

# [Wksht chapter 3 developing service concepts – core and supplementary element](https://assignbuster.com/wksht-chapter-3-developing-service-concepts-core-and-supplementary-element/)

Developing Service Concepts: Core and Supplementary Element | Overview of Chapter 3 \* Planning and Creating Services \* The Flower of Service \* Planning and Branding Service Products \* Development of New Services| I.

Planning and Creating Services \* A service product comprises all elements of service performance, both tangible and intangible, that create value for customers \* The service concept is represented by: \* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* Accompanied by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Core Products and Supplementary Services \* In mature industries, core products often become commodities \* Supplementary services help to differentiate core products and create competitive advantage by: \* Facilitating use of core product (a service or a good) \* Enhancing the value and appeal of the core product| Augmenting the Core Product (Fig 3. 1) \* Are supplementary services needed to facilitate use of core product or simply to add extra appeal? \* Should customers be charged separately for each service element? \* Or should all elements be bundled at a single price? | | Designing a Service Concept \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* Central component that supplies the principal, problem-solving benefits customers seek \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* Augment the core product, facilitating its use and enhancing its value and appeal \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* Used to deliver both the core product and each of the supplementary services| |

Documenting Delivery Sequence Over Time \* Must address sequence in which customers will use each core and supplementary service \* Determine approximate length of time required for each step \* Customers may budget a specific amount of time for an activity \* Information should reflect good understanding of customers, especially their: \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* Question: Do customers’ expectations change during service delivery in light of perceived quality of each sequential encounter? | What Happens, When, in What Sequence? Time Dimension in Augmented Product (Fig 3. 3)| Core and Supplementary Services at Luxury Hotel (Offering Much More than Cheap Motel! )| |

Flowcharting Service Delivery Helps to Clarify Product Elements \* Offers way to understand totality of customer’s service experience \* Useful for distinguishing between core product itself and service elements that supplement core \* Restaurants: Foodand beverage (core) \* Reservations (supplementary services) \* Shows how nature of customer involvement with service organizations varies by type of service: \* People processing \* Possession processing \* Mental Stimulus processing \* Information processing| Defining Core and Supplementary Elements of Our Service Product \* How is our core product defined and what supplementary elements augment it? \* What product benefits create most value for customers? \* Is our service package differentiated from competition in meaningful ways for target customers? \* What are current levels of service on core product and each supplementary element? \* Can we charge more for higher service levels?

For example: \* Faster response and execution \* Better physical amenities \* Easier access \* Higher staffing levels \* Superior caliber personnel \* Alternatively, should we cut service levels and charge less? | Simple Flowchart for Delivery of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-Processing Service (Fig 3. 4)| People Processing – Stay at Motel Park Car Check In Spend Night in Room Breakfast Check Out Breakfast Prepared Maid Makes up Room | Simple Flowchart for Delivery of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-Processing Service (Fig 3. 4)| | Simple Flowchart for Delivery of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-Processing Service (Fig 3. 4)| | Simple Flowchart for Delivery of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-Processing Service (Fig 3. 4)| | II. The Flower of Service (Fig 3. )| How to Determine What Supplementary Services Should Be Offered \* Not every core product is surrounded by supplementary elements from all eight clusters \* Nature of product helps to determine: \* Which supplementary services must be offered \* Which might usefully be added to enhance value and ease of doing business with the organization

\* People-processing and high-contact services tend to have more supplementary services \* Market positioning strategy helps to determine which supplementary services should be included \* Firms that offer different levels of service often add extra supplementary services for each upgrade in service level | Facilitating Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Customers often require information about how to obtain and use a product or service. Examples of elements: \* Directions to service site \* Schedule/service hours \* Prices \* Conditions of sale \* Usage instructions| Facilitating Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Customers need to know what is available and may want to secure commitment to delivery. The process should be fast and smooth. Examples of elements: \* Applications \* Order entry \* Reservations and check-in| Facilitating Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| “ How much do I owe you? ” Bills should be clear, Accurate, and intelligible.

Examples of elements: \* Periodic statements of account activity \* Machine display of amount due| Facilitating Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Customers may pay faster and more cheerfully if youmake transactions simple and convenient for them. Examples of elements: \* Self service payment \* Direct to payee or intermediary Automatic deduction| Enhancing Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Value can be added to goods and services by offering advice and consultation tailored to each customer’s needs and situation. Examples of elements: \* Customized advice \* Personal counseling \* Management consulting| Enhancing Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Customers who invest time and effort in visiting business and using its services deserve to be treated as welcome guests— after all, marketing invited them! Examples of elements: \* Greeting \* Waiting facilities and amenities \* Food and beverages \* Toilets and washrooms \* Security| Enhancing Services—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_| Customers prefer not to worry about looking after the personal possessions that they bring with them to a service site. Examples of elements: \* Looking after possessions customers bring with them \* Caring for goods purchased (or rented) by customers| Enhancing Services—EXCEPTIONS| Customers appreciate some flexibility when they make special requests and expect responsiveness when things don’t go according to plan.

Examples of elements: \* Special requests in advance \* Complaints or compliments \* Problem solving \* Restitution| Managerial Implications (To develop product policy and pricing strategy) \* Managers need to determine: \* Which supplementary services should be offered as a standard package accompanying the core \* Which supplementary elements could be offered as options for an extra charge \* In general, firms that compete on a low-cost, no-frills basis needs fewer supplementary elements than those marketing expensive, high-value-added services \* Each flower petal must receive consistent care and concern to remain fresh and appealing| III. Planning and Branding Service Products|

Service Products| \* A product implies a defined and consistent “ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” and also ability of firm to differentiate its bundle of output from competitors’ \* Service firms can differentiate their products in similar fashion to various “ models” offered by manufacturers \* Providers of more intangible services also offer a “ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” of products \* Represent an assembly of elements that are built around the core product \* May include certain value-added supplementary services | Product Lines and Brands| \* Most service organizations offer a line of products rather than just a single product \* They may choose among three broad alternatives: \* Single brand to cover all products and services \* A separate, stand-alone brand for each offering \* Some combination of these two extremes| Spectrum of Branding Alternatives (Fig 3. 8)| \* Branded House – Sub brands – Endorsed Brands – House of

Brands| Offering a Branded Experience (1)| \* Branding can be employed at both \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ levels \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ brand: \* Easily recognized \* Holds meaning to customers \* Stands for a particular way of doing business \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ brand: \* Helps firm communicate distinctive experiences and benefits associated with a specific service concept \* Moving toward branded customer experience includes: \* Create brand promise \* Shape truly differentiated customer experience \* Give employees skills, tools, and supporting processes to deliver promise \* Measure and monitor| Offering a Branded Experience (2)| “ The brand promise or value proposition is not a tag line, an icon, or a color or a graphic element, although all of these may contribute.

It is, instead, the heart and soul of the brand…. ” Don Schultz | IV. Developing New Services| A Hierarchy of New Service Categories (1)| 1. Major service innovations \* New core products for previously undefined markets 2. Major process innovations \* Using new processes to deliver existing products with added benefits 3. Product-line extensions \* Additions to current product lines 4. Process-line extensions \* Alternative delivery procedures 5. Supplementary service innovations \* Addition of new or improved facilitating or enhancing elements 6. Service improvements \* Modest changes in the performance of current products 7.

Style changes \* Visible changes in service design or scripts| Reengineering Service Processes| \* Service processes affect not only customers, but also cost, speed, and productivity with which desired outcome is achieved \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ involves analyzing and redesigning processes to achieve faster and better performance \* Running tasks in parallel instead of sequence can reduce/eliminate dead time \* Examination of processes can lead to creation of alternative delivery methods that constitute new service concepts \* Add/eliminate supplementary services \* Resequence delivery of service elements \* Offer self-service ptions| Physical Goods as a Source Of New Service Ideas| \* Services can be built around rentals: Alternatives to owning a physical good and/or doing work oneself \* Customers can rent goods—use and return for a fee—instead of purchasing them \* Customers can hire personnel to operate own or rented equipment

\* Any new durable good may create need for after-sales services now and in future—possession processing \* Shipping \* Installation \* Problem-solving and consulting advice \* Cleaning and maintenance \* Upgrades \* Removal and disposal| Creating Services as Substitutes for Owning and/or Using Goods (Fig 3. 10)| | Achieving Success in Developing New Services| \* Services are not immune to highfailurerates that plague new manufactured products \* “ dot. com” companies \* In developing new services \* Core product is of secondary importance \* Ability to maintain quality of the total service offering is key \* Accompanying marketing support activities are vital \* Market knowledge is of utmost importance| Success Factors in

New Service Development| \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \* Good fit between new product and firm’s image/resources \* Advantage versus competition in meeting customers’ needs \* Strong support from firm during/after launch \* Firm understands customer purchase decision behavior \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ factors \* Strong interfunctional cooperation and coordination \* Internal marketing to educate staff on new product and its competition \* Employees understand importance of new services to firm \* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ factors \* Scientific studies conducted early in development process \* Product concept well defined before undertaking field studies| Summary of Chapter 3: Developing Service Concepts (1)| \* Planning and creating services involve: \* Augmenting core product \* Designing core product, supplementary services, and delivery process \* Documenting delivery sequence over time with flowcharts \* Gaining insights from flowcharting

\* Flower of service includes core product and two types of supplementary ervices: facilitating and enhancing \* Facilitating services include information, order taking, billing, and payment \* Enhancing services include consultation, hospitality, safekeeping, and exceptions \* Spectrum of branding alternatives exists for services \* Branded house \* Sub-brands \* Endorsed brands \* House of brands \* Seven categories of new services: \* Major service innovations \* Major process innovations \* Product-line extensions \* Process-line extensions \* Supplementary service innovations \* Service improvements \* Style changes \* To develop new services, we can \* Reengineer service processes \* Use physical goods as a source of new service ideas \* Use research to design new services \* Achieve success in developing new services|

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