1. State of Services

Quality service in service business has been an exception rather than a rule. Be it an in-flight experience with an airline or a banking transaction or a lunch in a restaurant, the customer experience in majority of cases seems to border around a feeling of frustration to unhappiness. The opinion on the quality of services is largely negative. In the US market which is one of the most advanced and sophisticated in terms of customer service levels and adoption of marketing orientation, service quality is a major concern. In fact the customers in different countries suffer from poor service provisions in their own way – whether it is the developed country like USA or Japan or developing country like India. The poor quality of service does not bother many of the customers. They have accepted poor service as the norm. They do not seem to get upset when one repeats an experience of unsympathetic doctors, rude receptionists, unwelcoming air hostesses and unhelpful bank clerks. The people responsible for managing the service business appear to be occupied in their functions to bother about customer dissatisfaction. Service system seems to exist to malfunction from customer's point of view but from an insider's perspective, they are functioning normally.

There was a time in the 1980s when customer spending on services was increasing. The customer contact with services system of different kinds would generally end in disgust. The dissatisfaction and concern over poor quality of service found expression in different journals and newspaper that attracted media attention. A vast majority of customers believed that they received full value of money when they purchased products but not when they pay for services.

But now the scenarios seem to be undergoing a change. A poor service encounter now leads to both active and passive forms of anger. The customers are becoming demanding and they have options to switch over to other suppliers. They are now exposed to both the best in the class and the worst in the class service providers. Moreover since there was no realisation that services is different from goods they were dealt with goods oriented mindsets. This probably must have led managers to ignore the issues which are critical in service business.

2. Challenges of Intangibility

Service intangibility refers to the fact that many services lack physical attributes and thus consumers are unable to assess the value they would gain from engaging such a service with tangible evidence with respect to the possible outcomes of such a service.

Examples of service intangibility include:

- Going to see a surgeon about your back pain. It's impossible to be sure exactly how you'll feel after the surgery for your back pain. You could feel like a new person, or you might be in worse shape.
- Hiring a cleaner for your home. Will they do a good job or leave a bigger mess? Will they steal things from you while cleaning?
- Going to see a movie. Will the movie theatre be really nice or will your feet stick to the floor? Will the movie be worth your money and time?
- Making a reservation at a restaurant. Will the food be really all that great? Are those online reviews mainly fake or real? Will the staff treat you well?

Challenges

You can already begin to appreciate the problems related to service intangibility. The consumer is not sure exactly what they'll be getting and how it will affect them. There is a lack of physical attributes inherent to many services and the potential outcomes thereof.

So, people have to imagine what might happen if they engage the service. That's a problem because it presents an unknown risk to the consumer. They don't know what they'll get until they pay for it with their time and/or money (or both). This can, of course, drive many consumers away.

So the challenges with service intangibility can be boiled down to:

- The person cannot touch, see, and feel the service in terms of how it will affect them. They have to imagine what might be, and this can be problematic if they imagine the wrong thing.
- The person cannot be sure of the outcome of the service (the end result as it pertains to them specifically).
- The person is unable to fully appreciate if that outcome will be worth their time, effort, and money with respect to engaging the service.

3. Franchising

Franchising is an arrangement where franchisor (one party) grants or licenses some rights and authorities to franchisee (another party). Franchising is a well-known marketing strategy for business expansion.

A contractual agreement takes place between Franchisor and Franchisee. Franchisor authorizes franchisee to sell their products, goods, services and give rights to use their trademark and brand name. And these franchisee acts like a dealer.

In return, the franchisee pays a one-time fee or commission to franchisor and some share of revenue. Some advantages to franchisees are they do not have to spend money on training employees; they get to learn about business techniques.

The individual or business that grants the right to the franchise is called the franchisor, while the beneficiary of the right is called the franchise. Franchising is a business marketing strategy to cover maximum market share.

Franchising is a business relationship between two entities wherein one party allows another to sell its products and intellectual property. For example, several fast food chains like Dominos and McDonalds operate in India through franchising.

Examples of Franchising in India

- McDonald's

- Dominos

- KFC

- Pizza Hut

- Subway

- Dunkin' Donuts

- Taco Bell

- Baskin Robbins

- Burger King

Functioning of Franchising

Under a franchise, the two parties generally enter into a Franchise Agreement. This agreement allows the franchise to use the franchisor's brand name and sell its products or services. In return, the franchisee pays a fee to the franchisor.

The franchisee may sell these products and services by operating as a branch of the parent company. It may even use franchising rights by selling these products under its own business venture.

The franchisor may grant franchising rights to one or several individuals or firms. Consequently, if just one person gets these rights, he becomes the exclusive seller of the franchisor's products in a specific market or geographical limit.

In return, the franchisor supplies its products, services, technological know-how, brand name and trade secrets to the franchise. It even provides training and assistance in some cases.

Features of Franchising

Firstly, under a franchising agreement, the franchisor grants permission to the franchise to use its intellectual properties like patents and trademarks.

Secondly, the franchise in return pays a fee (i.e. royalty) to the franchisor and may even have to share a part of his profits. On the contrary, the franchisor provides its goods, services, and assistance to the franchise.

Finally, both parties in a franchise sign a franchising agreement. This agreement is basically a contract that states terms and conditions applicable with respect to the franchise.

Advantages and Disadvantages of Franchising

Advantages to Franchisors

- Firstly, franchising is a great way to expand a business without incurring additional costs on expansion. This is because all expenses of selling are borne by the franchise.

- This further also helps in building a brand name, increasing goodwill and reaching more customers.

Advantages to Franchisees

- A franchise can use franchising to start a business on a pre-established brand name of the franchisor. As a result, the franchise can predict his success and reduce risks of failure.

- Furthermore, the franchise also does not need to spend money on training and assistance because the franchisor provides this.

- Another advantage is that sometimes a franchisee may get exclusive rights to sell the franchisor's products within an area.

- Franchisees will get to know business techniques and trade secrets of brands.

Disadvantages for Franchisors

- The most basic disadvantage is that the franchise does not possess direct control over the sale of its products. As a result, its own goodwill can suffer if the franchisor does not maintain quality standards.

- Furthermore, the franchisee may even leak the franchisor's secrets to rivals. Franchising also involves ongoing costs of providing maintenance, assistance, and training on the franchisor.

Disadvantages for Franchisees

- First of all, no franchise has complete control over his business. He always has to adhere to policies and conditions of the franchisor.

- Another disadvantage is that he always has to pay some royalty to the franchisor on a routine basis. In some cases, he may even have to share his profits with the franchisor.

4. Managing Expectations

Managing expectations holds the key to success in service marketing but it should be kept in mind that all expectations cannot be made. It is highly unlikely that a service firm can meet all the expectations of customers. Interestingly and fortunately, customers show a tolerance and adjust to minor differences from the desired service. The expectations have to be managed to fit into the capabilities and scope of the process that a firm possesses. A key to setting expectations is to feel the gap between what consumers see as good service and what competitors are providing. The expectation setting is very critical since a very high expectation may lead to highly dissatisfied customers.

A system to manage expectation is, however not complete when it is targeted only to customers. In order that expectations are managed well a strategy should be oriented towards employees as well, in particular the contact persons as their attitude and expertise helped the organization to meet expectations.

In a simplified way it can be said that the following measures can help the service provider manage customer expectations:

1. Managing of promises: - The first step in managing customer expectations is to manage the promises made by service organisations. Service organisation should promise only what they are confident of delivering.

2. Establishing reliability: - Service provider should practice to deliver the services correctly as promised to the customer the very first time. Service provider should try to follow the guideline – "Getting it right the first time" to meet the customer's expectation and establish reliability.

3. Effective communication: - To keep track of the customers about the expectations about the services, service companies should effectively communicate with them.

Steps may be taken by a service company to inform customers about the new developments about the organisation that will help it serve them better.

4. Exceeding customer service expectations: - Service companies should make an effort to know what their customers would expect from them after their service encounters in the past.

5. Gronroos Service Triangle

Service marketing triangle involves 3 types of marketing:
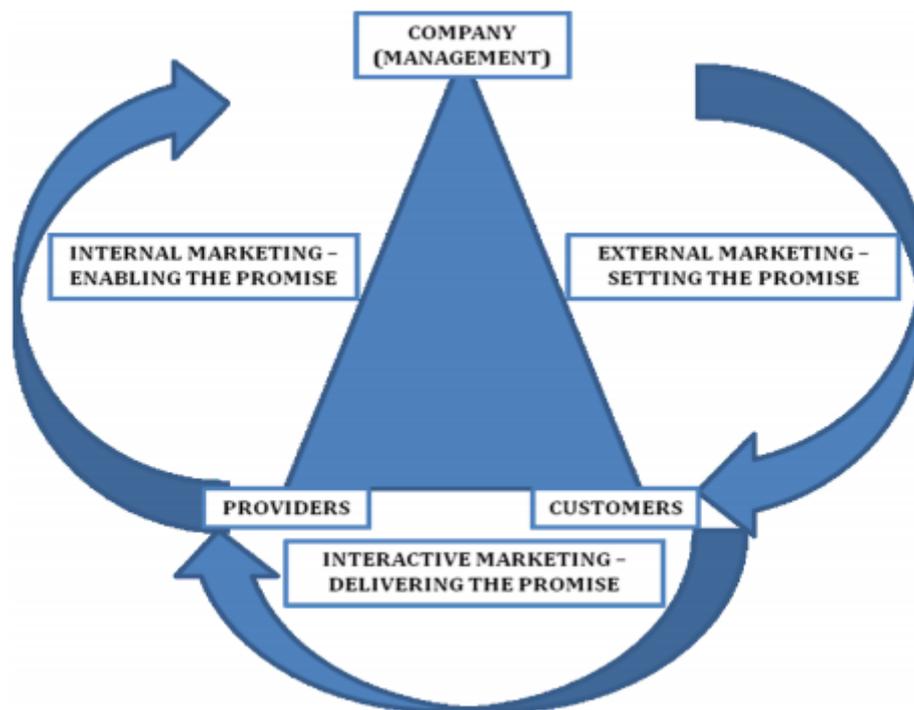
1. External Marketing means "Setting the Promise"

- Marketing to end-users that are your clients.
- Involves pricing strategy, promotional activities, and all communication with customers.
- Performed to capture the attention of the market, and arouse interest in the service.

2. Internal Marketing means "Enabling the Promise"

- Marketing to employees.
- Involves training, motivational, and teamwork programs, and all communication with all employees.

- Enable employees to perform the service effectively, and keep up the promise made to the customer

3. Interactive Marketing means "Delivering the promise"

- This is real time marketing and known as moment of Truth and Service Encounter.
- This refers to the decisive moment of interaction between the front-office employees and customers, i.e. delivery of service.
- This step is of utmost importance, because if the employee falters at this level, all prior efforts made towards establishing a relationship with the customer, would be wasted and it creates negative brand image of your hospital.

6. Front Office

When a customer moves in the service system, the area where his action takes place is called front office or customer contact area. It is the visible part or area of the service system. The physical movement of the customer is confined to this area, beyond which the customer movement is restricted. The physical environment in the front office like décor, comfort, furnishings, seats and other atmospheric clues are important. To kinds of action takes place in the front office as stated below.

a) Customer actions: - The customer actions involve undertaking steps such as making choices, buying and consuming and finally evaluating the service. For instance, a visit to KFC encompasses customer activities and actions of taking steps to order and collect the food items, viz making choices from the menu, looking for a place to be seated, consuming and finally making evaluations about the service experience.

b) Employee actions: - The employees occupying different positions in the front office perform to create and deliver service to the customers by welcoming customers, taking orders, preparing and assembling order, making delivery and collecting payment.

7. Back Office

It is that part of the service factory or system which is not visible to customer. It is the area where employee action and processes take place which ultimately enables the performance of front office. Back office lies beyond the customer visibility. A variety of operations are performed at the back office of service system. A restaurant's back office is the place where kitchen operations are performed.

The back office is guided by the consideration of facilitating the front office service. The front office and back office areas are usually divided and kept separate. The back office

houses operations that support and enable front office workers in giving a customer satisfying performance.

8. Servicescape

'Servicescape' refers to the environments in which services are delivered and where the firm and customer interact.
Service providers should build environments that achieve a balance between two primary objectives:
(1) Develop environments that appeal to consumer pleasure and arousal states while avoiding atmospheres that create submissiveness; and
(2) Construct environments that facilitate the operational ease and efficiency of the firm.

Though several studies in the marketing and environmental psychology literature have examined physical environment, little work has been done within sport and recreation context. The concept of a servicescape was developed by Booms and Bitner to emphasize the impact of the physical environment in which a service process takes place.
If you were to try to describe the differences a customer encountered when entering a branch of say like McDonald's compared with a small family restaurant, the concept of servicescape may prove useful. Booms and Bitner defined a servicescape as "the environment in which the service is assembled, and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service".

The Christmas tree in a classroom is part of the physical environment of the service – the servicescape. Due to their abstract nature, services cannot be tried before purchase or consumption; therefore, customers look for physical evidences of the service. Shostack believes that a product is judged by an abstract image but a service is already abstract. Therefore, we will evaluate a service with comprehensive or tangible things. As the service itself is not tangible, the peripheral clues will be evaluated.
In schools, man evaluates the buildings, the classrooms or the staff-rooms for instance. Bitner defines servicecape as the "physical environment" of the service encounter or the "man-made, physical surroundings as opposed to the natural or social environment". However, this last definition does not fit perfectly with the school Servicescape. Indeed the natural surroundings of a school such as the sea or the mountain nearby might influence the service.

"Research suggests that the physical settings may also influence the customer's ultimate satisfaction with the service". Some classrooms with nice decoration and materials on the walls are more welcoming for students than others, austere and disorganized with Spartan atmosphere. The willingness to learn is higher for students in nice servicescape and their perception of the service is by consequence higher.
The service is often produced and consumed simultaneously: therefore, the surroundings might have a strong impact on customer perception and be consequence on customer

experience of the service. (Bitner) Because of this time consideration (services are produced and consumed simultaneously) it appears that the satisfaction of both—employees and customers—are strongly linked. In some schools, the classrooms are very hot in summertime and very cold in wintertime.

These bad climatic conditions of classrooms, will afflict the working conditions of the teacher and thereby', the quality of the service for their students. According to environmental psychologists, individuals react to places by avoidance or approach (Bitner). Depending on the classroom, staff and pupils will show a behaviour willing to stay, explore, work and affiliate or reluctant to these actions.

However, employees and customers have different needs and desires for their environment surroundings. Teachers prefer to have their own classroom to have all the materials they need to teach, whereas students might prefer to have their own classroom as well to avoid to move thirty students each hour from one room to other.

The three important aspects of the servicescape are:

- o Spatial Layout and Functionality: Because service environments generally exist to fulfill specific purposes or needs of customers, spatial layout and functionality of the physical surroundings are particularly important. Spatial layout refers to the ways in which machinery, equipment, and furnishings are arranged, the size and shape of those items, and the spatial relationships among them. Functionality refers to the ability of the same items to facilitate the accomplishment of customer and employee goals.

- o Signs, Symbols, and Artefacts: Many items in the physical environment serve as explicit or implicit signals that communicate about the place to its users. Signs displayed on the exterior and interior of a structure are examples of explicit communicators. They can be used as labels (name of company, name of department, and so on) for directional purposes (entrances, exits), and to communicate rules of behaviour (no smoking, children must be accompanied by an adult). Adequate signs have been shown to reduce perceived crowding and stress.

- o Ambient Conditions: Ambient conditions include background characteristics of the environment such as temperature, lighting, noise, music, scent, and colour. All of these factors can profoundly affect how people feel think, and respond to a particular service establishment. For example – a number of studies have documented the effects of music ort consumers' perceptions of products, their perceptions of how long they have waited for service, and the amount of money they spend.

9. Service Blueprint

First introduced in 1984 by G. Lynn Shostack in the Harvard Business Review, service blueprint diagrams visually map out the steps in a service process, making it easier to design a new process or to document and improve an existing one.

While simpler than UML (Unified Modelling Language) and BPMN (Business Process Model and Notation), service blueprints offer a flexible, focused look at an organization's service processes and include the customer's perspective. However, service blueprints aren't just another customer journey map. Both do include similar information—they draw from customer research and aggregate findings into sample scenarios—but service blueprints have a wider scope.

A customer journey map focus on what customers experience when they interact with a service or business, from specific actions or touch points to pain points. Service blueprints go several steps deeper and combine the customer's experience with all employee actions and support processes that may or may not be visible to the customer.

Elements of a service blueprint

Service blueprints typically contain five categories that illustrate the main components of the service being mapped out.

Physical evidence

What customers (and even employees) come in contact with. Though first in line, it's usually the last element added.

Example: This category includes locations, like a physical store or the company website, but also any signage, receipts, notification or confirmation emails, etc.

Customer actions

What customers do during the service experience?

Example: Customers might visit the website, talk to an employee (in person or online), make a purchase, place an order, accept an order, or receive something.

Front stage or visible employee actions

What customers see and who they interact with. For tech-heavy businesses, add in or replace this category with the technology that interacts with the customer.

Example: Employees might greet a customer visiting a physical location, respond to questions through chat, send emails, take an order, or provide status information.

Backstage or invisible contact employee actions

All other employee actions, preparations, or responsibilities customers don't see but that make the service possible.

Example: Employees might write content for the website/email/etc., provide approval, complete a review process, make preparations, package an order, etc.

Support processes

Internal/additional activities that support the employees providing the service.

Example: Third-party vendors who deliver supplies, a carrier service, equipment or software used delivery or payment systems, etc.

10. Concept of Motel

A motel or motor lodge is a hotel designed for motorists and usually has a parking area for motor vehicles. Entering dictionaries after World War II, the word motel, coined as a portmanteau contraction of "motor hotel", originates from the Milestone Mo-Tel of San Luis Obispo, California (now called the Motel Inn of San Luis Obispo), which was built in 1925.

The term referred initially to a type of hotel consisting of a single building of connected rooms whose doors faced a parking lot and in some circumstances, a common area or a series of small cabins with common parking. Motels are often individually owned, though motel chains do exist.

As large highway systems began to be developed in the 1920s, long-distance road journeys became more common, and the need for inexpensive, easily accessible overnight accommodation sites close to the main routes led to the growth of the motel concept. Motels peaked in popularity in the 1960s with rising car travel, only to decline in response to competition from the newer chain hotels that became commonplace at highway interchanges as traffic was bypassed onto newly constructed freeways.

11. Tourist Destination

Tourist destinations are a mix of tourism products, experiences and other intangible items promoted to the consumer. At a general level, this concept of destination can be developed to represent geographically defined entities such as group of countries, country, regions in a country, a resort or a wide range of experiences created tourism marketers. There are a range of six components which comprise a destination (i.e. from an industry supply perspective or from consumer's viewpoint). The destination is often referred to as an amalgam of six A's. – Available packages; Accessibility; Attractions; Amenities; Activities; Ancillary services.

A tourist destination is a city, town, or other area that is dependent to a significant extent on revenues from tourism, or "a country, state, region, city, or town which is marketed or markets itself as a place for tourists to visit". It may contain one or more tourist attractions and possibly some "tourist traps". Fátima town, for example, is a popular tourist destination in Portugal. Siem Reap town is a popular tourist destination in Cambodia, mainly owing to its proximity to the Angkor temples. The Loire valley, the third tourist destination in France, is a good example of a region marketed and branded as a place for tourists to visit, mainly known for its Châteaux of the Loire valley.

12. Basic Service Package (BSP)

The 'package' concept of service product suggests that what you offer to the market is a bundle of different services, tangible and intangible, but there is a main or substantive or 'core' service and around it are built the auxiliary or peripheral or facilitator services. It is important to note that facilitating services are mandatory and if these are left out, the entire service would collapse, although, there are other types of services in the service package, called supporting services. The basic difference between the two is that supporting services do not facilitate the consumption of core services, but are used to increase the value, and, thus, differentiate it from competition.

Services consist of three levels. The first level is that of the basic service package which includes core service, facilitating services and supporting services. The second level is that of an augmented service offering where accessibility, interaction and customer participation is given equal importance in delivering the service product. The third level is that of the market communication of the service offering as in its absence the augmentation service package does not have any relevance to the customer.

For example in a hotel the Basic Service Package will include lodging in a clean room, good mattress and clean bed sheets with pillow and attached bathroom. Bellboy services are facilitating services and health club, car rental are support services which will generally be included in Basic Service Package.

However augmented services like Swimming Pool, Banquet Halls, and Spa etc are not part of the Basic Service Package.

13. Zone of Tolerance

This is most critical time in services since Services are heterogeneous i.e. performance of any service provider may vary across providers, across employees of same provider. The extent to which customer recognizes and are willing to accept this variation, is called Zone of tolerance. It is the range where customer does not particularly notice service performance of a service provider. Service provider firms must try to perform better than the best during this time period. It generates customer loyalty, footfall, brand image and profit maximization.

Zone of tolerance.
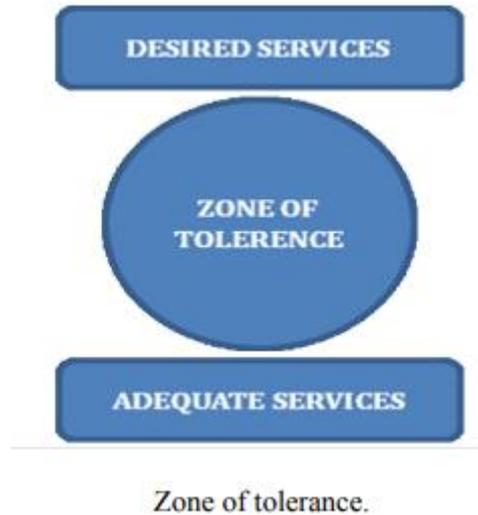
In the case of service marketing triangle the service provider must consider following point for the better facilitation of services.

• Make realistic accurate promises that reflect the service actually delivered rather than idealized version of service

• Ask contact people for feedback on the accuracy of promise made in advertising and selling

• Ensure service tangibles accurately reflect the type and level of service provided.

• Use market research to determine sources of derived customer expectation and their requirement

• Educate customers to understand their role and perform better.

• Identify influencers and opinion leaders for the service and concentrate marketing efforts on them.

14. Eight Petals of Flower Service Concept

Core services are the central component that supplies the principal, problem solving benefits customers seek. The core services you provide are, however, the bare minimum a client expects of you to deliver. These core services are supported (and affected), by a range of supplementary services (e.g. your hospitality, consultation or invoicing). Supplementary services augment the core service offering, by facilitating its use and enhancing its value and appeal. It is very often these supplementary services that make or break the experience clients have with a firm to differentiate them. The concept of flower services is a visual framework for understanding additional service elements that surround and add value to core products. The concept of flower service was introduced by Christopher Lovelock which distinguishes between facilitating and enhancing additional services. These different additional services

can be classified into eight petals (Information, Order Taking, Billing, Payment, Consultation, Hospitality, Safekeeping, and Exception).
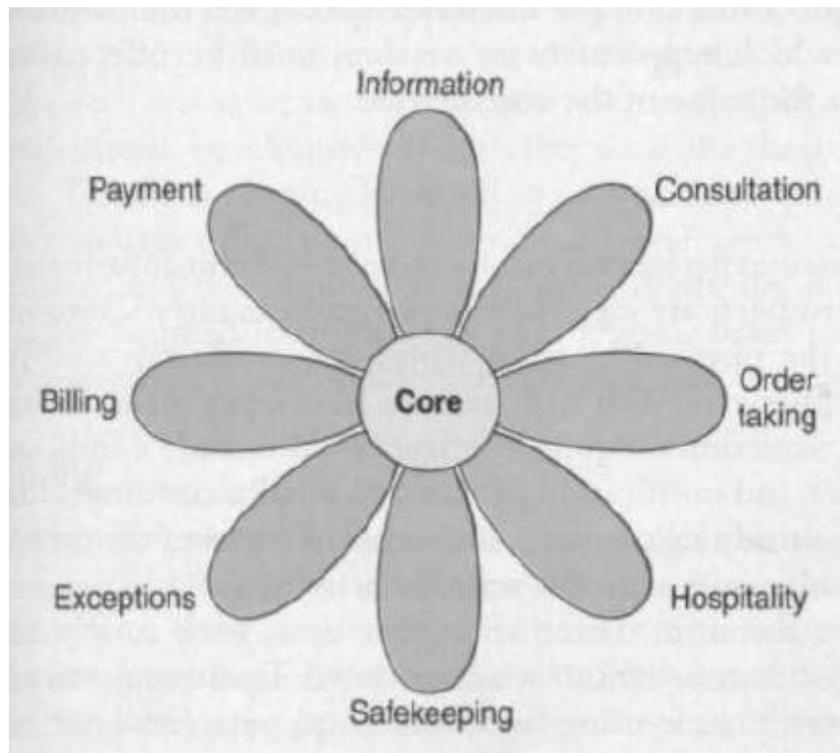
1. Information: The customer needs can include directives to the physical location where the product is sold (or details on how to order it by telephone or website), service hours, prices, and usage instructions. Further information, usually required by law governing a country, can include conditions that exist in the service cycle, such as sales and use, warnings, reminders, and notification of changes (Lovelock, 2011).

2. Order Taking: The companies must have effective supplementary service processes in place to handle applications, orders, and reservations. The process of taking orders must be polite, fast and accurate so that customers not waste time and bear unnecessary mental or physical efforts. It is intended so that orders can be obtained by customers without complaints that will arise afterwards

3 Billing General bills for almost all services (unless this service is provided free). Inaccurate, illegible, or incomplete bills run the risk of disappointing customers who may, until then, be quite satisfied with their experience. Billing procedures range from verbal statements to prices displayed on the machine, and from handwritten invoices to details of monthly activity reports and account costs.

4 Payment A system that includes a set of rules, institutions, and mechanisms, which are used to carry out transfers of funds to fulfill an obligation arising from an economic activity. The billing requires the customer to take payment action

5 Consultation is an additional complementary service that involves dialogue to identify customer requirements and develop personalized solutions. Providing examples of some

additional services in the consultation category. Counselling is a more refined consultation approach. This involves helping customers better understand their situation so they can find a solution.

6 Hospitality This service ideally reflects the pleasure of meeting new customers and greeting old customers when they return in other words this service is a service used by companies to create a friendly atmosphere for customers. Manners and considerations for customer needs apply to face-to-face meetings and telephone interactions (Lovelock, 2011)

7 Safekeeping The list of potential storage services in place is long. These include: the provision of mantle rooms; transportation, handling and storage of luggage; storage of valuables; and even the care of children and pets. Additional security services are directed at physical products purchased or purchased by customers (Lovelock, 2011)

8 Exception Exceptions involve additional services that are outside the normal service delivery routine. That way, employees will not look helpless and startled when customers request special assistance. A well-defined procedure makes it easy for employees to respond quickly and effectively.

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