

## Consumer Behaviour In Services

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**Abstract:** *In this paper we have to discuss about what is consumer behavior in services. The consumer products companies are given many types of services so that services the company what's made towards service. There are many aspects which are involved in consumer behavior in the time of service. They are, search behavior, experience cues, service gaps, credibility. So in these ways the consumer behavior becomes vary.*

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### I. Introduction

There are several information sources about consumer buyer behaviour when it comes to the purchase of a physical product, but the unique characteristics of service products require a different strategy from marketers. The most important characteristic of a service product is its intangibility. Where physical (tangible) products are promoted, customers can be enticed to buying the product by giving out samples, or they can look at and try out the product - all of these play a role in the decision making process. However, with a service product, these options are not available. In certain cases, clients can be shown a picture to make the service more tangible, for instance when trying out a new hair cut, or they can form an impression of the service by looking at an architect's sketches when building a new house.

The intangibility of a service product makes is more prone to subjectivity when consumers have to decide on a specific service provider, over another, and word-of-mouth plays an important role in the decision making process. Marketers of a service product need to make consumers aware of the availability of the service, and its provider. The range of features, advantages, and benefits that users will derive, and the convenience of the service are all types of information that a consumer would want to know before making the buying decision. As affluence increases, services become more affordable and leisure time becomes more valuable, and this causes consumers to purchase a service rather than performing a task themselves - washing your car at a car-wash is a good example of this.



The perceived professionalism and competence of the firm are also important considerations for deciding which service product to use, because it is often difficult for a consumer to distinguish one service provider from another. Therefore, the image of a particular service firm might be the only factor that makes it preferable over another in the consumer's mind. Good service reputation and transparency are two powerful methods for service providers to differentiate themselves.

Many consumers may perceive the risk of buying a service to be higher than for consumers purchasing physical goods. Because of the intangibility and subjectivity involved in making the buying decision, consumers cannot rely as heavily on gathering information than is the case for physical products. Consumers might also perceive the risk of buying a service greater, because services are not standardised and the outcome can be different every time the service is used (for example a haircut). Also, if you have purchased a service, and are not happy with the outcome, you can't simply return it as with physical products. The consequences of a badly performed service can be severe (for example if you had your car repaired and are unhappy with the outcome.)

Price is an important type of information that service marketers can supply to consumers in the buying process. But it is important to keep in mind that price affects a prospective buyer's expectations of the service. Some consumers might be willing to pay more for a service because they probably associate higher prices with

higher quality, and thus they think they can reduce the risk involved in buying a service product. It has been found that companies which provide general service information provide price information and provides a service guarantee, significantly lowers the perceived risk in buying their products.

Unlike products, services are intangibles. Consumers cannot evaluate services according to senses such as touch or taste, so they behave differently in selecting and evaluating services versus products. Many service business owners fail to understand that consumer behavior regarding services is different. You can gain significant competitive advantage by adjusting your service delivery practices for these behavioral differences even as your competitors continue business as usual.

### **Search Behavior**

In contrast to products where physical evidence exists, consumers must depend on subjective factors when searching for service providers. Prior experience plays a key role in the search and selection process in instances where it exists. Lacking prior experience, however, consumers may compensate by relying upon credible and unbiased word-of-mouth sources. The implication is that your customers can be repeat customers based on excellent prior experiences, and they can be valuable sources for recommendations to others.

### **Experience Cues**

Consumers often lack knowledge to objectively evaluate services after the service is delivered. In these circumstances, they frequently substitute their experience with the service provider as the basis for evaluating the service. For instance, because it's difficult to evaluate dental services without being a dentist, consumers commonly rely on perceptions or "cues" of quality service such as nicely furnished dental offices, friendly staff, no waiting and convenient hours. Because of the importance that consumers attach to signs of quality, it's a sound practice to signal the appearance of quality service to consumers even as you strive to provide quality service.

### **Service Gaps**

Marketers often refer to gaps between expected service and perceived service. Gaps occur when consumer perceptions of service fall short of expectations. For example, a restaurant that features linen tablecloths and tuxedoed wait staff creates the expectation of quality service and food; this will disappoint if the service is slow and the food is cold. Gaps arise from services being perishable and variable -- perishable because they cannot be repeated once provided and variable because services can be different even from the same provider. In the restaurant example, the service and the food might have been outstanding had a different waiter provided the service. Marketers encourage sameness in service delivery, because consumers dislike unwanted surprises. For example, consumers expect the same quality of service from McDonald's and Burger King regardless of store location.

### **Credibility**

In the long term, the importance of service provider credence or credibility cannot be overstated. As consumers often lack knowledge to evaluate a service, your credibility is invaluable. For instance, most consumers have no objective basis to evaluate the quality of an auto mechanic's work without being trained as an auto mechanic. Your credibility derives from satisfied customers who have an objective basis for recommending you to others. Therein lies the key to building a brand for your business -- build a cadre of satisfied customers who happily recommend you to others.

### **The Service-Dominant Logic**

The service dominant (S-D) logic is an emerging paradigm in the marketing literature (Grönroos 1994, 2000b; Gummesson 1995; Rust 1998; Shostack 1977; Vargo and Lusch 2004) that provides "a new lexicon for marketing practices" linking transactional and relational approaches to marketing (Brodie et al. 2011, p. 79). According to this perspective, organizations, markets and society are basically involved in exchanges of service—the application of competencies (knowledge and skills) for the 184 Handbook of developments in consumer behavior benefit of another party. Because services are exchanged for service, all firms should be considered service firms. The foundation of marketing theory and practice should thus come from service logic, principles and theories (Vargo and Lusch 2004, 2008). Due to the predominance of services, the S-D logic has been characterized as "the philosophical foundation of service science" (Maglio and Spohrer 2008, p. 18). The S-D logic focuses on the concepts of value-in- use and co-creation of value rather than on the value-in-exchange and embedded value concepts of the goods perspective (GD). Thus, firms market *with* consumers and other value-creation partners, called "actors", in their network, and do not market *to* consumers (Vargo and Lusch 2011).

The service-centered approach is inherently consumer-centered and relational (Vargo and Lusch 2004). The S-D perspective has its central focus on consumers. This means that firms not only are consumer-oriented, but also collaborate with and learn from their consumers to adapt and respond to their individual and continuously changing needs (Vargo and Lusch 2004). Vargo and Lusch (2004, 2008) have proposed several differences between the goods and service-centered dominant logics in relation to the primary unit of exchange, the role of goods, the role of the customer, the determination and meaning of value, firm-customer interaction and the source of economic growth. The goods perspective posits that consumers become involved in exchanges to acquire goods, whereas the service-centered view maintains that service is the fundamental basis of exchange. Goods are viewed as operand resources and end products in the G-D notion, whereas in the S-D logic they are considered transmitters of operand resources and intermediate “products” used by consumers in value-creation processes. In the G-D framework, value is determined by the producer and firms are limited to offering value propositions, whereas in the S-D perspective, value is perceived and determined by the consumer (“value in use”). Consumers are considered operand resources in the G-D notion, whereas they are seen as operand resources actively participating in relational exchanges and the co-creation of value in the S-D perspective. Thus, the “service for service” approach has shifted the offering concept from one that views the offering as an output to one in which it is seen as a process of value creation where the role of the consumer changes. The consumer is no longer a receiver of business and is instead considered the source of business, a creator of firm value and a co-producer of value. In this sense, consumers play a fundamental joint role with the firm increasing value-in-use (Michel et al. 2008) through interactivity and collaboration (Grönroos 1994).

Thus, the service perspective requires that consumer–firm relationships be developed for value to be created. Consumer behaviour in a service context 185 Because value creation is an interactive process, the interaction between a firm and a consumer should be viewed in a relational framework. “Value creation is always a collaborative and interactive process that takes place in the context of a unique set of multiple exchange relationships, though often somewhat tacitly and indirectly so” (Vargo 2009, p. 374). Moreover, to create value, these interactions should take place over extended periods in which new knowledge is combined with extant knowledge. The activities of consumers and service firms interactively and interdependently combine over time to create value. Therefore, relationships constitute a prerequisite to the creation of value, and are not optional. The S-D logic conceptualizes relationships through these joint, interactive, collaborative and reciprocal activities performed by all actors involved (i.e. consumers, service providers and stakeholders) to create value (Vargo 2009; Vargo and Lusch 2004; Chandler and Vargo 2011).

### **The Pre-Purchase Stage**

According to Fisk (1981), the pre-purchase phase of the decision-making process for services is not linear, but is more complex in comparison with that for goods as it involves a composite set of factors and activities. Due to the participation of consumers in the service production process, the decision-making process takes more time and is more complicated than in the case of goods. Research supports the view that consumer expertise, knowledge (Byrne 2005) and perceived risk (Diacon and Ennew 2001) all play significant roles in this purchase decision process for services.

In the pre-purchase stage, consumers are triggered into action by arousing a need to start searching for information and evaluate alternatives before deciding whether or not to buy a particular service. Needs may be triggered by the unconscious mind (e.g., impulse buying), internal conditions (e.g., hunger) or external sources (e.g., marketing mix). The information search process described in the next section assumes that consumer decision-making processes take place at a conscious level. However, it should be remembered that consumers can also engage in impulse buying or “unplanned behaviour”. Although impulse buying is an important phenomenon extensively studied in the goods context, it has been neglected in services research (Kacen and Lee 2002). Because services are generally associated with higher perceived risk and variability, it is suggested that impulse buying occurs less frequently in services than in goods (Murray and Schlacter 1990; Sharma et al. 2009). According to the notion of “planned purchase behaviour”, once a need or problem has been recognized, consumers are motivated to search for solutions to satisfy that need or resolve that problem (Figure 6.2). It is well established in the marketing literature that a consumer’s purchase decision is based on the information obtained in the pre-purchase stage (Alba and Hutchinson 2000; Mattila and Wirtz 2002; Konus et al. 2008).

### **Information search**

The way in which consumers search for information on services differs from the way in which they search for information on goods in terms of the amount of information sought and the number and type of sources used for gathering information. Given that the uncertainty and perceived risk associated with a purchase decision are considered higher in services due to their intangible nature and variability (Murray and Schlacter 1990; Bansal and Voyer 2000) and because of the high degree of price uncertainty due to service firms’ revenue

management strategies (Kimes and Wirtz 2003; Wirtz and Kimes 2007), consumers engage in more extensive information search activities to reduce both (Alba and Hutchinson 2000; Mattila and Wirtz 2002).

### **Evaluation of alternative services**

During the search process, consumers form their consideration set and learn about the service attributes they should consider, in addition to forming expectations of how firms in the consideration set perform on those attributes (Lovelock and Wirtz 2011, p. 42). Once the consideration set and key attributes are understood, consumers typically proceed to making a purchase decision. Multi-attribute models have been widely used to simulate consumer decision making. According to these models, consumers use service attributes (e.g., quality, price and convenience) that are important to them to evaluate and compare alternative offerings of firms in their consideration set. Each attribute is weighted according to its importance. To make a purchase decision, consumers might use either the very simple linear compensatory rule (in which case the consumer would choose “New Dry Cleaner” in the example in Figure 6.3) or the more complex but also more realistic conjunctive rule (e.g., if price should have a minimum rating of “9”, then “Campus Dry Cleaner” would be chosen). Consumers using the same information can ultimately choose different alternatives if they use different decision rules.

### **The Service Encounter Stage**

Consumers move on to the core service experience after making the decision to purchase. The service encounter stage is when the consumer interacts directly with the service firm, and is the means by which consumers co-create value and co-produce a service while evaluating the service experience. Service encounters are complex processes where consumer interactions and surrounding environmental factors shape consumers’ expectations (Coye 2004), satisfaction, loyalty, repurchase intentions and word-of-mouth behaviour (Bitner et al. 2000). The service encounter is generally considered a service delivery process often involving a sequence of related events occurring at different points in time. When consumers visit the service delivery facility, they enter a service “factory” (e.g., a motel is a lodging factory and a hospital is a health treatment factory) (Noone and Mattila 2009). However, service providers focus on “processing” people rather than the inanimate objects found in traditional factories. Consumers are exposed to many physical clues about the firm during the service delivery process. These include the exterior and interior of its buildings, equipment and furnishings, as well as the appearance and behavior of service personnel and other customers. Even the pace of service encounters can affect consumer satisfaction (Noone et al. 2009).