Critical Analysis of the Concept of Service: Literature Study

Services seem to be everywhere, yet there seems to not be a universally accepted definition of what they are. Various specialists regard services to be ‘activities, deeds or processes, and interactions’ (Edvardsson, Gustafsson and Roos, 2005: 108), while others such as Edvardsson (1997) perceive services to be just a component in the wider definition of a product. One perspective exists that is focused on the created of value via the collaboration of companies and customers (Moeller et al., 2013). It is argued that higher-level of perceived value is exhibited by customers when they complete a service personally, as well as the process becoming much quicker and allowing for self-control (Honebein and Cammarano 2006). This alternative view, often called service-dominant (S-D) logic, emphasizes that consumers and producers do not have separate roles

These contrasting opinions subsequently cause doubt over how to characterise exactly what a service is. Therefore, the concept of a service has been operationalised via characteristics in order to determine its meaning. The characteristics of intangibility, heterogeneity, inseparability and perishability, shortened to the acronym ‘IHIP’ (Moeller, 2010) have been widely accepted since the 1980’s. These characteristics have commonly been used when researching service industries (Edvardsson, Gustafsson and Roos, 2005), and apply to multiple service contexts, so I decided to focus on them when defining a service using the service context of a hotel in order to refine my ideas.

Intangibility refers to the idea that services cannot be physically sampled in any way before they are acquired (Edvardsson, Gustafsson and Roos, 2005). For example, in the hotel industry, there is no way of actually sampling the service that you will receive. This could be a disadvantage to hotels, especially those that are high-end and consequently expensive, because if customers do not know the quality of the service they will receive before booking, then they may refrain from doing so in fear of paying a high price and not receiving what they perceive to be an adequate service. Therefore, it may be advisable that hotels attempt to make their service slightly more tangible via methods such as strengthening their brand or increasing the appeal of the physical aspects of the hotel in order to establish trust with customers (BMS, 2020). However, low-budget hotels may not be as concerned with intangibility and its consequent issues, as most of their customers main priority is a low price and will sacrifice quality of service in order to save money. Therefore, this characteristic can be regarded as an accurate descriptor of services that sets it apart from goods, as it shows how a service cannot be sampled before purchase, unlike a physical product.

According to Blut et al., (2014: 277) heterogeneity describes that the ‘performance and quality’ of a service provided by a company cannot be consistent due to the distinctive expectations and needs that customers may have. For example, each customer at a hotel will have contrasting views on what they expect from their stay, such as what amenities they use, room service and help from employees. Therefore, the service that each individual experiences is always going to be different. This defines a service and sets it apart from goods, because when you purchase a physical product you expect it to be the same as all the others that have been produced. Furthermore, heterogeneity also adds to the value that a customer receives as they can

customise the service to fit their needs (Edvardsson, Gustafsson and Roos, 2005).. However, it is inappropriate to state that goods are all standardised – the emergence of customisation of goods means that this heterogeneity cannot continue to be used as a complete characteristic that distinguishes a service from physical goods (Lovelock and Gummesson, 2004).

Inseparability can describe a service as being consumed and produced at the same time, relying on the ‘active’ or ‘passive contribution of the customer, often when both parties are physically present (Blut et al., 2014: 277). The role of the customer is very important in this situation, as they are crucial in determining whether the service is satisfactory and has value (Sierra and McQuitty, 2005). This characteristic clearly defines a service as being separate from a good, as a service is presumed to be sold and then produced and consumed at the same time, whereas goods are produced, sold and then consumed. Inseparability clearly describes what a service is in the context of some industries, such as a hotel where inseparability is necessary, but for others who may be able to separate, such as home cleaners who complete their service primarily when the customer is absent (Lovelock and Gummesson, 2004), inseparability is not especially relevant and should not be used to try and define their service.

The final characteristic, perishability, describes how it is challenging for companies that offer services to develop and store them in advance, which is an issue when customers wish to sample the service before they obtain it (Zeithaml and Bitner, 2003). However, with technological advancements happening all over the world, it is becoming increasingly easier for potential customers to get as close as they can to sampling a service through channels such as websites, TV adverts and social media. For example, some hotels are beginning to produce videos of their hotels filmed on 360? cameras, in order to allow the customer to feel as if they are really inside the hotel, sampling all of it’s features without being physically present. One of these hotels is the world-famous Atlantis in Dubai – the video allows potential customers to view the facilities, rooms and main entrance along with activities available close to the hotel (Revfine, 2020). Therefore, I do believe that perishability was a key component in describing services in the past, but technological advancements have meant that it is no longer completely relevant to all services and thus cannot be used as a universal descriptor.

Research by Nie and Kellogg (1999) has shown that IHIP is widely used as a definition of services, which proves that it is a successful descriptor for a wide range of services. This research, however, was carried out over 20 years ago, and so cannot be completely relevant to modern services. Vargo and Lusch (2004: 324) mention as part of their ‘service-dominant logic’ that the IHIP characteristics are not satisfactory in fully defining what a service is or distinguishing it from physical goods, and so cannot solely be used when trying to define a service. Therefore, the characteristics need to be amended in order to increase its applicability to all service conditions. For example, Moeller (2010: 360) recommends either establishing a ‘framework’ recognizing a specific set of conditions in which the IHIP characteristics can be applied, or, more radically, doing research to find a new, better set of characteristics to replace the old. I believe that this will be advisable, as IHIP were created under goods-dominant logic and hold the assumption that services are similar to goods and so the characteristics cannot be classed as a perfect description of a service (Edvardsson, Gustafsson and Roos, 2005).