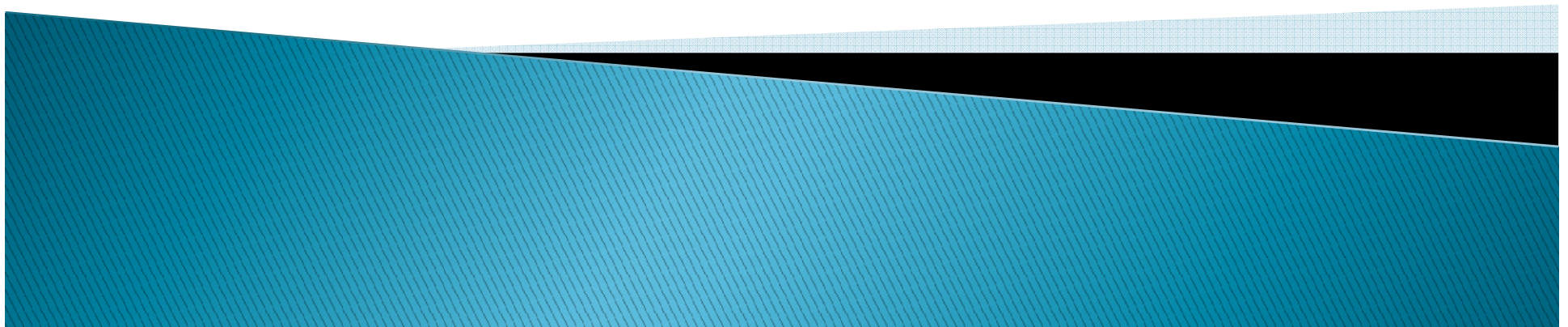
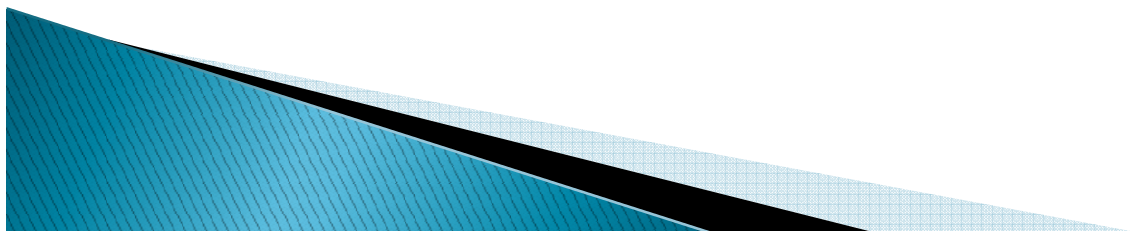


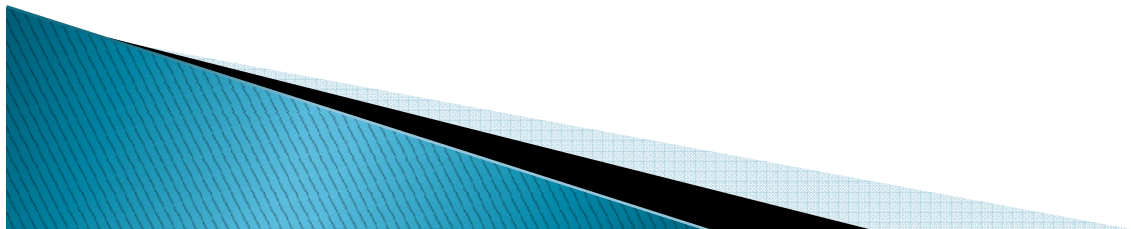
The Service Concept (Service product)



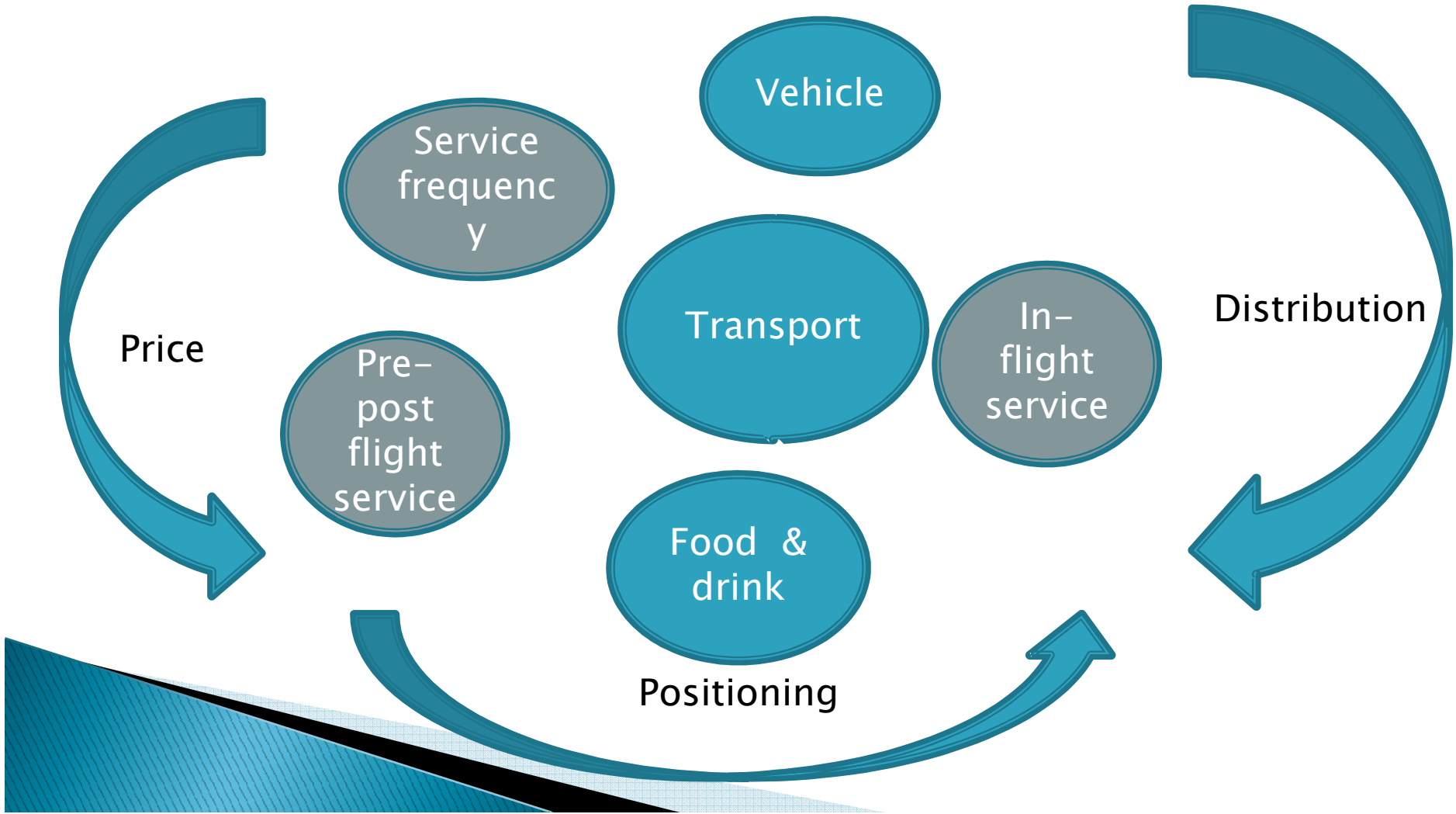
- ▶ A service product ,comprises of all elements of the service performance, both tangible and intangible that create value for customers.
- ▶ With physical products are purchased, customer own them; however service performances are experienced , not owned.
- ▶ Exceptions: food consumed in a restaurant; spare parts in auto-repair: the price is paid by the customer for value added by service elements that include expert labour; use of specialized equipment (an X-ray machine).



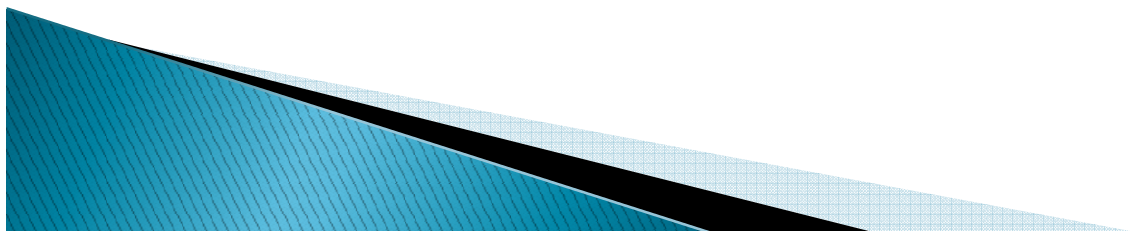
- ▶ Service product comprises of the core product which is accompanied by other service related activities, called 'supplementary services' which facilitate the use of the core product and add value and differentiation to the customer's overall service experience.
- ▶ The core product together with the supplementary services is known as the service concept.



Shostack's molecular model: passenger airline service

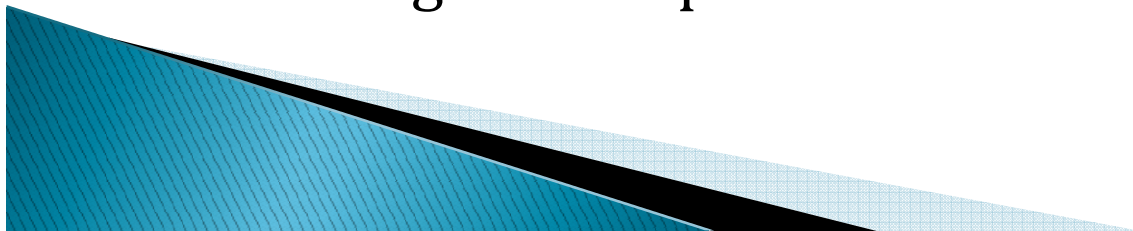


- ▶ Interdependent elements: A change in any one element changes the nature of the service
- ▶ The model helps marketers to identify the tangible and intangible elements of the service: greater the proportion of intangible elements, greater the need for marketers to provide tangible clues about feature and quality of the product.
- ▶ Service elements can be of 2 types: facilitating services: those needed to facilitate the core product (reservations/receptionist); or supporting services: those which enhance the appeal of the core product (e.g.-fitness centre, business centre)
- ▶ Marketers need to decide which service elements are necessary and whether to charge separately for the separate service elements. Or a single bundle price.

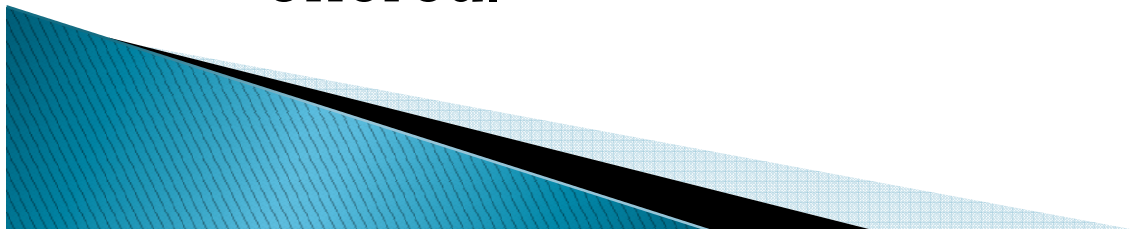


Designing a service concept

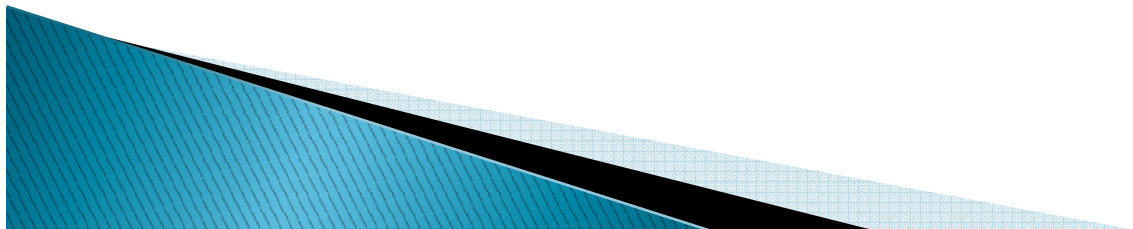
- ▶ Includes three components: core product; supplementary services; delivery process
- ▶ Core product: the central components that supplies the problem solving benefits customers seek.
- ▶ Supplementary services: Augment the core product-both facilitating them or enhancing them. These help to differentiate and position the core product. Adding more supplementary elements or increasing level of performance should be done such that it enhances perceived value of the core product for the customer , enabling service provider to charge a higher price.



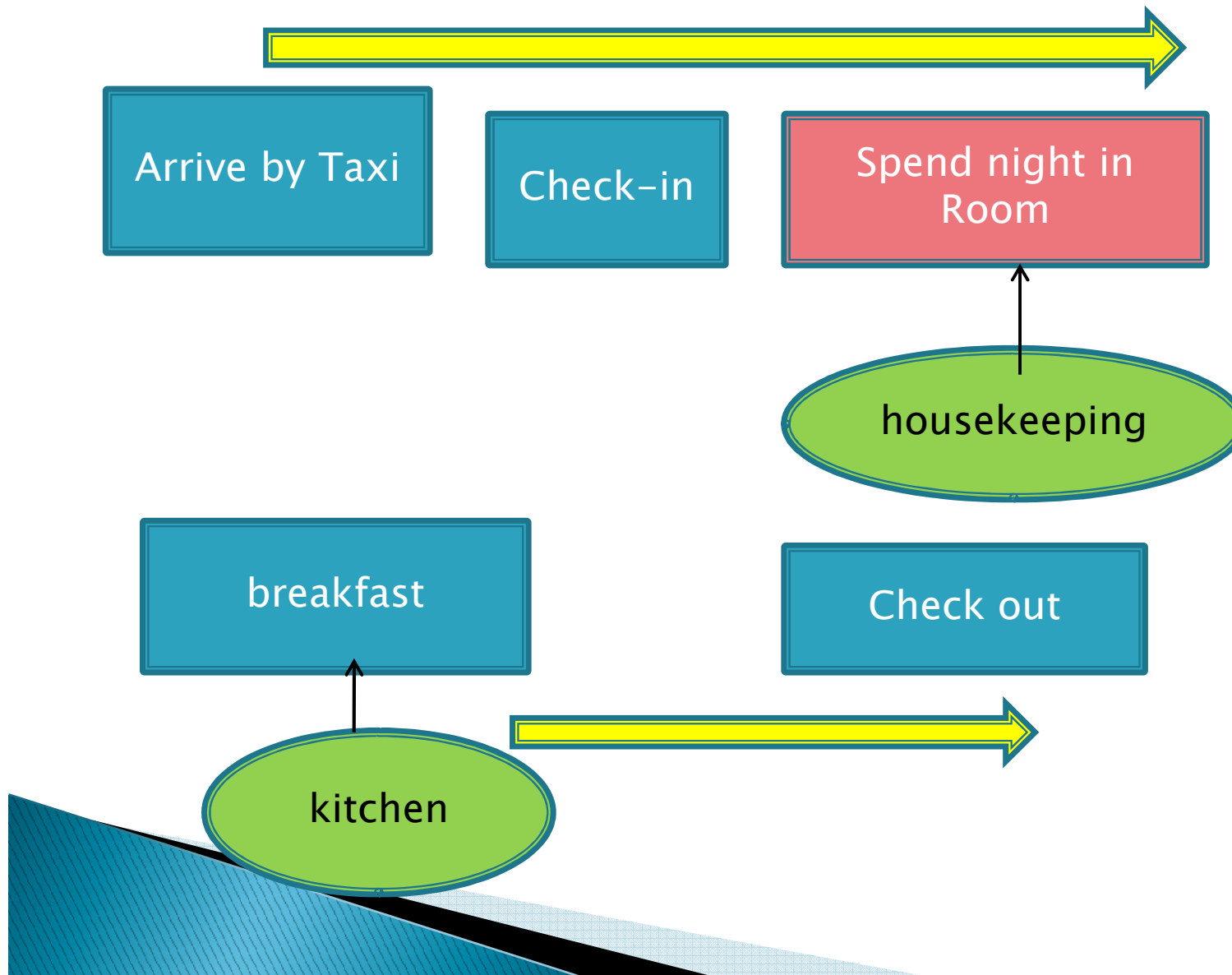
- ▶ Delivery process: concerns the processes used to deliver the core and each of the supplementary services. It should address:
 - i. How different service components are delivered to the customer
 - ii. The nature of the customer's role in these processes
 - iii. How long delivery lasts
 - iv. The prescribed level and style of service to be offered.



- ▶ Each of the different types of services have implications for operational procedures, role and degree of customer contact with service personnel, requirements of supplementary services.
- ▶ People processing services would need more supplementary services.

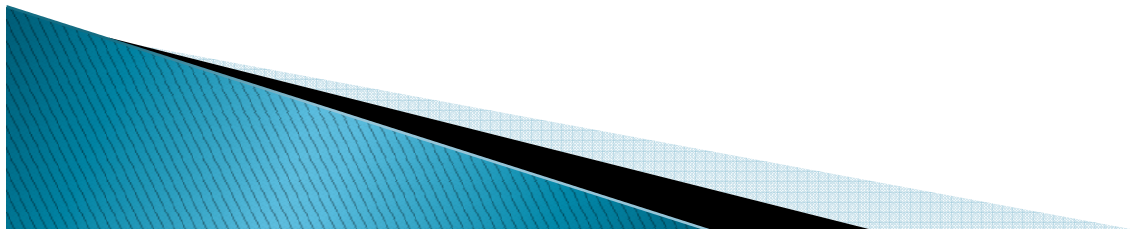


Flow charting service delivery helps clarify product elements

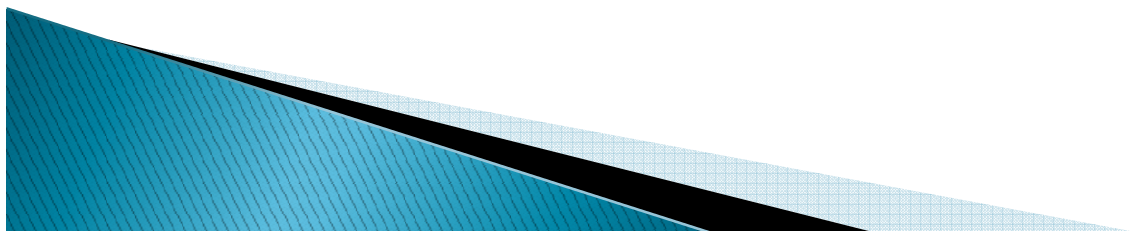


8 basic supplementary services

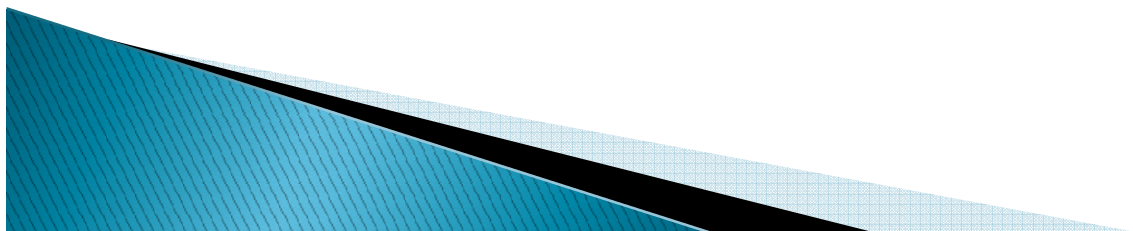
1. Information : new customers and prospects may need information about direction of the service factory; service hours; prices; instructions for use. (Airlines inform customers about arrivals and departures). Companies must ensure information provided is timely and accurate as inaccurate information can annoy or cause inconvenience to customers. Information may be provided by employees , printed material (menu; notices); other informational media can include menu-driven recorded telephone messages; touch-screen video displays; etc.



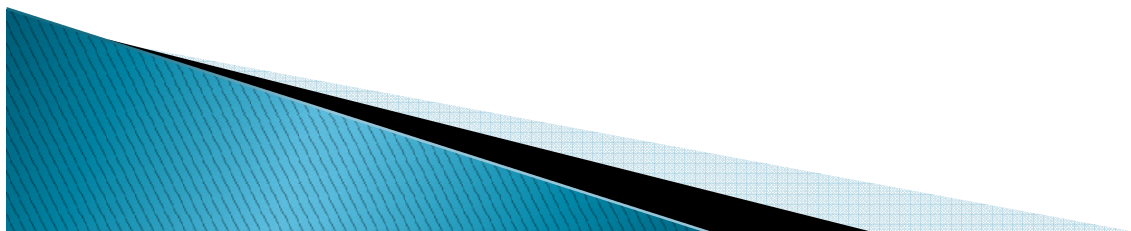
2. Order taking : a key supplementary element-accepting applications, orders, reservations. The process should be polite, fast and accurate so as to not waste customer's time. Technology can be used to make the process faster and easier-express check-ins and check outs; tele-check in; over the internet. Key lies in minimising time and effort for both parties as also ensuring completeness and accuracy.



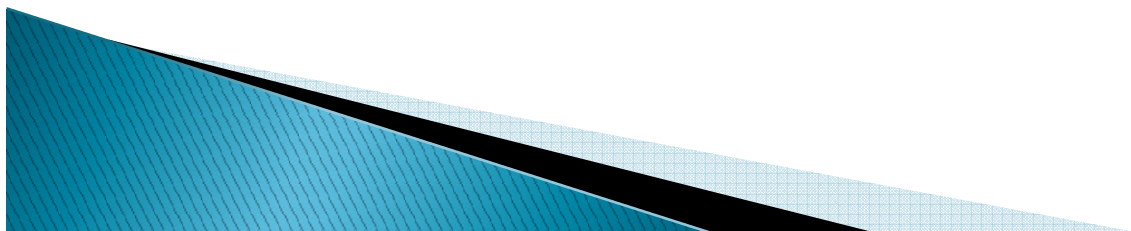
3. Billing – Inaccurate, illegible, incomplete delays can disappoint customers. Procedures range from verbal statement to machine displayed prices, hand-written invoices, monthly statements of account activity and fees. Billing and payment are usually combined into a single act and must be accurate. Bills should be clear and informative: itemized in ways to show how the total was computed. Customers may dislike waiting for the bill to be prepared in hotels and restaurants. Hotels use express check outs for faster billing or may take payment in advance.



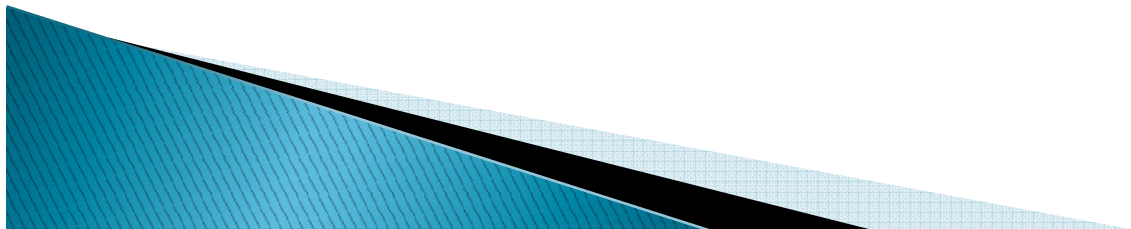
4. Payment: A variety of options are available to make payment: cash, credit cards, debit cards, insertion of coins in a machine(vending machines). Other options include prepaid tickets (movies) which may need to be checked -control systems , such as a ticket checking (such as in movie theaters/trains)should be handled with firmness by inspector as well as politeness so that customers do not feel offended.



5. Consultation : response to customers' questions: involves a dialogue to understand customer requirements and offer tailored solution. As a simple example: a customer may ask 'what would you suggest?' to the knowledgeable service person (hair-dresser; tailor; retail salesperson). Counseling is a more sophisticated form of consultation as it involves helping customers to better understand their situations and come up with a solution /action programme more suited to their needs: e.g.- health; dietary changes for weight loss, etc. More formalised efforts include providing management and technical consulting for corporate customers.



6. Hospitality: reflect pleasure at meeting new customers; greeting old customers; treating customers as guests.
7. Safekeeping: includes safe and convenient parking; safekeeping of customer luggage; baggage handling.
8. Exceptions: Handling special requests.; problem solving; handling complaints/suggestions; restitution–compensation for service performance failures.



Branding of Services-sub brands:

- ▶ The Taj Group of hotels - offer a family of sub-brands such as Taj Mahal; Taj Residency; Taj Resorts; Ginger. For a multi-brand strategy to succeed, each brand must promise a distinctive value proposition, targeted at a different customer segment.
- ▶ American Express cards; Classic, Gold and Platinum
- ▶ Sun Microsystems of hardware and software solutions: SunSpectrum Support-4 different levels of support are available, sub-branded from platinum to bronze.

