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Winning in Service Markets Series: Vol. 8

Crafting the Service Environment

Jochen Wirtz



Winning in Service Markets is a highly practical book. I love the comprehensive coverage of services marketing and the rigor. Also, it is easy to read and full of interesting, best practice examples. I recommend this book to everyone working in a service organization.

Jan Swartz

President, Princess Cruises

Winning in Service Markets provides a set of useful frameworks and prescriptions rooted in both practice and research. As such, it represents a refreshing alternative to the prevailing literature available to managers who are looking for insights rooted in sound theory. A must read for any practicing manager in the service economy.

Leonard A. Schlesinger

Baker Foundation Professor, Harvard Business School



Designing the service environment is an art that involves a lot of time and effort, and can be expensive to implement. Service environments relate to the style and appearance of the physical surroundings and other experiential elements encountered by customers at service delivery sites. *Crafting the Service Environment* focuses on the key dimensions of service environments in the servicescape model and not much on its other aspects. This book is the eighth book in the *Winning in Service Markets* series by services marketing expert Jochen Wirtz to cover the key aspects of services marketing and management based on sound academic evidence and knowledge.

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Winning in Service Markets Series

Series Editor: Jochen Wirtz (*National University of Singapore, Singapore*)

The Winning in Service Markets Series covers the key aspects of services marketing and management based on sound academic evidence and knowledge. The books in this series is written by services marketing expert Jochen Wirtz, author of globally leading textbook for Services Marketing. Each book in the series covers different themes in the study of services marketing and management, is accessible, practical and presented in an easy-to-read format for busy practitioners and eMBA students.

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Winning in Service Markets Series: Vol. 8

Crafting the Service Environment

Jochen Wirtz



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Winning in Service Markets Series — Vol. 8
CRAFTING THE SERVICE ENVIRONMENT

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Dedication

To my past and future EMBA and Executive Program participants.

I have been teaching EMBA and Executive Programs for over 20 years. This Winning in Service Markets Series is dedicated to you, the participants from these programs. You brought so much knowledge and experience to the classroom, and this series synthesizes this learning for future EMBA candidates and managers who want to know how to bring their service organizations to the next level.

Preface

The main objective of this series is to cover the key aspects of services marketing and management, and that is based on sound academic research. Therefore, I used the globally leading text book I co-authored with Professor Christopher Lovelock (Title: *Services Marketing: People, Technology, Strategy*, 8th edition) as a base for this series, and adapted and rewrote it for managers. This is a unique approach.

This series aims to bridge the all-too-frequent gap between cutting edge academic research and theory, and management practice. That is, it provides a strongly managerial perspective, yet is rooted in solid academic research, complemented by memorable frameworks.

In particular, creating and marketing value in today's increasingly service and knowledge-intensive economy requires an understanding of the powerful design and packaging of intangible benefits and products, high-quality service operations and customer information management processes, a pool of motivated and competent front-line employees, building and maintaining a loyal and profitable customer base, and the development and implementation of a coherent service strategy to transform these assets into improved business performance. This series aims to provide the knowledge required to deliver these.

Winning in Service Markets comprises of the following volume:

- Vol 1: Understanding Service Consumers
- Vol 2: Positioning Services in Competitive Markets
- Vol 3: Developing Service Products and Brands
- Vol 4: Pricing Services and Revenue Management
- Vol 5: Service Marketing Communications
- Vol 6: Designing Customer Service Processes
- Vol 7: Balancing Capacity and Demand in Service Operations
- Vol 8: Crafting the Service Environment
- Vol 9: Managing People for Service Advantage
- Vol 10: Managing Customer Relationships and Building Loyalty
- Vol 11: Designing Complaint Handling and Service Recovery Strategies
- Vol 12: Service Quality and Productivity Management
- Vol 13: Building A World-Class Service Organization

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Introduction

Designing the service environment is an art that involves a lot of time and effort, and can be expensive to implement. Service environments relate to the style and appearance of the physical surroundings and other experiential elements encountered by customers at service delivery sites. *Crafting the Service Environment* focuses on the key dimensions of service environments in the servicescape model and not much on its other aspects. This book is the eighth book in the Winning in Service Markets series by services marketing expert Jochen Wirtz to cover the key aspects of services marketing and management based on sound academic evidence and knowledge.

VOLUME 8

Crafting The Service Environment

Managers...need to develop a better understanding of the interface between the resources they manipulate in atmospherics and the experience they want to create for the customer.

*Jean-Charles Chebat and Laurette Dubé
Professors of Marketing at HEC Montréal Business School
and McGill University, Montréal respectively*

Restaurant design has become as compelling an element as menu, food and wine...in determining a restaurant's success.

*Danny Meyer
New York City restaurateur and CEO
of Union Square Hospitality Group*

SERVICE ENVIRONMENTS — AN IMPORTANT ELEMENT OF THE SERVICE MARKETING MIX

The physical service environment customers experience plays a key role in shaping the service experience and enhancing (or undermining) customer satisfaction, especially in high-contact, people-processing services.¹ Disney theme parks are often cited as vivid examples of service environments that make customers feel comfortable and highly satisfied, and leave a long-lasting impression. In fact, organizations such as hospitals, hotels, restaurants, and offices of professional service firms have come to recognize that the service environment is an important element of their services marketing mix and overall value proposition.

Designing the service environment is an art that involves a lot of time and effort, and can be expensive to implement. Service environments, also called *servicescapes*, relate to the style and appearance of the physical surroundings and other experiential elements encountered by customers at service delivery sites.² Once designed and built, service environments are not easy to change. The focus of this volume is on the key dimensions of service environments in the servicescape model and not much on its other aspects (Figure 1).

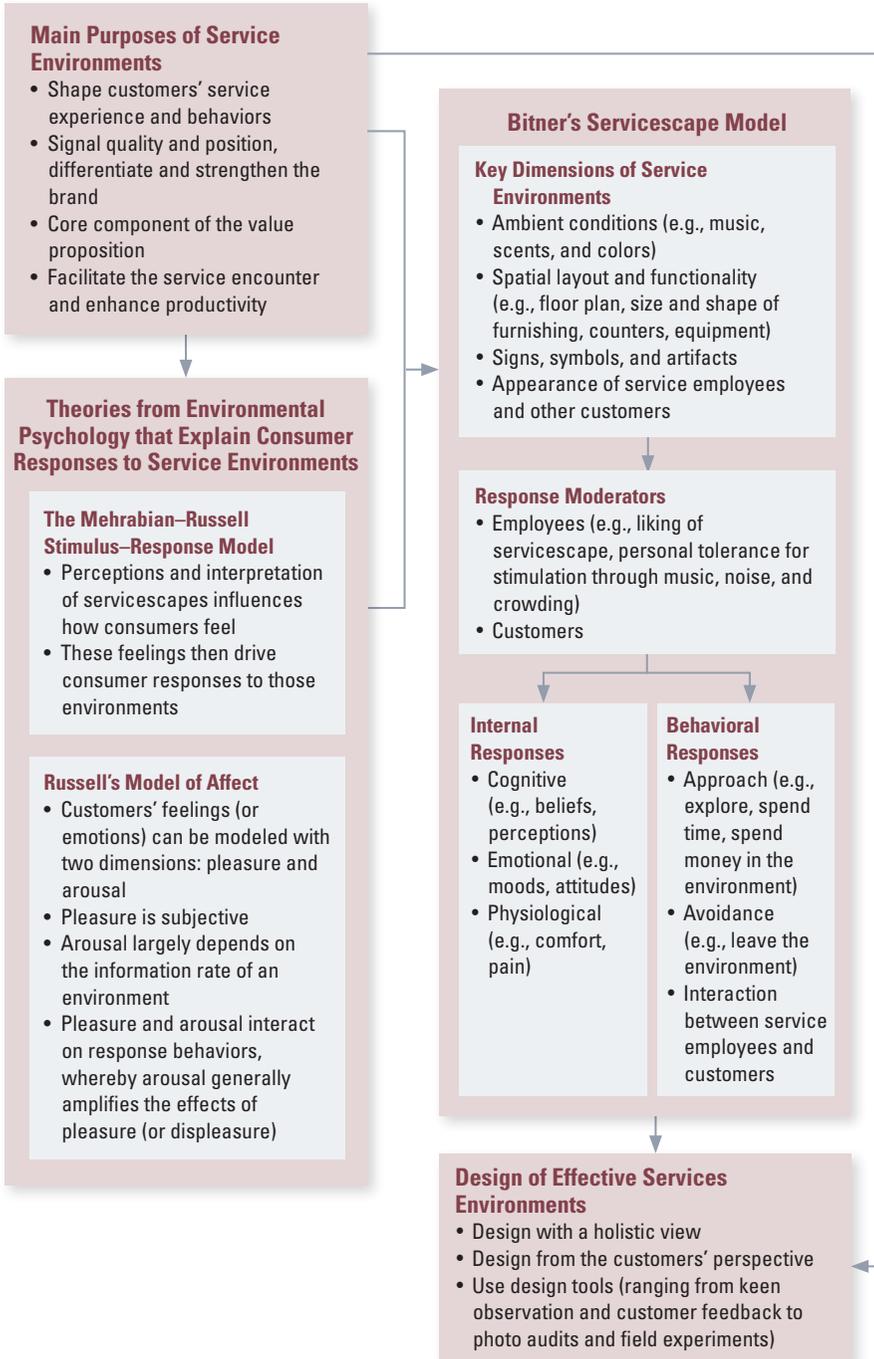
WHAT IS THE PURPOSE OF SERVICE ENVIRONMENTS?

The reason why many service firms take so much trouble to shape the environment in which their customers and service personnel will interact will need to be examined. For many service firms, there are four main purposes of servicescapes: (1) shape customers' experiences and behaviors; (2) signal quality and position, differentiate and strengthen the brand; (3) be a core component of the value proposition; and (4) facilitate the service encounter and enhance both service quality and productivity. Each of these four purposes are discussed in the following sections.

Shape Customers' Service Experiences and Behaviors

For organizations that deliver high-contact services, the design of the physical environment and the way in which tasks are performed by customer-contact personnel play a vital role in shaping the nature of customers' experiences. Physical surroundings help to “engineer”

Figure 1: Organizational framework



appropriate feelings and reactions in customers and employees, which in turn can help to build loyalty to the firm.³ The environment and its accompanying atmosphere can affect buyer behavior in important ways, and this volume describes how the design elements of the service environment can make customers feel excited or relaxed, help them find their way in complex servicescapes such as hospitals or airports, and shape their quality perceptions and important outcomes such as buying behavior, satisfaction and repeat purchase.

Signal Quality, and Position, Differentiate and Strengthen the Brand

Services are often intangible and customers cannot assess their quality well, so customers use the service environment as an important quality proxy, and firms go to great lengths to signal quality and portray the desired image.⁴ For example, the reception area of successful professional service firms such as investment banks or management consulting firms, where the decor and furnishings tend to be elegant and are designed to impress.

Most people infer higher merchandise quality if the goods are displayed in an environment with a prestigious image rather than in one that feels cheap.⁵ Consider Figure 2, which shows the lobbies of two hotels. These are two different types of hotels catering to two very different target segments. One caters to younger guests who love fun and have low budgets, and the other caters to a more mature, affluent and prestigious clientele including business travelers. Each of these two servicescapes clearly communicates and reinforces each hotel's respective positioning and sets service expectations as guests arrive.

Figure 2: Compare the two hotel lobbies; different types of hotels have very different target segments.



Servicescapes often play an important part in building a service firm's brand, such as the role outlet design played in building Starbucks' brand! Likewise, Apple is famous for its sleek design, and their shops are no exception. With their airy and minimalist interiors, white lighting, silver steel, and beige timber, Apple Stores create a bright, open and futuristic servicescape that provides a carefree and casual atmosphere. Apple's flagship stores feature dramatic locations such as inside the Louvre in Paris, or a 40-foot-high glass cylinder in Shanghai. Apple's retail operations are an important part of its business — it has 453 retail stores in 16 countries; of its 43,000 employees in the US, 30,000 work at Apple Stores, and its sales per square foot of \$4,551 per annum in 2014 were the highest of any retailer in the US!⁶ The Apple Stores' ability to deliver a consistent, differentiated, and high quality service experience reinforces Apple's brand image, and is consistent with the upmarket and high quality positioning of its products.

Core Component of the Value Proposition

The servicescape can even be a core component of a firm's value proposition. Consider how effectively many amusement parks use the servicescape concept to engineer their visitors' service experiences as

Figure 3: In LEGOLAND®, the servicescape is part of the value proposition.



Figure 4: At the Mirage Hotel and Casino in Las Vegas, an erupting volcano is part of the servicescape.



they come to these parks to enjoy the environment and rides. The clean environment of Disneyland or Denmark's LEGOLAND® (Figure 3), in addition to employees in colorful costumes all contribute to the sense of fun and excitement that visitors encounter upon arrival and throughout their visit.

Resort hotels illustrate how servicescapes can become a core part of the value proposition. Club Med's villages, designed to create a totally carefree atmosphere, may have provided the original inspiration for "getaway" holiday environments. However, new destination resorts are not only far more luxurious than Club Med, but also draw inspiration from theme parks to create fantasy environments both indoors and outdoors. Perhaps the most extreme examples can be found in Las Vegas. Facing competition from numerous casinos in other locations, Las Vegas has repositioned itself away from being a purely adult destination, to a somewhat more wholesome entertainment destination where families too can have fun. The gambling is still there, but many of the large, recently built hotels (or rebuilt) have been transformed by adding visually attractive features, e.g., erupting "volcanoes", (Figure 4) mock sea battles, striking reproductions of Paris, pyramids of Egypt, and Venice and its canals.

Figure 5: Bangalore Express City, a restaurant in the city of London, is designed to optimize expensive rental space.



Facilitate the Service Encounter and Enhance Productivity

Service environments are often designed to facilitate the service encounter and increase productivity. For example, childcare centers use toy outlines on walls and floors to show where toys should be returned after use. In fast food restaurants and school cafeterias, strategically located tray-return stands and notices on walls remind customers to return their trays. As shown in the Bangalore Express Restaurant (Figure 5), environments can be designed to optimize the use of expensive rental space. Finally, *Service Insights 1* shows how the design of hospitals helps patients recover and employees perform better.

SERVICE INSIGHTS 1

The Hospital Servicescape and Its Effects on Patients and Employees⁷

Thankfully, most of us do not have to stay in hospitals. If it should happen, we hope our stay will allow us to recover in a suitable environment. However, what is considered suitable in a hospital?

Patients may contract infections while in hospital, feel stressed due to the contact with many strangers, and yet become bored without much to do, dislike the food, or are unable to rest well. All these



factors may delay a patient's recovery. Medical workers usually work under demanding conditions and may contract infectious diseases, be stressed by the emotional labor of dealing with difficult patients, or be at risk of injury when exposed to various types of medical equipment. Research has shown that greater care in designing the hospital servicescape reduces these risks and contributes to patient well-being and recovery, as well as staff welfare and productivity. The recommendations include:

- *Provide single-bed rooms.* These can lower the number of infections caught in the hospital, improve rest and sleep quality by lessening disturbance caused by other patients sharing the room, increase patient privacy, facilitate social support by families, and even improve communication between staff and patients.
- *Reduce noise levels.* This leads to decreased stress levels for staff, and improved sleep for patients.
- *Provide distractions for patients,* including areas of greenery and nature for them to visit or see from their beds, personalized televisions with headphones to avoid disturbing others, internet access for tablets and smart phones, and perhaps a reading room with a library with newspapers, magazines, and books. These can all aid to patient recovery.
- *Improve lighting,* especially access to natural light. A lighted environment increases cheerfulness in the building. Natural lighting can lead to a reduced length of stay for patients. Hospital staff can work better under proper lighting and make fewer errors.

- *Improve ventilation* and air filtration to reduce the transmission of airborne viruses and improve the overall air quality in the building.
- *Develop user-friendly “wayfinding” systems.* Hospitals are complex buildings, and it can be frustrating for many first-time and infrequent visitors when they cannot find their way around, especially when rushing to see a hospitalized loved one.
- *Design the layout* of patient care units and location of nurse stations to reduce unnecessary walking within the building, and the fatigue and time wastage it can cause. This way the quality of patient care can be improved. Well-designed layouts also enhance staff communication and activities.

A well-designed service environment makes customers feel good, boosts their satisfaction and allows the firm to influence their behavior (e.g., adhering to the service script and prompting impulse purchases). As service quality is often difficult to assess, customers frequently use the service environment as an important quality signal; therefore, the service environment can play a major part in shaping customers' perception of a firm's image and positioning, and can even be a core part of the firm's value proposition. Finally, a well-designed service environment will enhance the productivity of the service operation.

THE THEORY BEHIND CONSUMER RESPONSES TO SERVICE ENVIRONMENTS

It is evident why service firms take so much effort to design the service environment, but why does the service environment has such important effects on people and their behaviors? The field of environmental psychology studies how people respond to particular environments, and its theories can be applied to better understand and manage how customers behave in different service settings.

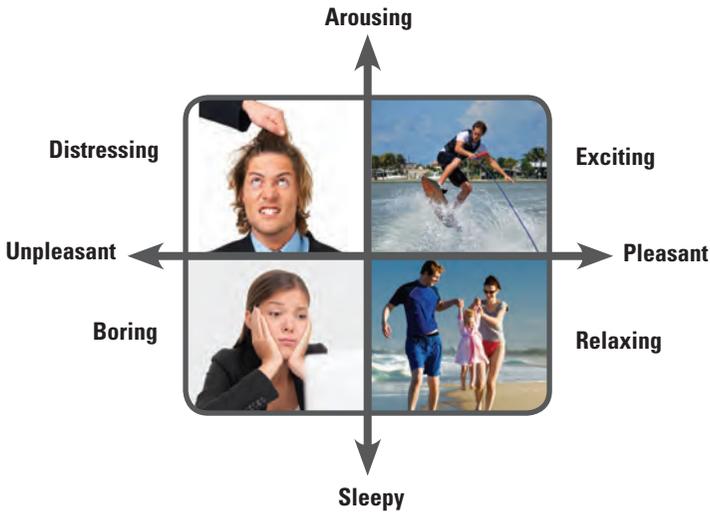
Feelings Are a Key Driver of Customer Responses to Service Environments

Two important models help to better understand consumer responses to service environments. The first, the Mehrabian–Russell Stimulus-Response Model holds that our feelings are central to how we respond to different elements in the environment. The second, Russell’s Model of Affect, focuses on how we can better understand those feelings and their implications on response behaviors.

The Mehrabian–Russell Stimulus-Response Model. Figure 6 displays a simple yet fundamental model of how people respond to environments. The model holds that the conscious and unconscious perception and interpretation of the environment influences how people feel in that setting.⁸ People’s feelings in turn drive their responses to that environment. Feelings are central to the model, which posits that feelings, rather than perceptions or thoughts, drive behavior. Similar environments can lead to very different feelings and subsequent responses.

Figure 6: The Mehrabian–Russell Stimulus-Response Model: a model of environmental responses.



Figure 7: The Russell Model of Affect

For example, we may dislike being in a crowded department store with lots of other customers, find ourselves unable to get what we want as quickly as we wish, and thus seek to avoid that environment. We do not simply avoid an environment because of the presence of many people around us; rather we are deterred by the unpleasant feelings of crowding, people being in our way, lacking perceived control, and not being able to get what we want at our pace. However, if we were not in a rush and felt excited about being part of the crowd during seasonal festivities in the very same environment, then we might derive feelings of pleasure and excitement that would make us want to stay and enjoy the experience.

In environmental psychology research, the typical outcome variable studied is the “approach” or “avoidance” of an environment. In services marketing, there is a long list of additional outcomes that a firm might want to manage, including how much time and money people spend, and how satisfied they are with the service experience after they have left the firm’s premises.

Russell’s Model of Affect. Given that affect or feelings are central to how people respond to an environment, Russell’s Model of Affect (Figure 7) is widely used to understand those feelings better. It suggests that emotional responses to environment can be described along two main dimensions of pleasure and arousal.⁹ Pleasure is a direct, subjective

response to the environment, depending on how much an individual likes or dislikes the environment. Arousal refers to how stimulated the individual feels, ranging from deep sleep (lowest level of internal activity) to highest levels of adrenaline in the bloodstream, for example, bungee-jumping (highest level of internal activity). The arousal quality of an environment is much less subjective than its pleasure quality. Arousal quality depends largely on the information rate or load of an environment. For example, environments are stimulating (i.e., have a high information rate) when they are complex, include motion or change, and have novel and surprising elements. A relaxing environment with a low information rate has the opposite characteristics.

So how can feelings and emotions be explained by only two dimensions? Russell separates the cognitive, or thinking, part of emotions from these two underlying emotional dimensions. Thus, the emotion of anger about a service failure is modeled as high arousal and high displeasure. This positions itself in the distressing region in our model, combined with a cognitive attribution process. When a customer attributes a service failure to the firm — he thinks it is the firm's fault this happened, it was under their control, and they did not do much to prevent it from happening — then this powerful cognitive attribution process feeds directly into high arousal and displeasure. Similarly, most other emotions can be dissected into their cognitive and affective components.

The strength of Russell's Model of Affect is its simplicity as it allows a direct assessment of how customers feel while they are in the service environment. Therefore, firms can set targets for the affective states they want their customers to be in. For example, a roller coaster operator wants its customers to feel excited (which is a relatively high arousal environment combined with pleasure), a spa may want customers to feel relaxed, a bank pleasant, and so on. How service environments can be designed to deliver the types of service experiences desired by customers will be discussed later in this volume.

Affective and Cognitive Processes. Affect can be caused by sensing, perceptions, and other cognitive processes of any degree of complexity. However, the more complex a cognitive process becomes, the more powerful its potential impact on affect is. For example, a customer's disappointment with service level and food quality in a restaurant (a complex cognitive process, in which perceived quality is compared to

previously held service expectations) cannot be compensated by a simple cognitive process such as subconscious perception of pleasant background music. Yet, this does not mean that simple cognitive processes, such as subconscious perception of scents or music, are unimportant. In practice, the large majority of people's service encounters are routine, with little high-level cognitive processing. We tend to function on "autopilot" and follow our service scripts when doing routine transactions such as using a bus or subway, or entering a fast food restaurant or bank. Most of the time, it is the simple cognitive processes that determine how people feel in the service setting. These include the conscious and even subconscious perceptions of space, colors, scents, and so on. However, should higher levels of cognitive processes be triggered — for instance, through something surprising in the service environment — then it is the interpretation of this surprise that determines people's feelings.¹⁰

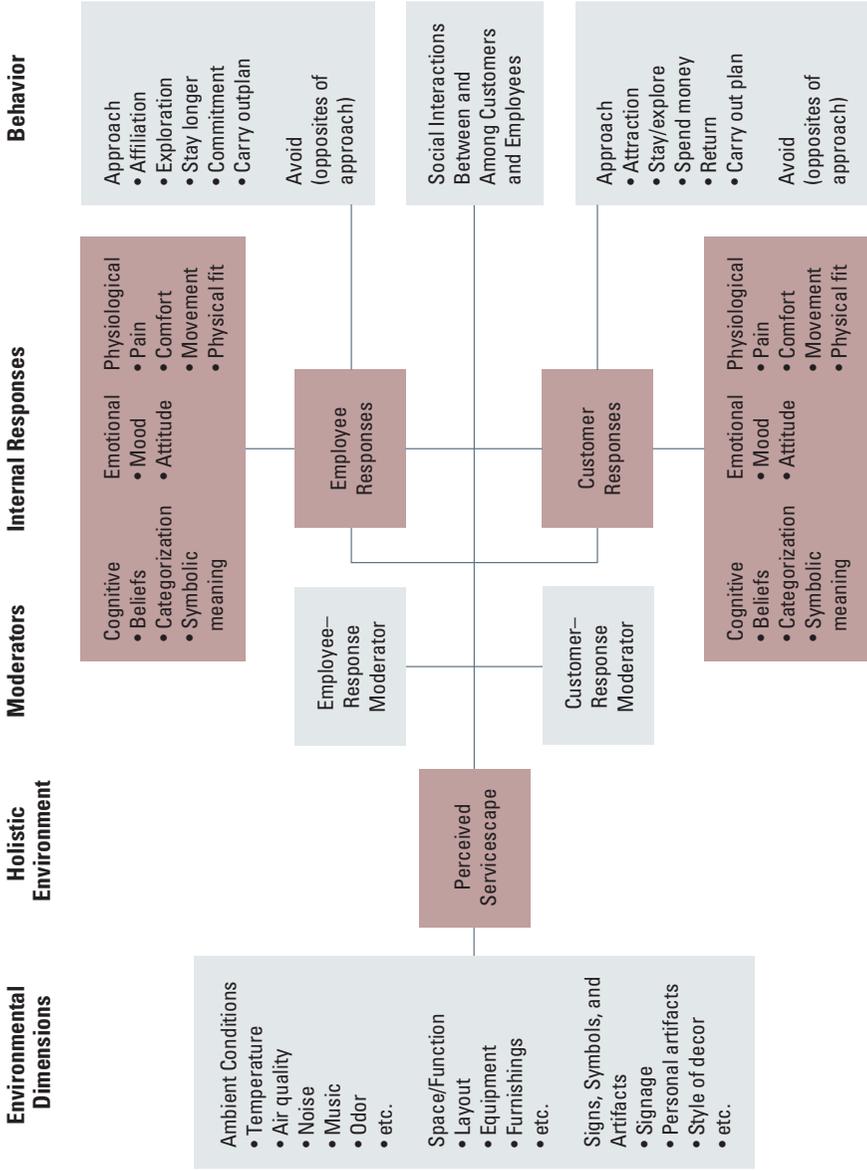
Behavioral Consequences of Affect. At the most basic level, pleasant environments result in "approach" behaviors and unpleasant ones result in "avoidance" behaviors. Arousal acts as an amplifier of the basic effect of pleasure on behavior. If the environment is pleasant, increasing arousal can generate excitement, leading to a stronger positive response. Conversely, if a service environment is inherently unpleasant, increased arousal levels would move customers into the "distressed" region. For example, loud and fast-paced music would increase the stress levels of shoppers trying to make their way through crowded aisles on a pre-Christmas Friday evening. In such situations, retailers should try to lower the information load of the environment.

Finally, customers have strong affective expectations of some services. Think of experiences such as a romantic candlelight dinner in a restaurant, a relaxing spa visit, or an exciting time at the stadium. When customers have strong affective expectations, it is important that the environment be designed to match those expectations.¹¹

The Servicescape Model — An Integrative Framework

Building on the basic models in environmental psychology, Mary Jo Bitner developed a comprehensive model named the "servicescape".¹² Figure 8 shows the main dimensions identified in service environments: (1) ambient conditions, (2) space/functionality, and (3) signs, symbols, and artifacts. As individuals tend to perceive these dimensions holistically,

Figure 8: The servicescape model



Source: Reprinted with permission from *Journal of Marketing*, published by the American Marketing Association, Mary Jo Bitner, Servicescapes: The Impact of Physical Surroundings on Customers and Employees, 56 (April).

the key to effective design is how well each individual dimension fits together with everything else.

Bitner's model shows that there are customer and employee-response moderators. This means that the same service environment can have different effects on different customers, depending on who they are and what they like — after all, beauty lies in the eyes of the beholder, and is subjective. For example, rap music or an opera may be sheer pleasure to some customer segments, but torture to others.

An important contribution of Bitner's model is the inclusion of employee responses to the service environment. After all, employees spend much more time there than customers, and it is important that designers are aware of how a particular environment enhances (or at least, does not reduce) the productivity of the frontline personnel and the quality of service they deliver.¹³

Internal customer and employee responses can be grouped into cognitive responses (e.g., quality perceptions and beliefs), emotional responses (e.g., feelings and moods), and physiological responses (e.g., pain and comfort). These internal responses lead to overt behavioral responses such as avoiding a crowded supermarket, or responding positively to a relaxing environment by staying longer and spending extra money on impulse purchases. It is important to understand that the behavioral responses of customers and employees must be shaped in ways that aid the production and purchase of high quality services. Consider how the outcomes of service transactions may differ in situations where both customers and frontline staff feel stressed rather than relaxed and happy.

DIMENSIONS OF THE SERVICE ENVIRONMENT

Service environments are complex and have many design elements. Table 1 gives an overview of the design elements that might be encountered in a retail outlet. This section will focus on the main dimensions of the service environment in the servicescape model, namely the ambient conditions, space and functionality, signs, symbols, and artifacts.¹⁴

Table 1: Design Elements of A Retail Store Environment

Dimensions	Design Elements	
Exterior facilities	<ul style="list-style-type: none"> • Architectural style • Size of building • Color of building • Exterior walls and exterior signs • Store front • Marquee • Lawns and gardens 	<ul style="list-style-type: none"> • Window displays • Entrances • Visibility • Uniqueness • Surrounding stores • Surrounding areas • Congestion • Parking and accessibility
General interior	<ul style="list-style-type: none"> • Flooring and carpeting • Color schemes • Lighting • Scents • Odors (e.g., tobacco smoke) • Sounds and music • Fixtures • Wall composition • Wall textures (paint, wallpaper) • Ceiling composition 	<ul style="list-style-type: none"> • Temperature • Cleanliness • Width of aisles • Dressing facilities • Vertical transportation • Dead areas • Merchandise layout and displays • Price levels and displays • Cash register placement • Technology, modernization
Store layout	<ul style="list-style-type: none"> • Allocation of floor space for selling, merchandise, personnel, and customers • Placement of merchandise • Grouping of merchandise • Workstation placement • Placement of equipment • Placement of cash register 	<ul style="list-style-type: none"> • Waiting areas • Traffic flow • Waiting queues • Furniture • Dead areas • Department locations • Arrangements within departments
Interior displays	<ul style="list-style-type: none"> • Point-of-purchase displays • Posters, signs, and cards • Pictures and artwork • Wall decorations • Theme setting • Ensemble 	<ul style="list-style-type: none"> • Racks and cases • Product display • Price display • Cut cases and dump bins • Mobiles
Social dimensions	<ul style="list-style-type: none"> • Personnel characteristics • Employee uniforms • Crowding 	<ul style="list-style-type: none"> • Customer characteristics • Privacy • Self-service

Source: Adapted from: Barry Berman and Joel R. Evans, *Retail Management — A Strategic Approach*, 8th edition, Upper Saddle River, NJ: Prentice Hall, 2001, p. 604; L.W. Turley and Ronald E. Milliman (2000), "Atmospheric Effects on Shopping Behavior: A Review of the Experimental Literature," *Journal of Business Research*, Vol. 49, pp. 193–211.

The Effect of Ambient Conditions

Ambient conditions refer to characteristics of the environment that pertain to our five senses. Even when they are not noted consciously, they may still affect a person’s emotional well-being, perceptions, and even attitudes and behaviors. They are composed of literally hundreds of

design elements and details that must work together if they are to create the desired service environment.¹⁵ The resulting atmosphere creates a mood that is perceived and interpreted by the customer. Ambient conditions are perceived both separately and holistically, and include music, sounds and noise, scents and smells, color schemes and lighting, and temperature and air movement. Clever design of these conditions can elicit desired behavioral responses among consumers. These important ambient dimensions are discussed next, beginning with music.

Music can have powerful effects on perceptions and behaviors in service settings, even if played at barely audible volumes. The various structural characteristics of music such as tempo, volume, and harmony are perceived holistically, and their effect on internal and behavioral responses is moderated by respondent characteristics (e.g., younger people tend to like different music and therefore respond differently from older people to the same piece of music).¹⁶ Numerous research studies have found that fast tempo and high volume music increases arousal levels, which can then lead to customers increasing the pace of various behaviors.¹⁷ People tend to adjust their pace, either voluntarily or involuntarily, to match the tempo of music. This means that restaurants can speed up table turnover by increasing the tempo and volume of the music and serve more diners during the course of the busy lunch hour, or slow diners down with slow beat music and softer volume to keep evening diners longer in the restaurant, and increase beverage revenues. A restaurant study conducted over eight weeks showed that the customers who dined in a slow-music environment spent longer in the restaurant than the individuals in a fast-music condition. As a result, beverage revenue increased substantially when slow-beat music was played.¹⁸

Likewise, studies have shown that shoppers walked less rapidly and increased their level of impulse purchases when slow music was played. Playing familiar music in a store was shown to stimulate shoppers, thereby reduce their browsing time, whereas playing unfamiliar music induced shoppers to spend more time there.¹⁹ In situations that require waiting for service, effective use of music may shorten the perceived waiting time and increase customer satisfaction. Relaxing music proved effective in lowering stress levels in a hospital's surgery waiting room. Pleasant music has even been shown to enhance customers' perceptions of service personnel.²⁰

Providing the right mix of music to restaurants, retail stores, and even call centers has become an industry in its own right. Mood Media, the market leader in this space, provides music to over 300,000 commercial locations in the US. It tailors its playlists to outlets such as Christian bookstores, black barbershops, and bilingual malls where Anglo and Hispanic customers mingle, and uses “day parting” to target music to their clients’ segments such as daytime mothers or after-school teens.²¹

It is not surprising to know that music can also be used to deter the wrong type of customer. Many service environments, including subway systems, supermarkets, and other publicly accessible locations, attract individuals who are not bona fide customers. Some are jaycustomers whose behavior causes problems for management and target customers alike. In the United Kingdom, an increasingly popular strategy for driving such individuals away is to play classical music, which is apparently unpleasant to vandals’ and loiterers’ ears. Co-op, a UK grocery chain, has been experimenting with playing music outside its outlets to stop teenagers from hanging around and intimidating customers. Its staff are equipped with a remote control and, as reported by Steve Broughton of Co-op, “can turn the music on if there’s a situation developing and they need to disperse people.”²²

The London Underground (subway) system has probably made the most extensive use of classical music as a deterrent. Thirty stations pump out Mozart and Haydn to discourage loitering and vandalism. A London Underground spokesperson reports that the most effective deterrents are anything written by Mozart or those sung by Pavarotti. According to Adrian North, a psychologist researching the link between music and behavior at Leicester University, unfamiliarity is a key factor in driving people away. When the target individuals are unused to strings and woodwind, Mozart will do. However, for the more musically literate loiterer, an atonal barrage is likely to work better. For instance, North tormented Leicester’s students in the union bar who tended to linger long beyond closing time with what he describes as “computer-game music”. It cleared the place!²³

Scent is the next important ambient dimension. Ambient scent or smell pervading an environment may or may not be consciously perceived by customers and is not related to any particular product. The presence of scent can have a strong impact on mood, feelings, and evaluations,

and even purchase intentions and in-store behaviors.²⁴ We experience the power of smell when we are hungry and get a whiff of freshly baked croissants long before we pass a local bakery. This smell makes us aware of our hunger and points us to the solution (i.e., walk into the bakery and get some food). Other examples include the smell of freshly baked cookies on Main Street in Disney's Magic Kingdom to relax customers and provide a feeling of warmth, or the smell of potpourri in Victoria's Secret stores creating the ambiance of a lingerie closet.

Olfaction researcher Alan R. Hirsch, managing director of the Smell & Taste Treatment and Research Foundation based in Chicago, is convinced that at some point in the future we will understand scents so well that we will be able to use them to manage people's behaviors.²⁵ Service marketers are interested in how to make you hungry and thirsty in the restaurant, relax you in a dentist's waiting room, and energize you to work out harder in a gym. In aromatherapy, it is generally accepted that scents have special characteristics and can be used to solicit certain emotional, physiological, and behavioral responses. Table 2 shows the

Table 2: Aromatherapy: The Effects of Selected Fragrances on People

Fragrance	Aroma Type	Aromatherapy Class	Traditional Use	Potential Psychological Effect on People
Eucalyptus	Camphoraceous	Toning, stimulating	Deodorant, antiseptic, soothing agent	Stimulating and energizing
Lavender	Herbaceous	Calming, balancing, soothing	Muscle relaxant, soothing agent, astringent	Relaxing and calming
Lemon	Citrus	Energizing, uplifting	Antiseptic, soothing agent	Soothing energy levels
Black pepper	Spicy	Balancing, soothing	Muscle relaxant, aphrodisiac	Balancing people's emotions

Sources: <http://www.aromatherapy.com/>, accessed 25 April 2016; Dana Butcher, "Aromatherapy — Its Past & Future." *Drug and Cosmetic Industry*, 16, no. 3 (1998): 22–24; Shirley Price and Len Price (2011), *Aromatherapy for Health Professionals*, 4th ed.; Mattila, A. S., & Wirtz, J. (2001). Congruency of scent and music as a driver of in-store evaluations and behavior. *Journal of Retailing*, 77, pp. 273–289.

generally assumed effects of specific scents on people. In service settings, research has shown that scents can have significant impact on customers' perceptions, attitudes, and behaviors. For example:

- Gamblers plunked 45% more quarters into slot machines when a Las Vegas casino was scented with a pleasant artificial smell. When the intensity of the scent was increased, spending jumped by 53%.²⁶
- People were more willing to buy Nike sneakers and pay more for them — an average of \$10.33 more per pair — when they tried on the shoes in a floral-scented room. The same effect was found even when the scent was so faint that people could not detect it, i.e., the scent was perceived unconsciously.²⁷

Service firms have recognized the power of scent and increasingly made it a part of their brand experience. For example, Westin Hotels uses a white tea fragrance throughout its lobbies, and Sheraton scents its lobbies with a combination of fig, clove and jasmine. As a response to the trend of scenting servicescapes, professional service firms have entered the scent marketing space. For example, Ambius, a Rentokil Initial company, offers scent-related services such as “sensory branding”, “ambient scenting” and “odor remediation” for retail, hospitality, healthcare, financial, and other services. Firms can outsource their servicescape scenting to Ambius, which offers one-stop solutions ranging from consulting, designing exclusive signature scents for a service firm, to managing the ongoing scenting of all the outlets of a chain.²⁸ Clients of Mood Media, a leading provider of music, scents, and signage for commercial establishments, can choose their ideal ambient scent from a library of 1,500 scents!²⁹

Although there is an overwhelming evidence for the potentially powerful effects scent can have on customers' experiences and behaviors, it has to be implemented with caution. The ambient scent has to fit the service context and the target audience (very much as discussed for music). Furthermore, a recent study suggests that simple scents whereby the researchers used a simple orange scent in a retail environment can have an excellent impact on sales per customer, whereas more complex scents such as basil-orange with green tea used as a complex scent in this study, did not do better than unscented environments. In this study, both scents were perceived as equally pleasant, but the simple scent helped in consumer decision making (consumers spent less time deciding which

items to buy), whereas the complex scent did not (consumers spent as much time deciding as in the no scent condition). The researchers concluded that complex scents cannot be fluently processed by consumers and require too much cognitive effort, which subsequently has a negative effect on consumer decision making and perceptions.³⁰

While these findings are derived only from a few research projects, they suggest that managers need to carefully match their scents to their context, and probably should favor simpler rather than more complex scents. In any case, using field experiments, monitoring sales, and shopper behaviors and perceptions would be an excellent way to optimize the ambient scent in any particular servicescape.

In addition to music and scent, researchers have found that *colors* have a strong impact on people's feelings.³¹ Color is "stimulating, calming, expressive, disturbing, impressionable, cultural, exuberant, symbolic. It pervades every aspect of our lives, embellishes the ordinary, and gives beauty and drama to everyday objects".³²

The de facto system used in psychological research is the Munsell System, which defines colors in the three dimensions of hue, value, and chroma.³³ *Hue* is the pigment of the color (i.e., the name of the color: red, orange, yellow, green, blue, or violet). *Value* is the degree of lightness or

Table 3: Common Associations and Human Responses to Colors

Color	Degree of Warmth	Nature Symbol	Common Association and Human Responses to Color
Red	Warm	Earth	High energy and passion; can excite and stimulate emotions, expressions, and warmth
Orange	Warmest	Sunset	Emotions, expressions, and warmth
Yellow	Warm	Sun	Optimism, clarity, intellect, and mood enhancing
Green	Cool	Growth, grass, and trees	Nurturing, healing, and unconditional love
Blue	Coolest	Sky and ocean	Relaxation, serenity, and loyalty
Indigo	Cool	Sunset	Meditation and spirituality
Violet	Cool	Violet flower	Spirituality, reduces stress, can create an inner feeling of calm

Sources: Sara O. Marberry and Laurie Zagon, *The Power of Color—Creating Healthy Interior Spaces*. New York: John Wiley, 1995, p. 18; Sarah Lynch, *Bold Colors for Modern Rooms: Bright Ideas for People Who Love Color*. Gloucester, MA: Rockport Publishers, 2001, pp. 24–29

darkness of the color, relative to a scale that extends from pure black to pure white. *Chroma* refers to hue intensity, saturation, or brilliance; high chroma colors have a high intensity of pigmentation in them and are perceived as rich and vivid, whereas low chroma colors are perceived as dull.

Hues are classified into warm colors (red, orange and yellow hues) and cold colors (blue and green), with orange (a mix of red and yellow) being the warmest, and blue being the coldest of the colors. These colors can be used to manage the warmth of an environment. For example, if a violet is too warm, you can cool it off by reducing the amount of red. Or if a red is too cool, warm it up by adding a shot of orange.³⁴ Warm colors are associated with elated mood states and arousal, but also heightened anxiety, whereas cool colors reduce arousal levels and can elicit emotions such as peacefulness, calmness, love, and happiness.³⁵ Table 3 summarizes common associations and responses to colors.

Research in a service environment context has shown that despite differing color preferences, people are generally drawn to warm color environments. Warm colors encourage fast decision making and are best suited for low-involvement service purchase decisions or impulse buying. Cool colors are favored when consumers need time to make high-involvement purchase decisions.³⁶

An early example of using color schemes to enhance the service experience was the HealthPark Medical Center in Fort Meyers, Florida, which combined full-spectrum color in its lobby with unusual lighting to achieve a dreamlike setting. The lobby walls were washed with rainbow colors by using an arrangement of high intensity blue, green, violet, red, orange, and yellow lamps. Craig Roeder, the lighting designer for the hospital, explained, “It’s a hospital. People walk into it worried and sick. I tried to design an entrance space that provides them with light and energy — to ‘beam them up’ a little bit before they get to the patient rooms.”³⁷

A recent example of effective color and lighting are the new cabin designs in the Boeing 787 Dreamliner and Airbus A350 and models. In the past, cabin lights were either on or off, but with the new light-emitting diode (LED) technology a wide range of lighting palette is available. Designers start to experiment to illuminate the cabin in all kinds of hues, and ask questions such as: “Does a pinkish-purple glow soothe and calm passengers when boarding better than an amber warmth?” or “Can lighting be used to prevent jet lag as much as possible?” The Finnair A350

cabin has two dozen light settings aligned with the different stages of a long-haul flight such as featuring a 20-minute ‘sunset’. It also aligns colors with the destination by featuring warmer, amber colors when flying into Asia, and cooler ‘Nordic blue’ hues when arriving in Finland. Similarly, Virgin Atlantic has a few main settings on its 787 flights, including rose-champagne for boarding, purple-pink for drinks, amber for dinner, a silver glow for overnight sleep, and a waking color. According to Nik Lusardi, the design manager at Virgin Atlantic: “We’ve always wanted to create a different kind of atmosphere aboard our aircraft, and light plays exactly into our hands. ...You can get people energized or you can relax people very, very quickly.”³⁸

Although we have an understanding of the general effects of colors, their use in any specific context needs to be approached with caution. For example, a transportation company in Israel decided to paint its buses green as part of an environmentalism public relations campaign. Reactions to this seemingly simple act from multiple groups of people were unexpectedly negative. Some customers found the green color as hampering service performance because the green buses blended in with the environment and were more difficult to see; some felt that the green was aesthetically unappealing and inappropriate as it represented undesirable notions such as terrorism or opposing sports teams.³⁹

Spatial Layout and Functionality

In addition to ambient conditions, spatial layout and functionality are other key dimensions of the service environment. As a service environment generally has to fulfill specific purposes and customer needs, spatial layout and functionality are particularly important.

Spatial layout refers to the floor plan, size and shape of furnishings, counters, and potential machinery and equipment, and the ways in which they are arranged. *Functionality* refers to the ability of those items to facilitate the performance of service transactions. Both dimensions affect the user-friendliness and the ability of the facility to service customers well. Tables that are too close in a café, counters in a bank that lack privacy, uncomfortable chairs in a lecture theatre, and lack of parking space can all leave negative impressions on customers, affect the service experience and buying behavior, and consequently, the business performance of the service facility.

Signs, Symbols, and Artifacts

Many things in the service environment act as explicit or implicit signals to communicate the firm's image, help customers find their way (e.g., to certain service counters, departments, or the exit), and to convey the service script (e.g., for a queuing system). In particular, first time customers will automatically try to draw meaning from the environment to guide them through the service processes.⁴⁰

Examples of explicit signals include signs, which can be used (1) as labels (e.g., to indicate the name of the department or counter), (2) for giving directions (e.g., to certain service counters, entrance, exit, way to lifts and toilets), (3) for communicating the service script (e.g., take a queue number and wait for it to be called, or clear the tray after your meal), and (4) for reminders about behavioral rules (e.g., switch off or turn your mobile devices to silent mode during a performance, or smoking/non-smoking areas). Signs are often used to teach behavioral rules in service settings. Singapore, which strictly enforces rules in many service settings, especially in public buildings and on public transport, is sometimes ironically referred to as a 'fine' city (Figure 9). Contrast these signs to the more creative and perhaps equally effective signed used by Singapore's Changi Airport at the entrance of its butterfly garden (Figure 10). Some signs are quite interesting and may be obvious, but other signs need the person to think a little before understanding the meaning (Table 4).

The challenge for servicescape designers is to use signs, symbols, and artifacts to guide customers clearly through the process of service delivery, and to teach the service script in as intuitive a manner as possible. This task assumes particular importance in situations in which there is a high proportion of new or infrequent customers (e.g., airports and hospitals), and/or a high degree of self-service with no or only a few service employees available to guide customers through the process (e.g., a self-service bank branch).

Customers become disoriented when they cannot derive clear signals from a servicescape, leading to anxiety and uncertainty about how to proceed and how to obtain the desired service. Customers can easily feel lost in a confusing environment and experience anger and frustration as a result. Think about the last time you were in a hurry and

Figure 9: Singapore is a ‘fine’ city.



Figure 10: Changi Airport uses a creative sign to manage visitor behavior in its butterfly garden.



Table 4: Benefits Well-Designed Signage for Customers and Service Organizations.

Potential Benefits of Well-developed Signage	
<p>For Customers</p> <ul style="list-style-type: none"> • Be informed, up-to-date, oriented, free to move about, guided along prepared paths, emotionally stimulated • Creates familiarity with the servicescape • Helps to participate with greater ease in the service process • Increases confidence and reassurance while following signage; provides higher levels of perceived control during the service encounter • Reduces tension, confusion, feeling lost, wrong turns and requests for information • Reduces time to reach the desired goal as efficiently as possible 	<p>For the Service Organization</p> <ul style="list-style-type: none"> • Direct, inform, and manage the flow and the behavior of customers • Improve the quality of service provided and increase customer satisfaction • Reduce information-giving by frontline employees • Help frontline employees to work with fewer interruptions • Attract and excite curiosity, help to strengthen the corporate image • Differentiate the firm from the competition

Adapted from: Angelo Bonfani (2013), "Towards an Approach to Signage Management Quality (SMQ)", Journal of Services Marketing, Vol. 27, No. 4, pp. 312-321.

tried to find your way through an unfamiliar hospital, shopping center, or a large government office where the signs and other directional cues were not intuitive to you. At many service facilities, customers' first point of contact is likely to be the car park. As emphasized in *Service Insights 4*, the principles of effective environment design apply even in such a very mundane environment.

SERVICE INSIGHTS 4

Guidelines for Parking Design⁴¹

Car parks play an important role at many service facilities. Effective use of signs, symbols, and artifacts in a parking lot or garage helps customers find their way, manages their behavior, and portrays a positive image for the sponsoring organization.

- *Friendly warnings* — all warning signs should communicate a customer benefit. For instance, “Fire lane — for everyone’s safety we ask you not to park in the fire lane.”
- *Safety lighting* — good lighting that penetrates all areas makes life easier for customers and enhances safety. Firms may want to draw attention to this feature with notices stating that “Parking lots have been specially lit for your safety.”
- *Help customers remember where they left their vehicle* — forgetting where one left the family car in a large parking structure can be a nightmare. Many car parks have adopted color-coded floors to help customers remember which level they parked on. In addition, many car parks also mark sections with special symbols, such as different kinds of animals. This helps customers to not only remember the level, but also the section where the car is parked. Boston’s Logan Airport goes two steps further. Each level has been assigned a theme associated with Massachusetts, such as Paul Revere’s Ride, Cape Cod, or the Boston Marathon. An image is attached to each theme — a male figure on horseback, a lighthouse, or a female runner. While waiting for the elevator, travelers hear music that is tied to the theme for that level; in the case of the Boston Marathon floor, it is the theme song from

Chariots of Fire, an Oscar-winning movie about an Olympic runner.

- *Maternity parking* — disabled-friendly spaces are often required by law with special stickers displayed on the vehicle. A few thoughtful organizations have special expectant mother parking spaces, painted with a blue/pink stork. This strategy demonstrates a sense of caring and understanding of customer needs.
- *Fresh paint* — curbs, cross walks, and lot lines should be repainted regularly before any cracking, peeling, or disrepair become evident. Pro-active and frequent repainting give positive cleanliness cues and projects a positive image.

People are Part of the Service Environment Too

The appearance and behavior of both service personnel and customers can strengthen or weaken the impression created by a service environment, and some academics argue that these social dimensions should be explicitly considered when assessing the quality of servicescapes.⁴² Dennis Nickson and his colleagues use the term “aesthetic labor” to capture the importance of the physical image of service personnel who serve customers directly.⁴³ Employees at Disney theme parks are called

Figure 11: Distinctive servicescapes — from table settings, furniture and room design to other customers present in the servicescape — create different customer expectations of these two restaurants.



cast members. Whether the staff are acting as Cinderella, one of the seven dwarfs, or as the park cleaner, or the person managing Buzz Lightyear's Tomorrowland booth, all of these cast members must dress up and look the part. Once dressed up, they must "perform" for the guests.

Likewise, marketing communications may seek to attract customers who will not only appreciate the ambience created by the service provider but will actively enhance it by their own appearance and behavior. In hospitality and retail settings, newcomers often survey the array of existing customers before deciding whether to patronize the establishment. Consider Figure 11 which shows the interior of two restaurants. Imagine entering each of these two dining rooms. How does each restaurant position itself within the restaurant industry? What sort of dining experience can you expect, and what are the clues you use to make your judgments? In particular, what assumptions do you make from looking at the customers who are already seated in each restaurant?

PUTTING IT ALL TOGETHER

Although individuals often perceive particular aspects or individual design features of an environment, it is the total configuration of all those design features that determines consumer responses. That is, consumers perceive service environments holistically.

Design with a Holistic View

Whether a dark, glossy, wooden floor is the perfect flooring depends on everything else in that service environment, including the type, color scheme and materials of the furniture, the lighting, the promotional materials, the overall brand perception and positioning of the firm. Servicescapes have to be seen holistically, which means no dimension of the design can be optimized in isolation, because everything depends on everything else.

As the design of the environment needs to be planned as a whole, it is more like an art. Therefore, professional designers tend to focus on specific types of servicescapes. For example, a handful of famous interior designers do no other projects but create hotel lobbies around the world.

Similarly, there are design experts who focus exclusively on restaurants, bars, clubs, cafes and bistros, or retail outlets, or healthcare facilities and so forth.⁴⁴

Design from a Customer's Perspective

Many service environments are built with an emphasis on aesthetic values, and designers sometimes forget the most important factor to consider when designing service environments — the customers who will be using them. Ron Kaufman, founder of Up Your Service! College, experienced the following design flaws in two new high-profile service environments:

A new Sheraton Hotel just had opened in Jordan without clear signage that would guide guests from the ballrooms to the restrooms. The signs that did exist were etched in muted gold on dark marble pillars. More 'obvious' signs were apparently inappropriate amidst such elegant décor. Very swish, very chic, but who were they designing it for?

At a new airport lounge in a major Asian city, a partition of colorful glass hung from the ceiling. My luggage lightly brushed against it as I walked inside. The entire partition shook and several panels came undone. A staff member hurried over and began carefully reassembling the panels. (Thank goodness nothing broke.) I apologized profusely. 'Don't worry,' she replied, 'This happens all the time.' An airport lounge is a heavy traffic area. People are always moving in and out. Kaufman keeps asking "What were the interior designers thinking? Who were they designing it for?"

"I am regularly amazed," declared Kaufman, "by brand new facilities that are obviously 'user unfriendly!'" He draws the following key learning point: "It's easy to get caught up in designing new things that are 'cool,' 'elegant' or 'hot.' But if you don't keep your customer in mind throughout, you could end up with an investment that's not."⁴⁵

Along a similar vein, Alain d'Astous explored environmental aspects that irritate shoppers. His findings highlighted the following problems:

1. *Ambient conditions* (ordered by level of irritation):
 - Store is not clean
 - Too hot inside the store or the shopping center
 - Music inside the store is too loud
 - Bad smells in the store
2. *Environmental design variables*:
 - No mirror in the dressing room
 - Unable to find what one needs
 - Directions within the store are inadequate
 - Arrangement of store items has been changed in a way that confuses customers
 - Store is too small
 - Losing one's way in a large shopping center⁴⁶

To design servicescapes from the customer's perspective, managers have to understand how their customers use it. An in-depth study in the context of a highly functional and utilitarian service, a public transport systems, showed that consumers use servicescapes in three main ways, namely⁴⁷: (1) identifying the resources in the environment and trying to understand the objects and persons in the service environment as resources and how they can be used (e.g., searching for a bus stop, timetable, map, or bus; approaching staff or other customers); (2) sense-making, which is the process of giving meaning to and comprehending the resources previously identified (e.g., trying to understand maps and timetables); and (3) using the resources to attain their consumption goals (e.g., finding ones way in the subway system). The implications of these findings are clear: servicescapes should be designed to support customers to attain their consumption goals by making the designs intuitive (i.e., easy to sense), meaningful (i.e., easy to understand), and easy to use.⁴⁸

For hedonic services, customers use the service environment for additional objectives; they want to experience what they came for when they entered the servicescape (e.g., have fun, relax, or socialize). In this context, contrasting Kaufman's experiences and d'Astou's findings with the Disney example in *Service Insights 5* leads to interesting conclusions.

SERVICE INSIGHTS 5

Design of Disney's Magic Kingdom

Walt Disney was one of the undisputed champions of designing service environments. His tradition of amazingly careful and detailed planning has become one of his company's hallmarks, and is visible everywhere in its theme parks. For example, Main Street is angled to make it seem longer upon entry into the Magic Kingdom than it actually is. With a myriad of facilities and attractions strategically located at each side of the street, this makes people look forward to the relatively long journey to the Castle. However, looking down the slope from the Castle back towards the entrance makes Main Street appear shorter than it really is, relieving exhaustion and rejuvenating guests. It encourages strolling, which minimizes the number of people who take the buses and so eliminates the threatening problem of traffic congestion.

Meandering sidewalks with multiple attractions keep guests feeling entertained by both the planned activities and also by watching other guests; trash bins are aplenty and always in sight to convey the message that littering is prohibited; and the repainting of facilities is a routine procedure that signals a high level of maintenance and cleanliness;

Disney's servicescape design and upkeep help to script customer experiences, and create pleasure and satisfaction for guests, not only in its theme parks but also in its cruise ships and hotels.

Source: Lewis P. Carbone and Stephen H. Haeckel, "Engineering Customer Experiences," *Marketing Management* 3, no. 3 (Winter 1994): 10-11; Kathy Merlock Jackson, *Walt Disney, A Bio-Bibliography*. (Westport, Greenwood Press, 1993), pp. 36-39; Andrew Lainsbury, *Once Upon An American Dream: The Story of Euro Disneyland* (Lawrence, Kan, University Press of Kansas, 2000), pp. 64-72. See also: Disney Institute, *Be Our Guest: Perfecting the Art of Customer Service*. Disney Enterprises (2011).

Tools to Guide Servicescape Design

Among the tools a manager uses to determine how customers use the servicescape, and which of its aspects irritate them and which they like are:

Table 5: A Visit to The Movies: The Service Environment as Perceived by The Customer.

Steps in the Service Encounter	Design of the Service Environment	
	Exceeds Expectations	Fails Expectations
Locate a parking lot	Ample room in a bright place near the entrance, with a security officer protecting your valuables	Insufficient parking spaces, so patrons have to park in another lot
Queue up to obtain tickets	Strategic placement of mirrors, posters of upcoming movies, and entertainment news to ease perception of long wait, if any; movies and time slots easily seen; ticket availability clearly communicated	A long queue and having to wait for a long while; difficult to see quickly what movies are being shown at what time slots and whether tickets are still available
Check tickets to enter the theater	A very well-maintained lobby with clear directions to the theater and posters of the movie to enhance patrons' experience	A dirty lobby with rubbish strewn, and unclear or misleading directions to the movie theater
Go to the restroom before the movie starts	Sparkling clean, spacious, brightly lit, dry floors, well-stocked, nice décor, clear mirrors wiped regularly	Dirty, with an unbearable odor; broken toilets; no hand towels, soap, or toilet paper; overcrowded; dusty and dirty mirrors
Enter the theater and locate your seat	Spotless theater; well designed with no bad seats; sufficient lighting to locate your seat; spacious, comfortable chairs, with drink and popcorn holders on each seat; and a suitable temperature	Rubbish on the floor, broken seats, sticky floor, gloomy and insufficient lighting, burned-out exit signs
Watch the movie	Excellent sound system and film quality, nice audience, an enjoyable and memorable entertainment experience overall	Substandard sound and movie equipment, uncooperative audience that talks and smokes because of lack of "No Smoking" and other signs; a disturbing and unenjoyable entertainment experience overall
Leave the theater and return to the car	Friendly service staff greet patrons as they leave; an easy exit through brightly lit and safe parking area, back to the car with the help of clear lot signs	A difficult trip, as patrons squeeze through a narrow exit, unable to find the car because of no or insufficient lighting

Source: Adapted from Albrecht, S. (1996). "See Things from the Customer's Point of View — How to Use the 'Cycles of Service' to Understand What the Customer Goes Through to Do Business with You." *World's Executive Digest*, December, pp. 53–58.

For a manager to determine how customers use the servicescape, and which of its aspects irritate them and which do they like, following are the tools that can be used:

- *Keen observation* of customers' behavior and responses to the service environment by management, supervisors, branch managers, and frontline staff.
- *Feedback and ideas from frontline staff and customers* using a variety of research tools such as scanning social media, using suggestion boxes, focus groups and surveys. The latter are often called environmental surveys if the focus is on the design of the service environment.⁴⁹
- *Photo audit* is a method of asking customers (or mystery shoppers) to take photographs of their service experience. These photographs can be used later as a basis for further interviews of their experience, or included as part of a survey about the service experience.⁵⁰
- *Field experiments* can be used to manipulate specific dimensions in an environment to observe the effects. For instance, researchers can experiment with various types of music and scents, and then measure the time and money customers spend in the environment. Laboratory experiments using pictures or videos, or other ways to simulate real-world service environments (such as virtual tours via computers) can be effectively used to examine the impact of changes in design elements that cannot be easily manipulated in a field experiment, for examples testing of different color schemes, spatial layouts, or styles of furnishing.
- *Blueprinting* or flowcharting (as described in Volume 6) can be extended to include the physical evidence in the environment. Design elements and tangible cues can be documented as the customer moves through each step of the service delivery process. Photos can supplement the map to make it more vivid.

Table 5 shows an examination of a customer's visit to a movie theater, identifying how different environmental elements at each step exceeded or failed to meet expectations. The service process was divided into steps, decisions, duties, and activities, all designed to take the customer through the entire service encounter. The more a service company can observe, understand, and experience from the customer's point of view, the better

equipped it will be to realize errors in the design of its environment and to further improve what is already functioning well.

CONCLUSION

The service environment plays a major role in shaping customers' perception of a firm's image and positioning. As service quality often is difficult to assess, customers frequently use the service environment as an important quality signal. A well-designed service environment makes customers feel good and boosts their satisfaction, and allows the firm to influence their behavior (e.g., adhering to the service script and impulse purchasing) while enhancing the productivity of the service operation.

SUMMARY

1. Four Core Purpose of Service Environments

- Shaping customers' experiences and behaviors
- Important in determining customer perceptions of the firm, and its image and positioning. Customers often use the service environment as an important quality signal
- Can be a core part of the value proposition (e.g., as for theme parks and resort hotels)
- Facilitating the service encounter and enhance productivity

2. Understanding the Effects of Service Environments

Environmental psychology provides the theoretical underpinning for understanding the effects of service environments on customers and service employees. There are two key models:

- The Mehrabian-Russell Stimulus-Response model holds that environments influence peoples' affective state (or emotions and feelings), which in turn drives their behavior.
- Russell's Model of Affect holds that affect can be modeled with the two interacting dimensions of pleasure and arousal, which together determine whether people approach, spend time and money in an environment, or whether they avoid it.

3. The Servicescape Model

The *servicescape model*, which builds on the above theories, represents an integrative framework that explains how customers and service staff respond to key environmental dimensions.

4. Three Dimensions of Service Environments

The servicescape model emphasizes three dimensions of the service environment:

- Ambient conditions (including music, scents, and colors)
- Spatial layout and functionality
- Signs, symbols, and artifacts

5. Ambient Conditions

Ambient conditions refer to those characteristics of the environment that pertain to our five senses. Even when not consciously perceived, they still can affect people's internal and behavioral responses. Important ambient dimensions include:

- Music — Its tempo, volume, harmony, and familiarity shape behavior by affecting emotions and moods. People tend to adjust their pace to match the tempo of the music.
- Scent — Ambient scent can stir powerful emotions and relax or stimulate customers.
- Color — Colors can have strong effects on people's feelings with warm (e.g., a mix of red and orange) and cold colors (e.g., blue) having different impacts. Warm colors are associated with elated mood states, while cold colors are linked to peacefulness and happiness.

6. Spatial Layout and Functionality

Effective spatial layout and functionality are important for efficiency of the service operation and enhancement of its user-friendliness.

- Spatial layout refers to the floor plan, size and shape of furnishing, counters, potential machinery and equipment, and the ways in which they are arranged.
- Functionality refers to the ability of those items to facilitate service operations.

7. Signs, Symbols, and Artifacts

Signs, symbols, and artifacts help customers to draw meaning from the environment and guide them through the service process. They can be used to:

- Label facilities, counters, or departments.
- Show directions (e.g., to entrance, exit, elevator, toilet).
- Communicate the service script (e.g., take a number and watch it to be called).
- Reinforce behavioral rules (e.g., "please turn your cell phones to silent").

8. Reinforcing the Positioning of the Firm

The appearance and behavior of service employees and other customers in a servicescape can be part of the value proposition and can reinforce (or detract from) the positioning of the firm.

9. Service Environments are Perceived Holistically

No individual aspect can be optimized without considering everything else holistically, making designing service environments an art rather than a science.

- Because of this challenge, professional designers tend to specialize on specific types of environments, such as hotel lobbies, clubs, healthcare facilities, and so on.
- Beyond aesthetic considerations, the best service environments should be designed with the customer's perspective in mind, guiding them smoothly through the service process.
- Tools that can be used to design and improve servicescapes include careful observation, feedback from employees and customers, photo audits, field experiments, and blueprinting

ENDNOTES

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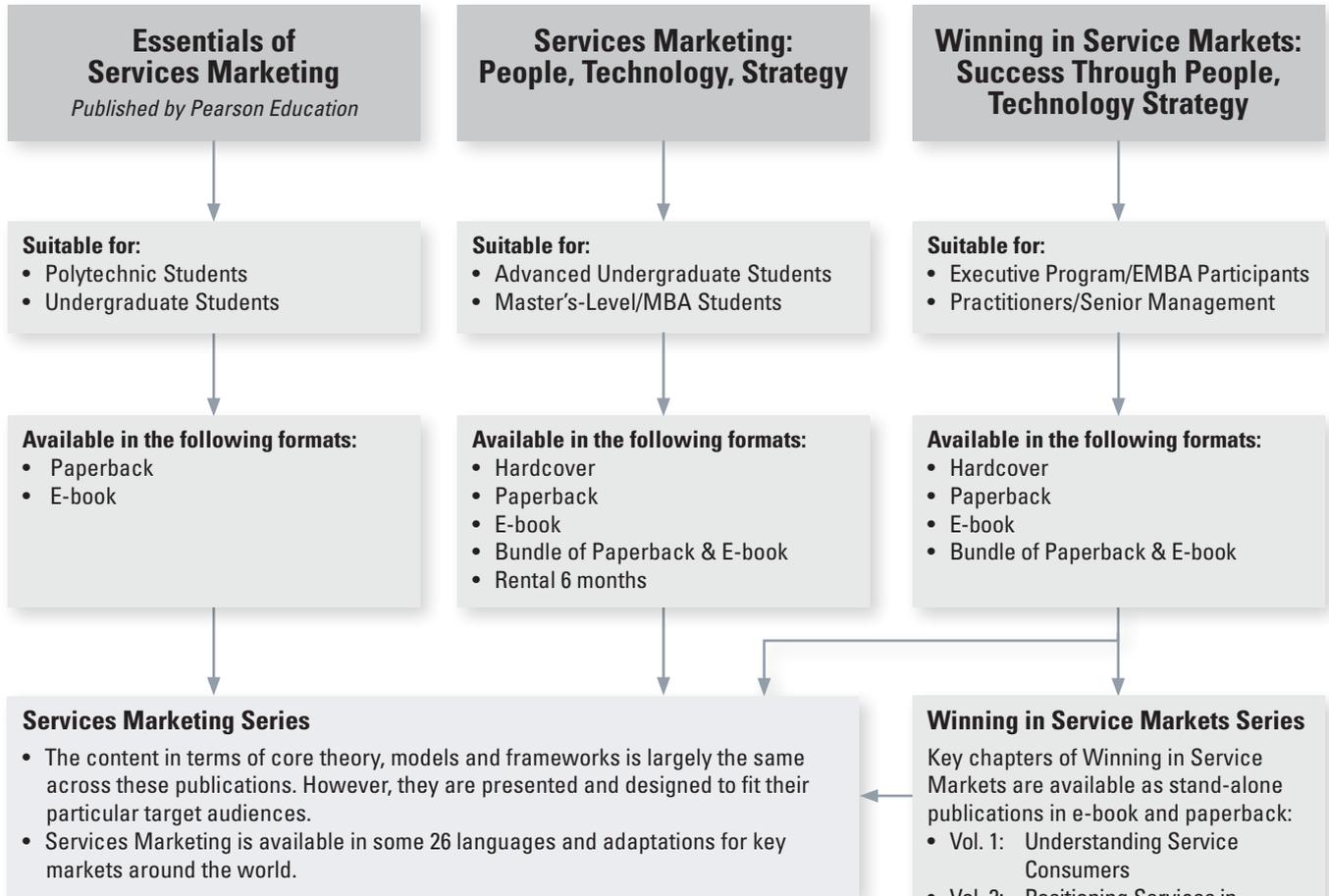
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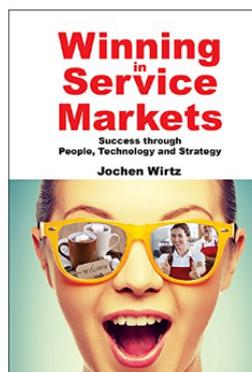
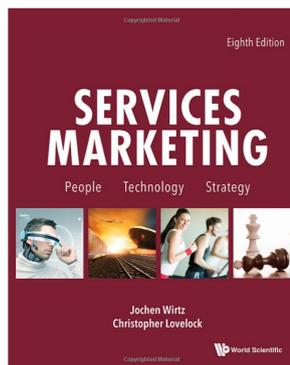
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