

Chapter 4

Developing Service Concepts: Core and Supplementary Elements



Overview of Chapter 4

- **Planning and Creating Services**
- **The Flower of Service**
- **Planning and Branding Service Products**
- **Development of New Services**

Planning and Creating Services

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 core product
 - Accompanied by supplementary services

Core Products and Services

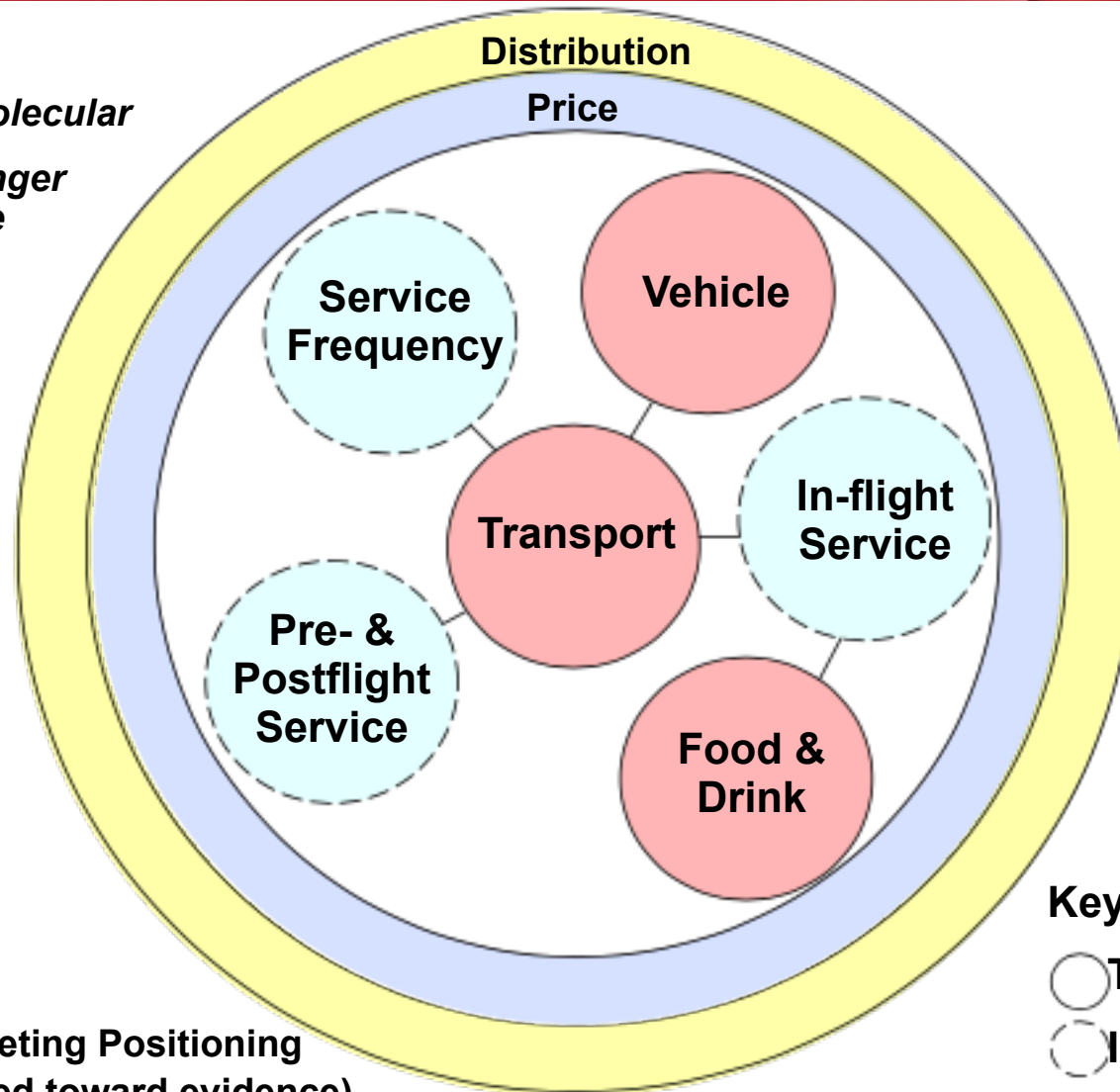
Supplementary

- 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

Figure 3.1
Shostack's Molecular
Model: Passenger
Airline Service



Marketing Positioning
(weighted toward evidence)

Source:

Augmenting the Core Product

- **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

- **Core Product**

- Central component that supplies the principal, problem-solving benefits customers seek

- **Supplementary Services**

- Augment the core product, facilitating its use and enhancing its value and appeal

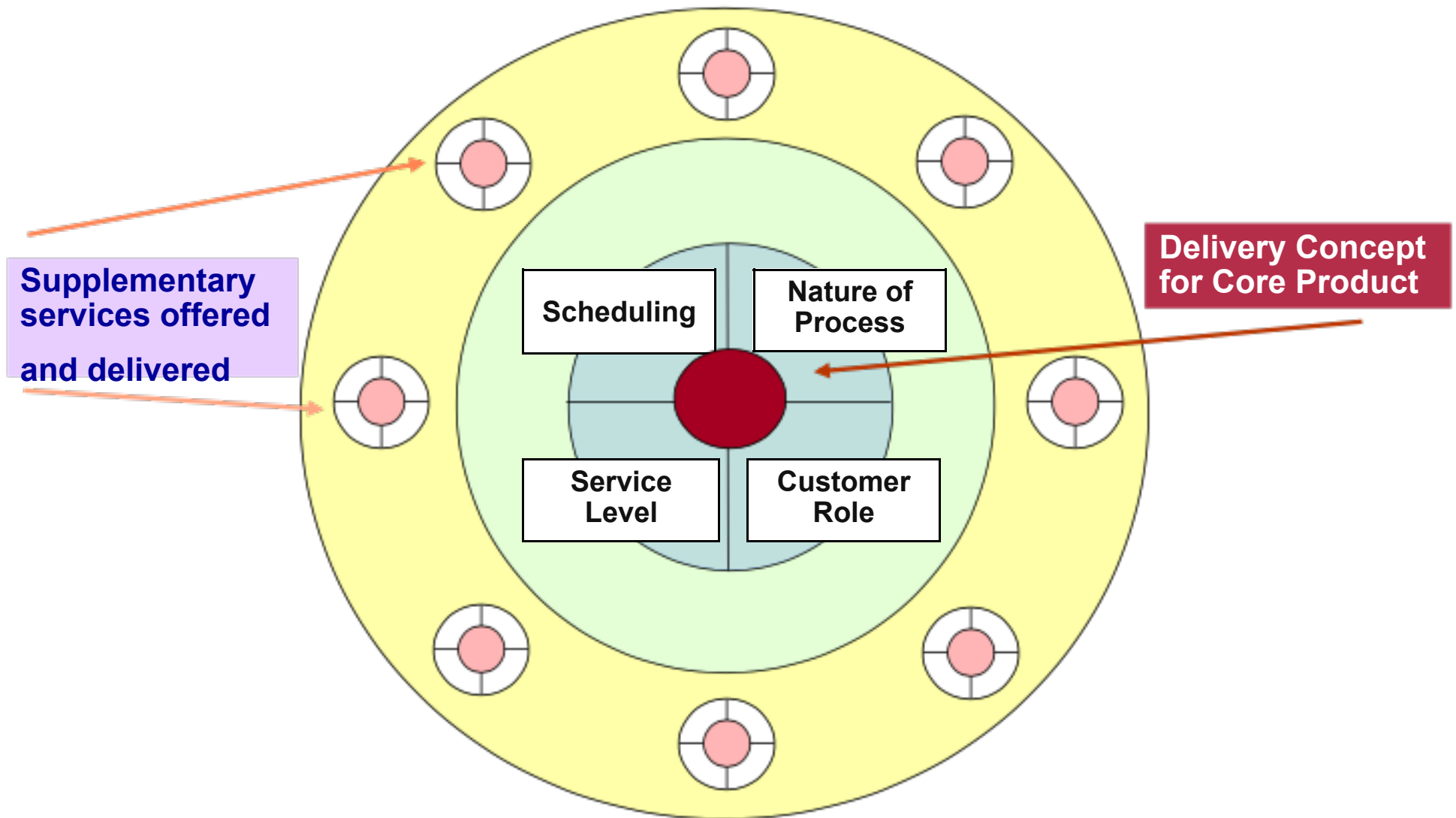
- **Delivery Processes**

- 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:**
 - Needs
 - Habits
 - Expectations
- **Question: Do customers' expectations change during service delivery in light of perceived quality of each sequential encounter?**

Core and Supplementary Product Design: An Integrated Perspective



Services Marketing

Core and Supplementary Services at Luxury Hotel (Offering Much More than Cheap Motel!)

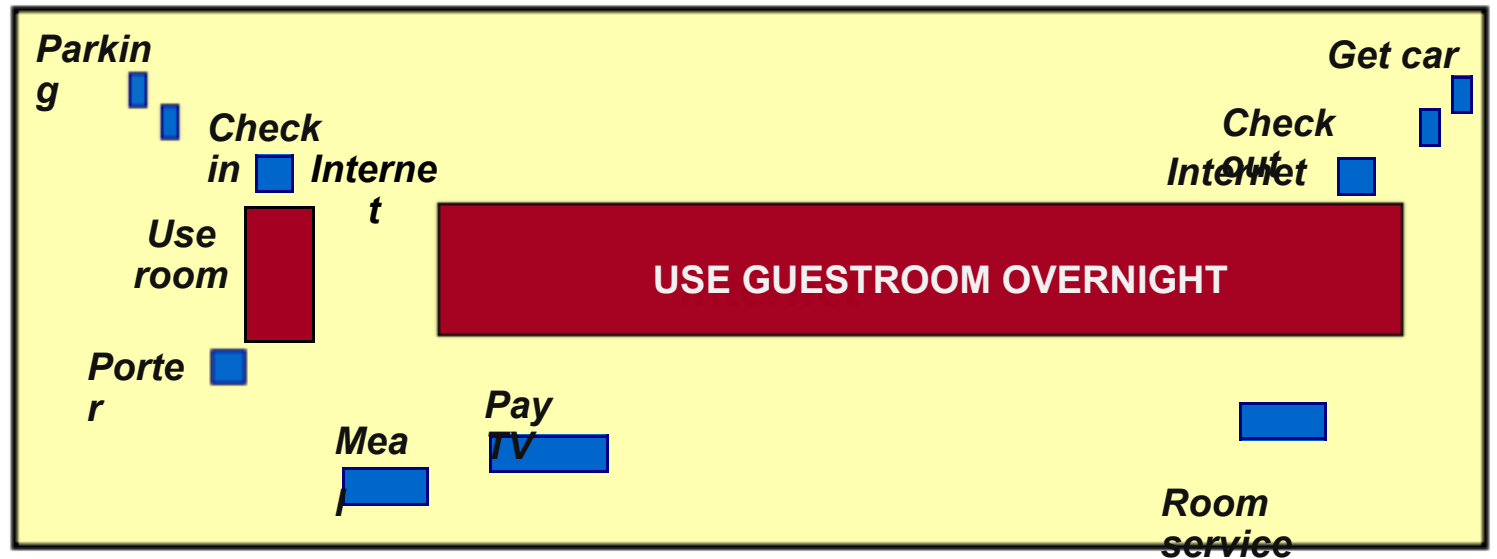


What Happens, When, in What Sequence? Time Dimension in Augmented Product (Fig 3.3)

Reservation



Before Visit



Time Frame of An Overnight Hotel Stay
(Real-time service use)

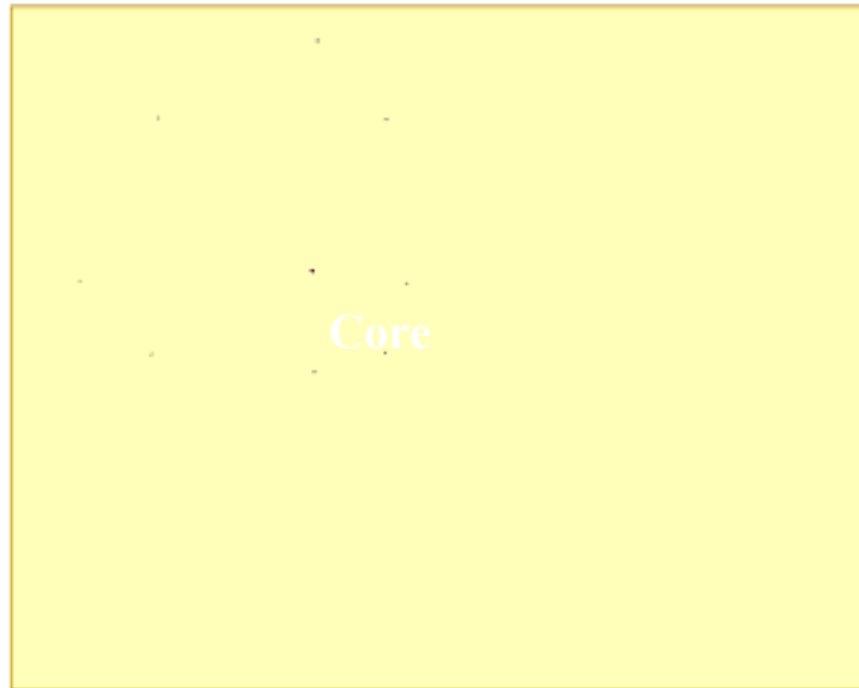
The Flower of Service



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**

The Flower of Service: Facilitating Services—Information

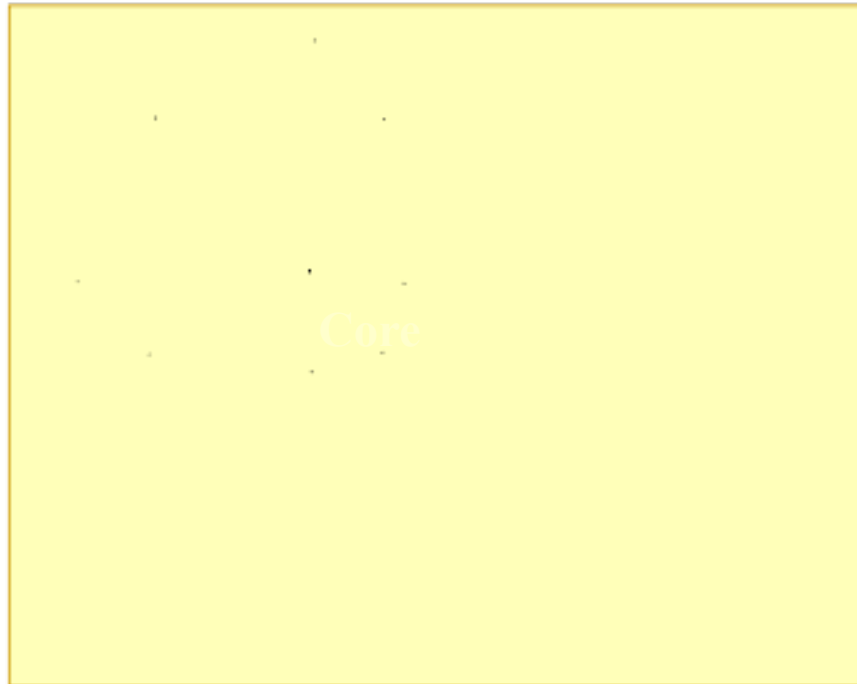


Customers often require information about how to obtain and use a product or service.

Examples of elements:

- **Directions to service site**
- **Schedule/service hours**
- **Prices**
- **Conditions of sale**
- **Usage instructions**

The Flower of Service: Facilitating Services—Order Taking



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**

The Flower of Service: Facilitating Services—Billing

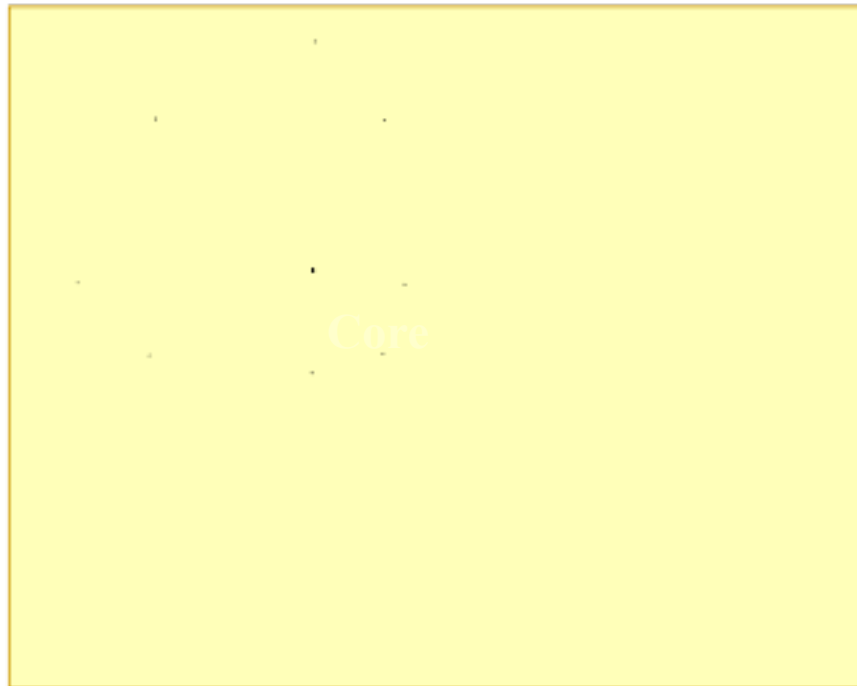


**“How much do I owe you?”
Bills should be clear,
Accurate, and intelligible.**

Examples of elements:

- **Periodic statements of account activity**
- **Machine display of amount due**

The Flower of Service: Facilitating Services—Payment



Customers may pay faster and more cheerfully if you make transactions simple and convenient for them.

Examples of elements:

- **Self service payment**
- **Direct to payee or intermediary**
- **Automatic deduction**

The Flower of Service: Enhancing Services—Consultation



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**

The Flower of Service: Enhancing Services—Hospitality

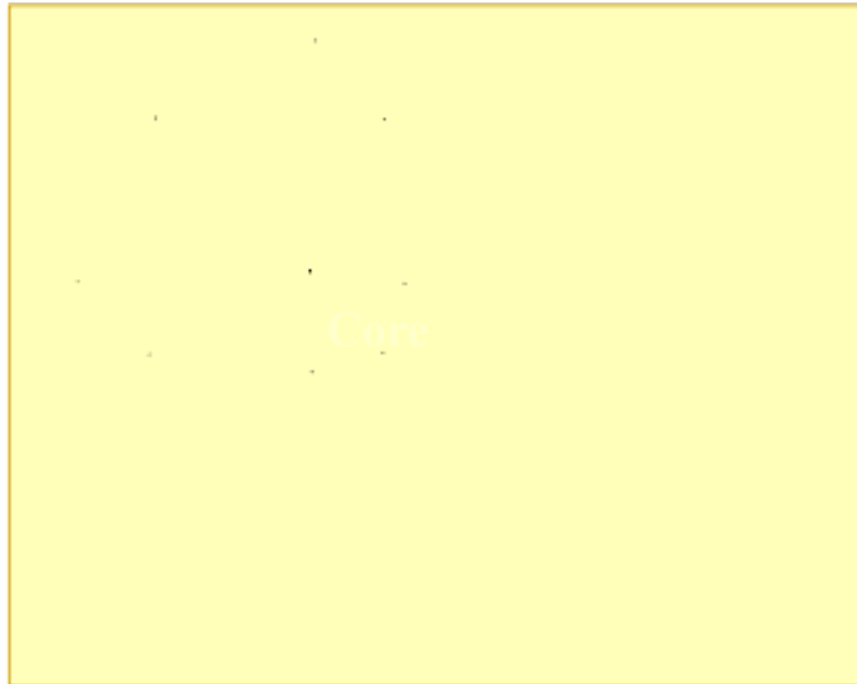


Customers who invest time and effort in visiting a business and using its services deserve to be treated as welcome guests—after all, marketing invited them!

Examples of elements:

- **Greeting**
- **Waiting facilities and amenities**
- **Food and beverages**
- **Toilets and washrooms**
- **Security**

The Flower of Service: Enhancing Services—Safekeeping



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**

The Flower of Service: 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**