CHAPTER II
SERVICESCAPE (PHYSICAL ENVIRONMENT)

2.1. Introduction
In recent years, the concept of consumer satisfaction is transforming into consumer experience and consumer delight. Therefore, companies have to think beyond consumer satisfaction. Consumer satisfaction has taken a center stage in the discussion and preparation of business strategy especially marketing strategy. Consumer based business strategy is the key area of research for academicians as well as for professional researchers and consultants. Measuring satisfaction in hospitality industry is complex. A large number of factors are responsible for satisfaction in hotels and restaurants. Whether it is tangibles or intangibles, each and every element which constitutes the dining service is imperative to understand. Besides tangible and intangible factors of hotels and restaurant services, Servicescape or physical environment is another important factor that affects consumer satisfaction. Physical environment or Servicescape has been explored by different researchers in different service setting. They have concluded that physical environment or Servicescape is becoming a determinative factor in delivering quality service to the customer. The magnitude of Servicescape in restaurant industry reaches to such a high point, where the customer enters the restaurant for its ambience and dining experience. Since the involvement of the consumer in service delivering process is also high and they spend more time in the premises of service
provider, it is the need of the hour to pay adequate attention towards physical environment in upscale and mid scale restaurant. The overall consumer satisfaction at restaurant comprises not only the tangible and intangible elements of service but also includes the experience a consumer receptive in that premises and thus, the premises of the restaurant can be built through Servicescape or through manmade physical environment.

The intention of this chapter is to provide an overview of existing theories, definitions and concepts concerning Servicescape (Physical Environment or Atmospherics), consumer/customer satisfaction, service quality, restaurant image, post consumption behavior and attitude, and loyalty. How Servicescape is emerging as a competitive tool, is another part of discussion in this chapter.

2.2. Need for the Literature

The complexities of human behaviour are difficult to examine. To test the subject of such complexities, researchers need fundamental understanding of the subject as well as the theories and concepts developed earlier. Current study is an effort in the direction of understanding the influence of physical environment in dining experience, means the level of satisfaction. Consumer satisfaction and allied research are in paramount position during the last two decades. In India, the growth of service sector is motivating the researcher to explore the new dimensions of service based industry. The hotel and restaurant industry is one of the fastest growing service industries.
Therefore, this aspect has prompted the researcher to opt it for his research. Restaurant and hotel industry are the second largest sector after agriculture in terms of employment opportunity. The contribution to the world’s GDP, service sector ranks at top in high and middle income countries, while in low income countries (World Bank, 2013). It is close to manufacturing sector. With 66%, 52% and 35% respectively in high income, middle income and low income countries, it is the fastest growing sector globally. Services in India constitutes 57% share in GDP at factor cost (at current prices) in 2013-2014, an increase of 6 percentage points over 2000-01 (Bhargava, 2014). Interestingly the GDP growth rate of services with 6.8% was higher than the overall GDP growth, which was 4.7% in 2013-14. With these attractive figures and facts, this sector have some peculiar challenges, therefore the researchers are now a days, showing their interest towards service sector.

Review of literature is the foundation of any research. A study is considered incomplete, if it misses out review of literature. The present study on Servicescape also needs a literature support because of its multi-disciplinary nature. Plenty of studies on related topics have been explored and are being discussed in this study.

Servicescape or physical environment has been explored by the researchers of human psychology, behavioral science and marketing communication personnels. These studies have been conducted in different context. Retail, hospital, bank, restaurant and bar and sport complex are some of the prominent research domain for the study of Servicescape. It has a significant importance in service, where either
consumer involvement is high or consumer spends comparatively more time in service providers’ premises. For the purpose of current study, the literature on Servicescape or physical environment of retail, banking, airlines, hotel, hospital, bar and sport complex etc. has been considered. The restaurant service has also the similar elements as the discussed services have. To know about consumer behavioral aspects especially the consumption pattern, behavioral intentions, revisit intentions, brand loyalty, research on behavioral science, consumer behavior, brand image and brand loyalty has been studied respectively.

Literature review on marketing with special attention on service marketing and food business has been explored extensively to understand the marketing practices in restaurant business.

2.3. Selection of research domain: Upscale and Midscale restaurant

Initially the researcher decided to explore the effect of Servicescape on consumer satisfaction in hotel industry but the number of star hotels was not enough in the decided geographical region, and also the access to star hotels was a hurdle for research purpose. After thorough analysis of Servicescape existence in hotels, it is observed that the restaurant service is another key domain where Servicescape and its elements have been widely used. Hotel rooms and lobbies are some other areas where Servicescape elements are found but for the research purpose, restaurant in hotel premises as well as independent upscale and midscale restaurants were the most suitable domain for conducting the research on the assigned topic. Music, temperature, light, interior and exterior
design, layout and fragrances are some of the important elements of Servicescape which were not easily identified by hotel customers. Therefore, this study explores the Servicescape elements, upscale and midscale restaurants were the best available option for this purpose.

2.3.1. Hotel and restaurant industry at a glance

The Indian restaurant business is growing at a rate above the world's average year-on-year growth, significantly increasing its share in the global pie. The growth of the Indian food service industry is broadly driven by the consumers and food service operators. According to a survey undertaken by ‘Technopak’ for ‘National Restaurant Association of India’ (NRAI, 2013), the Indian Food Service industry is projected to grow to Rs 408,040 Crore (USD 78 billion) by 2018 at a CAGR of 11%. In 2013, the size of the chain casual dining market is estimated at Rs 3,950 Crore (USD 760 million) and is projected to grow at a CAGR of 18% to reach a size of Rs 9,035 Crore by 2018. The ‘Fine Dining’ market thrives largely on the affluent consumer, the study notes. The segment is growing at a healthy rate of around 15%. The chain Fine Dining market size is estimated to be Rs 500 Crore (USD 95 Million) currently and is estimated to reach Rs 1,010 Crore (USD 195 Million) by 2018 (Saha, 2013).

Some of the key highlights of this industry can be understood from the following points:-

1. The market size of the country’s restaurant sector is Rs 247,680 Crore ($ 48 billion), which makes it 24 times bigger than the film
industry and places it $9 billion ahead of the telecom sector. (Bhattacharyya, 2013)

2. 70 per cent of this industry is in unorganised form, providing direct employment to 4.6 million people. Besides lifting demand for real estate and food products. It creates multiple job opportunities in ancillary industries such as construction, food processing, logistics and kitchen equipment. It also contributes up to Rs. 11,900 Crore as revenues to the Central and state exchequers.

3. Private equity firms and venture capitalists are preferring to invest in Indian restaurant chains.

4. Restaurant industry is “overtaxed and over licensed”. Restaurants in organized sector have to pay an average on all India basis VAT (10 to 15 per cent on food across states, and up to 70 percent, as in the case of Andhra Pradesh, on alcohol) and service tax (4.94 per cent), which is charged even on takeaways and home deliveries (India Food Services Report, 2013).

5. Restaurant from unorganized sectors including Dhabas don’t pay any such taxes.

6. 61% of 14-17 years old people eat out at least once a week (India Food Services Report, 2013).

7. 31% consumers prefer north Indian food, making it the most popular cuisine.

8. Indian consumers seem to be patronising Italian cuisine the most, gulping down pizzas and pastas. Chinese comes next. It is largely fuelled by young consumers aged 14-45 years.
9. The food service industry is set to grow in coming years, given the rising disposable incomes, a greater population of younger people, the growth of consumers in smaller towns and the widening exposure to new cultures and cuisines besides an increased propensity of eating outside.

10. Due to change in life style, consumers are eating out nearly six to seven times a month (NRAI reports, 2013).

11. The chain restaurant space is marked by the presence of almost 100 brands with more than 3,000 outlets spread across various cities (NRAI reports, 2013).

12. Around 80 per cent of the consumers order food at least twice a month, reflecting the need for this convenience especially in larger cities where distance is a prime issue.

13. High real estate costs, rising food costs, shortage of quality manpower, fragmented supply chain and over-licensing are some of the hindrances against the growth of this sector (Menon, 2013).

14. The need of the hour is to establish an end-to-end supply chain, employing the use of modern structures such as logistics parks, integrated cold chains and last mile connectivity (Menon, 2013).

15. As per the new service tax regulation, further tax in the shape of service charge, air condition tax and luxury taxes are also added in the food bills, which has had a severe negative effect on the restaurant industry.
2.4. Definition, origin & evolution of Servicescape (Physical Environment)

The context of service encounter has been explored by a variety of researchers using different terminology. Following are some of the important terms used by these researchers are:

1. ‘Physical Environment’ by Baker (1987)
2. ‘Atmospherics’ by Kotler (1973)
4. ‘Retail Interactive Theatre’ by Mathwick et al. (2001)
5. ‘Healthscapes’ by Hutton and Richardson (1995)
7. ‘Servicescape’ by Bitner (1992)

These different terms reflect the diverse nature of the literature in the area and have been used “over the last 30 years of exploration and conceptual development in this literature stream” (Turley and Milliman, 2000, p. 193). However, for the purpose of consistency, in this study, the researcher has used the term “Servicescape”, as coined by Bitner (1992), with reference to “the design of the physical environment and the important elements of it that facilitate and enhance the restaurant service setting and ultimately leads to customer satisfaction. This study also
explores the various other outcomes of Servicescape such as customer revisit intentions, loyalty, and willingness to pay a premium price and differentiation in services through Servicescape.

During the past few years physical environment or Servicescape is extensively investigated by the researchers of environmental psychology, retail, hotels and hospitality, marketing and consumer behaviour. This chapter provides a comprehensive literature about the genesis of Servicescape or physical environment, and its application. How the importance of physical environment became so important in service setting is also discussed here thoroughly and some of the best cited studies are presented to understand the nitty-gritty of Servicescape and its elements. Since the study is about the effect of Servicescape on consumer satisfaction, the rationale of the physical environment has been considered an important attribute in the study of consumer satisfaction in the restaurant context, has been discussed.

In restaurant service, the overall pleasure is calculated in terms of satisfaction gained from both the tangible as well as intangible elements of service. Such evaluation is not possible in other services where large part of the service is intangible (Nguyen & Leblanc, 2002; Reimer & Kuehn, 2005). It has been noticed that the customer visits restaurant not only for food, but also to spend time for their relaxation with their near and dear ones. Food is the basic and common tangible part of restaurant service but the restaurant service experience cannot be imagined without Servicescape, the physical environment where the actual service is delivered. Bitner (1992) and Zeithaml (1981) stated that in many
services, price and the physical environment (e.g., décor and artifacts, spatial layout, and ambient conditions) are the only tangible cues available.

Restaurateurs are focusing on improving its core offering. Their resources are dedicated mainly to retain and improve intangible service quality while permitting the tangible physical environment to remain static. This may affect consumer satisfaction and the cause of this unpleasant experience is difficult to recognise. Servicescape is a blend of tangible and intangible elements. It is always very difficult to understand consumer response towards the restaurant environment. But it is advantageous for restaurateur to know that whether the environment is helping in generating positive or favourable emotions such as feeling pleased and luxury in restaurants (Ryu & Jang, 2008).

The importance of the physical environment in influencing behaviour has been verified in many consumer behaviour studies by Reimer and Kuehn (2005) and Wakefield and Blodgett (1994). It was found that making the atmosphere more pleasant and innovative was essential for a firm’s success. The role of the physical environment in influencing customer behaviour and in creating provider’s image is especially pertinent in a service industry more pertinently to the restaurant industry (Booms & Bitner, 1982).

Kotler (1973) presented a Framework of atmosphere dimension and its impact on purchase probability and termed the physical environment as “atmospherics”. He considered it as a marketing tool. Kotler identified the main sensory channels for atmosphere as - (1). Sight (2). Sound (3).

**Fig.2.1**

**Framework of atmosphere dimension given by Kotler (1973)**

<table>
<thead>
<tr>
<th>Visual dimension</th>
<th>Aural dimension</th>
<th>Olfactory dimension</th>
<th>Tactile dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Color</td>
<td>Volume</td>
<td>Scent</td>
<td>Softness</td>
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<tr>
<td>Brightness</td>
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<td>Smoothness</td>
</tr>
<tr>
<td>Size</td>
<td>Pitch</td>
<td>Freshness</td>
<td>Temperature</td>
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<tr>
<td>Shapes</td>
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*Source: Kotler (1973)*

Kotler in his study on atmospherics also mentioned that taste does not apply directly to atmosphere; however it is the fifth sense. In restaurant service too, taste cannot be a part of restaurant environment. With the help of various organizational setting, Kotler discussed about the atmosphere and said that atmosphere affect consumer behavior.

In the below model (Fig. 2.2), he described how the atmosphere of a place influence consumer purchase behavior. In his study, he took the sensory qualities of the space and concluded that the physical surroundings of a place have an effect on consumer information and affective state of mind and successively consumer behavior (e.g. the purchase probability or the consumption pattern of a service).
When Kotler coined the term ‘atmospherics’ and presented his study, the concept of physical environment or servicescape or atmospherics was recognized by many organisations engaged in different kinds of businesses. Kotler (1973) has took up the example of shoe retailers and stated that “People no longer buy shoes to keep their feet warm and dry. They buy them for the way the shoes make them feel- masculine, feminine, rugged, different, sophisticated, young, glamorous.” He further said that “Buying shoes has become an emotional experience. Our business is now selling excitement rather than shoes” (Kotler, 1973 p.55). In restaurant business “experience” becomes more important because food can be cooked and enjoyed at home but people dine out for
a more pleasant experience. Providing high end dining experience is a challenge for management, but Kotler (1973) in his study concluded that the atmospherics (Servicescape) can enhance the experience and make the services consumer friendly.

Bitner (1992) presented a typology of Servicescape and explored the importance of physical environment in service setting. She presented a framework that describes how the built environment (i.e., the manmade, physical surroundings as opposed to the natural or social environment), affects both consumers and employees in service organizations (Bitner, 1992 p.58). In her study she coined the term “Servicescape” for physical environment. The study of Bitner (1992) is a milestone as well as a benchmark in the literature of physical environment or Servicescape.

Fig. 2.3. Environment- user relationship in service organisations

Source: Bitner (1992)
Bitner (1992) regarded Servicescape as the manmade, physical surroundings as opposed to the natural or social environment. She contends that there are three main composite dimensions of Servicescape: (1) Ambient conditions, (2) Spatial layout and functionality, and (3) Signs, symbols, and artifacts.

Specifically, an ideal ambient condition refers to as a background characteristic that can affect our five senses, such as temperature, air quality, noise, etc.

Spatial layout and functionality are referred to as how things are put together and the capabilities that can facilitate performance and assist in accomplishing the goals, such as equipment, layout, furnishings, etc.

Signs, symbols and artifacts refer to as items that implicitly or explicitly communicate about the place to users, such as signage, style of décor, personal artifacts, etc.

The next step in Bitner’s (1992) framework was holistic environment. She framed it as “Perceived Servicescape”, which means the perception of employee or consumer about Servicescape factors (ambient factors, spatial layout and functionality, and signs, symbols and artifacts). The response which the employee and the consumer gets from inside, comes as the next step and Bitner called it moderator (Employee response moderator and customer response moderator). What customer or employee observes inside while finding them in the restaurant setting comes under employee/customer response moderator? This response is directly related to the perception about the Servicescape. Bitner termed
this aspect as an internal response, and she divided this into three ways: (1). Cognitive (2). Emotional and (3). Physiological. These responses are same for the employee as well as for customer. The internal cognitive response consists of beliefs, categorization and symbolic meaning. The internal emotional responses are mood and attitude towards the Servicescape and service provider. While the physiological internal responses are pain, comfort, movement and physical fit (Bitner, 1992).

In a restaurant, all these responses are very important from the customer’s as well as from the management’s point of view. It can be possible that one of the elements of the Servicescape does not fit in the framework of one’s mood while the same element might give more happiness to the other. These responses decide the outcome of customer interaction with the Servicescape in the form of their behaviour.

Bitner suggested the outcome of the behavior as an ‘approach’ and ‘avoidance’. Since the current study is about the Servicescape and its effect on consumer, we will discuss only customer/consumer part of approach and avoidance.

If a customer finds the Servicescape as per his mood and perception he/she may approach to the service or will avoid the service or vice versa. In approach behavior, he/she will be attracted towards the service, will stay longer, and may spend more money than the expectations of the management. His/her return intentions will be higher and one can further add that he/she may recommend this service to others. While in case of avoidance behavior he/she will feel distracted towards the service, will try to move quickly, try not to spend even a single penny of their money
and this negative image will desist the chance of his/her future visit and will negatively influence the word of mouth publicity.

Zeithaml and Bitner (1996) suggested three components of Servicescape, which are facility exterior, facility interior and other tangibles. The facility exterior includes the exterior design, signage, parking and landscaping. Bitner (1992) has put all the elements which are the exterior part of the environment but affects customers as facility exteriors. These elements according to Bitner (1992) may be exterior design, signage, parking, landscaping and surrounding environment.

Facility Interior includes interior design, equipment used to serve the customer directly or to run the business (in the current study facility interior are the interior design of the restaurant, pots, plates, cutlery and tableware etc.), signage, layout, air quality and temperature.

The other tangibles items are business cards, stationary, billing statements, reports, employee appearance, uniforms, menu and brochures.

Baker et. al. (1992) also termed Servicescape as the physical environment and suggested some additional elements for the same. They had divided the physical environment predominantly under three categories –(a). Ambient (b). Design and (c). Social factors.

(a). **Ambient Condition** - Condition surrounding employees and customers that can be sensed through humans five senses (i.e. eyes, ears, nose, tongue, and skin).
(b). **Spatial Layout and Functionality Spatial Layout** - The seamless layout of furnishing which is used to achieve maximum productivity in the most efficient and effective manner is spatial layout of the restaurant. The design and configuration of various elements of the interior space constitutes its spatial configuration. This includes placement of structure, furniture and decorative elements and their design in terms of ergonomic features. Level changes, ceiling heights, division of spaces, etc. which define spaces within a single large space are major factors that contribute to the definition of spatial characteristics of an interior (Scott, 1993). Research shows that spatial seating arrangement enhances the dining experience (Namkung & Jang, 2008).

(c). **Signs, Symbols, Artifacts and Branding** – These includes the icons or signals that amplify the message from the buyer to the intended customers.

Rafaeli & Vilnal-Yavetz (2006) coined the term virtual Servicescape. They said that due to the advancement of technology and changing lifestyle, customers do not want to restrict themselves in the environment which is away from the internet technology or modern media. In India, Wi-Fi facilities in the restaurant premises and television screen in the dining hall are some of the examples of virtual Servicescape.

Fischer *et. al.* (1997) suggested another element of physical environment which is still not very common in India but is gaining popularity day by day. “This is the sex (gender) of service provider”. Indian hospitality industry has mixed professionals but the restaurant industry is still by and large dominated by male professionals.
These above elements of Servicescape are an addition to what Bitner and Baker have suggested earlier.

(d). Virtual Servicescape - where the employees or the customers are not in the same physical area but they are interacting via an electronic media - the Internet.

(e). Sex of service provider - Service provider of a certain type of industry will be dominated by a certain sex.

Turley and Milliman (2000) conducted a study on the physical environment, but they called it as atmospherics (Kotler, 1973 also called physical environment as atmospherics). They suggested four categories of atmospherics which are general exterior, general interior, layout and design, point-of-purchase and decoration. They presented a review on the effects of facility-based environmental cues or “atmospherics” and proposed the following model for retail atmospherics. Fig. 2.4 presents the influence of retail atmospherics by Turley and Milliman.
Fig. 2.4
The Influence of retail atmospherics

ATMOSPHERIC STIMULI

- Exterior
  - Store Front
  - Marquee
  - Entrances
  - Display Windows
  - Building Architecture
  - Parking
  - Surrounding Area

- General Interior
  - Flooring/Carpeting
  - Lighting
  - Scent
  - Sounds
  - Temperature
  - Cleanliness
  - Fixtures
  - Wall Coverings
  - Cash Register Placement

- Store Layout
  - Floor Space Allocation
  - Product Groupings
  - Traffic Flow
  - Department Locations
  - Allocation within departments

- Interior Displays
  - Product Displays
  - Racks and Cases
  - Posters
  - Signs
  - Cards
  - Wall decorations

- Human Variables
  - Crowding
  - Customer Characteristics
  - Employee Characteristics
  - Employee Uniforms

ORGANISMS

- Employees
  - Career Objectives
  - Personal Situation
  - Social Class
  - Stage in HLC

- Employees
  - Mood
  - Effort
  - Commitment
  - Attitude
  - Knowledge
  - Skill

RESPONSE

- Customers
  - Lifestyle
  - Shopping Orientation
  - Stage in HLC situation

- Customers
  - Enjoyment
  - Time in Store
  - Items Examined
  - Information Acquired
  - Purchases
  - Satisfaction

Source: Turley and Millman (2000)
The purpose of Turley & Milliman (2000) study was to compare and contrast the body of knowledge on consumer related atmospheric effects, and of equal importance to identify common methodologies, major findings and gaps in the literature. Turley & Milliman (2000) research was confined to the context of retail atmospherics. However, the atmospheric stimuli identified by them are equally important in context to the midscale and upscale restaurant environment also. The major finding of Turley and Milliman’s (2000) study was to measure the Influence of atmospherics in response behaviour.

In his study, Bonnin (2004, 2006) presented a framework for understanding environment-customer relationship in service organisation. He explored the physical environment and its appropriability, and suggested that while designing the Servicescape or the physical environment, management must ensure its appropriability for the service. Appropriability is nothing but the possibility for the consumer to appropriate the environment. Sometimes inappropriate physical environment negatively affect human behaviour. A large number of service providers face this difficulty when inappropriate Servicescape setting or physical environment is used in service setting. Sometimes it leads to the failure of business. Fig 2.5 depicts the Bonin’s environment- customer relationship model.
Han and Ryu (2009) took three important elements of Servicescape/physical environment to examine the relationship between price perception, customer satisfaction, and customer loyalty. Fortunately, this study also examined the relationships among three components of the physical environment (i.e., décor and artifacts, spatial layout, and ambient conditions), price perception, customer satisfaction, and customer loyalty in the context of the restaurant industry. It is useful to know, whether Servicescape components affect consumers’ price perception or not? To manage and maintain the physical environment, service providers spend money, and expect better returns. On the other hand, consumers seek an environment that appeals to them. Therefore, they can pay extra. Han and Ryu (2009) concluded that the three factors of the physical environment strongly influenced how customers perceived price, and this price perception, in turn, enhanced customer satisfaction level and directly/indirectly influenced customer loyalty. In their study, Décor and artifacts were the most significant predictors of price perception among the three components of the physical environment.
Fig. 2.6 presents the Han and Ryu (2009) model which they used to examine the relationship between physical environment factors and price perception, loyalty and satisfaction.

**Fig.2.6**

**Relationship between Servicescape elements, price perception, loyalty and satisfaction**

Mehrabian and Russell (1974) described environmental psychology as the use of atmospherics to create environments and its influence on the behaviour of individuals. This study is very popular in the field of environmental psychology and is also known as ‘Approach- Avoidance Behaviour Model’. In their study, Mehrabian and Russell explained that it is the environment (environment features) which affect individual organism (internal sensory system) and therefore people approach or avoid the desired service. Environmental psychologists argued that the environment is capable of influencing a wide range of behaviours. Effect of environment on behavioral intentions has been tested in several studies and in many contexts.

In their study on the Influence of restaurant's physical environments on emotion and behavioral intention, Ryu & Jang (2008) suggested that facility aesthetics like paintings/pictures, plant, flowers, furniture, color and wall décor influence both pleasure and arousal emotions of consumer. These facility aesthetics are important tools to differentiate restaurants from its competitors.

**Fig.2.7**
**The S-O-R model**

Source: Mehrabian and Russel (1976)

Ingrid. Y. Lin (2004), in his study highlighted the Consumer’s Evaluation Process of a Servicescape. He divided consumer evaluation of Servicescape elements into two parts and called them (1). Micro perspective and (2). Macro perspective. His Servicescape evaluation model is the extension of Gestalt approach and principles of perception.
Perception is a function of multiple sources of input from the environment and from one’s own predisposition, expectations, motives and knowledge gleaned from past learning experiences (Schiffman, 2001). All of these elements together produce an individual’s picture of the world (Schiffman & Kanuk, 1978). Individuals generally receive a variety of stimuli from Servicescape, organize them cognitively into groups and form images from the stimuli as a whole.

He took the examples of hotel lobby and said that Individuals’ perceptions of a hotel lobby tend to include not only the front desk but also many other elements such as the employees and customers, the lighting, floors, furniture, artwork, wall décor, paintings and color of the walls. The lobby is evaluated by including sensory inputs such as music and scents. All these elements contribute to the formation of customers’ image of the lobby. Furthermore, in evaluating the entire property, individuals also include the exterior architecture as opposed to only interior decor. Both the exterior and interior of the hotel reflect the style and image of its physical environment and influence customers’ evaluations (Lin, 2004).

There are various moderators or mediators that affect a person’s formation of a mental image. For example, a perception can be categorized based on two main perspectives: micro and macro. A micro-perspective implies consideration of issues that affect perception at the individual level. This includes applying principles of Gestalt to explain image formation and also includes the individual level variables such as personality traits, pre-consumption expectations, goal behaviours and
cognitive style in research projects. The macro-perspective on the other hand directs research attention to issues that are outside of the individual. This includes socio-cultural influences (e.g., Feng-Shui principles, individualism vs. collectivism) and aesthetic effects (e.g., interior decor and design). Servicescape literature can be enriched with the inclusion of both micro and macro perspective variables (Lin, 2004). Fig. 2.8 presents the consumer evaluation process of Servicescape as suggested by Lin.

**Fig.2.8**

**Consumer evaluation process of Servicescape**

Wakefield and Blodgett (1994) proposed a Servicescape typology and concluded that it improves service quality which leads satisfaction. According to them “the longer one spends in a facility, the greater the likelihood that the perceived quality of the Servicescape will play an important role in determining satisfaction with the service.” As
exhibitors and guests often spend hours or even days in the hotel and restaurant, it is meaningful for marketers to understand how Servicescape shapes satisfaction and thus re-patronage intentions among customers and their guests.

Wakefield and Blodgett (1996) measured the effect of Servicescape on customer’s behavioral intentions. They took Layout accessibility, facility aesthetics, seating comfort, electronic equipment/displays and cleanliness as dimensions of physical environment. Overall the framework of their study is inspired and adopted from Bitner’s (1992) Servicescape framework but Wakefield and Blodgett has examined Servicescape in leisure service setting.

Jobber (2004) has suggested that to make restaurant services and vacations more luxurious, Servicescape is an important element. He further adds that Servicescape increases the spending on luxuries. His study’s focus was on to make restaurant service more luxurious with the help of Servicescape.

Turley and Ronald (2000) and Hoffman and Turley (2002) conducted research that investigates the impact of atmospherics as they relate to the customer’s service experience.

Turley and Ronald (2000) said that Customers’ service experiences can occur haphazardly. Therefore, effective and systematic uses of atmospheric elements fill the gap of service, if it exists. In restaurant service, managing crowd is a challenge. People visit restaurant in unplanned manner, many a time they could not get any vacated seats.
They usually wait in the lounge of the restaurant. The highly decorated lounge with high quality seating arrangement can relax them and make them more comfortable to spend their waiting time. They will not feel bored if an already installed television or music can entertain them in lounge. As we already discussed that the restaurant industry is shifting from “just dining out” to “dining experience”, the atmospheric literature provides the crucial information and this is the transition of the service industry to an experience industry.

Lovelock and Wirtz, (2007, pp. 289-290) has suggested that lavish décor and furnishing designed facility is important to make an impression on customer. This impression helps in building the image of the service provider and also helps in word of mouth communication.

Wall & Berry (2007, p. 59) in another study investigated the role of ambience and service performance and stated that the ambience and service performance greatly influence a customer evaluation of a particular establishment. A high quality ambience make a positive impression which leads evaluation in positive direction.

Lio and Rody (2009) studied the aesthetic factor (i.e. Signs, symbols, and artifacts dimension) in the context of Chinese casino. They concluded that these aesthetic factors have a significant relevance toward customers’ perception of the overall Servicescape quality.

Robert (2009) in the leisure cruise service industry discovers that not only the ambient condition but layout, décor, size facilities and social factors contribute to influence cruisers’ overall experience.
Jen, Tung, and Lu (2005) confirm that Servicescape is the main factor influencing the overall service quality and can further influence customers’ intention. They conduct their study in the context of coach transport. According to them, customers’ intention means their revisit and repurchases intention.

Athanasopoulou (2008) in the athletic service industry points out that decent Servicescape can improve relationship quality, for example customer satisfaction and loyalty. In upscale and midscale restaurant, relationship quality i.e. loyalty is important to retain consumers as well as to promote restaurant services.

Table 2.1 presents an organized framework of the important studies conducted on physical environment/ Servicescape/ atmospherics or on related topics.
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Author/s (Year of the study)</th>
<th>Term Introduced</th>
<th>Dimensions</th>
</tr>
</thead>
</table>
b. Design Factors (Aesthetics & Functional)  
c. Social Factors |
b. Responsiveness  
c. Empathy  
d. Assurance  
e. Tangibility |
b. Spatial layout and functionality  
c. Sign, Symbols and artifacts |
b. Design Factors  
c. Social Factors |
b. General interior variables  
c. Layout design variables  
d. Point of purchase & decoration variables |
b. Responsiveness  
c. Empathy  
d. Assurance  
e. Tangibles |
<p>| 7.    | Wakefield &amp; SERVICESCAPE    | SERVICESCAPE   | a. Layout accessibility |</p>
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Model/Variables</th>
</tr>
</thead>
</table>
2.5. Chapter summary

The field of hospitality and restaurant service is evolving. Researchers from service marketing, behavioral science, psychology and hospitality are presenting various frameworks for the successful survival of this industry. Some old factors are losing their importance while some new ones are gaining. Some of the factors which were earlier used in other context are becoming an integral part of hospitality and restaurant services. This chapter explained the introduction of Servicescape followed by the need of literature review. It also revisited the definition of physical environment which later came to be known as Servicescape, atmospherics, and service quality etc. and the evolution and origin of it. Various elements and framework of physical environment developed by the researcher in the context of different service setting has been discussed in this chapter in detail. At last a table on literature of Servicescape or physical environment is presented which provides a bird’s eye view of research and the elements explored by the researcher till now.