Chapter II

THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

2.1. Introduction

First, we need to define the term "services". Services has been defined as deeds, processes and performances (Zeithaml, 2006) Some experts defines services as activities offered by one party to another, most commonly employing time-defined performances to bring about desired result in recipients themselves or in objects or other assets for which purchasers have responsibility (Lovelock, 2005).

In this chapter, the researcher would analyze about the theoretical background, the definition and importance of servicescape, display the model of the research, the dimension of servicescape that includes ambient condition, Design factors, staff behaviour and staff image. The researcher will also explain about the definition of loyalty and customer loyalty and finally this chapter will give the hypothesis that will be tested later in chapter IV.

2.2. Theoretical Background

In this part of the chapter the author would like to discuss the definition and importance of servicescape, dimensions of servicescape, and hypothesis development. The theoretical background mainly will discuss the theory by other researcher, and research before this research was conducted.

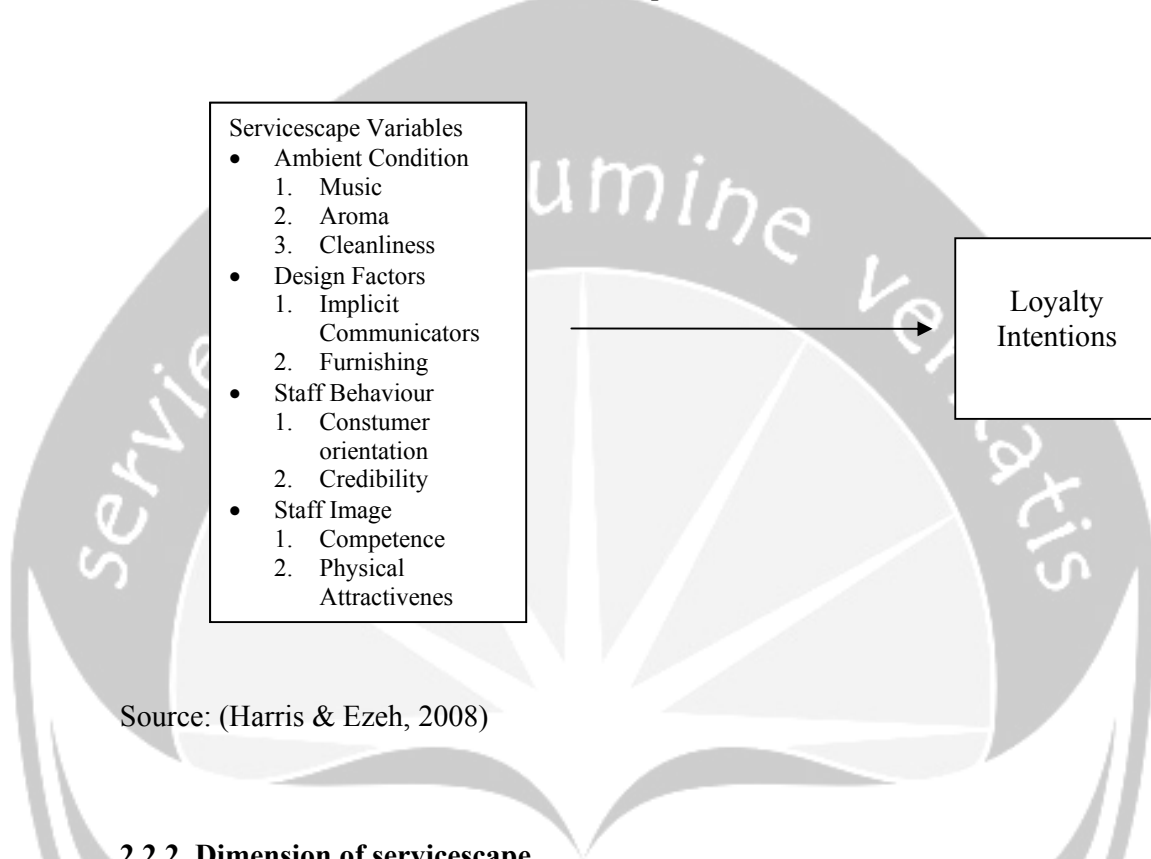### 2.2.1 Definition and Importance of Servicescape

Booms and Bitner (1981, cited in Harris & Ezeh, 2008) define servicescape as an environment, combined with tangible commodities, where the seller and buyer met, and interact. The tangible commodities will facilitate performance or communications of the service.

Servicescape have a relation with the style and appearances of surroundings whether physical or other experiential elements. Implementing the service environment is not an easy job. It takes much time and effort and not easy to implement, and once we implement it, it's not easy to change (Lovelock, 2005)

The servicescape must encourage target customers to enter the service environment in the first place, and to retain them subsequently. Booms discuss 'approach behaviour' as involving such responses as physically moving customers on exploring an unfamiliar environment, affiliating with others in the environment through eye contact, and performing a large number of tasks within the environment (Palmer, 2001)

Picture 2.1

The Servicescape Model

Servicescape Variables
- Ambient Condition
  1. Music
  2. Aroma
  3. Cleanliness
- Design Factors
  1. Implicit Communicators
  2. Furnishing
- Staff Behaviour
  1. Constumer orientation
  2. Credibility
- Staff Image
  1. Competence
  2. Physical Attractivenes

Loyalty Intentions

Source: (Harris & Ezeh, 2008)

2.2.2. Dimension of servicescape

2.2.2.1 Ambient conditions

a. Music

Music have a powerful effect on human behaviours, especially in service settings. Music could affect the customer's behaviour, even if played at barely audible volumes (Lovelock, 2005).

Brunner (1990, cited in Harris & Ezeh, 2008: 394) defines music as "a controllable complex chemistry of elements rather than a generic sonic mass".

Numerous research studies have found that music affect the people such as making them walk faster or eat faster in restaurants. People tend to keep up with the tempo of the music (Lovelock, 2005)

b. Scent

An ambient smell is one that pervades an environment, may or may not be consciously perceived by customers, and is not related to any particular product. (Lovelock, 2005). The scent in restaurant should be appropriate with the foods that they sell. The scent should also fresh and free from inappropriate scent that can lead to dissatisfaction of the customer.

Beside affecting the customer, the employees in servicescape area are also affected by the scent provided. The scent can also be used to enhance the productivity of employees, so they could provide a better service environment.

c. Cleanliness

Cleanliness can be defined as free of dirt, and dirty objects, including dust, stains, bad smells and garbage. Cleanliness is important due to health, beauty, absence of offensive odor, avoidance of shame, and to avoid the spreading of dirt and contaminants to oneself and others. In the case of some objects such as windows or mirror, the purpose can also be transparency. (www.Wikipedia.org.).

Rosenquist (2005) notes that in hierarcy of need, the sanitation and hygiene were important, suggesting that consumers in after getting their basic needs, they will pursue hedonistic or leisure activities are likely to want (and expect) high standards of cleanliness. More specifically, Wakefield and Blodgett

(1996) assert that "cleanliness is an important part of the servicescape". (Rosenquist, 2005; Wakefield et al, 1996 cited LC Harris, 2008: 395)

2.2.2.2 Design Factors

a. Implicit Communicator

Bitner (1992) stated that implicit communicators are elements that were visual and related to aesthetic appeal, while Buchanan and Huczynski, (1997) states that implicit communicators are tangible cues that is used to communicate information to the customer, about an organization's beliefs and its ways of doing things (Buchanan et al, 1997 cited LC Harris, 2008). These ideas were reflected in music, art and dance as well as appreciation of color and form (Zeithaml, 2006).

The challenge for servicescape designers is to use signs, symbols, and artifacts to guide customers clearly through the process of service delivery. This task assumes particular importance in situations where there is a high proportion of new or infrequent customers, and or high degree of self service, especially when there are few service staff available to guide customers through the process (Lovelock, 2005)

b. Furnishing

Bitner (1992) define furnishing as the element which include both customer and employee directly and will affect their comfort and performance. Spatial layout and functionality are important. In spatial layout, size and shape of the furniture, counters and so forth are included. Functionality refers to the ability to facilitate the performance of service of those items. Spatial layout and

functionality affect buying behaviour, customer satisfaction and consequently the business performance of service facility (Lovelock, 2005)

2.2.2.3 Staff Behaviour

a. Costumer Orientation

Defined by Brown et al (2002) as the way employee act and their tendency to meet customer needs in an on-the-job context, a customer-oriented organization is geared on a strong emphasis on both internal collaboration and customer familiarity. Staff behaviour include their act in servicing the customer (Brown et al, 2002)

b. Credibility

Rogers and Shoemaker (1971) define credibility as a point in which a source perceived as competent and can be trusted, (Rogers et al, 1971, cited in Harris & Ezeh, 2008). Traditionally, credibility has two key components: trustworthiness and expertise, which both have objective and subjective components. Goldsmith (2000) define credibility as a degree where the customers, investors and other people trust a company and believe it's expertise.

Trustworthiness can include objective measurements, but mostly based are subjective factors. Expertise can be similarly subjectively perceived, but also includes relatively objective characteristics of the source or message (www.Wikipedia.org)

2.2.2.4. Staff image

a. Competence

Goldsmith defines competence as knowledge of the service staff and their expertise that can derived from the subject. (Goldsmith cited in Harris & Ezeh, 2008). Competence is a standardized requirement for an individual to properly perform a specific job. It encompasses a combination of knowledge, skills and behavior utilized to improve performance. More generally, competence is the state or quality of being adequately or well qualified, having the ability to perform a specific role.

b. Physical attractiveness

Bitner, (1992) states that physical attractiveness is the perception of the physical performance of an individual human, group, race, or type of people, as attractive or beautiful. Evidence suggests that a good physical attractiveness when interact with the customer can greatly enhance the service experience, especially for the service personnel that interact directly with the customer. Physical attractiveness can also enhance the credibility of the staff service because secondary components of credibility include source dynamism (charisma) and physical attractiveness (www.wikipedia.org)

2.2.3. Definition of Loyalty

A customer's willingness to continue patronizing for a long term from a firm, and recommending the firm's product to other people (Lovelock, 2005).

2.2.4. Customer Loyalty

Just because the customers repeatedly come back and use the services of a company many times, does not mean that those customers are loyal. Loyalty cannot be taken for granted. It will only continue as long as the customer feels that they are getting better services/ value rather than changing to other supplier (Frederick Reichheld in cited in Lovelock 2005)

Customer loyalty had four steps according to Richard Oliver. Those are:

1. Loyal in cognitive sense, perceiving from brand attribute information that one brand is preferable to its alternatives.

2. Affective loyalty, where the customer is loyal because of accumulative satisfying usage. In this phase, it is not easy to dislodged them with counter argument usage.

3. Conactive loyalty, the customer committed to buy the brand, and

4. Action loyalty, where the consumer do the same purchase behaviour.

2.3. Hypothesis Development

The music could affect the customer, especially if played in an appropriate volume and appropriate situation. In dining restaurant, a fast played music could urge the customer to eat faster, while slow music could loosen the eating tempo of the customer (Lovelock, 2005). A famous music could also urge the customer to stay longer at the restaurant especially when the customer likes the music played. This also happens with movies. Music had effect although if it played in barely audible volume, therefore:

H1. The greater customer's perception of music appropriateness, the greater the intentions of customers to be loyal

An appropriate smell in restaurant can urge the customer to eat more. Sometimes the scent cold make customer become hungry. Numerous incidents had shows that when something is cooking, the smell could make people around it interested to search where the scent came from and buy the food (Harris & Ezeh, 2008). Sometimes we can even tell what is cooking through the smell it provides. So,

H2. The greater customer's appreciation of servicescape aroma, the greater the intentions of customers to be loyal

The cleanliness of the restaurant is also important. The customer will feel reluctant to eat if the place is not clean. Cleanliness in the restaurant is also important issue, no one is happy to eat side by side with a cockroach, therefore

H3. The greater customer's perception of servicescape cleanliness, the higher the intentions of customers to be loyal

Interior design and aesthetic appeal is also important dimension that can affect customer. The color of the paint, the décor, and everything inside the restaurant could affect the customer (Bitner, 1992). Therefore,

H4. The greater customer's evaluation of servicescape aesthetic appeal, the greater the intentions of customer to be loyal

The chair and the table is also an important dimension in the restaurant. A sturdy and comfortable chair is a necessity. A sturdy but hard chair could make the customer feel uncomfortable sitting there. A comfortable chair is needed to

make the customer feels relaxed, and be willing to wait longer (Wakefield and Blodgett, 1996 cited in Harris & Ezeh, 2008). The table should also in appropriate position, neither too high nor too low, so does the customer not hurt their backbones while eating.

H5. The greater customer's evaluation of the comfort of furnishings, the greater the intentions of customer to be loyal

Everyone likes to be special, and loved to be treated like kings. The job of staff service is to serve the customer, to make them as comfortable as possible. The customer also concern to the effort the staff service provided to satisfy them. Therefore,

H6. The greater customer's perception of staff customer orientation, the greater the intentions of customers to be loyal

The customer wanted to be comfortable but also save. They do not want to be cheated by the staff. Credibility have the ability to influence customer's attitudes and purchase intentions (Rogers and Shoemaker, 1971, cited in Harris & Ezeh, 2008) A credible staff could attract the customer, and gain their trust. Trust is important in business, once it is lost, it will be hard to acquire it again. Therefore,

H7. The greater customer's perception of staff credibility, the greater the intentions to be loyal

The competition between restaurants is getting intense, the staff should be able to attract new customer as well as to keep old customer. A knowledge to what they sell and what service they provided is crucial, no one like incompetent

staff services, that can only answer "I don't know" every time the customer asked the question. Therefore,

H8. The greater customers' perception of staff competence, the greater the intentions of customers to be loyal

Physical attractiveness of staff services is always interesting thing to discuss, especially if the staff is wearing sexy clothes. However, in a well dine restaurant of course an elegant staff services is needed. Therefore,

H9. The greater customers' evaluation of staff physical attractiveness, the greater the intentions of customers to be loyal