indicator of Service Quality 453
Notes 412	Approaches to Pricing Services 453
DART 6	Cost-Based Pricing 453
PART 6	Competition-Based Pricing 455
MANAGING SERVICE PROMISES 415	Strategy Insight: Pricing Variation in
	Airlines Offers Strategic Opportunities 456
Chapter 14	Demand-Based Pricing 456
Integrated Service Marketing	Global Feature: Unique Tipping and Pricing
Communications 417	Practices around the World 457
The New Long Committee Com	Technology Spotlight: Dynamic Pricing on
The Need for Coordination in Marketing	the Internet Allows Price Adjustments Based
Communication 419	on Supply and Demand 460
Key Service Communication Challenges 421	Pricing Strategies That Link to the Four Value
Service Intangibility 421	Definitions 461
Management of Service Promises 422	Exhibit 15.2: Pricing for Customer-
Management of Customer Expectations 422	Perceived Value with Modular Service
Customer Education 423	Pricing and Service Tiering 462
Internal Marketing Communication 423	Pricing Strategies When the Customer Means
Five Categories of Strategies to Match Service	"Value Is Low Price" 463
Promises with Delivery 424	
Address Service Intangibility 424	Pricing Strategies When the Customer Means
Strategy Insight: Mobile Advertising—The	"Value Is Everything I Want in a Service" 464
Key to the Future of Digital 428	Pricing Strategies When the Customer Means
Exhibit 14.1: Service Advertising	"Value Is the Quality I Get for the Price I
Strategies Matched with Properties of	Pay" 465
Intangibility 429	Pricing Strategies When the Customer Means
Manage Service Promises 430	"Value Is All That I Get for All That
Global Feature: Virgin Atlantic Airways 433	I Give" 466
Technology Spotlight: Internet Expert Mary	Summary 469
Meeker Predicts What Companies Most	Discussion Questions 469
Need to Know 435 Manage Customer Expectations 436	Exercises 470 Notes 470

PART '	7	\$,	
SERVI	CE AND	THE BOTTOM	1
LINE	473	40	

Chapter 16 The Financial and Economic Impact of Service 474

Service and Profitability: The Direct Relationship 476

Exhibit 16.1: Customer Satisfaction, Service Quality, and Firm Performance 478 Offensive Marketing Effects of Service: Attracting

More and Better Customers 480 Defensive Marketing Effects of Service: Customer

Retention 480

Lower Costs 481 Volume of Purchases 482 Price Premium 482

Word-of-Mouth Communication 482
Exhibit 16.2: Word-of-Mouth Communication and Customer Measurement: The Net

Promoter Score 483

Customer Perceptions of Service Quality and Purchase Intentions 484

Exhibit 16.3: Questions That Managers Want Answered about Defensive

Marketing 485

Exhibit 16.4: Service Quality and the Economic Worth of Customers: Businesses

Still Need to Know More 486

The Key Drivers of Service Quality, Customer Retention, and Profits 488

Effective Nonfinancial Performance

Measurements 489

Strategy Insight: Customer Equity and Return on Marketing: Metrics to Match a Strategic Customer-Centered View of the

Firm 490

Technology Spotlight: Cost-Effective Service Excellence through Technology 493 Global Feature: Measurement of Customer Satisfaction Worldwide 494

Satisfaction Worldwide 494

Summary 494
Discussion Questions 495
Exercises 495

Notes 495

Index 498