

MANAGING THE PHYSICAL EVIDENCE IN SERVICES ORGANIZATIONS

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Abstract: *Physical evidence comprises service environment, people (participants) involved in the services production, procedures and flow of activities that contribute to the delivery of services. Managing firm's physical evidence includes everything tangible-from the physical facilities to brochures and business cards as well and organizations' personnel dress code. Physical evidence can fall into different categories such as facility exterior (exterior design, insignia, parking, landscaping and environment), facility interior (interior design, equipment, insignia, layout, air quality and temperature, colors, music, scents and other tangibles). The aim of the empirical research conducted in Dubrovnik was to determine the importance of music and effects of music on consumer behavior in service industry. Data were collected in 2016 by testing a sample of 350 respondents, using method of personal interview. The consumers' attitudes were explored in certain types of service industry (mostly food shops, cloth shops, souvenir shops, restaurants, cafe bars). Data were analyzed by descriptive and inferential statistic based on chi-square testing. The aim of this paper is to show the strategic role and the dimensions of physical evidence in service industry and describe stimulus-response model commonly used to help explain the effects that services environment has on consumer behavior.*

Keywords: *Physical evidence, creating atmosphere, tactics*

Introduction

Physical evidence comprises service environment, people (participants) involved in the services production, procedures and flow of activities that contribute to the delivery of services. For the most services the production and consumption of the service performance occur simultaneously (Fisk *et al.*, 2008).

The physical evidence can fall into three broad categories: Facility exterior-includes exterior design, signage, parking, landscaping and surrounding environment; Facility interior- includes elements such as interior design, equipment, signage, layout, air quality and temperature, colors, music, scents, other tangibles (Hoffman, *et al.*, 2009).

According to the stimulus-organism-response (SOR) model, individual responses to environmental stimuli are characterized as approach and avoidance behavior.

In other instances, environmental stimuli have been purposely managed to discourage unwelcome market segments, e.g. the convenience stores have cleverly used „Elevator music”,

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e.g. Muzak (boring music) outside their stores to repel unwelcome neighborhood gangs that „hang out” in the store’s parking lot and deter desired clientele from entering the store. The fundamental importance of services marketing and physical environment results from the following functions: converting intangible in tangible as much as possible and managing perceptions and expectations of the customer (Hoffman *et al.*, 2009).

Sounds appeals are second group of elements and have three major roles: mood setter, attention grabber, informer unskilled and unkempt personnel form. Consumers also „feel special” when lighting is inviting and warm; dull and basic lighting gives negative feelings, so much that consumers may be put off approaching the merchandise (Kerfoot *et al.*, 2003).

From a variety of stimuli from the environment the music is considered as one of the most influential and most manipulative elements (Herrington & Capella, 1996). Although the music is an important element in all cultures, in each culture it has a different role, different meanings and different level of importance. Listeners from one culture often have difficulty in understanding the feelings expressed by the music of another culture, because of culturally determined emotional expression. In most cultures, music has functions that are not only fun but aesthetic enjoyment of the individual. It supports the process of communication and allows people to work together more effectively. The music actually was alternative means of communication between individuals and groups, although this communication can be limited to those who understand the specific meaning of the used musical genre (www.zamp.hr, accessed on Nov. 15th 2011).

Studies about effects of music set up three main questions: how music can change the retention of customers in the store, whether there has been changing in the perception of the brand with music, and whether there are consequences in choosing the product caused by music (Santoro, www.mymarketing.net, accessed on Feb. 5th 2012). A review of literature dealing with the effects of music on shopping behavior reveals different findings. Kotler (1973), find out that atmosphere can be influential in the purchase decision. Linsen (1975) points out that shoppers may feel that they spend less time standing in queue if the stores provide background music, because customers feel that service organization care about their customers. Bruner (1990) concludes that music is an important element that influences on mood and behavior. Bitner (1992) also suggested that the physical surroundings (atmosphere) of services businesses have a large impact because customers frequently consume services within the firm's environment. Baker *et al.* (1992) find out that music can influence on consumer behavior and willingness to buy. Hui *et al.*, (1997) have proved that regardless of its valence, music ameliorates emotional evaluation of the service environment which in turn positively affects approach behavior towards the service organizations. Positively valenced music triggers more positive emotional response to the wait and stronger approach behavior towards the service organization than negatively valence music. According to the foundation of Areni & Kim (1993) shoppers may spend more money when the music "fits" with the product. Yalch & Spangenberg (1993) point out that customers buy products/services that closely match the musical preferences of shoppers. Kellaris (2008) found that music was heavily used in consumer environments as motivating. Mandila & Georgiannis (2012) found out that musical style jazz and lounge music has strong influence and makes consumers spend more. Guegen & Jacob (2010) conducted a study in a flower shop where consumers were exposed to an environment with romantic songs, pop songs (songs usually played at florists) and no music. The result was that consumers spent more time in the store when romantic music was played.

Combining melody, harmony and rhythm to the listener can act in many ways: by changing the mood, provoking a sense of balance, happiness, pleasure, or restlessness, anxiety and sadness (Rojko, 1982). Generally, slow and quiet music has a tendency to encourage relaxation and reduce anxiety and restlessness, while stimulating music typically increases the level of excitement. It is very difficult to determine exactly which musical structure causes a certain mood (www.thepowerofmusic.co.uk, accessed on Feb. 2nd 2012). Due to these emotional reactions to certain music, it is important to choose the appropriate. Care must be taken on the individual preferences of individual customers or segments. Herrington & Capella (1996) just suggest sellers to adapt their strategies to different age structures taking care and about the different parts of day when customers visit them. Bad choice, especially for the older segment of consumers, is a loud music, acts irritating them. An individual's preference for a musical composition is dependent on a number of factors. Musical preferences tend to vary. In the research that Wright (1975) carried out he has concluded that musical preferences depend on the cultural background. Influence on musical preferences has complexity (Burke & Gridley, 1990), such as familiarity with the music (Davies, 1991) and structural characteristics of music (Kellaris, 1992). Musical preference tends to vary according to the listener's age (Yalch & Spangenberg 1993) and musical training (Vanderark & Ely, 1993). In some instances expenditures are influenced by the volume (Smith & Curnow, 1966) and tempo (Milliman, 1982, 1986) of background music.

Materials and Methods

The aim of the paper is to show some specific features of physical evidence and analyze these elements and their influence on consumers' behavior, especially pointing out the importance of music as the basic element of physical evidence in service companies. Therefore the following hypotheses were stated:

H1. "Physical evidence has strategic role in creating augmented services product and facilitating services process. It's an important source of differentiation which affects the perception and behavior of consumers and employees“.

H2."The pleasure-displeasure emotional state reflects the degree to which consumers and employees feel satisfied with the services and has basic influence on consumers and directly influences service quality perception“.

The aim of the empirical research conducted in Dubrovnik was to determine the importance of music and effects of music on consumer behavior in service industry. Data were collected in 2016 by testing a sample of 350 respondents, using method of personal interview. The consumers' attitudes were explored in certain types of service industry (mostly food shops, cloth shops, souvenir shops, restaurants, cafe bars). Data were analyzed by descriptive and inferential statistic based on chi-square testing.

Results and discussion

In the next text we will provide the results of empirical research about impact of music on consumers' behavior in services organizations in Dubrovnik.

The sample of 350 customers consisted of 41% male and 59% female whereas 37% were between 26-35 years old, 32% up to 25 year, 12% between 36-55 years old and 19% older than 56 years.

The main part of respondents (79%) consider music as an important and extremely important in their everyday life, while only small part of them (21%) considered it unimportant. The largest number of interviewed (85%) often listen the music, and only a small number of respondents (15%) rarely listen the music. The most respondents prefer rock (78%), Dalmatian music (54%), classical music (32%), one part listen techno (25%) and other kinds of music (28%).

The most of the customers (92%) consider it is very important to keep music playing in service organizations and only 8% thinks it is not important. The largest number of customers feels satisfied with the service experience when the music is playing. The largest number of respondents (92%) considered that they perceive a better service and service quality, when music is on, while only 8% thinks it is not important for better perception.

According to the results of empirical study most of respondents(63%) believe that music improves the services' company image, smaller part (18%) think it has small influence on image and there is also one smaller part (19%) who considers that music does not affect the image of the services company.

According to the results of chi-square testing ($\alpha= 0, 05$) there is a correlation between age and the genre of music the customers prefer. Young customers especially prefer buying while the music is playing. A small part of customers said that music does not influence on their feelings (11%) or they feel depression and anxiety (6%), but other consider that they feel happy and satisfied when music fits them. This is in accordance with the findings of Dragičević & Rakidžija (2012) in the research carried out in Dubrovnik as well.

Conclusion

To create an overall impression and cause desirable consumer behavior, it is important to achieve synergy of all elements of physical evidence applying holistic approach. Marketing manager must develop services organizations to ensure that they satisfy the needs of the customers. In certain shopping situations the atmosphere may be more influential than the product itself in the purchase decision. According to the results of the research carried out in Dubrovnik it is confirmed that music is very important in everyday living and consumer expects to be part of physical evidence in services. Music mostly awakes feelings of happiness and satisfaction. Precisely because of these emotional reactions to certain music, it is important to choose the appropriate and better adopt music according to the age of the segments.

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