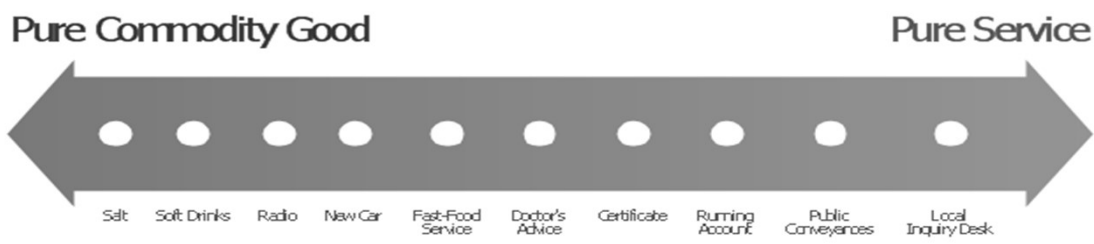


Service product continuum

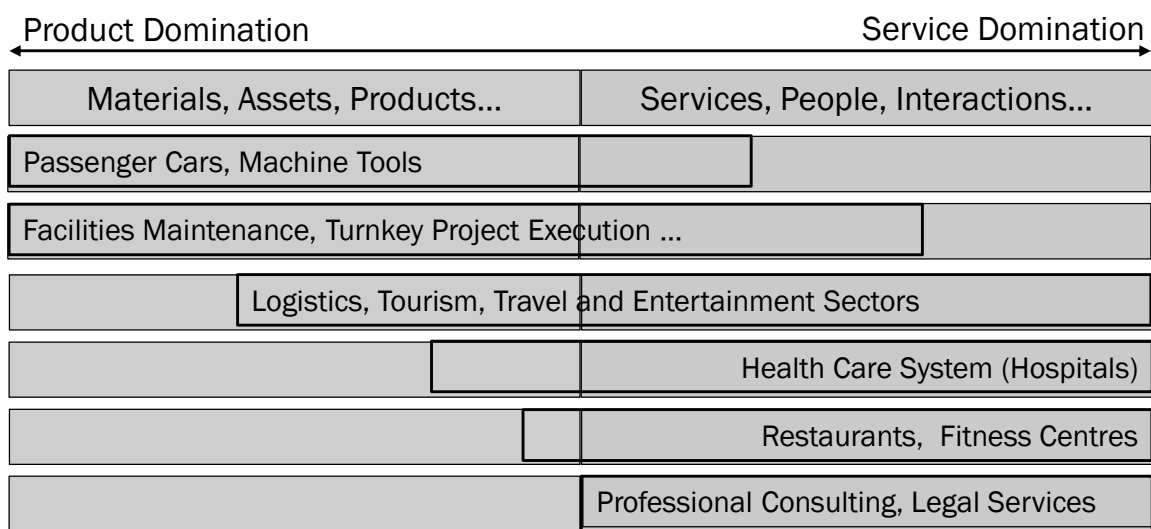


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The Service – Product Continuum



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Team activity

- Order the firms you have been provided them in a service product continuum
- As a class, merge all your lists.

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Point to ponder...

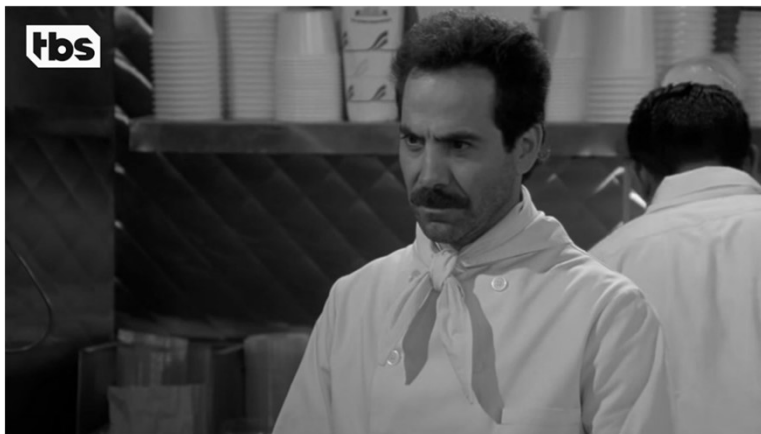
What are the key characteristics of services that make them different from goods?

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Who is this?



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Consider the following



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Distinctive Characteristics of Service Operations

- Services can deal with psychology of consumers
 - More degrees of freedom to create desirable services
- Appropriability: Patents not easy
- High Customer Loyalty; Exit Barriers
- Services are Intangible
 - Need for development of capable infrastructure
 - Materialization of the service necessary
 - Services can be conspicuous by their absence

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Consider the following



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Distinctive Characteristics of Service Operations

- Sometimes too busy/sometimes too idle!
- Usage of inventory to hedge uncertainty not possible
- Usage of excess capacity is the usual practice
- Services are Perishable
 - Necessary to smoothen the demand
 - Schedule preventive maintenance in slack time
 - Special tariffs for slack times

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Consider this



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Distinctive Characteristics of Service Operations

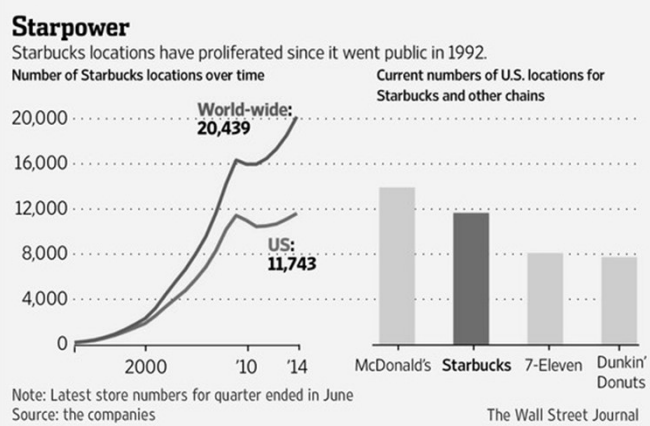
- Customer acts like a temporary employee
- Back office – front office interface
- Services are Customer participation
 - Create behavior control mechanisms for customers as well!

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Consider this



BRANCHING OUT



	Total number of branches Mar '13	Increase in branch count Mar '08-Mar '13
Public Sector Banks		
State Bank of India	14,816	4,630
Punjab National Bank	5,874	1,610
Bank of Baroda	4,336	1,483
Bank of India	4,292	1,409
Union Bank of India	3,511	1,150
Canara Bank	3,728	1,050
Private Sector Banks		
HDFC Bank	3,062	2,301
ICICI Bank	3,100	1,838
Axis Bank	1,947	1,276

Source: Banks

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Distinctive Characteristics of Service Operations

- Serviced are produced and consumed at the same time
- Error corrections might be difficult
- Need for physical presence of the customer/assets
 - Loss of economies of scale
- Difficulty of testing service prototypes
- Product substitutions
- Services are characterized by simultaneity
 - Franchise models; consistency of approach

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Distinctive Characteristics of Service Operations

- Human involvement leads to high amount of randomness
- Services are characterized by Heterogeneity
 - Maintenance of consistency important

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Some other characteristics

- Cultural specificity
- Transferability
- Non-transferable ownership

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Service definitions

- A service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems
 - Christian Gronroos, Service Management and Marketing, Lexington, Mass: Lexington Books, 1990, p. 27)

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Service definitions

- Most authorities consider the services sector to include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced and provides added value in forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of the first purchaser.
 - Quinn et al 1987

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