

PART ONE	Foundations of Services Marketing		
Chapter 1	Understanding Services Marketing		
Chapter 2	Frameworks for Managing the Customer's Experience		
Chapter 3	Plugging into the Information Age		
PART TWO	Creating the Interactive Experience		
Chapter 4	Planning and Producing the Service Performance		
Chapter 5	Designing the Service Setting		
Chapter 6	Leveraging the People Factor		
Chapter 7	Managing the Customer Mix		
PART THREE	Promising the Interactive Service Experience		
Chapter 8	Setting a Price for the Service Rendered		
Chapter 9	Promoting the Interactive Service Experience		
PART FOUR	Delivering and Ensuring a Successful Customer Experience		
Chapter 10	Building Customer Loyalty Through Service Quality		
Chapter 11	Regaining Customer Confidence Through Customer Service and Service Recovery		
Chapter 12	Researching Service Success and Failure		
PART FIVE	Management Issues in Services Marketing		
Chapter 13	Developing Marketing Strategies for Services		
Chapter 14	Coping with Fluctuating Demand for Services		
Chapter 15	Thinking Globally: "It's a Small World After All"		
APPENDIX	Careers in Services		



Preface xix

PART ONE			
VIGNETTE:			
Chapter 1	Understanding Services Marketing 4		
	DEFINITION OF SERVICES 5		
	HOW DOES SERVICES MARKETING DIFFER FROM PHYSICAL GOODS MARKETING? 6		
	CHARACTERISTICS OF SERVICES 7		
	Intangibility 8 Inseparability 8 Variability 9 Perishability 9 Rental/Access 10		
	CLASSIFICATIONS OF SERVICES 11		
	Classifications Based on Services Fields 11 Classifications Based on Services Customers 12 Lovelock's Classification 12 The Services Marketing Triangle 13		
	OVERVIEW OF BOOK 14		
	Summary and Conclusion 16 Exercises 16 Internet Exercise 16		
	References 17		
	SPOTLIGHT 1.1 Service Industry to Be Measured by New Indicator 5		
	SPOTLIGHT 1.2 Peace of Mind for You and Your Pets 10		
	SPOTLIGHT 1.3 Personalized Department Store Services 12		
Chapter 2	Frameworks for Managing the Customer's Experience 18		
	COMPONENTS OF THE SERVICE EXPERIENCE 19		
	FRAMING THE SERVICE EXPERIENCE 21		
	The Services Marketing Mix 21 The Servuction Framework 24 The Services Theater Framework 25		
	COMPARING SERVICE EXPERIENCE FRAMEWORKS 27 RAISING THE CURTAIN ON SERVICES THEATER 28		

	THE EMOTIONAL SIDE OF SERVICES 30
	Summary and Conclusion 31
	Exercises 31
	Internet Exercise 31
	References 32
	SPOTLIGHT 2.1 It Used to Be Easier 20
	SPOTLIGHT 2.2 Call-a-Bike: The Invisible System Makes This Service Possible 25
	<u> </u>
	0.4
	TAKING THE SHOW ON THE ROAD A Canadian Dental Experience (by Stephen Tax) 22
	7. Canadian Benai Expensive (by Stephen Vally
Chapter 3	Plugging into the Information Age 33
	SERVICES AND THE INFORMATION AGE 34
	Technology in the Core Service 36
	Technology as a Supplementary Service Support Tool 37
	EMPOWERING EMPLOYEES THROUGH TECHNOLOGY 37
	Technology Devices 37
	Networking 38
	EMPOWERING THE CUSTOMER 38
	ENABLING THE INTERACTIVE EXPERIENCE 40
	CAPTURING CUSTOMER INFORMATION 42
	COPING WITH NEGATIVE IMPACTS OF SERVICES TECHNOLOGY 44
	CHALLENGES OF USING TECHNOLOGY TO MANAGE
	CUSTOMER INTERFACES 44
	Technological Weak Links in Customer Interfaces 44
	Steps for Improving the Technology of Customer Interfaces 46
	Summary and Conclusion 46
	Exercises 46
	Internet Exercise 47
	References 47
	SPOTLIGHT 3.1 eBay Drop-Off Stores: One of 13 Hot Businesses for 2005 34
	SPOTLIGHT 3.2 Video Games Dominate Entertainment Services Media 42
	SPOTLIGHT 3.3 ChoicePoint Loses Your Identity: Theft on the Internet 43
ART TWO	Creating the Interactive Experience 48
VIGNETTE:	Louvre Museum 49
Chapter 4	Planning and Producing the Service Performance 50
Chapter 4	· · · · · · · · · · · · · · · · · · ·
	THE SERVICE PERFORMANCE 51
	SUPPLEMENTING THE BASIC SERVICE PERFORMANCE 52
	DIFFERENTIATING THE SERVICE PERFORMANCE 54

	BLUEPRINTING THE SERVICE PERFORMANCE 61 THE INTERNET AND SERVICE PERFORMANCES 63		
	Summary and Conclusion 64		
	Exercises 64 Internet Exercise 65		
	References 65		
	SPOTLIGHT 4.1 Copying Practices from Fast-Food Restaurants and Retailers Gives a Small Bank a Massive Competitive Advantage 5		
	SPOTLIGHT 4.2 Self-Service Technology Gains Popularity 56		
	SPOTLIGHT 4.3 Medical Theater 59		
Chapter 5	Designing the Service Setting 66		
'	WHAT IS A SERVICE SETTING? 67		
	KEY CONSIDERATIONS IN DESIGNING THE SERVICE SETTING 68		
	The Duration of the Service Setting 68 Service Setting as an Operational Tool 68 Service Setting as a Service Identifier 68 Service Setting as an Orientation Tool 69 The Appeal of the Service Setting 71 Service Setting as the Workers' "Home Away from Home" 71		
	THE SERVICE SETTING AS A MARKETING TOOL 72		
	Managing Tangible Evidence 72 Frontstage Versus Backstage Decisions 75 Experimenting with the Service Setting 76		
	CYBERSPACE AS A SERVICE SETTING 77		
	Summary and Conclusion 78 Exercises 78		
	Internet Exercise 79		
	References 79		
	SPOTLIGHT 5.1 Minimundus—Die Kleine Welt am Wörthersee (The Little World on Lake Worth) 69		
	SPOTLIGHT 5.2 A Premium Evening at the Ballpark 73		
	SPOTLIGHT 5.3 High-End Restrooms Offer Artistic Relief 74		
Chapter 6	Leveraging the People Factor 80		
•	SERVICE EMPLOYEES AND THEIR BEHAVIOR 81		
	Why Are Service Employees So Important? 81		
	Are All Service Employees Equally Important? 82		

Which Are More Important: Technical Skills or Social Skills?

CUSTOMIZING THE SERVICE PERFORMANCE SCRIPTING THE SERVICE PERFORMANCE

59

55

83

	Addressing Employee Poor Performance 88
	EMPOWERING SERVICE EMPLOYEES 88
	Benefits of Empowerment 88 Costs of Empowerment 89
	THE NEED FOR SERVICE IMPROVISATION 91 THE EMOTIONAL SIDE OF SERVICES 91 COSTUMING SERVICE EMPLOYEES 92 MAXIMIZING SERVICE EMPLOYEE PRODUCTIVITY 94
	Summary and Conclusion 97 Exercises 97 Internet Exercise 98 References 98
	SPOTLIGHT 6.1 It's All an Act for the Doctors 86
	SPOTLIGHT 6.2 The Struggle of Dealing with Employee Turnover 87
	SPOTLIGHT 6.3 What Service Organizations Can Learn from Stanislavsky 92
	SPOTLIGHT 6.4 This Service Goes to the Dogs 97
Chapter 7	Managing the Customer Mix 100
	SERVICE CUSTOMERS AND THEIR BEHAVIOR 100
	CUSTOMER-TO-CUSTOMER INTERACTIONS 102
	CUSTOMER-TO-EMPLOYEE INTERACTIONS 103
	Friendly Interactions 104 Unfriendly Interactions 104 Too Friendly Interactions 104
	SELECTING AND TRAINING CUSTOMERS 105
	Customer Training Guidelines 105 Customer Training Tools 107
	MANAGING CUSTOMER RAGE 110
	Summary and Conclusion 112
	Exercises 113
	Internet Exercise 113
	References 113
	SPOTLIGHT 7.1 Mardi Gras: New Orleans Knows How to <i>Laissez Le Bon Temps Rouler</i> 102
	SPOTLIGHT 7.2 Silence at 35,000 Feet 103
	SPOTLIGHT 7.3 Banning Teenagers in Shopping Malls 111
PART THREE	Promising the Interactive Service Experience 115
VIGNETTE	

Ensuring Service Employee Excellence

83

Chapter 8	Setting a Price for the Service Rendered 117
	WHY DO SERVICE PRICES VARY? 118
	YIELD MANAGEMENT IN SERVICES 119
	PRICING OBJECTIVES AND APPROACHES 119
	THE RELATIONSHIP BETWEEN SERVICE PRICE AND VALUE 122
	CALCULATING SERVICE COSTS 123
	PRICE BUNDLING 126
	ADDITIONAL PRICING CONSIDERATIONS 129
	Summary and Conclusion 130
	Exercises 130
	Internet Exercise 131
	References 131
	SPOTLIGHT 8.1 If Airlines Sold Paint 120
	SPOTLIGHT 8.2 Airlines' Price Unbundling: Charging for Meals 124
	SPOTLIGHT 8.3 What Is a Picture Worth? 130
	STOTEIGHT 0.5 What is a rictare Worth.
Chapter 9	Promoting the Interactive Service Experience 132
	SERVICES AND INTEGRATED MARKETING COMMUNICATIONS 132
	MARKETING COMMUNICATIONS AND SERVICES 133
	THE PROMOTIONAL MIX 135
	Advertising 136
	Sales Promotions 136
	Personal Selling 137 Publicity and Public Relations 137
	Advertising Objectives 137 Guidelines for Advertising Services 138
	Enhancing the Vividness of Services Advertising 141
	SALES PROMOTIONS AND SERVICES 143
	PERSONAL SELLING AND SERVICES 144
	PUBLICITY AND SERVICES 145
	PROMOTING SERVICES ON THE INTERNET 146
	Summary and Conclusion 147
	Exercises 147
	Internet Exercise 148
	References 148
	SPOTLIGHT 9.1 Citibank Brings Sumo Wrestlers to New York 136
	SPOTLIGHT 9.2 Jackson Hewitt Ties Game to NASCAR 138
	SPOTLIGHT 9.3 Humorous Service Organization Slogans 140
	SPOTLIGHT 9.4 " Would You Like to Supersize That?" 145

PART FOUR VIGNETTE:			
Chapter 10	Building Customer Loyalty Through Service Quality WHAT IS SERVICE QUALITY? 153 HOW CUSTOMERS EVALUATE SERVICE QUALITY 156 WHY AND WHEN TO GUARANTEE A SERVICE 160 WHAT MAKES AN EXTRAORDINARY SERVICE GUARANTEE? 161 HOW TO DESIGN A SERVICE GUARANTEE 162		
	Summary and Conclusion 163 Exercises 164 Internet Exercise 164 References 164		
	SPOTLIGHT 10.1 Ritz-Carlton Hotels: Two-Time Malcolm Baldrige Award Winner 155		
	SPOTLIGHT 10.2 Using Technology to Reduce Human Error in Health Care Services 159		
	SPOTLIGHT 10.3 Quality Improvement by Rating Child Care Services 160 TAKING THE SHOW ON THE ROAD Toyota Norway (by Tor Andreassen) 163		
Chapter 11	Regaining Customer Confidence Through Customer Service and Service Recovery 166		
	CUSTOMER SERVICE 166		
	CUSTOMER SERVICE AS A STRATEGIC FUNCTION 167		
	Customer Service as an Information Resource 168 Customer Service as an Input for Service Design Improvements 168 Customer Service as an Opportunity to Enhance Customer Relationships 168		
	DEVELOPING A CUSTOMER SERVICE CULTURE 169 THE NEED FOR SERVICE RECOVERY 171		
	The High Cost of Lost Customers 173 When Is Service Recovery Needed? 174 Other Means of Identifying Recovery Needs 175		
	STEPS TO SERVICE RECOVERY 176		
	Apology 176 Urgent Reinstatement 177 Empathy 177 Symbolic Atonement 177 Follow-Up 178		
	HIDDEN BENEFITS OF SERVICE RECOVERY 181		
	Summary and Conclusion 181 Exercises 182		

	Internet Exercise 182
	References 182
	SPOTLIGHT 11.1 Planning for Customer Service: Improvisation Training at Aer Arann 170
	SPOTLIGHT 11.2 An Airline Passenger's Nightmare 172
	SPOTLIGHT 11.3 Are All Customers Worth Recovering? 174
Chapter 12	Researching Service Success and Failure 184
	WHY IS RESEARCHING SERVICE SUCCESS AND FAILURE NECESSARY? 184
	WHY IS SERVICE SUCCESS SO DIFFICULT TO ACHIEVE? 185
	RESEARCH METHODS FOR SERVICES 186
	Observational Techniques 186
	Mystery Shopping 190 Employee Reports 191
	Employee Reports 191 Survey Methods 191
	Focus Groups 192
	Experimental Field Testing 193
	The Critical Incident Technique 194 Moment of Truth Impact Analysis 194
	CREATING A SERVICE QUALITY INFORMATION SYSTEM 195
	What to Measure 196 What to Do with the Information 197
	Summary and Conclusion 198
	Exercises 199
	Internet Exercise 200
	References 200
	SPOTLIGHT 12.1 AOL Releases Web-Search Data of 650,000 Users 188
	SPOTLIGHT 12.2 Going Retail with Market Research 189
	SPOTLIGHT 12.3 Health Care Taps "Mystery Shoppers": To Improve Service, Hospitals and Doctors Hire Spies to Pose as Patients and Report Back 190
	TAKING THE SHOW ON THE ROAD Richer Sounds (by Gillian Hogg) 198
PART FIVE	Management Issues in Services Marketing 201
VIGNETTE:	Offshoring Services: TATA Consultancy Services 202
Chapter 13	Developing Marketing Strategies for Services 203
	OVERVIEW OF MARKETING STRATEGY IN SERVICE ORGANIZATIONS 203
	SCANNING THE ENVIRONMENT 205
	Economic and Competitive Environment 209
	Ethical and Legal Environment 209 Social, Cultural, and Demographic Environment 211
	Social, Cultural, and Demographic Environment 211 Technology Environment 211

Technology Environment

	PLANNING THE SE	RVICES MARKETING STRATEGY 212		
	Planning the Str	ategy 212		
	Designing the S	0.		
	Implementing th	ne Strategy 213		
	Controlling the	Strategy 213		
	POSITIONING ANI	O SERVICE SEGMENTATION 214		
	MARKETING MIX S	TRATEGY 215		
	STRATEGIC CHALL	ENGES FOR SERVICES 216		
	Performance	216		
	Demand 217			
	Employees 2			
	Setting 218			
	Service Quality	219		
	SERVICE STRATEGI	ES FOR COMPETITIVE ADVANTAGE 220		
	Surpass Your Co	empetition 220		
	Dramatize Your			
	Build Relationships 221			
	Harness Technology 221			
	Jazz Your Delivery 221			
	Summary and Conclusion 222			
	Exercises 222	222		
	Internet Exercise 223			
	References 223			
	SPOTLIGHT 13.1 Stones from Bones 208			
		Green Marketing Issues in the Service Sector 210		
	SPOTLIGHT 13.3	Choosing a Name for the Service 215		
Chapter 14	Coning with Flu	ctuating Demand for Services 224		
Спарцет 14		· ·		
		DEMAND A PROBLEM? 225		
	THE NATURE OF S			
		D WITH SERVICE CAPACITY 229		
	SMOOTHING DEMAND TO FILL SERVICE CAPACITY 231			
	MAXIMUM VERSU	S OPTIMUM CAPACITY 234		
	Summary and Co	nclusion 237		
	Exercises 237			
	Internet Exercise	238		
	References 23	8		
	SPOTLIGHT 14.1	Italians' Love for August Vacations Gets in the Way of		
		Business 227		
	SPOTLIGHT 14.2	The Peachtree Road Race: Atlanta Puts Its Best Foot		
		Forward 230		
	SPOTLIGHT 14.3	Pizza—It's Not Just for Breakfast Anymore 232		

Chapter 15	Thinking Globally: "It's a Small World After All" 239
	SERVICES AND CULTURE 239
	Cultural Orientation Toward Nature 241 Cultural Orientation Toward Activities 242 Cultural Orientation Toward Time 242 Cultural Orientation Toward Others 242
	GLOBAL TRADE IN SERVICES 242
	Outbound Service Export: Send the Service Provider to the Foreign Market Inbound Service Export: Bring the Foreign Customer to the Service Provider Teleservice Export: Deliver the Service to Foreign Markets Electronically 244
	ENTRY STRATEGIES FOR GLOBAL SERVICE MARKETS 245
	Foreign Direct Investment 245 Franchising 246 Joint Ventures 246
	STANDARDIZATION VERSUS ADAPTATION OF GLOBAL SERVICES 246
	Standardization 248 Adaptation 248

250

253

SPOTLIGHT 15.1 Wal-Mart Creates Retail Upheaval in Japan and Germany

SPOTLIGHT 15.2 Offshoring: From Call Centers to Debt Collection Services

The Internet Comes to the Service of Farmers in India (by Mohan Agrawal)

255

251

249

241

252

245

MULTILINGUAL SERVICE SYSTEMS

Summary and Conclusion

253

254

TAKING THE SHOW ON THE ROAD

Appendix: Careers in Services

263

267

273

269

SPOTLIGHT 15.3 Burger King Worldwide

Exercises

References

Glossary

Name Index

Subject Index

Organization Index

Internet Exercise

TECHNOLOGY AND GLOBAL SERVICES

253