

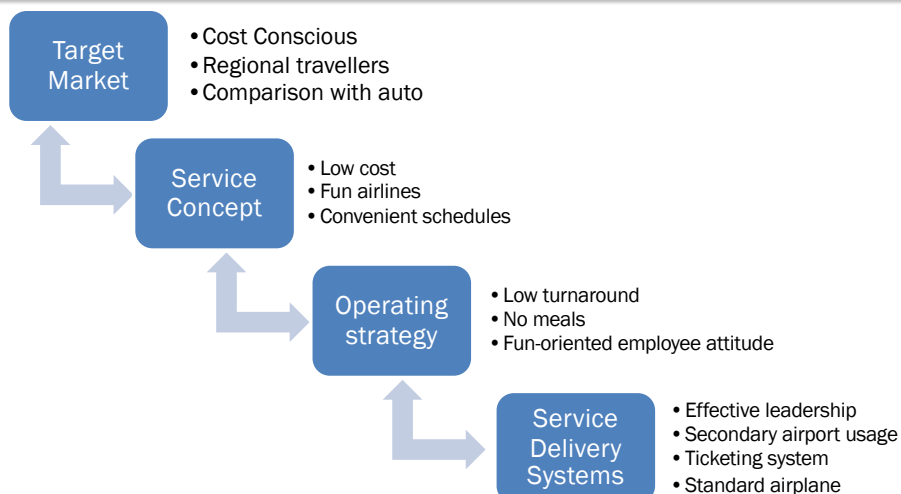
Service Operations Management (SOM)

Session V Service Strategy

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Strategic service vision



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Service Strategic Vision

- Target market segments
 - What are common characteristics of important market segments?
 - What dimensions can be used to segment the market, demographic, psychographic?
 - What needs does each have?
- Service concept
 - What are important elements of the service to be provided, stated in terms of results produced for customers?
 - How are these elements supposed to be perceived by the target market segment, by the market in general, by employees, by others?
 - How do customers perceive the service concept?

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Service Strategic Vision

- Operating strategy
 - How the company should be structured in order to meet the service concept?
 - Where would be the most investment of money and effort?
 - How will quality and cost be controlled? Measures? Rewards? Incentives?
- Service Delivery system
 - Dealing with People
 - Choice of technology, equipment, layout, procedures
 - Capacity planning

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SSV for SWA

Target Market	Service Concept	Operations Strategy	Service Delivery System
People using other transport Short haul passengers Loyalty with brand Price sensitive customers Business people with urgent need Fun loving and non-grumpy	Short haul flights Single class Low prices On time performance High customer satisfaction More frequent flights No meals	No codesharing High fleet utilization Low cost Low turnaround time Low landing fees Low in-air wait time	Employee bonding Boeing 737 only Secondary airport No Sabre/Apollo Peanuts only Own ticketing system Reusable boarding passes High staff retention

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Today's discussion points

- How has Southwest's original strategy been altered in recent years? How have these changes affected Southwest's key success factors?
- *Quantitatively, estimate the importance of fast turnaround of aircraft to Southwest Airlines?*
- Would you recommend that Southwest Airlines acquire the gates and slots available at LaGuardia Airport? Why?

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