About the Authors

About the Contributors of the Case Studies Preface

Acknowledgements

PART I: UNDERSTANDING SERVICE PRODUCTS, CONSUMERS, AND MARKETS

Creating Value in the Service Economy

Why Study Services

Services Dominate the Global Economy

Most New Jobs are Generated by Services

Understanding Services Offers Personal Competitive Advantage

What Are the Principal Industries of the Service Sector?

Contribution to Gross Domestic Product Powerful Forces are Transforming the Service Markets B2B Services as a Core Engine of Economic Development Outsourcing and Offshoring Often Work in Tandem What Are Services

The Historical View Benefits Without Ownership

Defining Services

Service Products versus Customer Service and After-Sales Service

Four Broad Categories of Services - A Process Perspective

People Processing

Possession Processing

Mental Stimulus Processing

Information Processing

Services Pose Distinct Marketing Challenges The 7Ps of Marketing

The Traditional Marketing Mix Applied to Services

Product Elements

Place and Time

Price and Other User Outlays

Promotion and Education

The Extended Services Marketing Mix for Managing the Customer Interface

Process

Physical Environment

People

Marketing Must be Integrated with Other Management Functions The Service-Profit Chain A Framework for Developing Effective Service Marketing Strategies

Understanding Service Products, Consumers and Markets

Applying the 4 Ps of Marketing to Services

Managing the Customer Interface

Developing Customer Relationships

Striving for Service Excellence

Understanding Service Consumers

The Three-Stage Model of Service Consumption Pre-purchase Stage

Need Awareness

Information Search

Evaluation of Alternative Services

Purchase Decision Service Encounter Stage

Service Encounters are "Moments of Truth"

Service Encounters Range from High Contact to Low Contact

The Servuction System

Theater as Metaphor for Service Delivery: An Integrative Perspective

Role and Script Theories

Perceived Control Theory Post-Encounter Stage

Customer Satisfaction

Service Quality

Customer Loyalty

Positioning Services in Competitive Markets

Customer-Driven Services Marketing Strategy

Customer, Competitor and Company Analysis (3 Cs)

Segmentation, Targeting and Positioning (STP)

Segmenting Service Markets

Important versus Determinant Service Attributes

Segmentation Based on Service Levels

Targeting Service Markets

Achieving Competitive Advantage through Focus

Principles of Positioning Services

Using Positioning Maps to Plot Competitive Strategy

An Example of Applying Positioning Maps to the Hotel Indsutry

Mapping Future Scenarios to Identify Potential Competitive Responses

Positioning Charts Help Executives Visualize Strategy

Developing an Effective Positioning Strategy

PART II: APPLYING THE 4 PS OF MARKETING TO SERVICES

Developing Service Products and Brands

Creating Service Products

What are the Components of a Service Product?

The Flower of Service

Facilitating Supplementary Services

Enhancing Supplementary Services

Managerial Implications

Branding Service Firms, Products and Experiences

Branding Strategies for Services Tiering Service Products with Branding Building Brand

Equity

Delivering Branded Service Experiences New Service Development

A Hierarchy of New Service Categories

Achieving Success in New Service Development

Distributing Services Through Physical and Electronic Channels

Distribution In a Services Context

What Is Being Distributed?

How Should A Service Be Distributed?

Customers Visit the Service Site

Service Providers Go to their Customers

The Service Transaction is Conducted Remotely

Channel Preferences Vary among Customers

Channel Integration is Key

Where Should a Service Facility be Located?

Strategic Location Considerations

Tactical Location Considerations

Locational Constraints

Innovative Location Strategies

When Should Service be Delivered?

The Role of Intermediaries

Benefits and Costs of Alternative Distribution Channels

Franchising

The Challenge of Distribution in Large Domestic Markets Distributing Services Internationally

Factors Favoring Adoption of Transnational Strategies

How does the Nature of a Service Affect International Distribution?

Barriers to International Trade in Services

How to Enter International Markets?

Service Pricing and Revenue Management

Effective Pricing is Central to Financial Success

Objectives for Establishing Prices Pricing Strategy Stands on Three Foundations

Cost-based Pricing

Value-based Pricing

Reducing Related Monetary and Non-monetary Costs

Competition-based Pricing

Revenue Management: What It Is and How It Works

Reserving Capacity for High-yield Customers

How can we Measure the Effectiveness of a Firm's Revenue Management?

How does Competitor's Pricing Affect Revenue Management?

Price Elasticity

Designing Rate Fences

Fairness and Ethical Concerns in Service Pricing

Service Pricing is Complex

Piling on the Fees

Designing Fairness into Revenue Management

Putting Service Pricing Into Practice

How Much to Charge?

What Should be the Specified Basis for Pricing?

Who Should Collect Payment and Where Should Payment be Made?

When Should Payment be Made?

How Should Payment be Made?

How Should Prices be Communicated to the Target Markets?

Service Marketing Communications

Integrated Service Marketing Communications

Defining the Target Audience

Specifying Service Communication Objectives

Strategic Service Communications Objectives

Tactical Service Communications Objectives

Promote Tangible Cues to Communicate Quality

Crafting Effective Service Communication Messages

Problems of Intangibility

Overcoming the Problems of Intangibility

The Services Marketing Communication Mix

Communications Originate from Different Sources

Messages Transmitted through Traditional Marketing Sources

Messages Transmitted Online

Messages Transmitted through Service Delivery Channels

Messages Originating from Outside the Organization

Timing Decisions of Services Marketing

Communication Budget Decisions and Program Evaluation

Ethical and Consumer Privacy Issues in Communications The Rale of Corporate Design

Integrated Marketing Communications

PART III: MANAGING THE CUSTOMER INTERFACE

Designing Service Processes

What is a Service Process?

Designing and Documenting Service Processes

Developing a Service Blueprint

Blueprinting the Restaurant Experience: a Three-Act Performance

Identifying Fail Points

Fail-Proofing to Design Fail Points out of Service Processes

Setting Service Standards and Targets

Consumer Perceptions and Emotions in Service Process Design

Service Process Redesign

Service Process Redesign Should Improve Both Quality and Productivity

Customer Participation in Service Processes

Levels of Customer Participation

Customer as Co-creators

Reducing Service Failures Caused by Customers

Self-Service Technologies

Customer Benefits and Adoption of Self-Service Technology

Customer Disadvantages and Barriers of Adoption of Self-Service Technology

Assessing and Improving SSTs

Managing Customer's Reluctance to Change

Balancing Demand and Capacity

Fluctuations in Demand Threaten Profitability

From Excess Demand to Excess Capacity

Building Blocks of Managing Capacity and Demand

Defining Productive Service Capacity

Managing Capacity

Stretching Capacity Levels

Adjusting Capacity to Match Demand Understanding Patterns of Demand Managing Demand

Marketing Mix Elements Can be used to Shape Demand Patterns Inventory Demand Through

Waiting Lines and Queuing Systems

Waiting is a Universal Phenomenon

Managing Waiting Lines

Different Queue Configurations

Virtual Waits

Queuing Systems can be Tailored to Market Segments Customer Perceptions of Waiting Time

The Psychology of Waiting Time

Inventory Demand Through Reservation Systems

Reservation Strategies Should Focus on Yield Create Alternative Use for Otherwise Wasted Capacity

Crafting the Service Environment

Service Environments - An Important Element of The Service Marketing Mix What is the Purpose of Service Environments?

Shape Customer's Service Experience and Behaviors

Signal Quality and Position, Differentiate and Strengthen the Brand

Core Component of The Value Proposition

Facilitate the Service Encounter and Enhance Productivity

The Theory Behind Consumer Responses to Service Environments

Feelings are a Key Driver of Customer Responses to Service Environments

The Servicescape Model - An Integrative Framework Dimensions of the Service Environment

The Effect of Ambient Condition

Spatial Layout and Functionality

Signs, Symbols and Artifacts

People are Part of the Service Environmenttoo Putting It All Together

Design with a Holistic View

Design from a Customer's Perspective

Managing People for Service Advantage

Service Employees are Extremely Important

Service Personnel as a Source of Customer Loyalty and Competitive Advantage

The Frontline in Low-Contact Services Frontline Work is Difficult and Stressful

Service Jobs are Boundary Spanning Positions

Sources of Role Conflict

Emotional Labor

Service Sweatshops?

Cycles of Failure, Mediocrity and Success

The Cycle of Failure

The Cycle of Mediocrity

The Cycle of Success

Human Resource Management - How to Get it Right

Hire the Right People

Tools to Identify the Best Candidates

Train Service Employees Actively

Internal Communications to Shape the Service Culture and Behaviors

Empower the Frontline

When are High Levels of Empowerment Appropriate?

Build High-Performance Service-Delivery Teams

Integrate Teams Across Departments and Functional Areas

Motivate and Energize People

The Role of Labor Unions

Service Culture, Climate and Leadership

Building a Service-Oriented Culture

A Climate for Service

Qualities of Effective Leaders in Service Organizations

Leadership Styles, Focus on the Basics, and Role Modelling

Focusing the Entire Organization on the Frontline

PART IV: DEVELOPING CUSTOMER RELATIONSHIPS

Managing Relationships and Building Loyalty

The Search for Customer Loyalty

Why Is Customer Loyalty So Important to a Firm's Profitability?

Assessing the Value of a Loyal Customer

Worksheet for Calculating Customer Lifetime Value

The Gap between Actual and Potential Customer Value

Why Are Customers Loyal? The Wheel of Loyalty

Building A Foundation For Loyalty

Targetthe Right Customers

Search for Value, Not Just Volume

Manage the Customer Base through Effective Tiering of Service

Customer Satisfaction and Service Quality Are Prerequisites for Loyalty

Strategies for Developing Lovalty Bonds with Customers

Deepen the Relationship

Encourage Loyalty through Financial and Non-financial Rewards

Build Higher-Level Bonds

Strategies for Reducing Customer Defections

Analyze Customer Defections and Monitor Declining Accounts

Address Key Churn Drivers

Implement Effective Complaint Handling and Service Recovery Procedures

Increase Switching Costs Enablers of Customer Loyalty Strategies

Customer Loyalty in a Transactional Marketing Context

Relationship Marketing

Creating "Membership-Type" Relationships as Enablers for Loyalty Strategies

CRM: Customer Relationship Management

Common Objectives of CRM Systems

What Does a Comprehensive CRM Strategy Include?

Common Failures in CRM Implementation

How to Get CRM Implementation Right

Complaint Handling and Service Recovery

Customer Complaining Behavior

Customer Response Options to Service Failure

Understanding Customer Complaining Behavior

What Do Customers Expect Once They Have Made A Complaint?

Customer Responses to Effective Service Recovery

Impact of Effective Service Recovery on Customer Loyalty

The Service Recovery Paradox

Principles of Effective Service Recovery Systems

Make It Easy for Customer to Give Feedback

Enable Effective Service Recovery

How Generous Should Compensation Be?

Dealing with Complaining Customers

Service Guarantees

The Power of Service Guarantees

How to Design Service Guarantees

Is Full Satisfaction the Best You Can Guarantee?

Is It Always Beneficial to Introduce a Service Guarantee?

Discouraging Abuse and Opportunistic Customer Behavior

Seven Types of Jaycustomers

Consequences of Dysfunctional Customer Behavior

Dealing with Consumer Fraud

PART V: STRIVING FOR SERVICE EXCELLENCE

Improving Service Quality and Productivity

Integrating Service Quality and Productivity Strategies

Service Quality, Productivity, and Profitability

What is Service Quality?

Identifying and Correcting Service Quality Problems

The Gaps Model in Service Design and Delivery

Key Ways to Close the Gaps in Service Quality

Measuring Service Quality

Soft and Hard Service Quality Measures

Learning from Customer Feedback

Key Objectives of Effective Customer Feedback Systems

Use a Mix of Customer Feedback Collection Tools

Analysis, Reporting, and Dissemination of Customer Feedback

Hard Measures of Service Quality

Tools to Analyze and Address Service Quality Problems

Root Cause Analysis: The Fishbone Diagram

Pareto Analysis

Blueprinting — A Powerful Tool for Identifying Fail Points Return on Quality

Assess Costs and Benefits of Quality Initiatives

Determine the Optimal Level of Reliability

Defining and Measuring Productivity

Defining Productivity in a Service Context

Measuring Productivity

Service Productivity, Efficiency, and Effectiveness

Improving Service Productivity

Generic Productivity Improvement Strategies

Customer-Driven Approaches to Improve Productivity

How Productivity Improvements Impact Quality and Value

Integration and Systemic Approaches to Improving Service Quality and Productivity

Total Quality Management

ISO 9000 Certification

Six Sigma

Malcolm-Baldrige and EFQM Approaches

Which Approach Should a Firm Adopt?

Building a World Class Service Organization

Creating a World-Class Service Organization

From Losers to Leaders: Four Levels of Service Performance

Moving to a Higher Level of Performance Customer Satisfaction and Corporate Performance

PART VI: CASE STUDIES

Case 1 Sullivan Ford Auto World

Case 2 Dr. Beckett's Dental Office

Case 3 Bouleau & Huntley: Crossselling Professional Services

Case 4 Uber: Competing as Market Leader in the US versus Being a Distant Second in China

Case 5 Banyan Tree: Designing and Delivering a Branded Service Experience

Case 6 Kiwi Experience

Case 7 The Accra Beach Hotel: Block Booking of Capacity during a Peak Period

Case 8 Aussie Pooch Mobile

Case 9 Shouldice Hospital Limited (Abridged)

Case 10 Delwarca Software Remote Support Unit

Case 11 Red Lobster

Case 12 Raleigh & Rosse: Measure to Motivate Exceptional Service

Case 13 Singapore Airlines: Managing Human Resources for Cost-effective Service Excellence

Case 14 Dr. Mahalee Goes to London: Global Client Management

Case 15 Royal Dining Membership Program Dilemma

Case 16 Starbucks: Delivering Customer Service

Case 17 LUX*: Staging a Service Revolution in a Resort Chain

Case 18 KidZania: Shaping a Strategic Service Vision for the Future

Case 19-32 Additional Cases Available for Educators

Glossary Name Index Subject Index