

Week 1 Video 1

WHAT IS SERVICE ?

- The action of Serving, Helping, Benefiting...
- Acts, Deeds Performances, Efforts....Different from Goods, Articles, Objects..
- Professional skills, knowledge, labor, facilities, material-tangible and intangible resources are contributed by service providers and service users-consumers-- in networked systems. Value is co-created by solving problems, meeting needs..
- Usually no transfer of ownership.

WHAT ARE SERVICES ?

Five broad categories within non-ownership framework of which two or more may be combined

Contractual goods services

Defined space and place rentals

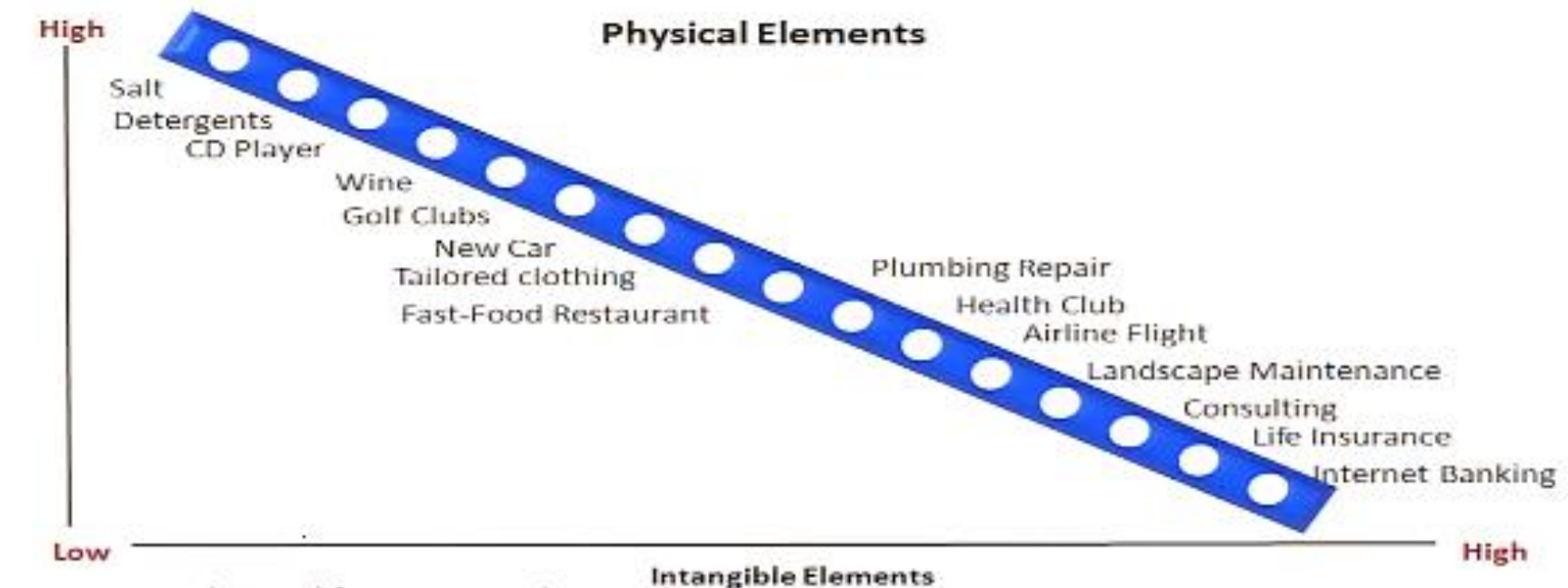
Labor and expertise contracts

Access to shared physical environments

Access to and usage of systems and networks

WHAT ARE SERVICES ?

Value Creation is Dominated by Intangible Elements



Source; Adapted from Lynn Shostack

4 CATEGORIES OF SERVICES

	Who or What is the Direct Recipient of the Service?	
Nature of the Service Act	People	Possessions
Tangible Actions	People-processing (services directed at people's bodies): <ul style="list-style-type: none">• Barbers• Health care	Possession-processing (services directed at physical possessions): <ul style="list-style-type: none">• Refueling• Disposal / recycling
Intangible Actions	Mental stimulus processing (services directed at people's mind): <ul style="list-style-type: none">• Education• Advertising / PR	Information processing (services directed at intangible assets): <ul style="list-style-type: none">• Accounting• Banking

Week 1 Video 2

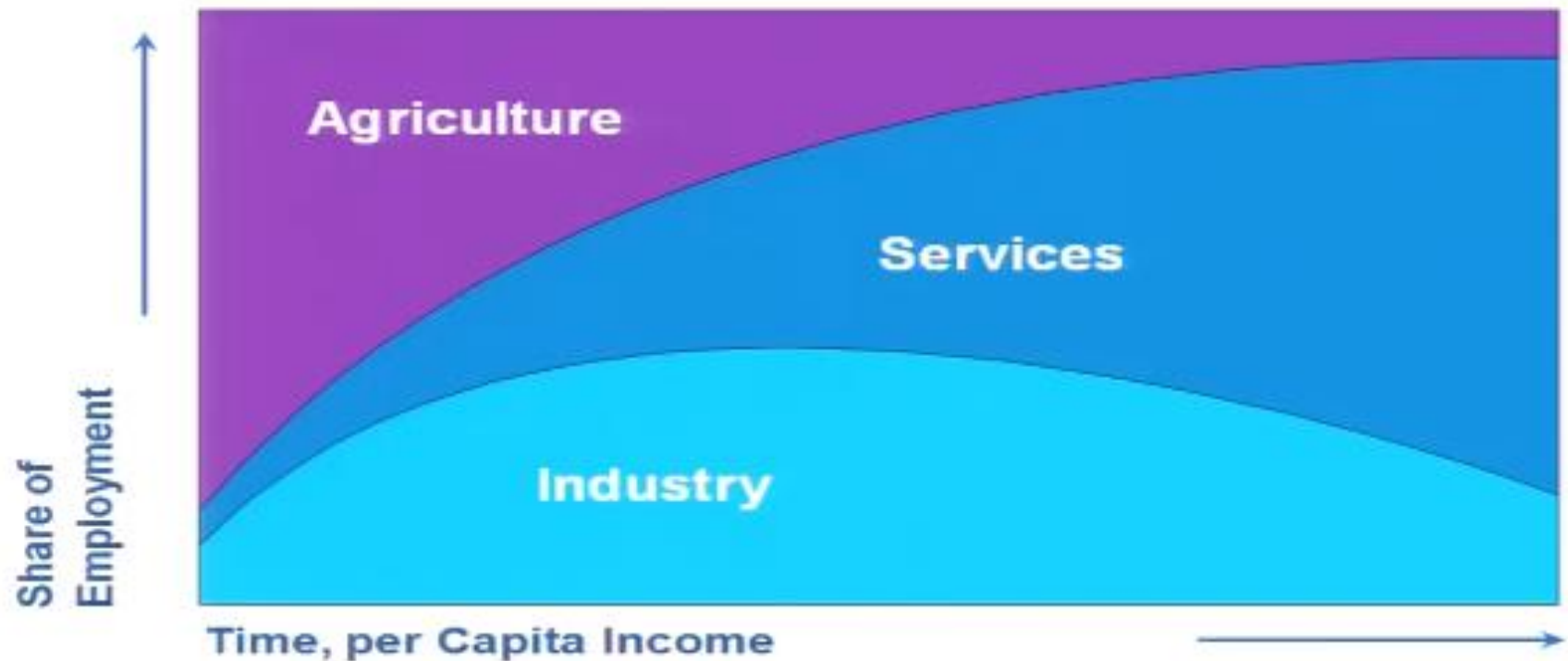
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WHY STUDY SERVICES?

- **Services dominate most economies and are growing rapidly:**
 - **Services account for more than *60% of GDP worldwide***
 - ***59.9% FY 2014 India***
 - **Almost all economies have a substantial service sector**
 - **Most *new employment* have been provided by services**
 - **Strong *growth area* for India and South Asia-1576 to 3441 in K Crores FY 2005 to 2014**

CHANGING STRUCTURE OF EMPLOYMENT AS ECONOMIES DEVELOP



Source: IMF, 1997

WHY STUDY SERVICES ?

➤ Evolving service markets

- Technology changes, Government policies, Social changes, Business structures, Internationalization
- Demand
- Supply
- The competitive landscape
- Customers' choices, power, and decision making

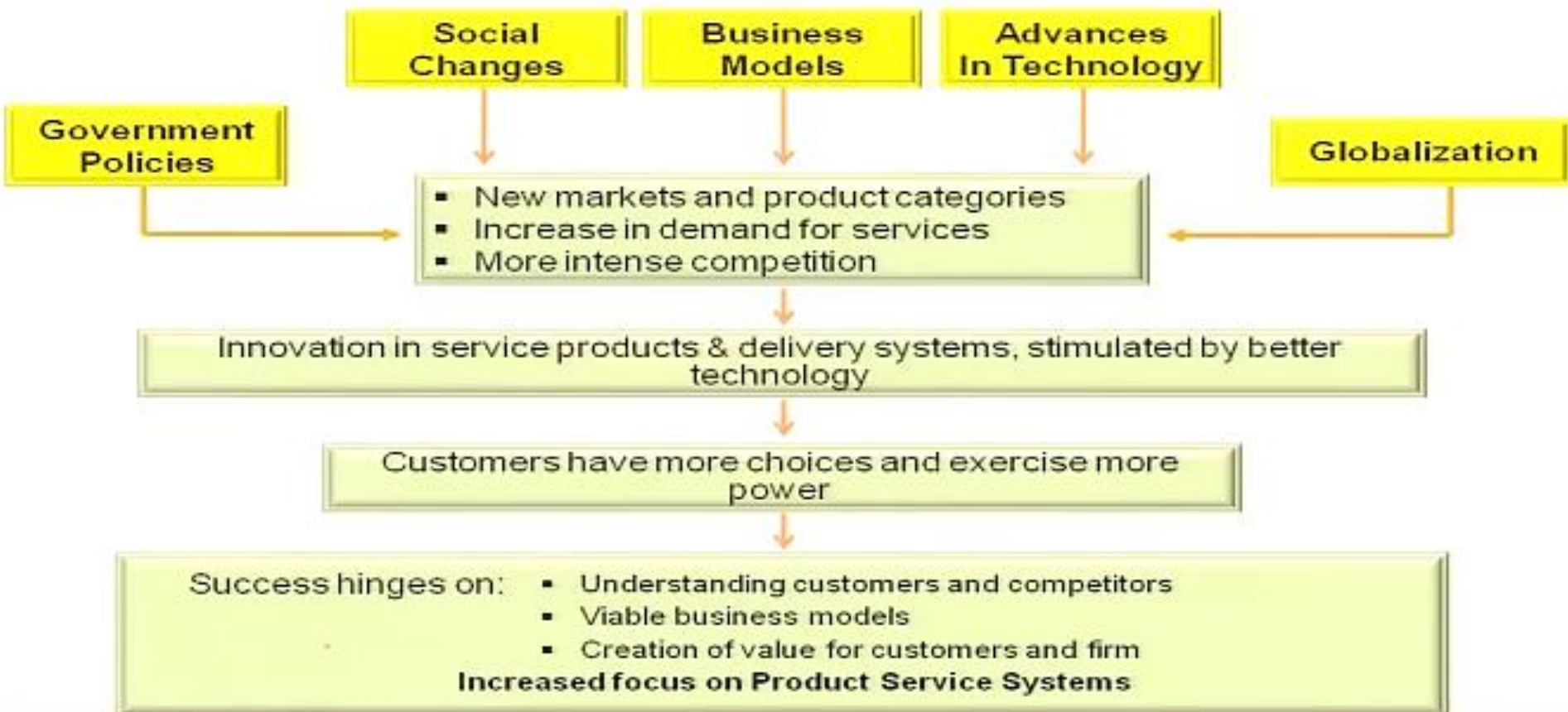
Week 1 Video 3

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➤ Evolving service markets

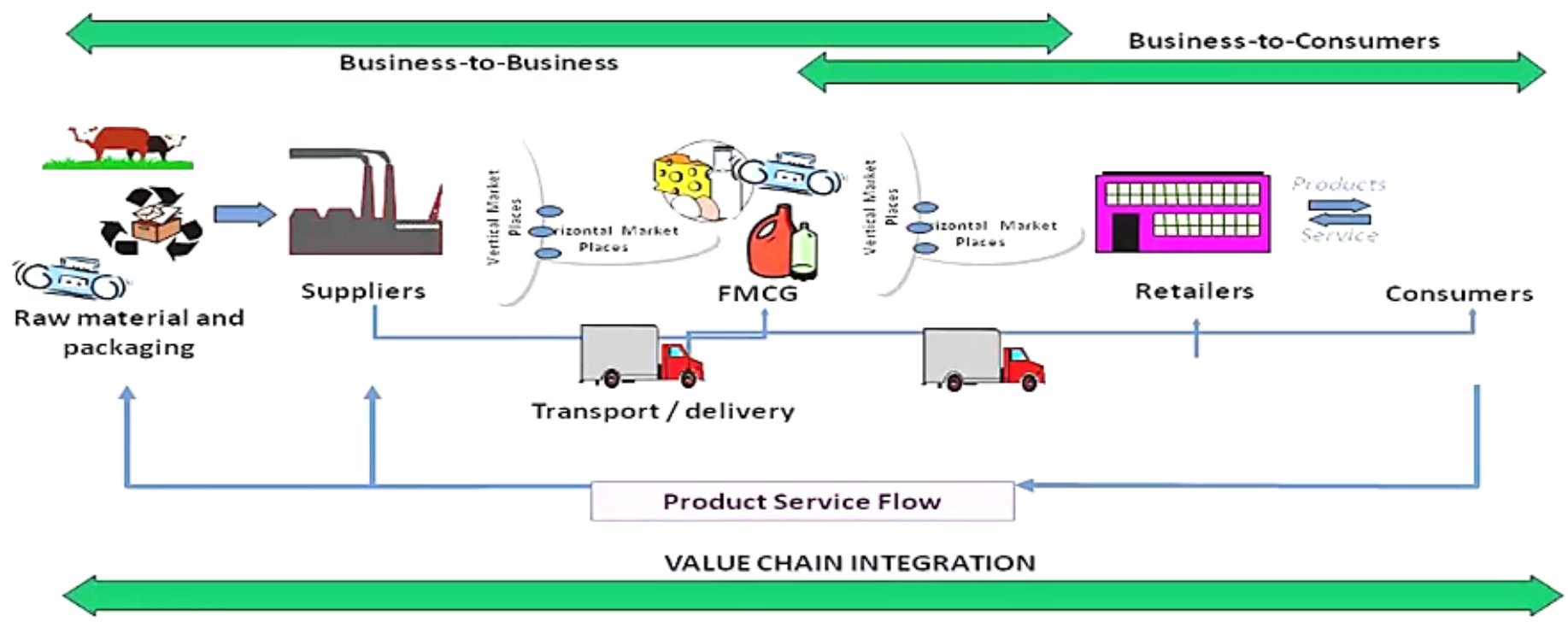
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Evolving Global Service Economy

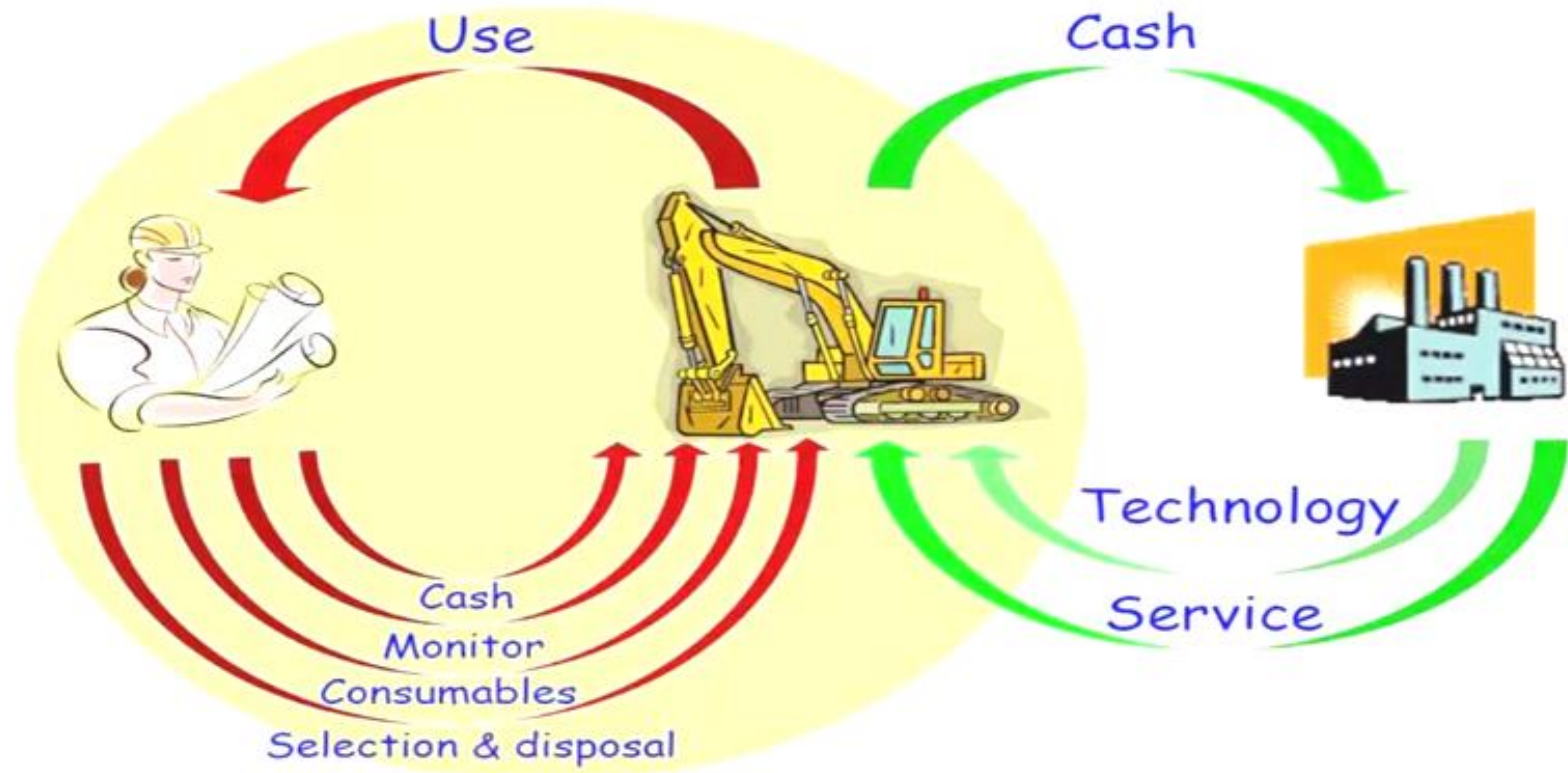


Week 1 Video 4

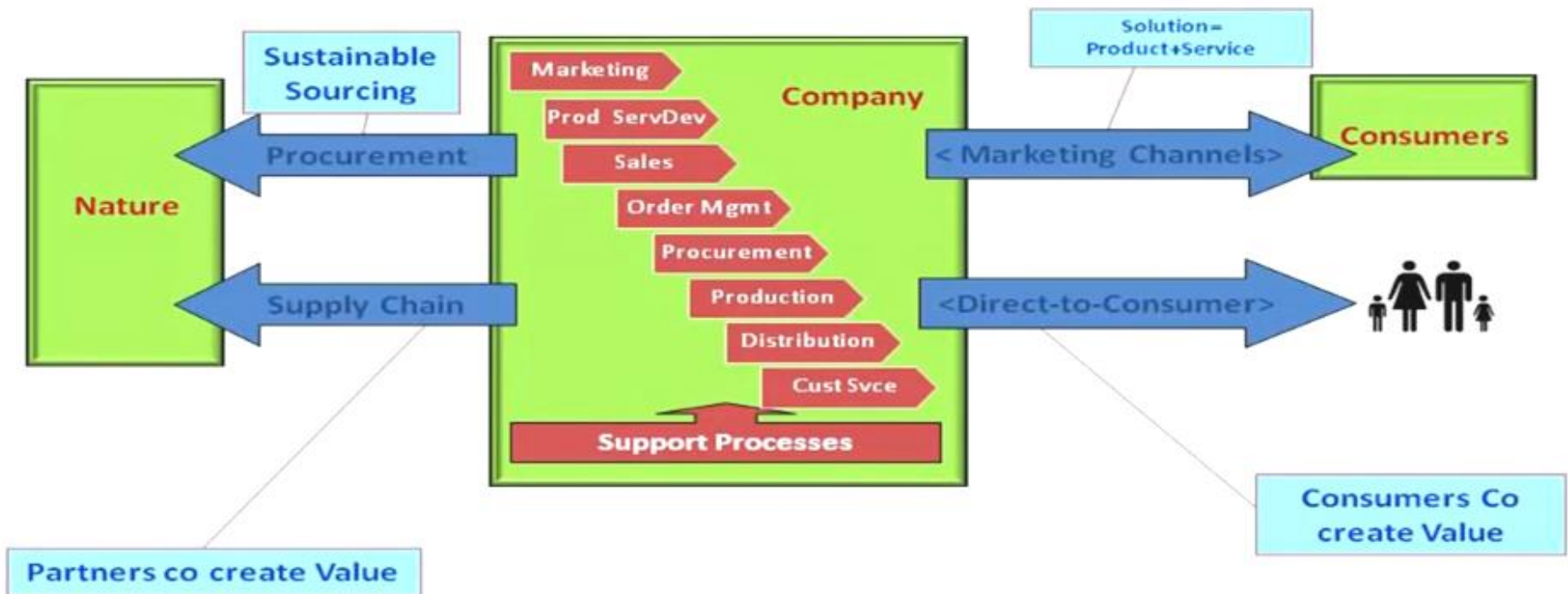
INCREASINGLY STRONG OPERATIONAL INTEGRATION OF THE VALUE CHAIN ...



PRODUCT SERVICE SYSTEM



CONVENTIONAL VALUE CHAIN TO CREATING PSS VALUE CHAIN



REFLECT ON

- Competitive strategy
- *Customer Intimacy:...creating the best total solution for the customer...*
- *Delivering the best total cost to the customers*
- *The Service Logic for competing*

Week 1 Video 5

THE 7 PS OF SERVICES MARKETING

➤ Traditional Marketing Mix Applied to Services

- Product
- Place and Time
- Price
- Promotion and Education

➤ Extended Marketing Mix for Services

- Process
- Physical Environment
- People

MARKETING TO BE INTEGRATED WITH OTHER MANAGEMENT FUNCTIONS

Three management functions play central and interrelated Roles in meeting needs of service customers



CONSUMER EVALUATION PROCESSES FOR SERVICES

➤ Search Qualities

- attributes a consumer can determine prior to purchase of a product

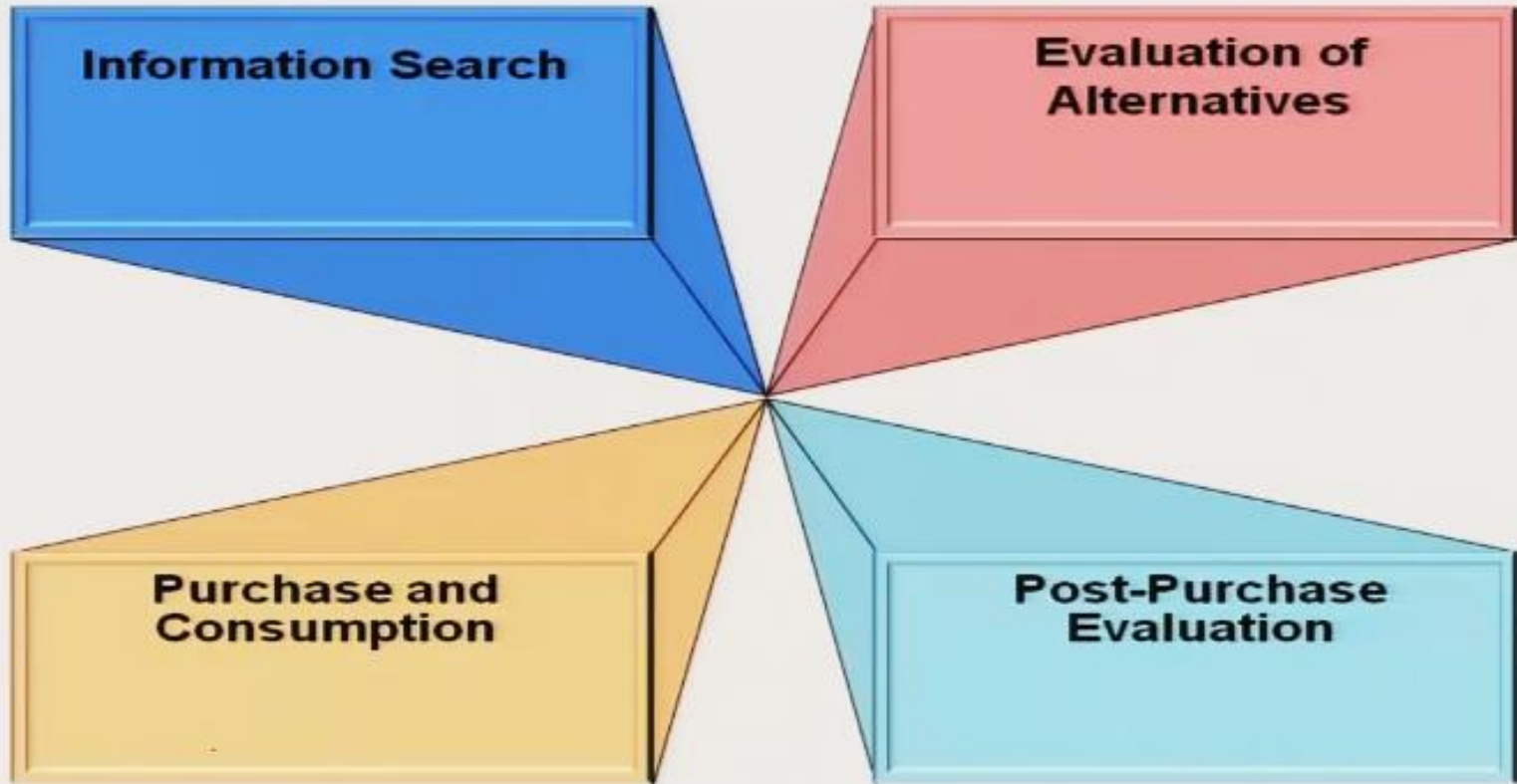
➤ Experience Qualities

- attributes a consumer can determine after purchase (or during consumption) of a product

➤ Credence Qualities

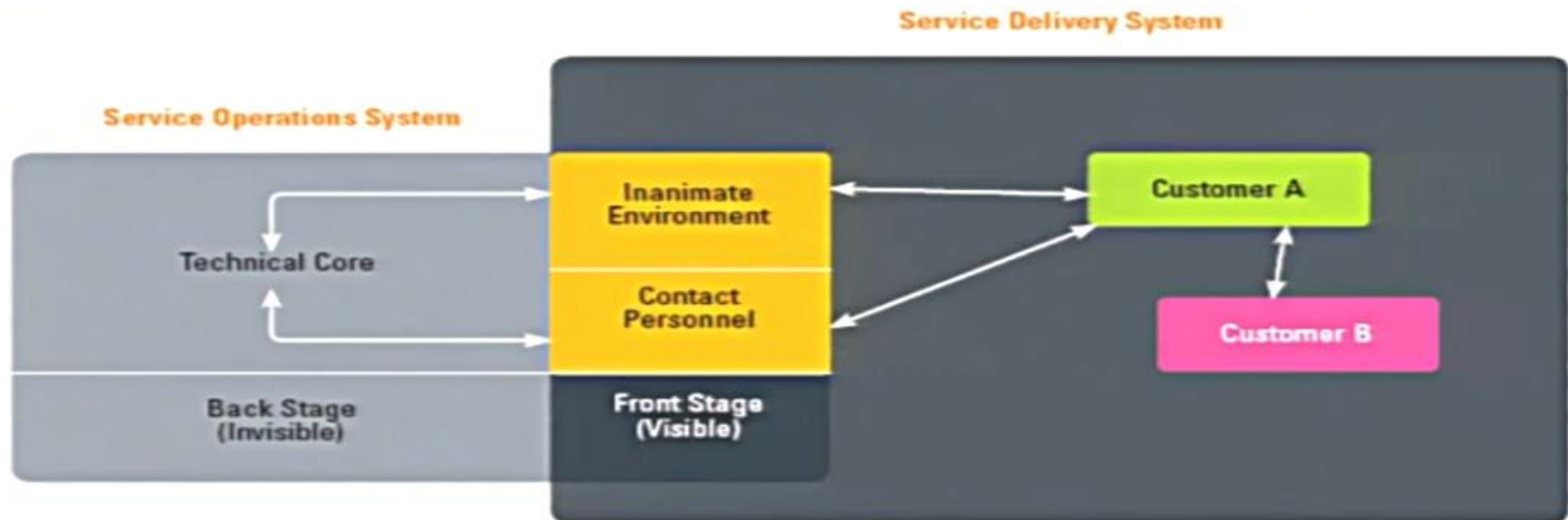
- characteristics that may be impossible to evaluate even after purchase and consumption

CATEGORIES IN CONSUMER DECISION-MAKING AND EVALUATION OF SERVICES



Week 1 Video 6

THE SERVUCTION SYSTEM



Source: Adapted and expanded from an original concept by Eric Langeard and Pierre Eiglier

THEATRICAL METAPHOR: AN INTEGRATIVE PERSPECTIVE

Good metaphor as service delivery is a series of events that customers experience as a performance

Service facilities

- Stage on which drama unfolds
- This may change from one act to another

Personnel

- Front stage personnel are like members of a cast
- Backstage personnel are support production team

Roles

- Like actors, employees have roles to play and behave in specific ways

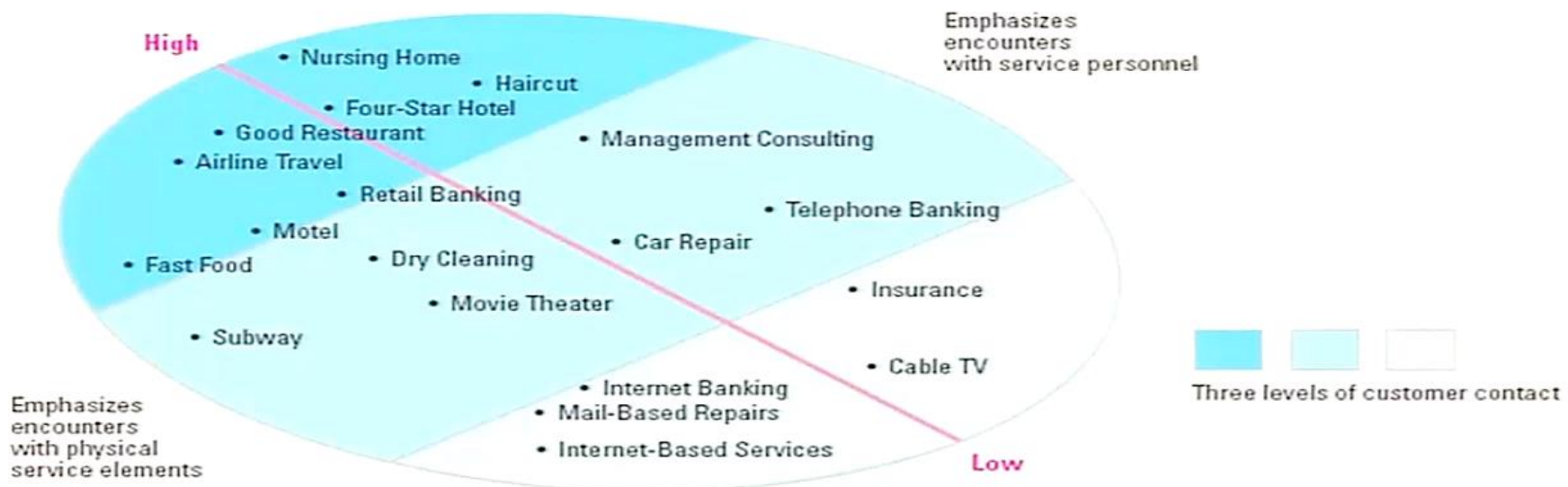
Scripts

- Specifies the sequences of behavior for customers and employees

IMPLICATIONS OF CUSTOMER PARTICIPATION IN SERVICE DELIVERY

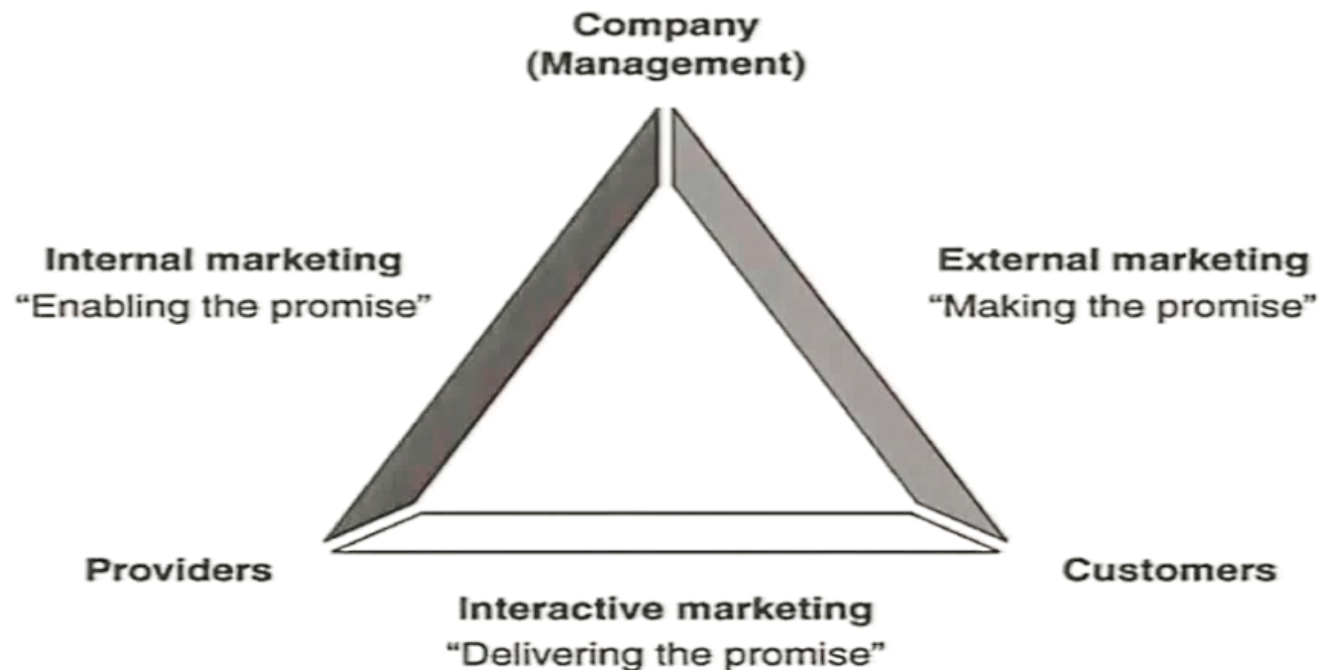
- **Greater need for information/training**
 - Help customers to perform well, get desired results
- **Customers should be given a *realistic service preview* in advance of service delivery**
 - This allows them to have a clear idea of their expected role and their script in this whole experience
 - Manages expectations and emotions

SERVICE ENCOUNTERS RANGE FROM HIGH-CONTACT TO LOW-CONTACT



THE SERVICES MARKETING TRIANGLE

Sources: Adapted from M. J. Bitner, "Building Service Relationships: It's All about Promises," *Journal of the Academy of Marketing Science* 23 (Fall 1995), pp. 246–251; C. Gronroos, *Service Management and Marketing: A Customer Relationship Management Approach*, 2nd ed. (West Sussex, England: John Wiley and Sons, Ltd., 2000), p. 55; and P. Kotler and K. L. Keller, *Marketing Management*, 12th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2006), p. 412.



END OF RESOURCE