

SERVICES MARKETING

INTEGRATING CUSTOMER
FOCUS ACROSS THE FIRM

ALAN WILSON
VALARIE ZEITHAML
MARY JO BITNER
DWAYNE D. GREMLER

THIRD EUROPEAN EDITION



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

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About the Authors



Alan Wilson is Professor of Marketing and was previous Head of the Marketing Department within the University of Strathclyde Business School. Before joining the university, he was a senior consultant and executive trainer within the services division of a London-based marketing consultancy practice and prior to that an Associate Director of a leading London-based marketing research agency. He specializes in the marketing of services and has a PhD in the subject. He is a Fellow of both the Chartered Institute of Marketing and the Market Research Society. His book, *Marketing Research: An Integrated Approach*, is in its third edition and he has published in a wide range of marketing and service management journals, for which he has won a number of awards and prizes. Professor Wilson has delivered high-level executive training to a wide range of service organizations in the banking, hospitality, professional service and business-to-business service sectors and has been invited to deliver lectures and seminars on both services marketing and marketing research in a variety of countries throughout the world.

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American Marketing Association Book Prize for the best marketing book of the past three years.

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Preface



This third European edition of this highly successful *Services Marketing* text is for students and business people who recognize the vital role that services 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 recognize that service provides one of their few sustainable competitive advantages.

This third 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 third 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 organizations – the inability to inventory, the difficulty in synchronizing 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 organizations whose core product is service (such as banks, transportation companies, hotels, hospitals, educational institutions, professional services, telecommunication) and to organizations 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 digital marketing, mass customize their offerings, deliver services using mobile and digital platforms, and attempt to build strong relationships with their customers.

DISTINGUISHING CONTENT FEATURES

The distinguishing features of the text, some of which are new to this third 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 digital 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 and social media.**
- 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 recognizes 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.

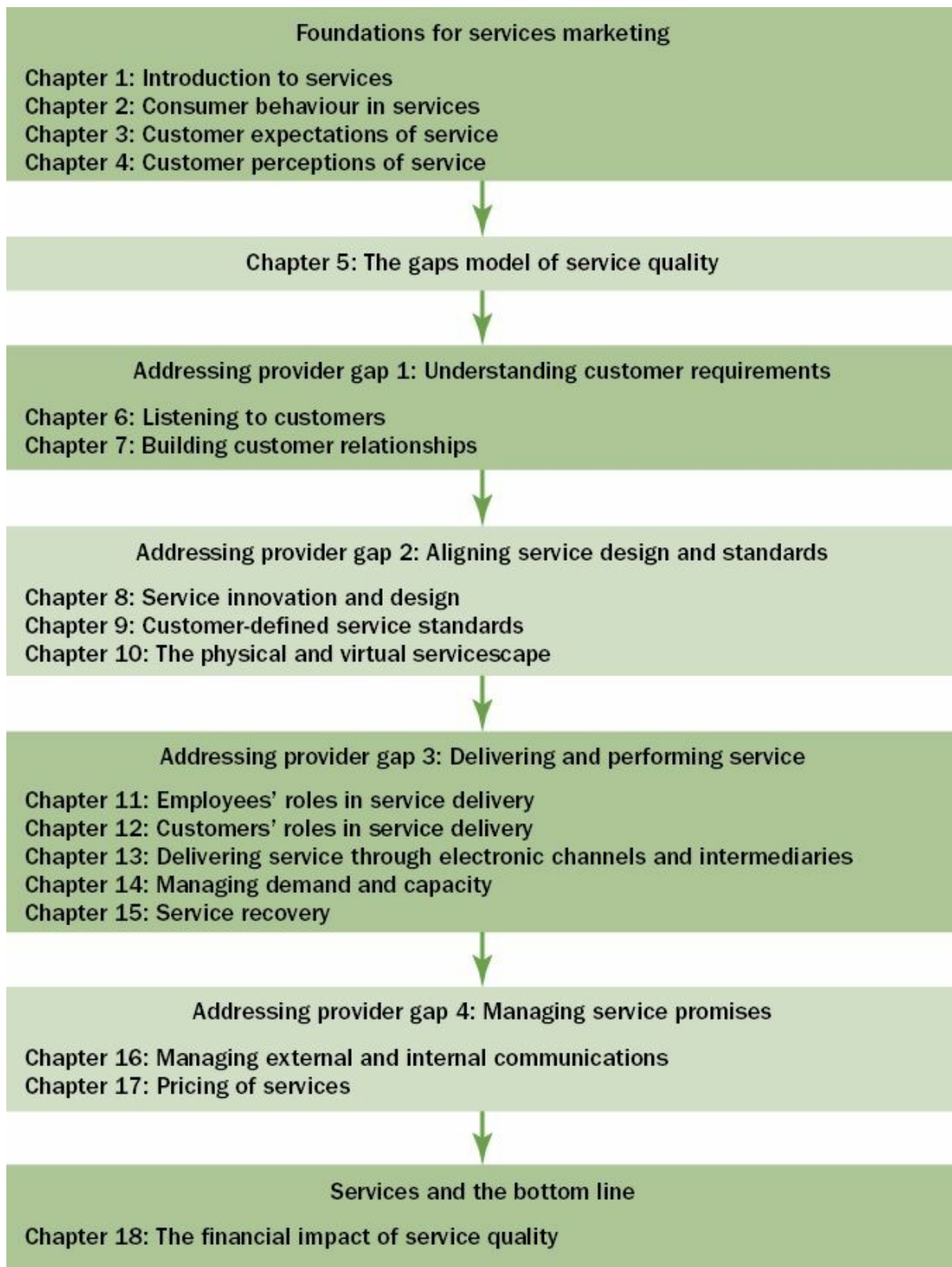
The framework of the book continues to be managerially focused, with every chapter presenting company examples and strategies for addressing key issues. There are integrating frameworks in most chapters. For example, there are frameworks for understanding service recovery strategies, service pricing, 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 organized around the gaps model of service quality, which is described fully in [Chapter 5](#). Beginning with [Chapter 6](#), the text is organized 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](#) address delivering and performing services; and [Chapters 16](#) and [17](#) managing service promises. [Chapter 18](#) then focuses on the total picture of service and the bottom line.

WHAT COURSES AND WHICH STUDENTS SHOULD USE THIS TEXT?

Students need to have completed at least a basic marketing course as a prerequisite 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) postgraduate level marketing management classes 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 specialized 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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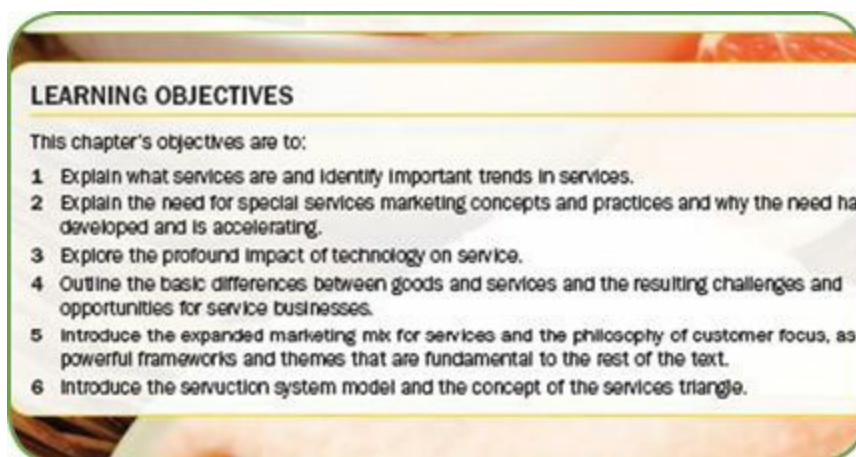
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Guided Tour



LEARNING OBJECTIVES

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



OPENING EXAMPLES

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 practice. Examples include Airbnb, Skyscanner, Starbucks, and Amazon.

Changing Perceptions – Virgin Money

As part of its expansion into the UK retail banking sector, Virgin Money are attempting to change customers' perceptions of the service delivered by bank branches through the opening of five Virgin Money Lounges in major cities. These lounges do have areas where customers can do their online banking or receive service relating to their Virgin Money products, but they are about more than money and banking. They are designed to be places where customers can relax and local communities come together.

They provide free hot and cold drinks, fruit and snacks as well as free Wi-Fi and access to free iPads. Television is available all day as well as newspapers and a selection of magazines. Children are welcomed; there is a dedicated children's area in every Lounge, complete with toys, books and games



SOCIAL MEDIA AND DIGITAL MARKETING

Icons highlight materials that focus on issues involving social media and digital marketing in each chapter, to help you explore how recent technological innovations and behaviours affect established service marketing theories.

PHYSICAL EVIDENCE

WHAT IS PHYSICAL EVIDENCE?

Customers often rely on tangible cues, or physical evidence, to evaluate the service before its purchase and to assess their satisfaction with the service during and after consumption. Effective design of physical, tangible evidence is important for closing provider gap 2.

General elements of physical evidence are shown in Table 10.1. They include all aspects of the organization's physical facility (the servicescape) as well as other forms of tangible communication. Elements of the servicescape that affect customers include both exterior attributes (such as signage, parking, and the landscape) and interior attributes (such as design, layout, equipment and decor). Note that web pages and **virtual servicescapes** conveyed over the Internet are more recent forms of physical evidence that companies can use to communicate about the service experience, making services more tangible for customers both before and after purchase. For example, travellers can now preview destinations, tour natural environments and 'experience' entertainment venues online before booking their trips or even deciding where to travel. Virtual tours and 360-degree views of hotels and their rooms allow potential guests to view the facilities in and out before booking.



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 customer and business-to-business servers, and include Amex, FSA, Hilton and IKEA.

SERVICE SPOTLIGHT

Omega Bank, a private bank with branches across Greece, has designed its branch interiors to communicate a feeling of 'understated quality', avoiding ostentation and short-lived trendiness. Instead of using Greek marble and granite flooring, they imported honed green slate from the Lake District in the UK which better matched the 'understated quality' image. The teller desks were designed in etched glass and steel, with maple timber slab ends. Aesthetically, they are meant to be very open and welcoming in appearance, accentuated by 'floating' all the surface planes on stainless steel spacers, so that none of the major elements actually touch each other.

The same design system is incorporated into graphic and print items such as banking and ATM cards, promotional leaflets and private banking communication and print items.¹⁰

The design of a physical setting can also differentiate one area of a service organization from another. For example, in the hotel industry, one large hotel may have several levels of dining possibilities, each signalled by differences in design. Price differentiation is also often partly achieved through variations in physical setting. Bigger rooms with more physical amenities cost more, just as larger seats with more leg room (generally in first class) are more expensive on an airline.

CHAPTER SUMMARY

This briefly reviews and reinforces the main topics covered in each chapter to ensure that you have developed a solid understanding of the key topics. Use it in conjunction with the learning objectives as a quick reference.

SUMMARY

This chapter discussed the discrepancy between company perceptions of customer expectations and the standards they set to deliver to these expectations. Among the major causes for provider gap 2 are inadequate standardization of service behaviours and actions, absence of formal processes for setting service quality goals, and lack of customer-defined standards. These problems were discussed and detailed, along with strategies to close the gap.

Customer-defined standards are at the heart of delivery of service that customers expect: they are the link between customers' expressed expectations and company actions to deliver to those expectations. Creating these service standards is not always done by service organizations. Doing so requires that companies' marketing and operations departments work together by using the marketing research as input for operations design. Unless the operations standards are defined by customer priorities, they are not likely to have an impact on customer perceptions of service.

KEY CONCEPTS

An ideal tool for revision or to check definitions as you read, key concepts are highlighted in bold, with page number references at the end of each chapter so they can be found easily.

KEY CONCEPTS

Customization v. standardization	191	One-time fixes	195
Goal-setting	192	Service performance indices	205
Hard customer-defined service standards	195	Service standards	189
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FURTHER READING

Each chapter ends with a list of suggested reading, listing international research in services marketing.

FURTHER READING

Berry, L.L. and Parasuraman, A. (1993). Building a new academic *Journal of Retailing*, 69(1), 13–60.

Grönroos, C. (2011). Value co-creation in service logic: A critical analysis.

Grönroos, C. and Gummerus, J. (2014). The service revolution and logic vs service-dominant logic. *Managing Service Quality*, 24(3), 206–220.

IfM and IBM (2008). *Succeeding through Service Innovation: A Research, Business and Government*. Cambridge, United Kingdom: Cambridge University Press.

Lovelock, C. and Gummesson, E. (2004). Whither services marketing? Fresh perspectives. *Journal of Service Research*, 7(1), 20–41.

DISCUSSION QUESTIONS AND EXERCISES

Discussion questions encourage you to review and apply the knowledge you have developed from each chapter. Exercises require a little more time and thought, and can be used as group assignments or exam practice.

DISCUSSION QUESTIONS

- 1 Using your own personal examples, discuss the general importance of customers in the successful creation and delivery of service experiences.
- 2 Why might customer actions and attitudes cause the service performance gap to occur? Use your own examples to illustrate your understanding.
- 3 Using Table 12.1, think of specific services you have experienced that fall within each of the three levels of customer participation: low, medium and high. Describe specifically what you did as a customer in each case. How did your involvement vary across the three types of service situations?
- 4 Describe a time when your satisfaction in a particular situation was *increased* because of something another customer did. Could (or does) the organization do anything to ensure that this experience happens routinely? What does it do? Should it try to make this situation a routine occurrence?
- 5 Describe a time when your satisfaction in a particular situation was *decreased* because of something another customer did. Could the organization have done anything to manage this situation more effectively? If so, what?
- 6 Discuss the customer's role as a *productive resource* for the firm. Describe a time when you

CASE STUDIES

The book includes a case study section designed to test how well you can apply the main ideas presented throughout the book to real company examples. The cases integrate a number of service ideas into a fuller example that needs deeper analysis and understanding. Each case study has its own set of questions. Cases include Disneyland, McDonald's, Ryanair, Starbucks and Uniglo.

CASE 1 DISNEY'S MAGIC BANDS: ENHANCING CUSTOMER EXPERIENCE

This case was written by Vasudha M, Amity Research Centers Headquarters
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More than a year after the announcement about the MagicBands, the MagicBands were available among guests staying at Disney hotels were also

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Chapter 02 Test results

0 questions attempted | 0.00 points

add questions | organize assignment | view: list | individually

Principles and Practice of Marketing (David Joban, Floyd Ellis-Chodnick, T) > Chapter 02: Marketing planning
an overview of marketing > Chapter 02 Testbank

select a different question source
or create a question

filter results results: 8/8

question type: questions

- MC In a company which markets a range of prod...
- MC Which of the following factors does not affe...
- MC Which question is the starting point for any ...
- MC Planning within a business is essentially a ...
- MC Which statements cannot do which of the fo...

at risk student report

Assess which students are at risk of falling behind and take action to remediate.

at risk student report: Reporting Course (Jordan Lynott)

report created: 12/29/2012 04:32 PM EST

breakdown by risk

total students: 20

- at risk: 5 (25%)
- keep watch: 9 (45%)
- safe: 6 (30%)

how online engagement works
Connect looks for patterns of online student activity to determine the engagement level of the student, including such events as the frequency of logins and assignment submission. Other factors that may affect prediction include special events or manual grading.

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assignment results

Use the options below to view assignment scores.

assignment results: Reporting Course (Lynott, Jordan)

report created: 12/29/2012 4:29 PM EST
report date range: -
attempt: 0/1
score style: Percent
assignment type: Homework, Practice, Quiz, Exam

Select the checkboxes on columns you want to export or print.

highlight ranges: 0-59% (red), 60-74% (orange), 75-100% (green), all ranges (black)

Student	Homework	Assignment 2: Learning	Quiz 1: Learning	Quiz 2
Total Value (Points)	100.00	100.00	10	
2009, Demosthenes	78.00%	78.00%	30	
Bond, James	43.00%	66.00%	20	
Dane, Joe	70.00%	80.00%	80	
Dika, Mike	70.00%	70.00%	70.00%	70.00%
Freund, Kim	70.00%	70.00%	70.00%	70.00%
Green, Rachel	100.00%	100.00%	90.00%	100.00%
Hart, Kelly	80.00%	80.00%	70.00%	70.00%
James, Remington	43.00%	30.00%	50.00%	20.00%
James, Gina	100.00%	90.00%	100.00%	90.00%
James, Sam	57.00%	50.00%	100.00%	40.00%
Lang, Ella	80.00%	80.00%	80.00%	80.00%
Lopez, Masha	100.00%	100.00%	100.00%	100.00%
Lynott, Jordan				
Schwemker, Aaron	23.00%	40.00%	40.00%	40.00%

students | **online engagement indicator** | **remediate**

Student	Online Engagement Indicator	Remediate
2009, Demosthenes	2.2	send message to student
James, Remington	3.4	send message to student
Lynott, Jordan	1.9	send message to student
Thomas, Scott	1.8	send message to student
Voss, Karl	3.9	send message to student
Bond, James	4.0	send message to student
Dika, Mike	6.3	send message to student
Freund, Kim	6.4	send message to student
Hart, Kelly	6.3	send message to student
James, Sam	5.2	send message to student
Lang, Ella	6.6	send message to student
Schwemker, Aaron	4.6	send message to student
Slump, Andy	5.8	send message to student

Available online via Connect we have a range of instructor support materials:

- Lecturer manual to support your module preparation, with case notes, guide answers, teaching tips and more;
- PowerPoint presentations including artwork;
- Image library
- Video links

STUDENTS

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- Understand what you know and don't know; SmartBook takes you through the stages of reading and practice, prompting you to recharge your knowledge throughout the course for maximum retention.
- Achieve the most efficient and productive study time by adapting to what you do and don't know.
- Hone in on concepts you are most likely to forget, to ensure knowledge of key concept is learnt and retained.