

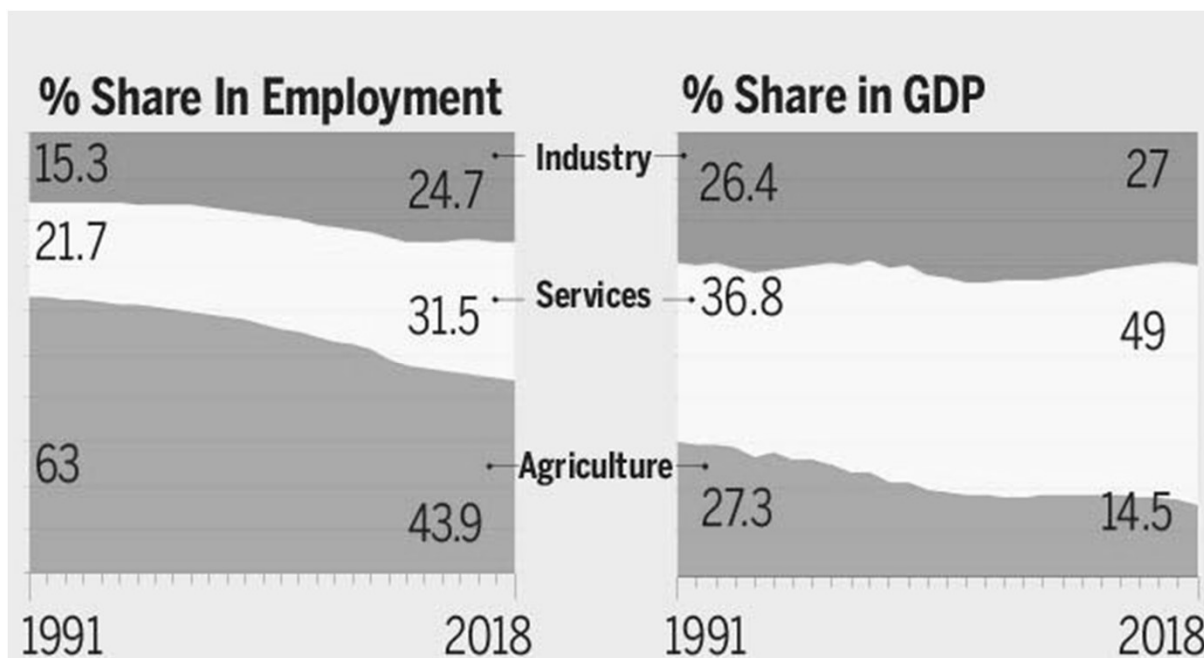
IMPORTANCE OF THE SERVICE SECTOR

Thursday, October 20, 2022

42



42

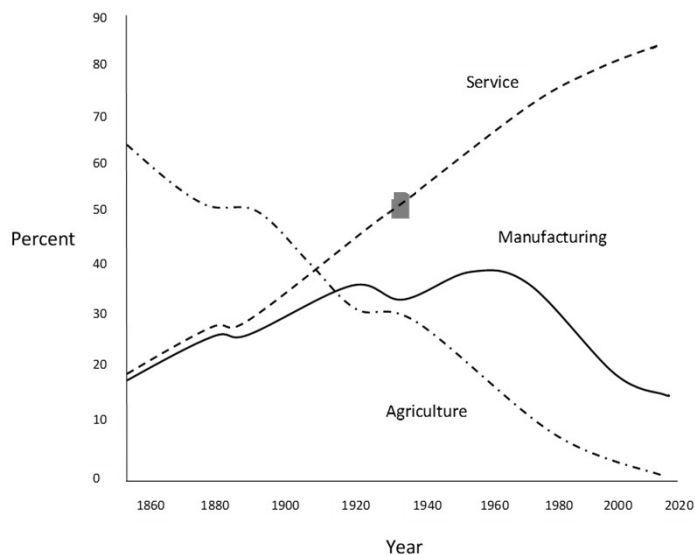


Thursday, October 20, 2022



43

Trends in U.S. Employment by Sector



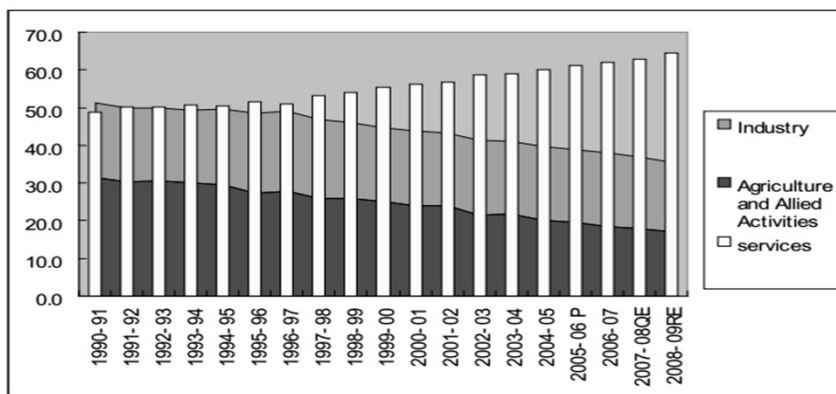
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44

44

Importance of services

Figure 1: Change in Sectoral Composition of India's GDP (%)
Change in Sectoral Shares in GDP: 1990-91 to 2008-09



Notes: GDP = gross domestic product, P = Provisional, QE = Quaterly Estimates, RE = Revised Estimates.
 Source: Central Statistical Organisation.

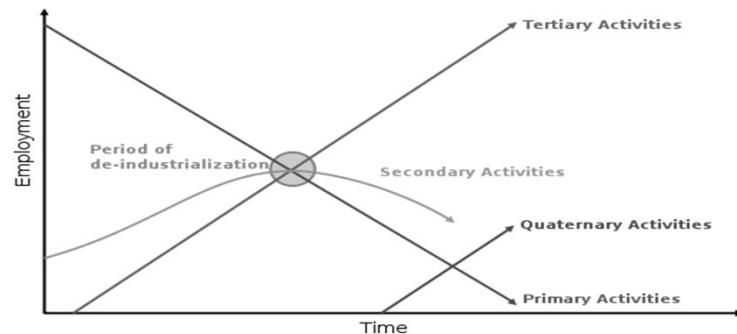
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45

45

Stages of Economic Development

- Three sector theory/ Structural change theory
 - Clark-Fisher hypothesis
 - Primary
 - Secondary
 - Tertiary
- Criticisms
- Rationalizations



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46

46

Enablers of the service sector

- Social Trends
 - Aging of the population
 - Two-income families
 - Growth in number of single people
 - Home as sanctuary
- Service Innovations
 - Push pull innovations
 - Services derived from products
- Effective usage of Information
 - Data mein paramatma hain!

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47

47

After the next few slides.....

**YOU WILL NEVER LOOK AT
SERVICES THE SAME WAY AGAIN!!!**

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48

48

Service Dominant Logic

- Service is the fundamental basis of value creation
- Service is defined as use of one's competencies for the benefit of another through exchange
- Facilitating goods may be involved in the exchange
 - But value-in-use (value as realized and determined by the customer) is the important feature

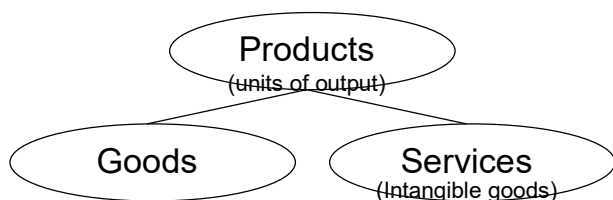
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49

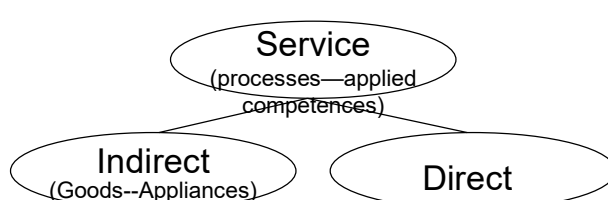
49

Paradigm Inversion

Goods Logic



Service Logic



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50

50

Service Dominant logic

Foundational premise	Explanation and comment
Service is the fundamental basis of exchange.	The application of operant resources (knowledge and skills), “service,” as defined in S-D logic, is the basis for all exchange. Service is exchanged for service.
Indirect exchange masks the fundamental basis of exchange.	Because service is provided through complex combinations of goods, money, and institutions, the service basis of exchange is not always apparent.
Goods are a distribution mechanism for service provision.	Goods (both durable and non-durable) derive their value through use – the service they provide.
Operant resources are the fundamental source of competitive advantage.	The comparative ability to cause desired change drives competition.

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51

51

Service Dominant Logic

All economies are service economies.	Service (singular) is only now becoming more apparent with increased specialization and outsourcing.
The customer is always a co-creator of value.	Implies value creation is interactional.
The enterprise cannot deliver value, but only offer value propositions.	Enterprises can offer their applied resources for value creation and collaboratively (interactively) create value following acceptance of value propositions, but can not create and/or deliver value independently.

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52

52

Service Dominant Logic

A service-centered view is inherently customer oriented and relational	Because service is defined in terms of customer-determined benefit and co-created it is inherently customer oriented and relational.
All social and economic actors are resource integrators.	Implies the context of value creation is networks of networks (resource integrators).
Value is always uniquely and phenomenologically determined by the beneficiary	Value is idiosyncratic, experiential, contextual, and meaning laden.

Thursday, October 20, 2022

53

53