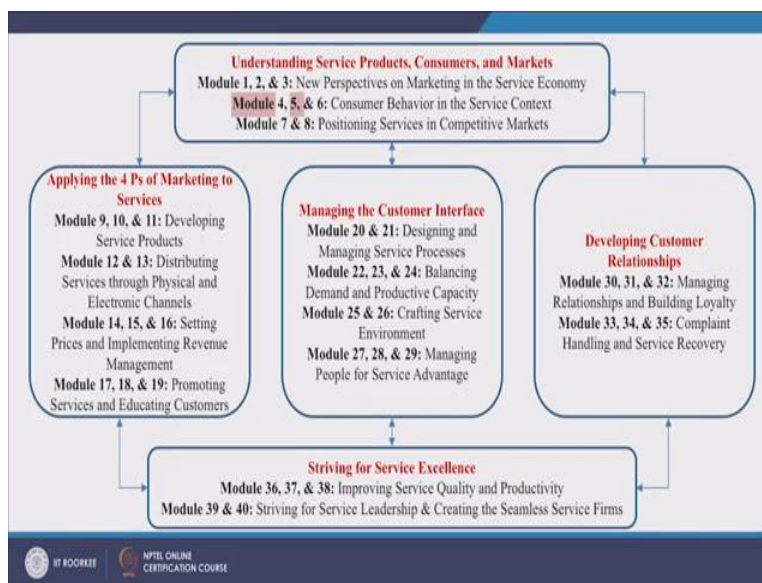


**Services Marketing: Integrating People, Technology, Strategy**  
**Professor Zillur Rahman**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**  
**Lecture 05**

**Consumer Behavior in the Service Context - Part 2**

Welcome to this course on services marketing integrating people, technology and strategy. We were talking about the first section that is understanding service products, consumers and market.

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In this we were talking about the consumer behaviors in service context. So, these three modules, module four, five and six are dedicated to this consumer behavior in service context. Today we will talk about the module fifth. We have completed module four. In module five, we will try to understand how consumer forms service expectations and what are the component of these expectations.

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## MODULE OVERVIEW

1. Understanding how customers form service expectations and the components of these expectations.
2. Knowing the *moment-of-truth* metaphor.
3. Contrasting how customers experience and evaluate high- versus low-contact services.
4. Being familiar with the servuction model and understand the interactions that together create the service experience.









We will understand the moment of truth and then contrast how customers experience and evaluate high versus low contact services. We will try to familiarize ourselves with the servuction model and understand the interaction that together create the service experience.

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## THE THREE-STAGE MODEL OF SERVICE CONSUMPTION

	Stages of Service Consumption	Key Concepts
Pre-purchase Stage	<b>Awareness of need</b> <ul style="list-style-type: none"> <li>Information search</li> <li>Clarify needs</li> <li>Explore solutions</li> <li>Identify alternative service products and suppliers</li> </ul>	Need arousal Evoked set Consideration set
	<b>Evaluation of alternatives (solutions and suppliers)</b> <ul style="list-style-type: none"> <li>Review supplier information (e.g. advertising, brochures, websites)</li> <li>Review information from third parties (e.g. published reviews, ratings, comments on web, blogs, comments to public agencies, satisfaction ratings, awards)</li> <li>Discuss options with service personnel</li> <li>Get advice and feedback from third party advisors and other customers</li> </ul>	Multi-attribute model Search, experience, and credence attributes Perceived risk
	<b>Make decisions on service purchase and often make reservations</b>	Formation of expectations, desired service level, predicted service level, adequate service level, zone of tolerance
Service Encounter Stage	<b>Request service from a chosen supplier or initiate self-service (payment may be upfront or billed later)</b>	Moments of truth Service encounters Servuction systems Theater as a metaphor Role and script theories Perceived control theory
	<b>Service delivery by personnel or self-service</b>	
Post-encounter Stage	<b>Evaluation of service performance</b>  <b>Future intentions</b>	Confirmation/ Disconfirmation of expectations Disappointment, satisfaction and delight Service Quality Word-of-mouth Repurchase Loyalty

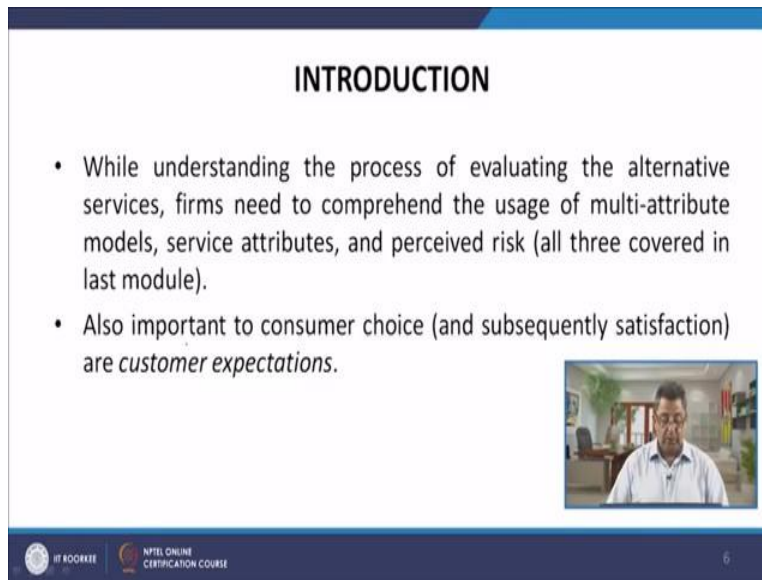


Now, this is the three-stage model of service consumption that we have already seen in module four. So, there are these three on the Y axis, there are these three stages: pre-purchase stage, the service encounter stage and the post encounter stage, and these are the


two stages of service consumption and what are the key concepts related to these stages of service consumption.

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**INTRODUCTION**

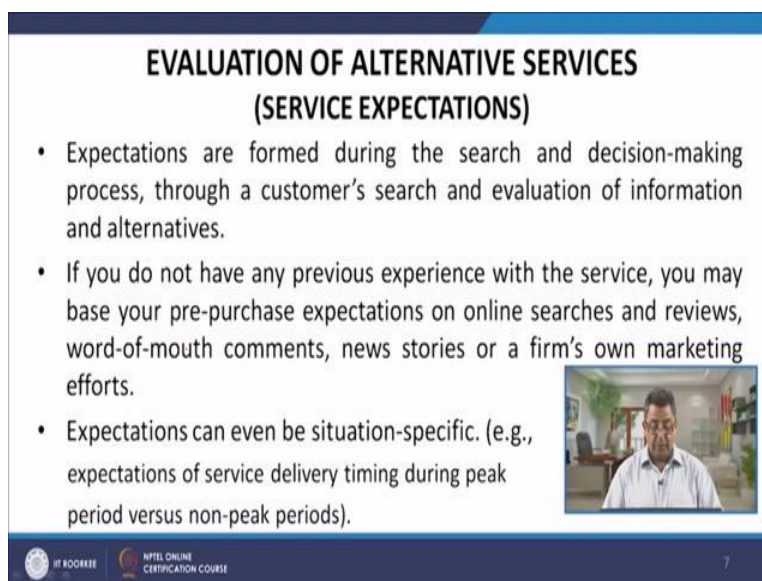
- While understanding the process of evaluating the alternative services, firms need to comprehend the usage of multi-attribute models, service attributes, and perceived risk (all three covered in last module).
- Also important to consumer choice (and subsequently satisfaction) are *customer expectations*.



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To start with while understanding the process of evaluating the alternative services, firms need to understand the usage of multi-attribute model. The service attributes and perceived risk, all of them we have covered in the fourth module. Also it is important to consumer choice and subsequently their satisfaction are customers expectations.

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**EVALUATION OF ALTERNATIVE SERVICES  
(SERVICE EXPECTATIONS)**

- Expectations are formed during the search and decision-making process, through a customer's search and evaluation of information and alternatives.
- If you do not have any previous experience with the service, you may base your pre-purchase expectations on online searches and reviews, word-of-mouth comments, news stories or a firm's own marketing efforts.
- Expectations can even be situation-specific. (e.g., expectations of service delivery timing during peak period versus non-peak periods).




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Expectations are formed during the search and decision-making process through a customer's search and evaluation of information and alternatives. If you do not have any prior experience with the service, you may base your pre-purchased expectations on online searches and reviews, word of mouth comments, new stories or a firm's own marketing efforts. Expectations can even be situation specific, for example, expectation of service delivery timing during peak period versus non-peak period.

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**EVALUATION OF ALTERNATIVE SERVICES  
(SERVICE EXPECTATIONS)**

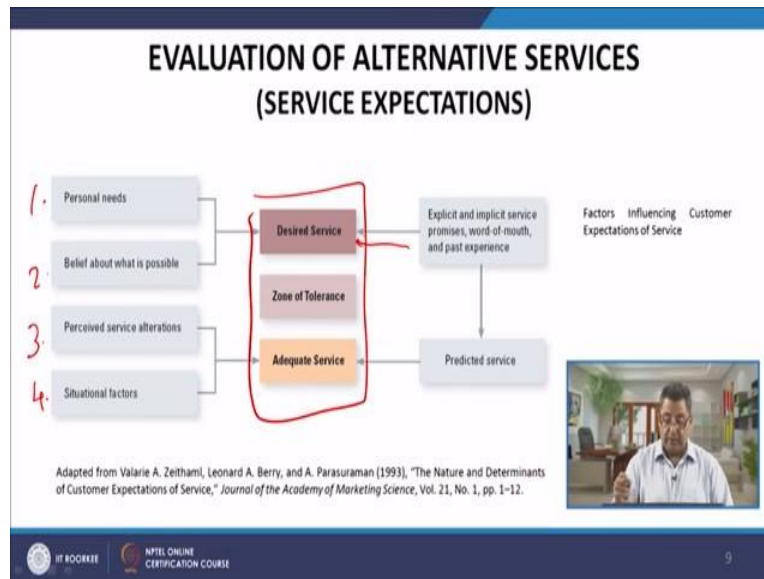
- Expectations change and can be managed, as discussed in the section on multi-attribute models.
- Firms try to shape expectations through their communications and the introduction of new services and technologies.
- Increased access to information through the media and the Internet can also change expectations.
  - For instance, today's healthcare consumer is well-informed and often seeks a participative role in decisions relating to medical treatment.



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Expectations change and can be managed. As discussed in the section on the multi-attribute models, firms try to shape expectations through their communication and the introduction of new services and technologies. Increased access to information through the media and the internet can also change expectations. For example, today's healthcare consumer is well informed and often seeks and participative role in decision relating to the medical treatment.

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Now, this is the model regarding the evaluation of alternative services and here we introduce service expectations. So, now you see that these are the three levels or the two levels the higher level and the lower level. The higher level of expectation is called as the desired service, the lower level of expectation is called as the adequate service and the interval between them is called as the zone of tolerance.

Now, these are the two factors that affect the desired service, the first is the personal needs and the second is belief about what is possible. These are the two factors that affect adequate service that is perceived service alternatives and situation factors. But adequate service is also affected by predicted service. This predictive service is in turn affected by the implicit and explicit service promises, word of mouth and past experience. And this also affects the desired service. So, these are the factors that influence customer expectation of services.

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**EVALUATION OF ALTERNATIVE SERVICES  
(SERVICE EXPECTATIONS)**

- What are the components of customer expectations?
  - **Desired service:** The type of service customers hope to receive is termed desired service.
  - It's a "wished for" level — a combination of what customers believe can and should be delivered in the context of their personal needs.
  - Desired service could also be influenced by explicit and implicit promises made by service providers, word-of-mouth, and past experiences.



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Let us look at what are the components of customer expectations. Expectations embrace several element that includes desired, adequate and predicted services and a zone of tolerance that falls between the desired and adequate service levels. Now, what is desired service?


That is the type of service in customers hope to receive is termed as desired service. It is a wished for level, a combination of what customers believe can and should be delivered in the context of their personal needs. Desired service can also be influenced by explicit and implicit promises made by service providers, the word of mouth that they get and their past experience.



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### EVALUATION OF ALTERNATIVE SERVICES (SERVICE EXPECTATIONS)

- What are the components of customer expectations?
  - As, most customers are realistic. Recognizing that a firm can't always deliver the "wished for" level of service, they also have a threshold level of expectations, termed *adequate service*, and a *predicted service* level.
  - **Adequate service:** The minimum level of service customers will accept without being dissatisfied.




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As most customers are realistic, recognizing that a firm cannot always deliver the wished for level of service. So, they also have a threshold level of expectations. Threshold is the minimum level that is termed as adequate service and also a predicted service level. Adequate service is the minimum level of service that a customer will accept without getting dissatisfied. If the service falls below this adequate level, then the customers will be dissatisfied.

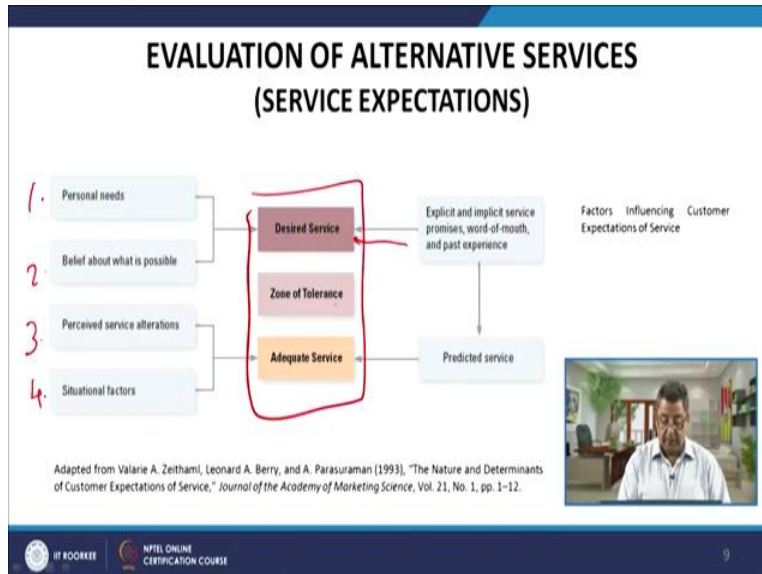
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### EVALUATION OF ALTERNATIVE SERVICES (SERVICE EXPECTATIONS)

- What are the components of customer expectations?
  - **Predicted service:** This is the level of service that customers actually anticipate to receive.
  - Predicted service can also be affected by service provider promises, word-of-mouth, and past experiences.
  - The predicted service level directly affects how customers define "adequate service" on that occasion.
  - If good service is predicted, the adequate level will be higher than when poorer service is predicted.



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The predicted service is the level of service that customer actually anticipate to receive. So, predicted service can also be affected by service providers promise, the word of mouth that the customer may get from a variety of sources and their past experience with this service.

The predicted service level directly affects how customers define adequate service on that occasion. If good service is predicted, the adequate level will be higher than when the poor service is predicted. So, you see when good service is predicted, this adequate level will be higher as compared to when the prediction is of lower service.

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### EVALUATION OF ALTERNATIVE SERVICES (SERVICE EXPECTATIONS)

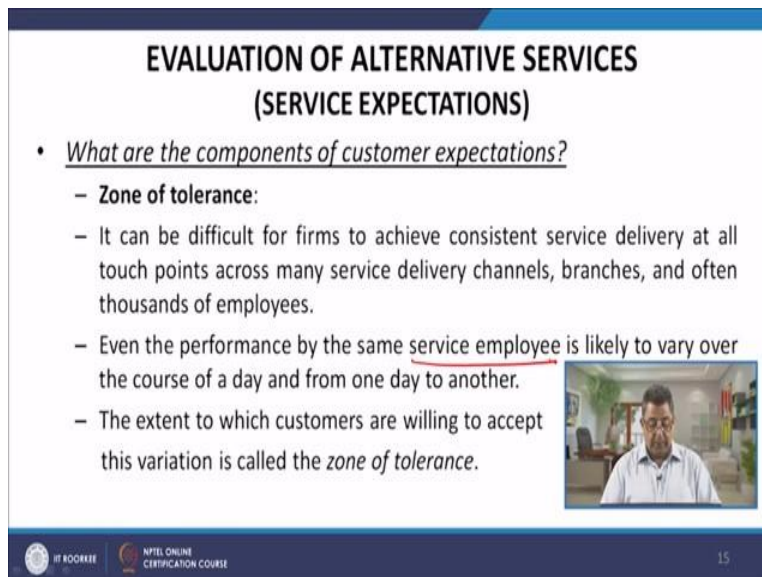
- What are the components of customer expectations?
  - Customer predictions of service are often situation-specific.
  - From past experience, for example, customers visiting a museum on a summer's day may expect to see larger crowds if the weather is poor than if the sun is shining. So, a 10-minute wait to buy tickets on a cool, rainy day in summer might not fall below their level of adequate service.
  - Another factor that may set this expectation is the level of service anticipated from alternative service providers.





So, customer prediction of service, they are also situation specific. From past experience for example, customers visiting a museum on a summer day may expect to see a larger crowd. If the weather is poor, then if the sun is shining, so a 10-minute wait to buy tickets on a cool rainy day in summer might not fall below their level of adequate service. Another factor that may set this expectation is the level of service anticipated from alternative service providers.

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**EVALUATION OF ALTERNATIVE SERVICES  
(SERVICE EXPECTATIONS)**

- What are the components of customer expectations?
  - **Zone of tolerance:**
    - It can be difficult for firms to achieve consistent service delivery at all touch points across many service delivery channels, branches, and often thousands of employees.
    - Even the performance by the same service employee is likely to vary over the course of a day and from one day to another.
    - The extent to which customers are willing to accept this variation is called the *zone of tolerance*.

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Now, as you have seen that in between the desired level of service and the adequate level of service lies the zone of tolerance. So, it is difficult for firms to achieve consistent service delivery at all touch points across many service delivery channels, branches and often thousands of employees, obviously because there are so many branches, so many channel lengths, so many employees, so it is difficult for the service company to have the similar kind of service delivery.

Even the performance by the same service employee is likely to vary over the course of a day and from one day to another. So, what this means is that even with the same service employee, the service delivery will be different at different point in time. The extent to which customer are willing to accept this variation is called as zone of tolerance. So, this the variation that maybe they are in the service delivery is called as zone of tolerance.

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**EVALUATION OF ALTERNATIVE SERVICES  
(SERVICE EXPECTATIONS)**

- What are the components of customer expectations?
  - Performing too low causes frustration and dissatisfaction, whereas exceeding the zone of tolerance can surprise and delight customers.
  - Another way of looking at the zone of tolerance is to think of it as the range of service within which customers don't pay explicit attention to service performance. When service falls outside this range, customers will react, either positively or negatively.



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Performing too low causes frustration and dissatisfaction among the customers, whereas exceeding the zone of tolerance can surprise and delight the customers. Another way of looking at the zone of tolerance is to think of it as the range of service within which customer do not pay explicit attention to service performance.

When service fall outside this range either below or above, then customers will react. If it is above the zone of tolerance then they will react positively, if it is below the zone of tolerance then they will react negatively.

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### EVALUATION OF ALTERNATIVE SERVICES (SERVICE EXPECTATIONS)

- The size of the zone of tolerance can be larger or smaller for individual customers, depending on factors such as competition, price, or importance of specific service attributes — each of which can influence the expectation of adequate service levels.
- In contrast, desired service levels tend to move up very slowly in response to accumulated customer experiences.




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This and the size of this zone of tolerance can be larger, bigger or smaller for individual customers. So, this zone of tolerance will be different for different customers depending on factors such as competition, price or importance of specific service attributes, each of which can influence the expectations of adequate service levels. In contrast, desired service level tends to move up very slowly in response to accumulated customer experience.

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### PURCHASE DECISION

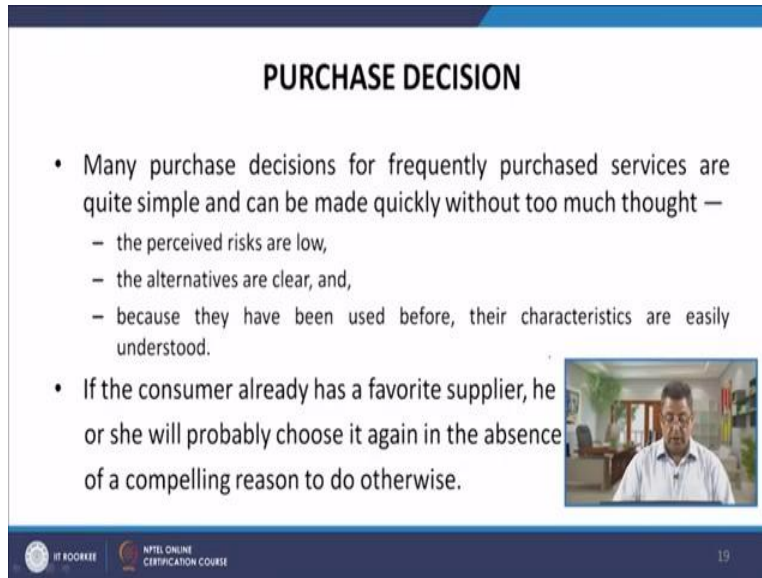
- After consumers have evaluated possible alternatives by, for example,
  - comparing the performance of the important attributes of competing service offerings;
  - assessed the perceived risk associated with each offering; and
  - developed their desired, adequate, and predicted service level expectations,they are ready to select the option they like best.



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Let us come to the purchase decision. After consumers have evaluated possible alternatives by, for example comparing the performance of the important attributes of competing service offerings, assess the perceived risk associated with each offering and developed their desired adequate and predicted service level expectations. They are ready to select the option they like best.

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**PURCHASE DECISION**

- Many purchase decisions for frequently purchased services are quite simple and can be made quickly without too much thought —
  - the perceived risks are low,
  - the alternatives are clear, and,
  - because they have been used before, their characteristics are easily understood.
- If the consumer already has a favorite supplier, he or she will probably choose it again in the absence of a compelling reason to do otherwise.

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Many purchase decisions are frequently purchased services are quite simple and can be made quickly without too much thought. In cases where the perceived risks are low the alternatives are clear and because they have been used before, their characteristics are easily understood. If the consumer already has a favorable supplier, or a favorite supplier, he or she will probably choose him again in the absence of a compelling reason to do otherwise to choose someone else.

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## PURCHASE DECISION

- In many instances, however, purchase decisions involve tradeoffs.
- Price is often a key factor.
  - For example, is it worth paying more for faster service, a larger room with a better view, or a better seat in a theater performance?
- For more complex decisions, tradeoffs can involve multiple attributes, as we have seen in the section on consumer choice based on the multi-attribute model.




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In many instances, purchase decision involves tradeoff. And one such important factor is the price. For example, is it worth paying more for faster service, a larger room with a better view, or a better seat in a theater performance? For more complex decisions, tradeoff can involve multiple attributes as we have seen in the section of consumer choice based on the multi-attribute model. So, when there are more complex decision to be taken, then this tradeoff becomes slightly more difficult and complex because of the multiple attributes that come into play.

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## PURCHASE DECISION

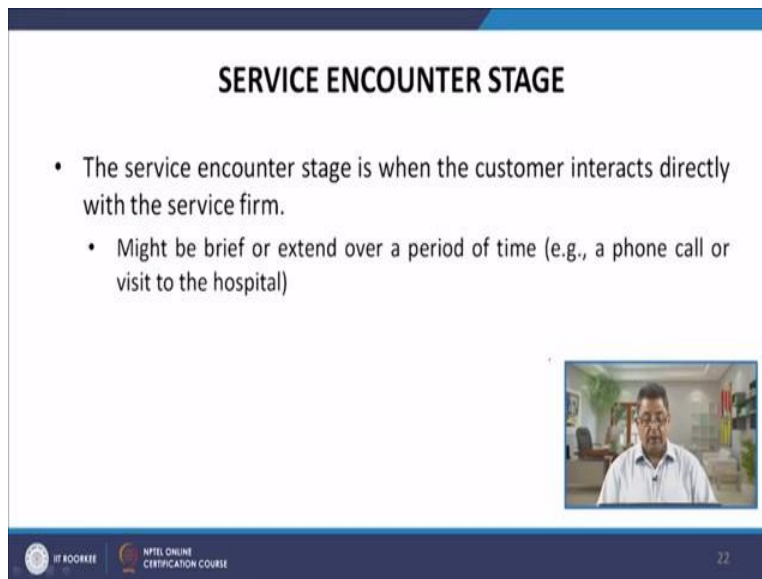
- Once a decision is made, the consumer is ready to move to the service encounter stage.
- This next step may take place immediately, as it is in deciding to enter a fast-food restaurant, or it may first involve an advance reservation, as what usually happens with taking a flight or attending a live theater performance.



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And once the decision is made, the consumer is ready to move to the service encounter stage. So, now the decision has been made to purchase a particular service. This next step may take place immediately as it is in deciding to enter a fast-food restaurant, or it may first involve an advance reservation, as what usually happens when taking a flight or attending a live theater performance. So, sometimes this service encounter may take some time or sometimes it may happen immediately.

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**SERVICE ENCOUNTER STAGE**

- The service encounter stage is when the customer interacts directly with the service firm.
  - Might be brief or extend over a period of time (e.g., a phone call or visit to the hospital)

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The service encounter stage is when the customer interacts directly with the service firm. So, now this is the point, this is the stage where customers are interacting directly with the service firm. It may be brief or it can be extended over a period of time, a phone call or a visit to a hospital. So, a phone call may take lesser time and the visit to a hospital may take a longer period of time. So, this encounter, the service encounter stage, it extends depending upon the kind of service that is being bought.



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**SERVICE ENCOUNTER STAGE**

- Models and frameworks:
  - “Moments of Truth” – importance of managing touch points
  - High/low contact model – extent and nature of contact points
  - Servuction model – variations of interactions
  - Theater metaphor – “staging” service performances



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Now, these are some models and frameworks that we will like to understand. The first is the moment of truth that is the importance of managing touch points. So, this moment of truth or touch points, it is important to manage these touch points. And this is called as moment of truth.


Then there is a high low contact model, the extent and nature of contact points. Another model is servuction model, variations of interaction. And then there is a theater metaphor, staging service performances. So, every service performance has to be staged. This is what the theater metaphor is.

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**SERVICE ENCOUNTER STAGE**  
**(Service Encounters Are “Moments of Truth”)**

- *[W]e could say that the perceived quality is realized at the moment of truth, when the service provider and the service customer confront one another in the arena. At that moment they are very much on their own... It is the skill, the motivation, and the tools employed by the firm's representative and the expectations and behavior of the client which together will create the service delivery process.*

**Richard Normann**



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So, now let us we are talking about the service encounter stage when the customer and the service provider, they meets, and these service encounters are called as moments of truth. So, we should say that the perceived quality is realized at the moment of truth, when the service provider and the service customer confront one another in the arena.

At that moment, they are very much on their own. It is a skill and the motivation, and the tools employed by the firms representative and the expectations and behavior of the client which together will create the service delivery process.

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**SERVICE ENCOUNTER STAGE**  
**(Service Encounters Are “Moments of Truth”)**

- Richard Normann borrowed the *moment of truth* metaphor from bullfighting to show the importance of contact points with customers.
- In bullfighting, the life of either the bull or the matador (or possibly both) is at stake.
- The message in a service context is that at the *moment of truth*, the relationship between the customer and the firm is at stake.



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Now this Richard Normann who said all this, he borrowed the moment of truth metaphor from bullfighting to show the importance of contact point with customers. So, this is the metaphor that is taken from bullfighting. In bullfighting, the life of either the bull or the matador, or possibly both, is at stake.

So, matador is a person who is fighting with the bull. Now, in bullfighting the life of both of them may be at stake. The message in a service context is that at the moment of truth, the relationship between the customers and the firm is at stake or both of them. So, this is the metaphor that at this stage, the relationship between the customer and the firm is at stake.

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**SERVICE ENCOUNTER STAGE**  
**(Service Encounters Are “Moments of Truth”)**

- Likewise, Jan Carlzon, former chief executive of Scandinavian Airlines System (SAS), used the *moment of truth* metaphor as a reference point for transforming SAS from an operations-driven business into a customer-driven airline.
- Each service business faces similar challenges in defining and managing the “moments of truth” its customers will encounter.



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Likewise, Jan Carlzon, former Chief Executive of Scandinavian Airlines System, used the moment of truth metaphor as a reference point for transforming SAS from an operations-driven business into a customer driven airline. Each service business face similar challenges in defining and managing the moment of truth its customers will encounter.

So, now you can understand what is the importance of this moment of truth in services. It is where the customer and the service provider they meet, where the service is being delivered and that can hamper whole other service that can affect the relationship between the customer and the company. And this SAS airlines, they choose this moment of truth to turnaround this company.

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**SERVICE ENCOUNTER STAGE**  
**(Service Encounters Range From High Contact to Low Contact)**

- Services involve different levels of contact with the service operation.
- Some of these encounters can be very brief and may consist of a few steps, such as when a customer calls a customer contact center or uses a service app.
- Others may extend over a longer time frame and involve multiple interactions of varying degrees of complexity. For example, a visit to a theme park might last all day.



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Service involves different level of contacts. Now, another thing that we will talk about is the service encounters that range from high contract to low contract. Service involves different level of contact with the service operations. Some of these encounters can be very brief and may consist of a few steps, such as when a customer calls a customer contact center or uses a service app.


Now, in the earlier model, we have seen the service encounter or the moment of truth where the two meets. Now, here it is important to understand the level of contact whether it is high or low. In some cases, the contact will may be high and in some cases the contact may be low.

So, in some of these encounters can be very brief and may consist of a few steps, such as, when a customer calls a customer contact center or uses a service app. Others may extend over a longer timeframe and involve multiple interactions of varying degrees of complexity. For example, a visit to a theme park may last all day and the customer and the employees, they may interact over a period of time all through the day. The customer may contact the employee for a variety of problems.

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**SERVICE ENCOUNTER STAGE**  
**(Service Encounters Range From High Contact to Low Contact)**

- Services may be grouped into three levels of customer contact.
- These represent
  - how much customers interact with service personnel,
  - physical service elements,
  - or both.
- Although we recognize that the level of customer contact covers a spectrum, it's useful to examine the differences between services at the high and low ends, respectively.



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So, services can be grouped into three levels of customer contact. Now this represent how much customer interact with the service personnel, the physical service elements or both of them. Although we recognize that the level of customer contact cover a spectrum, it is useful to examine the difference between services at the high and the low end, respectively. So, although the customer and the company may interact over a full spectrum, but we are, we will be concerned with when the contact is high or when the contact is low at the two ends.

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**SERVICE ENCOUNTER STAGE**  
**(Distinctions between High-Contact and Low-Contact Services)**

- **High-Contact Services**
- Using a high-contact service means there is direct contact between customers and the firm throughout the entire service delivery.
- When customers visit the facility where service is delivered, they enter a service "factory" – something that rarely happens in a manufacturing environment.
- From this perspective, a hospital is a health treatment factory, and a restaurant is a food service factory.



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So high, what are these high-contact services? Using a high-contact services means there is a direct contact between customers and the firm throughout the entire service delivery. When customers visit the facility where service is delivered, they enter a service factory, something that rarely happens in a manufacturing environment.

So, in manufacturing environment, customers do not go to the factory where the goods are being produced. But in services, several time the customer has to be there in the service facility and this is called as, again, as an example it is called a service factory.

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**SERVICE ENCOUNTER STAGE**  
**(Distinctions between High-Contact and Low-Contact Services)**

- Because each of these industries focuses on "processing" people rather than inanimate objects, the marketing challenge is to make the experience appealing for customers in terms of both the physical environment and their interactions with service personnel.
- During the course of service delivery, customers are usually exposed to many physical clues about the organization —
  - the exterior and interior of its buildings,
  - the equipment and furnishings,
  - the appearance and behavior of service personnel,
  - other customers,
  - the pace of service encounters, etc.



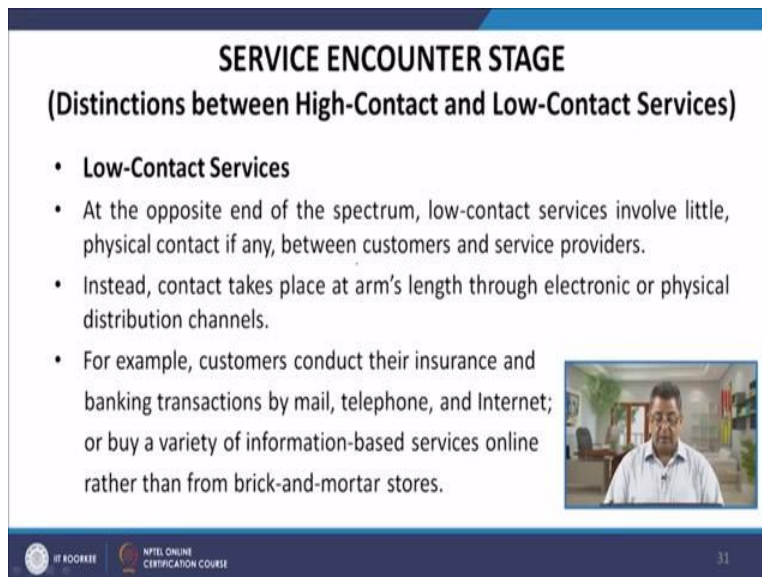
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From this perspective, a hospital is a health treatment factory and a restaurant is a food service factory, because each of this industry focus on processing people, rather than inanimate objects. The marketing challenge is to make the experience appealing for customers in terms of both, the physical environment and their interaction with service personnel.

Now, when people are being processed, when people go to a service factory, now here the challenge is that you also, the company has to manage the physical environment where both of them are meeting and their interaction with the service personnel, both of these things are to be managed.


During the course of service delivery, customers are usually exposed to many physical clues about the organization. For example, the exterior and interior of the buildings, the equipment and the furnishing, the appearance and the behavior of service personnel, there are other customers the pace of service encounters, etc, the cleanliness, the paintings and the paints and the cleanliness, etc, etc. So, these are the physical clues that the customer faces when it enters the service factory.



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**SERVICE ENCOUNTER STAGE**  
**(Distinctions between High-Contact and Low-Contact Services)**

- **Low-Contact Services**
- At the opposite end of the spectrum, low-contact services involve little, physical contact if any, between customers and service providers.
- Instead, contact takes place at arm's length through electronic or physical distribution channels.
- For example, customers conduct their insurance and banking transactions by mail, telephone, and Internet; or buy a variety of information-based services online rather than from brick-and-mortar stores.



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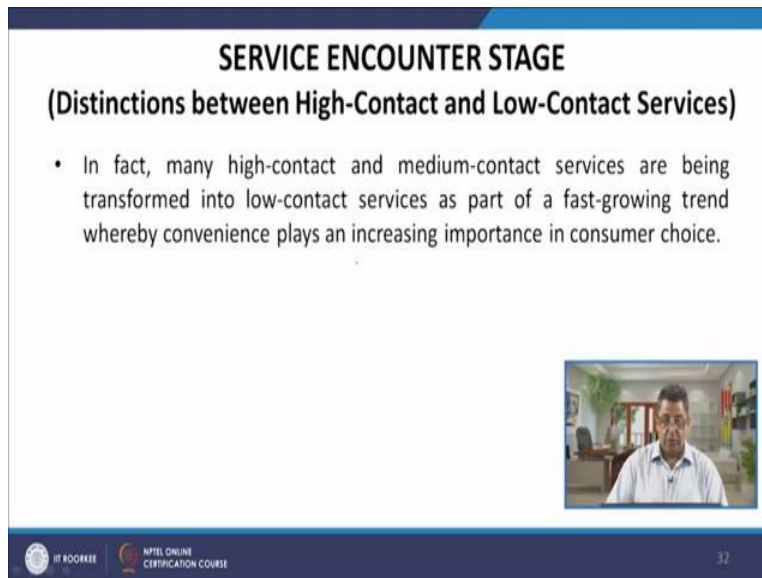
Then there are low contact services. On the opposite end of this spectrum, on one hand we have high-contact services where the customers enter the factory and they remain there for some time and the service is delivered to the customers. On the other side of this spectrum are the low-contact services.

They involve little physical contact, if any between customers and the service providers. So, here the contact between the service, the customers and the service providers that is minimum, instead contact take place at arm's length through electronic or physical distribution channels.

For example, customers conduct their insurance and banking transactions by mail, telephone or internet, or buy a variety of information-based services online rather than from brick-and-mortar stores. So, the customers, they do not go to the service factory,

rather they buy the service online or through telephone, or through internet or through mail rather than going to the brick-and-mortar stores.

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**SERVICE ENCOUNTER STAGE**  
**(Distinctions between High-Contact and Low-Contact Services)**

- In fact, many high-contact and medium-contact services are being transformed into low-contact services as part of a fast-growing trend whereby convenience plays an increasing importance in consumer choice.



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In fact, many high-contact and medium-contact services are being transformed into low-contact services as part of a fast-growing trend, whereby convenience plays an increasing importance in consumer choice. Now, you have seen the three-stage module of consumer purchase decision.

So, in consumer choice now our important attribute is the convenience. So, now what service companies are doing is to convert those high-contact and medium-contact services to low-contact, to low-contact services so that now they can be sold on the internet and as per the convenience of the customer, because now convenience has become more important or an important attribute in consumer decision making.

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**SERVICE ENCOUNTER STAGE**  
**(The Servuction System)**

- French researchers Pierre Eglie and Eric Langeard were the first to conceptualize the service business as a system that integrates marketing, operations, and customers.
- They coined the term *servuction system* (combining the terms “service” and “production”), which is part of the service organization’s physical environment visible to and experienced by customers.
- The servuction model shows all the interactions that together make up a typical customer experience in a high-contact service.

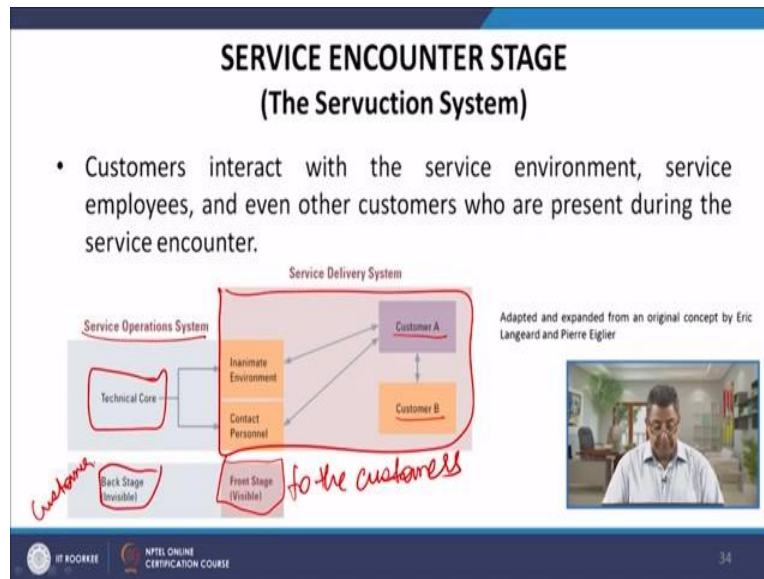


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So, these two French researchers were the first to conceptualize the service business as a system that integrates marketing operations and customers. So, this is the model that we were talking about, we mentioned earlier the servuction system. So, these two researchers, they first conceptualized the service business, as a system that integrates marketing operation and customers.

They coined the term servuction system combining the term services and production which is a part of service organization physical environment visible to and experienced by the customers. The servuction model shows all the interactions that together make up a typical customer experience in a high-contact service.

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Customers interact with the service environment, the service employee and even other customers who are present during the service encounter. Now, you see that in this model, the servuction system, when we are talking of integrating the marketing operations and customers, now you see that the customers they go to the service factory where they interact with the physical environment, the employees and the other customers who are also present there.

So, now you see that in this service delivery system, there are two or more customers. So, we have taken example of two customers, customer A and customer B and this is innate environment and the contact personnel. So, they affect customer A and obviously customer B is also there.

So, the customer A and B they also interact. Now, this innate environment and contact personnel, they form the technical core. So, now on the left-hand side, we are talking about service operations and here is service delivery. So, there are two components to this, one is service operations and one is service delivery.

And now service operations, they it has two things, one is the technical core, another is the back stage that is the invisible thing that are happening which are not visible to the customer. So, invisible means not visible to the customer. So, the operations take place at the back stage which are invisible to the customer, while the delivery taking at the front


stage which is visible to the customers. This is invisible to the customers. So, we are talking of the customers, visibility to the customers or invisibility to the customers.



So, these are the two components of this service operation system that include the technical core and the back stage, the service delivery system that includes this innate environment and service personnel and these affect the customer A, customer A is interacting with customer B.

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**SERVICE ENCOUNTER STAGE**  
**(The Servuction System)**

- Each type of interaction can create value (e.g., a pleasant environment, friendly and competent employees, or other customers who are interesting to observe) or destroy value (e.g., another customer blocking your view in a movie theater).
- Firms have to engineer all interactions to make sure their customers get the service experience they came for.



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So, each type of interaction can create value. A pleasant environment, friendly and competent employees or other customers who are interesting to observe, or they can destroy value, for example another customer blocking a view in a movie theater. So, these interactions, they can create value or they can destroy value.

Firms have to engineer all interactions to make sure their customers get the service experience they came for. So, now these interactions have to be engineered, they cannot be just left to happen as they may happen. So, they have to be engineered so that the service experience for all the customers is what they have come here for.



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**SERVICE ENCOUNTER STAGE**  
**(The Servuction System)**

- The servuction system consists of
  - Technical Core
    - where inputs are processed and the elements of the service product are created.
  - Service Delivery System
    - where the final “assembly” takes place and the product is delivered to the customer.

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The servuction system consist of the technical core and the service delivery system. Technical core means where inputs are processed and the elements of the service products are created. The inputs are processed and the elements of service products are created.


So, in this technical core, processing and output is happening and this another component of the servuction system is service delivery system where the final assembly takes place and the product is delivered to the customer. So, this here the product is created and here it is delivered to the customer. So, that is the final assembly.

So, these are the two components of the servuction systems. Servuction means services plus operations, or production. So, services plus production is servuction and it has two components, technical core and service delivery system.

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### SERVICE ENCOUNTER STAGE (The Servuction System)

- **Technical core:**
  - This technical core is typically back-stage and invisible to the customer (e.g., think of the kitchen in a restaurant).
  - Like in the theater, the *invisible* components can be termed “back-stage” or “back office,” while the *visible* components can be termed “front-stage” or “front office.”
  - What goes on back-stage usually is not of interest to customers. However, if what goes on backstage affects the quality of front-stage activities, they will notice.



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The technical core is typically back stage and invisible to the customers. Think of a kitchen and a restaurant, so which is not visible to the customers sitting there. Like in a theater the invisible component can be termed back stage or back office, while the visible components can be termed as front stage or the front office.

So, there are some invisible component and there are some visible components. What goes on back stage usually is not of interest to customers. However, if what goes on back stage affect the quality of front stage activities, they will notice it. So, although most of the activities that are happening at the back stage are not of concern to us and the customer, but when they start affecting the quality of the service being delivered then they become a cause of concern.

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**SERVICE ENCOUNTER STAGE**  
**(The Servuction System)**

- **Service delivery system:**
  - This subsystem includes the visible part of the service operations system — buildings, equipment, and personnel — and possibly other customers.
  - Using the theater analogy, the visible front office is like a live theater where we stage the service experience for our customers.



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The next component of servuction system is the service delivery system. This subsystem includes the visible part of service operation system, for example, the building, equipment and personnel and possibly other customers. So, this service delivery system consists of the operations thing that is the building where the service is being delivered, the equipments that are being used to deliver the service, the personnel, the people who deliver the service and the customers, the other customers who are there.

Using the theater analogy, the visible front office is like a live theater, whereas we stage the service experience for our customers. So, in this theater we stage the service experience for our customers, so such this service delivery is like a live theater where the service experiences, for which the customer came, are being delivered to them.

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**SERVICE ENCOUNTER STAGE**  
**(The Servuction System)**

- The proportion of the overall service operation that is visible to customers varies according to the level of customer contact.
- Because high-contact services directly involve the physical person of the customer, the visible component of the entire service operation tends to be substantial, and many interactions — or “moments of truth” — have to be managed.
- In contrast, low-contact services usually have most of the service operations system back-stage with front-stage elements limited to online, telephone, or mail contacts.



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The proportion of overall service operation that is visible to the customers vary according to the level of customer contact. The higher level of customer contact, the more the visibility is, the lower the level of contact, the lower will be the visibility. Because high contact services directly involve the physical person of the customer. So, customer has to be there to get the service delivered. The visible component of the entire operations tend to be substantial and many interactions or moment of truth have to be managed.

Now, in this high-contact services, there are several moments of truth that are to be managed. In contrast, low-contact services usually have most of the service operation system backstage with front-stage element limited to online, telephone or mail contacts. So, in low-contact services, the moment of truth are lesser as compared to high-contact services because many things are happening back stage and in the front stage only some limited amount of activities are happening.

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**SERVICE ENCOUNTER STAGE**  
**(The Servuction System)**

- Here, customers normally do not see the “factory” where the work is performed, making the design and management of such facilities much easier.
  - For example, credit card customers may never have to visit a physical bank — they only transact online and may once in a while talk to a service employee on the phone if there is a problem, and there is very little left of the theater performance.

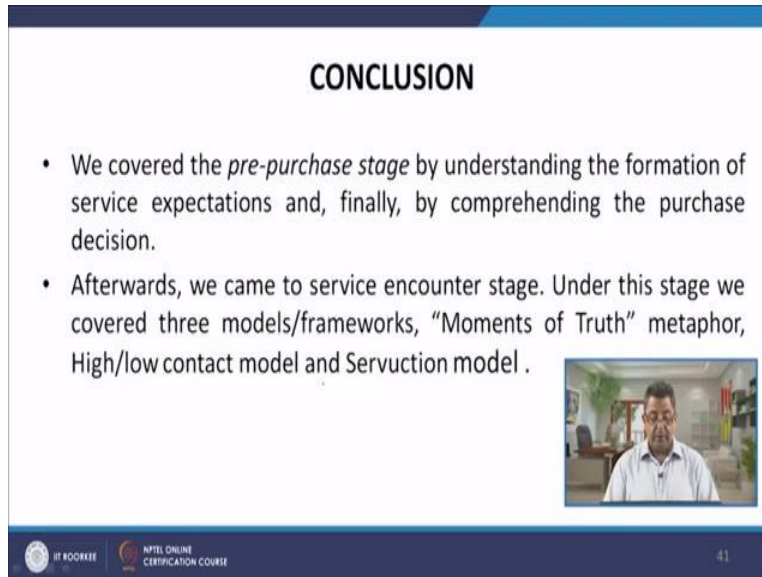


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So here customers normally do not see the service factory, where the work is performed, making the design and management of such facility is much easier. So, when customers they do not see the factory then the design and management of these facilities is much easier versus when the customer sees the factory then the design and the management becomes much more difficult.

For example, credit card customers may never have to visit a physical bank. They only transact online and may once in a while talk to a service employee on the phone, if there is a problem, and there is very little left for the theater performance. So, in this case when the contact is low, the theater performance may not be required, because the employee and the customers they talk to each other on the telephone or through the mail.

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The slide is titled "CONCLUSION" in bold black text. It contains two bullet points: the first describes the *pre-purchase stage* involving service expectations and purchase decisions; the second describes the *service encounter stage*, listing three models/frameworks: "Moments of Truth" metaphor, High/low contact model, and Servuction model. A small video inset in the bottom right shows a man speaking. The footer includes the IIT Roorkee logo, "NPTEL ONLINE CERTIFICATION COURSE", and the number "41".

**CONCLUSION**

- We covered the *pre-purchase stage* by understanding the formation of service expectations and, finally, by comprehending the purchase decision.
- Afterwards, we came to service encounter stage. Under this stage we covered three models/frameworks, "Moments of Truth" metaphor, High/low contact model and Servuction model .

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To conclude, we covered the pre-purchased stage by understanding the formation of service expectations and finally by comprehending the purchase decisions. So, in this module, we have covered the pre-purchased stage and we have understood the formation of service expectations and the purchased decision.

Afterward, we came to service encounter stage, under this stage we covered three models and frameworks, or framework, for example the moment of truth metaphor, the high and low contact model and the servuction model, that is the service and service plus production model.



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These are the three books that have been used for preparing this module. Thank you.