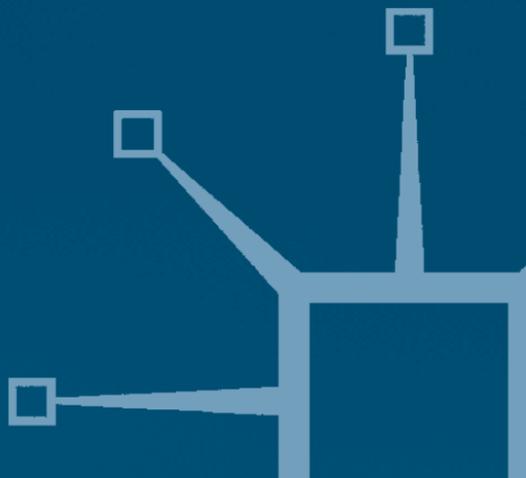


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Services Marketing

Text and Cases
SECOND EDITION

Steve Baron and Kim Harris



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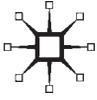
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Preface to the second edition

The first edition of this book was published in 1995. It is staggering how much the opportunities for different forms of learning have changed over seven years, through technology, and the internet in particular. Nevertheless, an appropriate textbook, in hard copy, is still a fundamental learning aid for course units.

New features of the second edition

In preparing the second edition, we have responded to feedback from full-time and part-time students and fellow lecturers. As a result, we have maintained the strengths of the first edition, especially the style of writing, the use of illustrative examples, and the inclusion of case studies of small service businesses. In addition, we have added more theoretical content, extra sections on technology-based services and consumer experiences, an expanded list of references, chapter objectives, outcomes and discussion questions and two case studies with a business-to-business focus. Therefore, this edition provides a comprehensive treatment of the sub-discipline of services marketing in an accessible and reader-friendly way. After reading it, you should have gained a good understanding of services marketing – sufficient for you to pass your examinations and appreciate the practical value of the various theories and frameworks.

However, if you rely only and totally on this book, we feel that we have partially failed in our aims as educators. We really hope that the book is a catalyst for you to pursue some of your own ideas and interests, and, most of all, for you to apply your own thinking to the range of service issues that are raised in the chapters. This is because we believe that the study of services marketing is an active rather than passive pursuit, and that real enjoyment and achievement is achieved through ‘doing’ to complement the reading. Researchers have shown that higher levels of customer participation in services can lead to greater customer satisfaction. This, we believe, is also true in the study of services marketing, and is probably the way to get the best out of the book.

Getting the best out of the book

Below are some of the things you can do to increase your active participation in the learning and stimulate your thinking on the issues raised in the book.

First, use your computer literacy skills. It is now relatively easy to ‘search’ for journal and other articles that give original sources and up-to-date material on the topics covered in the book. Most university and college libraries have electronic databases, such as *Emerald*, *ABI Inform* or *Infotrac*, that will give you (almost) immediate access to additional material. If you are interested in knowing more about, say, service branding, service advertising or service pricing, just type in these terms as keywords, and sift out the more relevant articles. The academic articles are not the only further sources of insights. You can use the more generic search engines (www.google.com is the best at the time of writing) to identify companies that are actively using, say, customer relationship management, by entering the term in the search box. In this second edition, the notes and references for the chapters give website addresses that we have found to provide helpful insights. Try the ones that you are interested in, but also follow your own instincts.

Second, remember that there is a lot ‘out there’. You are consuming services, and engaging in experiences, day in and day out. While we would not want you to become a social bore through your analysis of every single service encounter, we do feel that you can take a healthy, informed interest in the way service organisations behave in practice. Why do you feel that your chosen restaurant or bar is inviting? What is the cause of your anxiety in the hospital outpatients’ department? How did the flight booking on the internet compare with the one at the travel agent? However much we try to link theory to practice in the book, it is not going to be as effective as the links that you make for yourself through your own real-life examples.

Third, find out more about actual service organisations, large and small. The case studies featured at the end of the book examine *small* service businesses to explore fundamental principles and practices of services marketing. Our own teaching experience, and that of other lecturers, has reinforced our view that students can identify with the issues facing the small businesses. They can then concentrate on linking theory with practice in a meaningful way, rather than spending a lot of time simply trying to understand what the case company does. However, you should also be interested in finding out about the activities of other service organisations. The first chapter of this second edition looks at the case of airline/airport services, and demonstrates the complexities of managing service organisations. You will also find plenty of information on larger service organisations, such as hotel chains, financial institutions, holiday companies or leisure organisations, in other services marketing textbooks and in journal articles. In order to find out even more, you can (to paraphrase the words of a former MBA student of services marketing) ‘follow up the leads’ given, in particular, in Chapters 10 and 11. You can find out as much detail as you wish about, say, global service providers such as IBM, or the largest hotel in the world (The Venetian in Las Vegas).

Finally, study a service company in detail. We hope that you get the opportunity to study a small service organisation yourself in some depth. A template of preliminary questions for such a study is provided at the end of Chapter 1 (Table 1.1), but you may wish to delay the study until you have read the whole book and can adapt the template for yourself.

We hope that you enjoy reading this edition, and become as enthusiastic about services marketing as we are ourselves, and that the enthusiasm encourages an active approach to your learning.

STEVE BARON
KIM HARRIS

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Introduction

Why study services marketing? Why pick up a textbook on services marketing?

There may be a variety of reasons – you are working in a service business, you are representing consumers, you have ‘got to’ because you are a student, and it is part of your course. Whichever direction you start from, however, we believe that, like us, you will find services marketing a fascinating field of academic study, firmly embedded in the real world.

It is real, because we all *consume* services as part of our everyday life. A day in our life may involve, for example, listening to a favourite radio programme, travelling on a train or bus, visiting the shops and buying a snack at lunchtime, arranging a dental appointment, attending lectures and tutorials, buying a book via the internet and calling into the pub for a drink in the evening. At work, we may rely on administrative, technical and clerical support services, and come to expect that offices, toilets and other rooms are regularly cleaned. Furthermore, we probably have an opinion on the level of service offered in all these areas, and are quite prepared to share our feelings of satisfaction/dissatisfaction (with the services) with others. When we consume certain types of services on a less frequent basis – for example, going on a package holiday, eating in an expensive restaurant, making a claim on an insurance policy – we are usually highly attuned to the service provided, and perhaps even more likely to express our opinions of the quality of service.

But for many of us, we are not simply service consumers (or customers); we also *provide* service. We are both consumers and providers of services. If you are reading this book, it is likely that you work full-time in a service industry, or that you have had some part-time jobs in the service industry. This is a wonderful position from which to appreciate the issues involved with the marketing and management of services. In addition, you may well find that you have played several different service roles. In our own case, for example, although our service job may be described as ‘teaching’ or ‘lecturing’, we have played other roles, such as researching, student counselling, consulting and editing, with varying degrees of success.

In the course of your study of services marketing, you can, and should, make use of your experiences of consuming and providing services. The experiences can enable you to be constructively critical of the theory, and to add creatively to theory. We believe that in building an understanding of services, and hence of services marketing and management, you should wherever possible draw on experiences and intuitions. In so doing, this ensures a more interactive and lively vehicle for learning.

So our answer to the question ‘why study services marketing?’ is that it is an invigorating exercise in combining theory and practical knowledge to further an understanding of something which is an important part of life.

If we look at the historical development of services marketing, it has been acknowledged that ‘services marketing developed academically because it filled a need in marketing practice’.¹ Service executives persuaded academics that a different approach was required to understand the marketing of services from that used for the marketing of goods. It may not be obvious immediately, but it will soon become apparent that many services are incredibly complex, and provide different challenges for marketing practitioners and academics alike. The complexity is illustrated by a story of a particular service experience and the analysis that follows.

A ‘service’ experience

To introduce many of the features of service provision, and identify the exchange relationships between the service provider organisation and its customers, we start with a story of a service experience. The story is fictional. It is an amalgam of several personal and reported experiences. However, the incidents described in the story should strike a chord with you, and hence provide an understandable scenario for a more general discussion.

To encourage a more purposeful reading of the story, we suggest that you consider the following questions about the nature of the service itself and the service experiences of the main characters.

- What is the service the passengers (the Townsends) are paying for? How might the service be defined? When does the service start and finish?
- Is the service *provision* different for the two passengers (John and Jack Townsend)? Is the service *experience* different for them? To what extent might the service experience be affected by employees of the service providers? By the physical settings in which the service takes place? By other customers (passengers)?

The story

John Townsend and his son Jack (aged 14) were travelling to Singapore to join John’s wife Jane who was completing a spell as a visiting lecturer at the National University of Singapore. They had chosen to fly with Singapore Airlines. John had booked the flights through the internet. He was also very pleased with himself that his websearch had unearthed lots of information about Singapore. In particular, he had been able to book a Sunday ‘brunch’

at the Raffles Hotel in Singapore for the three of them – an experience a friend had told him not to miss. John had never flown on ‘long haul’ before. His only experience of a scheduled flight was a British Airways flight to Geneva. Jack had flown on package holidays to Menorca and Crete with the family and definitely did not like flying. The 13-hour flight from Manchester to Singapore was viewed with mixed feelings. John regarded it as part of a wonderful, never likely to be repeated, experience (with the bonus of seeing Jane after three months apart). Jack just wanted to get it over.

They arrived at Manchester Airport’s Terminal 1 three hours before the flight time (as instructed on their tickets). The reception hall was very crowded and noisy, but it was clear from the information on the handily placed, multiple monitors that they should check in at Desk 21. The next problem was actually finding Desk 21. They could see plenty of desks with destination indicators above them, but they could not spot that particular number. An armed security guard was the only airport official around so they asked him for assistance. He directed them politely to Desk 21. After passing several long queues of passengers with trolleys full of baggage, they were pleasantly surprised to see a small queue of only two passenger groups. The surprise turned to frustration when they were informed that they had mistakenly joined the ‘Raffles Class’ (that is, first class) passenger queue – the red carpet should have been the giveaway – and had to join, instead, the much longer economy class queue at Desk 22.

In the queue, John spent the time talking to a couple of Manchester University female students who were flying home to Singapore. He learnt a lot about types of food and places to eat, and about which tourist attractions were good value for money (and which were not). Whilst checking in the baggage, John and Jack were asked a number of security-related questions. Although they were standard practice, the questions added a hijacker dimension to Jack’s fear of flying. Finally, they were able to secure plane seats in a non-smoking area, which was very important to both of them in view of the length of the flight. Despite his economy class status, John felt quite pleased that he was travelling with an airline that to him was a symbol of exotic travel. Jack couldn’t have cared less.

Baggage successfully despatched, and with over two hours still to wait, they made their way to the main concourse. It was brightly lit with a variety of shops (including, John was surprised to see, a branch of Harrods), located around a central seated area. The seats were arranged so that only about 20 per cent of the passengers could see flight information monitors clearly. Yet passengers needed this information to know when to proceed to passport control. This situation seemed to increase congestion, with passengers frequently vacating their seats to look at the monitors, leaving their partners to spread out luggage to hold on to seats. This clearly irritated many passengers, and John shared a mutual moan about the lack of information with a family travelling to Dubai. John found the hour’s wait before proceeding to passport control interminable. Jack, with heavy metal music blasting through his ‘Discman’, and many friends to chat to on his mobile phone, was unperturbed.