

# Services Science & Service Operational Management

CSBS VIII Sem

# Introduction

September 2022

*India Became the World's Fifth-largest Economy*

USA

China

Japan

Germany

**INDIA**

Britain

# Introduction

**The World's GDP is \$ 103.86 trillion as on 2022**

Rank	Country	2020	2021	2022 (Billions)	2023	2024	2025	2026
1	United States	20,893.75	22,997.50	25,346.81	26,695.15	27,745.53	28,790.40	29,855.87
2	China	14,862.56	17,458.04	19,911.59	21,865.48	23,617.43	25,353.05	27,171.94
3	Japan	5,040.11	4,937.42	4,912.15	5,291.35	5,527.69	5,820.00	6,063.32
4	Germany	3,843.34	4,225.92	4,256.54	4,564.78	4,786.67	4,985.45	5,177.01
5	India	2,667.69	3,177.92	3,534.74	3,893.67	4,270.77	4,681.95	5,100.70
6	<a href="#">United Kingdom</a>	2,758.87	3,187.63	3,376.00	3,686.94	3,914.82	4,131.68	4,345.97
7	<a href="#">France</a>	2,621.96	2,935.49	2,936.70	3,086.23	3,227.51	3,366.29	3,495.89

**GDP:** *The total **value** of all the **goods** and **services** produced in a country in **one** year*

# Introduction

**The World's GDP is \$ 103.86 trillion as on 2022**

**The World's GDP is \$ 103,860.00 billion as on 2022**

**India's 2022 GDP is \$3535 billion**

**India's 2022 GDP is \$3.535 trillion**

**India's GDP is 248 lakh crores**

# Introduction

India's GDP (2022) is 248 lakh crores

Contribution to GDP in %		
Agriculture	Industry	Services
16	24	60

# Introduction

India’s GDP (2022) is 248 lakh crores

India's GDP		248lakh crore
Contribution to GDP in %		
Agriculture	Industry	Services
16%	24%	60%
39.68	59.52	148.8

# Introduction

USA's GDP (2022) is 2071 lakh crores

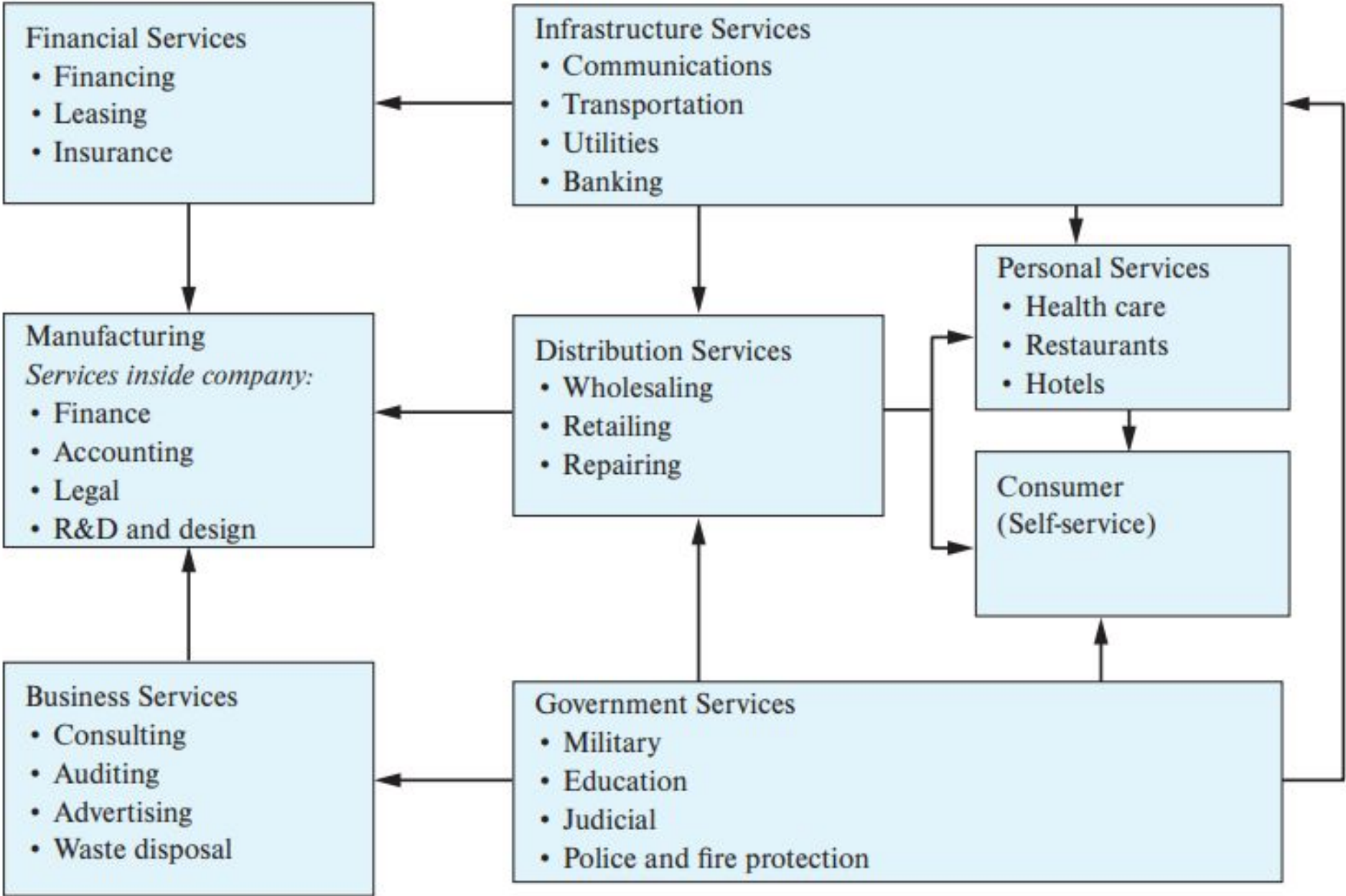
India's GDP	2071lakh crore	
Contribution to GDP in %		
Agriculture	Industry	Services
1%	19%	80%
20.71	393	1657

# Introduction

*India's services sector covers a wide variety of activities such as*  
*trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with Health Care, Technology, Institution (Health Care), Tourism. ....*  
*.....*



# Introduction



# Introduction

India's GDP		248 lakh crore
Contribution to GDP in %		
Agriculture	Industry	Services
16%	24%	60%
39.68	59.52	148.8

Types of Services	%	Value in Lakh Crores
Financial Services	7	10.43
Manufacturing Services	14	20.86
Business Services	27	40.23
Infrastructure Services	12	17.88
Distribution Services	14	20.86
Government Services	20	29.8
Personal Services	6	8.94

# Introduction

Types of Services	%	Value in Lakh Crores
Financial Services	7	10.43
Manufacturing Services	14	20.86
Business Services	27	40.23
Infrastructure Services	12	17.88
Distribution Services	14	20.86
Government Services	20	29.8
Personal Services	6	8.94

*IT Services*                      *35%*                      *14*

# Introduction

*IT Services*                      *35%*                      *14*

## My Company:

*0.001% Market*                      *100 Crore company*

# Introduction: Role of services to IE

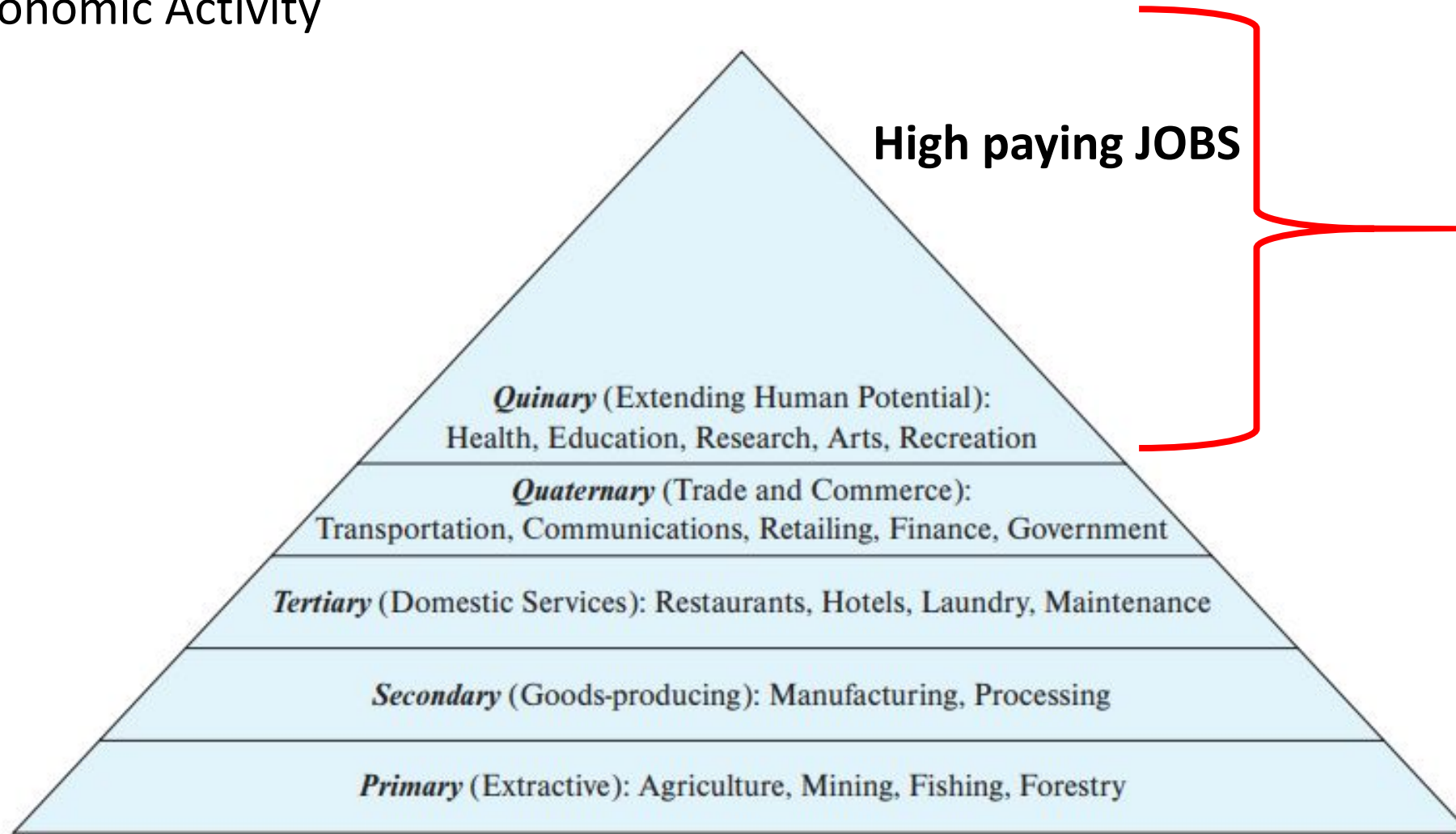
## Employment (Job Creation):

Out of 100 Jobs in the market, how many are Jobs (direct or indirect) are for service industry?

Example: *No: of employs of TCS, IRCTC, Emirates Fly. ....*

# Introduction

## Stages of Economic Activity

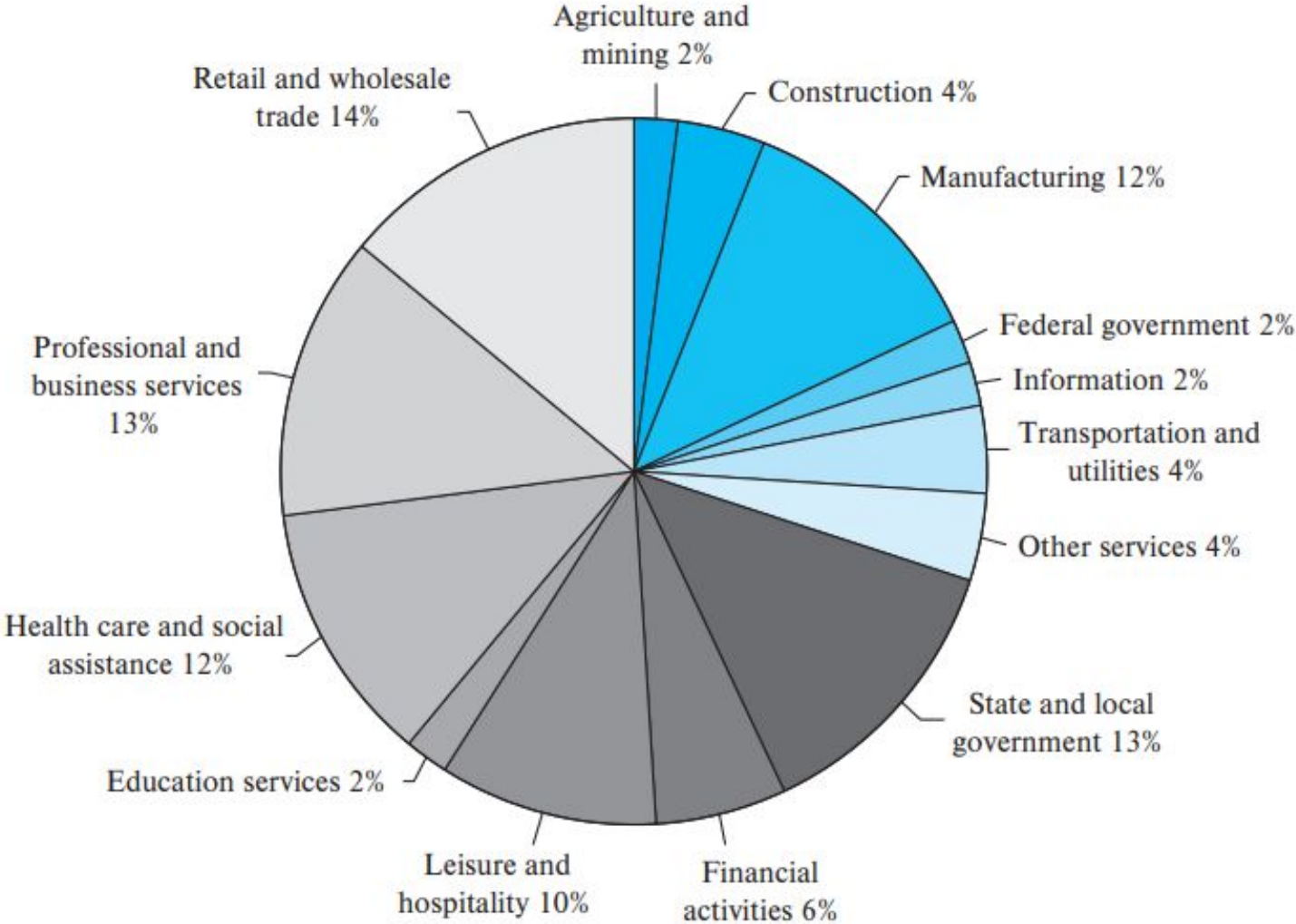


High paying JOBS

Hierarchy of economic activity

# Introduction

## Distribution of U.S. Employment by Industry, 2014.



# Introduction

Distribution of Indian / (country of your choice) Employment by Industry, 2022.

## **Assignment:**

One short paragraph on Service Job market and distribution of Jobs (Employment) in Indian or any country of your choice.

*Do not just write a “Premise”, there should be premise indicator (conclusions or explanation i.e. supporting your premise with reasons / warrant)*



# Introduction

**All economies are service economies.**

*Service Industry is the highest contributor to global and regional economy **because** of growing demand for better consumer experience.*

*Service Industry is the highest contributor to global and regional economy **because** it has seen an increased growth of 3.17% compared to last year.*

# Introduction *Nature of Services*

## Differences between services and operations

Retailer is selling GOODS / PRODUCTS



### Service:

Free home delivery of purchased goods within an hour

*From Consumer's perspective  
(B2C)*

# Introduction *Nature of Services*

## Differences between services and operations

Retailer using IT software / Internet for quick transactions



### Service:

Continuous support from software team & ISP provider

*From Retailers  
perspective  
(B2B)*



# Introduction *Nature of Services*

## Differences between services and operations

Retailer purchasing shelf's for product display



### Service:

Immediate Repair /  
replacement from Shelf seller  
in case of malfunctioning

*From Retailers  
perspective*

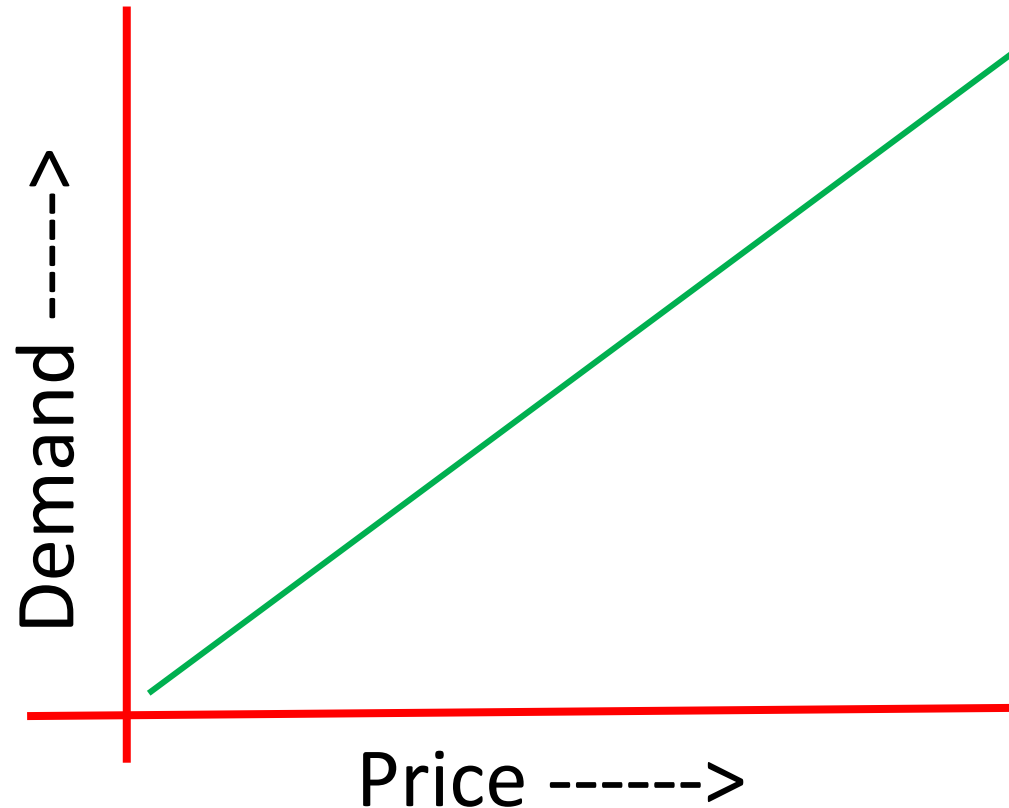
# Introduction

# Characteristics of Service Operation

## Supply AND Demand

*Business function (or run) according to supply and demand*

*Commodity prices / Service prices are dependent upon Supply and Demand*



# Characteristics of Service Operation

Case let:  
*(April ~ June 2020)*

<u>Product</u>	<u>Services</u>
Sanitizer	SPAs, Saloons, Beauty Parlours
Online Meetings (Tools)	Software Services

# Characteristics of Service Operation

Sanitizer				
Months	Sales (million units)	Consumption (lakh Litres)	Supply (Litres)	Demand
Oct-19	10	10	9.95	1.005
Dec-19	10.02	10.02	10	1.002
Jan-20	10.01	10.01	10.01	1.000
Feb-20	10	10	10.01	0.999
Mar-20	10	10	10.01	0.999
Apr-20	10	11	10.01	1.10
May-20	10	13	10.01	1.30
Jun-20	10.02	18	10.02	1.80
Jul-20	13	20	13	1.54
Aug-20	20	21	20	1.05

Discuss product pricing subject to demand and supply (month wise)?



# Characteristics of Service Operation

## **Exercise:**

*Illustrate the same for “Online Meeting Tools”*

*(Sales of MST / Zoom / Google Meet etc. Subscriptions / Licences ..... Pre Covid, During Covid and Post Covid)*

*What impact did it create for Software Services during those period?*

# Characteristics of Service Operation

## ***SPAs, Saloons, Beauty Parlours***

*Case let of the above mentioned services in terms of Demand, Supply, Resources and most important “Customer Participation”*

## ***Banks***

*How much did “Customer Participation” impact Banking Services (as compared to offline banking)*

# Characteristics of Service Operation

**1. Customer Participation** (*page 13 & 14*)

**2. Simultaneity** (*page 14*): *The fact that services are created and consumed simultaneously and, thus, cannot be stored is a critical feature in the management of services.*

*Example: Qatar World Cup 2022*

**3. Perishability** (*page 14*): *A service is a perishable commodity.*

*Example: Hotel occupancy, footfall during weekends  
Ticket pricing for IPL*

# Characteristics of Service Operation

**4. Intangibility** (*page 15*): *Services are ideas and concepts; products are things. Therefore, it follows that service innovations are not patentable.*

*Example: Franchising (Eatery, Software Services)*

**5. Heterogeneity** (*page 15*): *The combination of the intangible nature of services and the customer as a participant in the service delivery system results in variation of service from customer to customer.*

*Example: Automobile companies (proactively) recalling defective (minor) products (cars) and getting it repaired or serviced free of cost*

# Characteristics of Service Operation

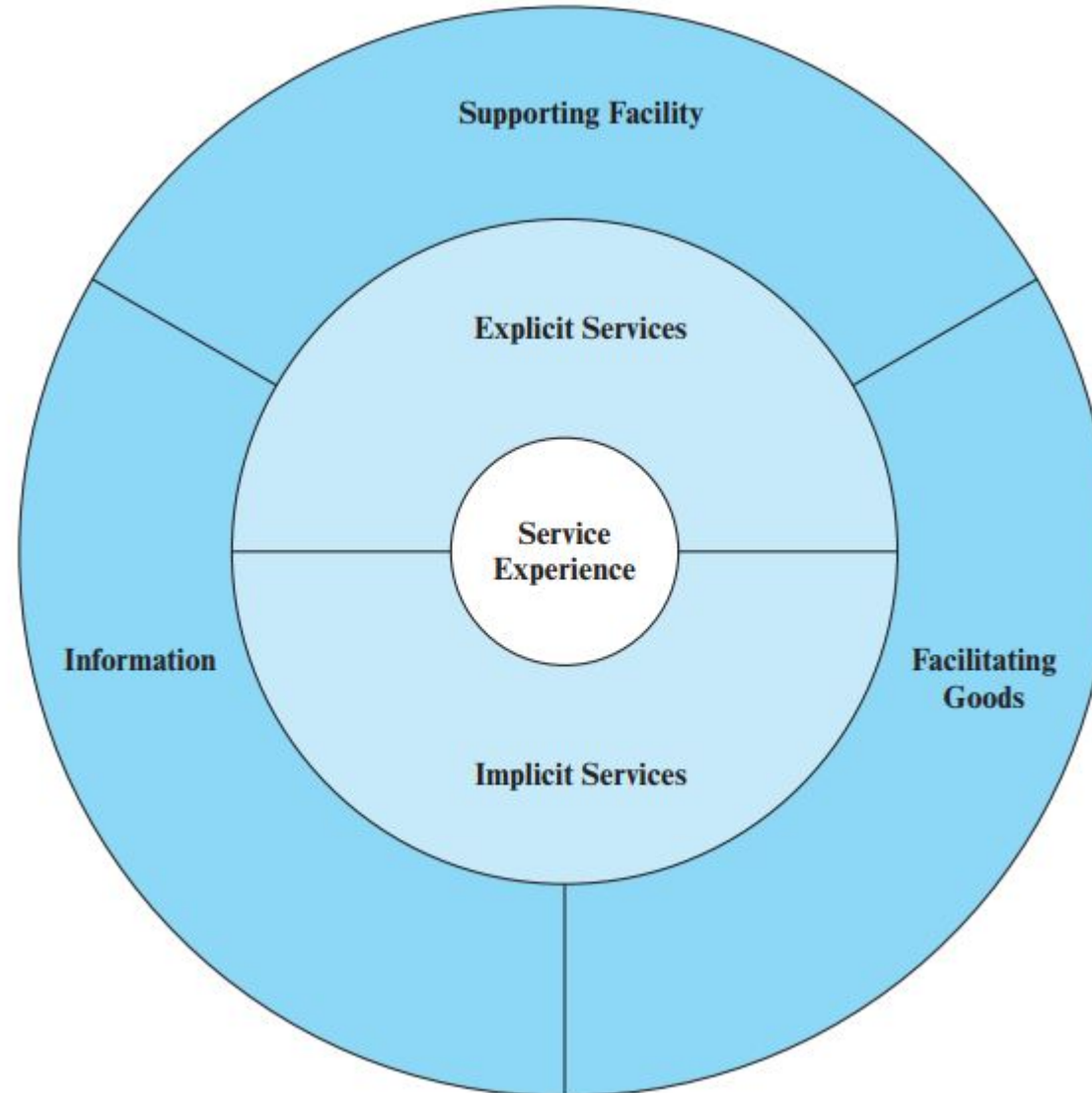
**6. Non Transferrable Ownership** (*page 16*): *From a marketing perspective, services, unlike goods, do not involve transfer of ownership. If customers do not receive ownership when they purchase a service, then what are they buying?*

*Example: I have purchased a device for faster network connectivity, but experiencing same issues of frequents dropping of calls / connectivity*

# Characteristics of Service Operation

# Service Package

*The service package is defined as a bundle of goods and services with information that is provided in some environment.*



# Service Package

*Example : Logistic Services (SCM)*

**Supporting Facility** : Physical resources i.e. *Fleet of vehicles, Parking Area*





*Example : Logistic Services (SCM)*

500 kg



# Service Package

## *Example : Logistic Services (SCM)*

**Information:** Data that is available from the customer or provider to enable efficient and customized service i.e. Loading / Unloading time, Real Time Monitoring or tracking of transport vehicles



# Service Package

## *Example : Logistic Services (SCM)*

**Explicit Services:** Benefits that are readily observable i.e. Trained professionals taking care from packing – Loading to vehicle – Movement of Goods – Timely delivery



# Service Package

*Example : Logistic Services (SCM)*

**Implicit Services:** Psychological benefits that the customer may sense or experience i.e. Value to the customers

# Service Package

A service package is a bundle of explicit and implicit benefits performed with a supporting facility and using facilitated goods.

Brainstorming Vs Data Analysis  
(What do customers buy, Should I do brainstorming or analyze historical data)

**Service Encounter**

*Encounter*



# Service Encounter



shutterstock.com · 1186372084



dreamstime.com

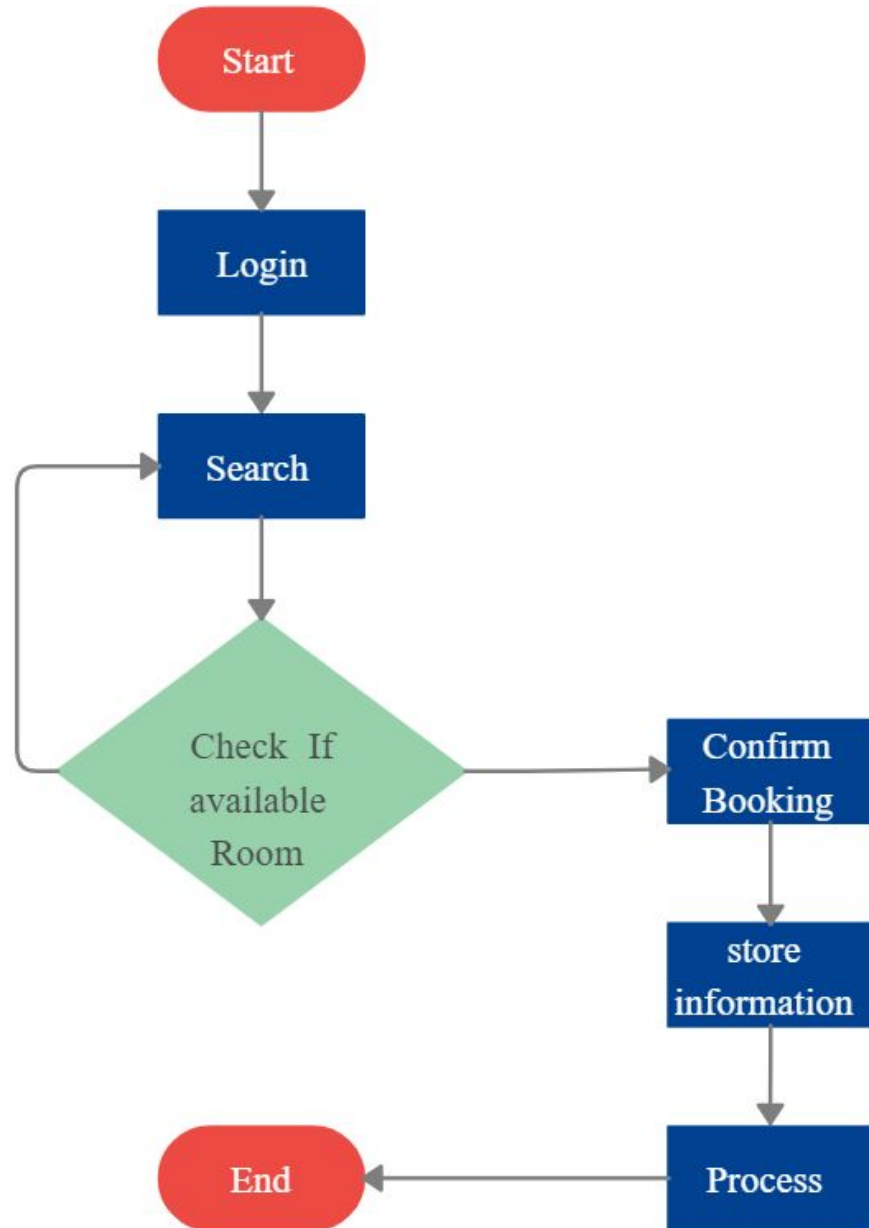
ID 136582302 © Antonioguillen



dreamstime.com

ID 161169167 © Tommaso79

# Service Encounter



© CanStockPhoto.com



# Service Encounter

*Customer Experience (Explicit / Implicit)*

*Hotel  
Reservation*



**Hotel  
Stay**



**Check  
out**

*1<sup>st</sup>*

*Encounter*

*2<sup>nd</sup>*

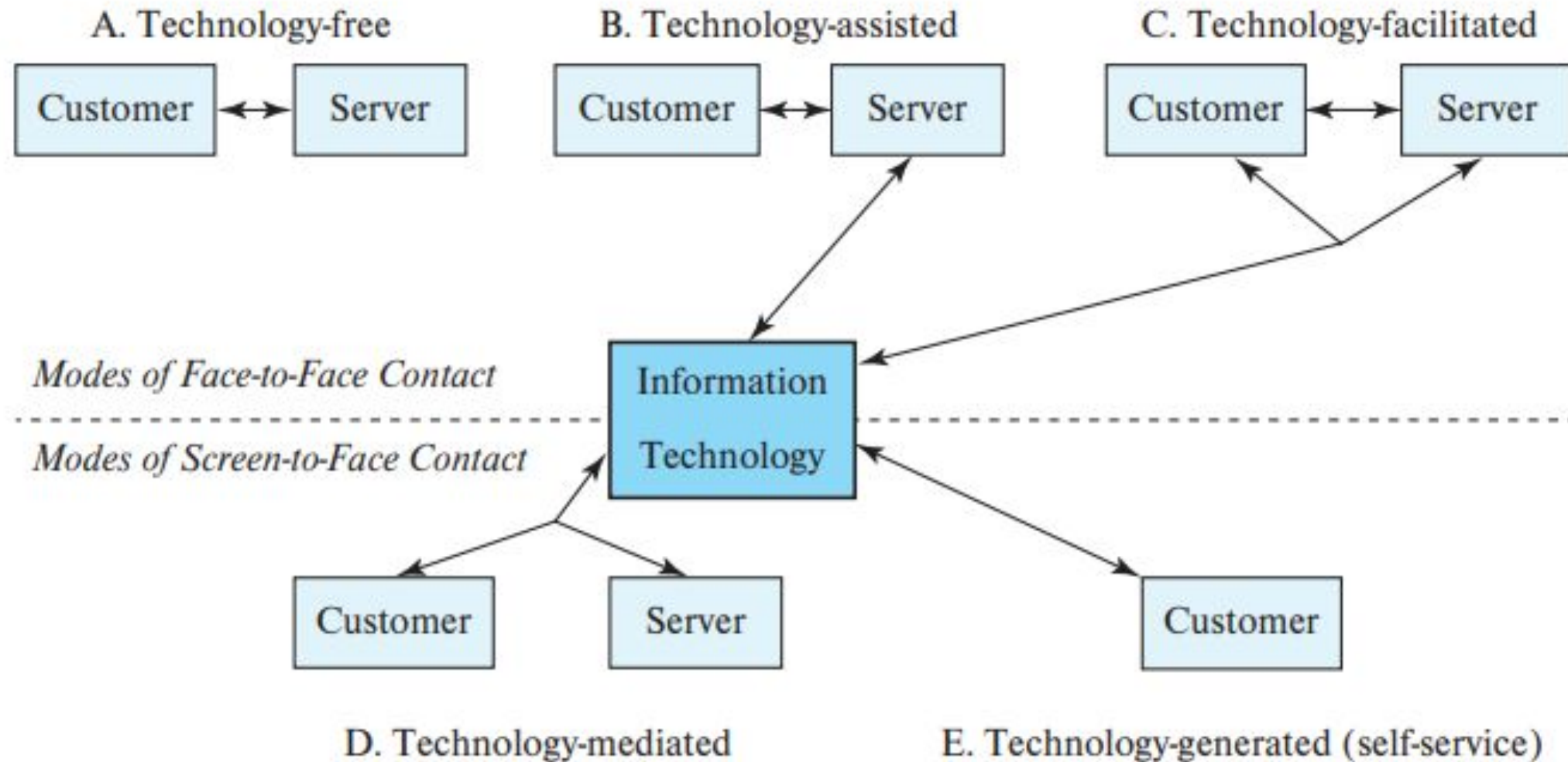
*Encounter*

*3<sup>rd</sup>*

*Encounter*

# Service Encounter

## *Role of Technology in Service Encounter*



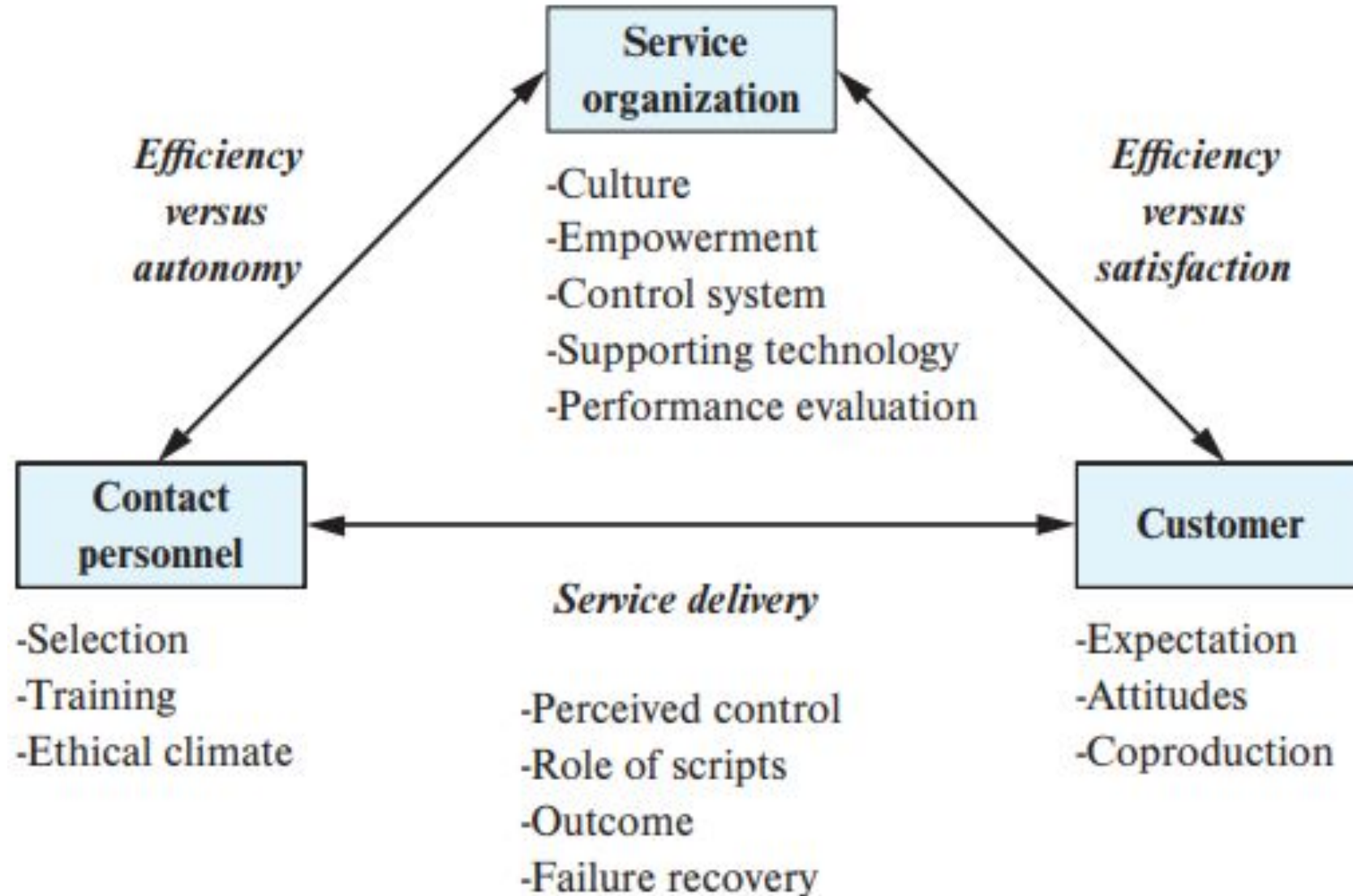
# Service Encounter

## *Importance of Encounters*

During Encounters, The interaction, which defines the quality of the service in the mind of the customer, is called a “*moment of truth*.” Often a brief encounter is a moment in time when the customer is evaluating the service and forming an opinion of its quality.

# Service Encounter

## The Service Encounter Triad (page 98)



# Service-Dominant Logic

Focusing on the customer and serving his or her needs is the basis for a **service-dominant** logic that is an alternative to the traditional goods-centered paradigm.

# Service-Dominant Logic

<https://www.youtube.com/watch?v=KAKNEiCPiYI>

**Top 5 Best Split AC [ Air Conditioners ] in 2022**

[https://www.youtube.com/watch?v=rXMbQxdq\\_ps](https://www.youtube.com/watch?v=rXMbQxdq_ps)

**Mandatory Facilities for hotel guest in a 5 star hotel? Mandatory or basic facilities and amenities/**

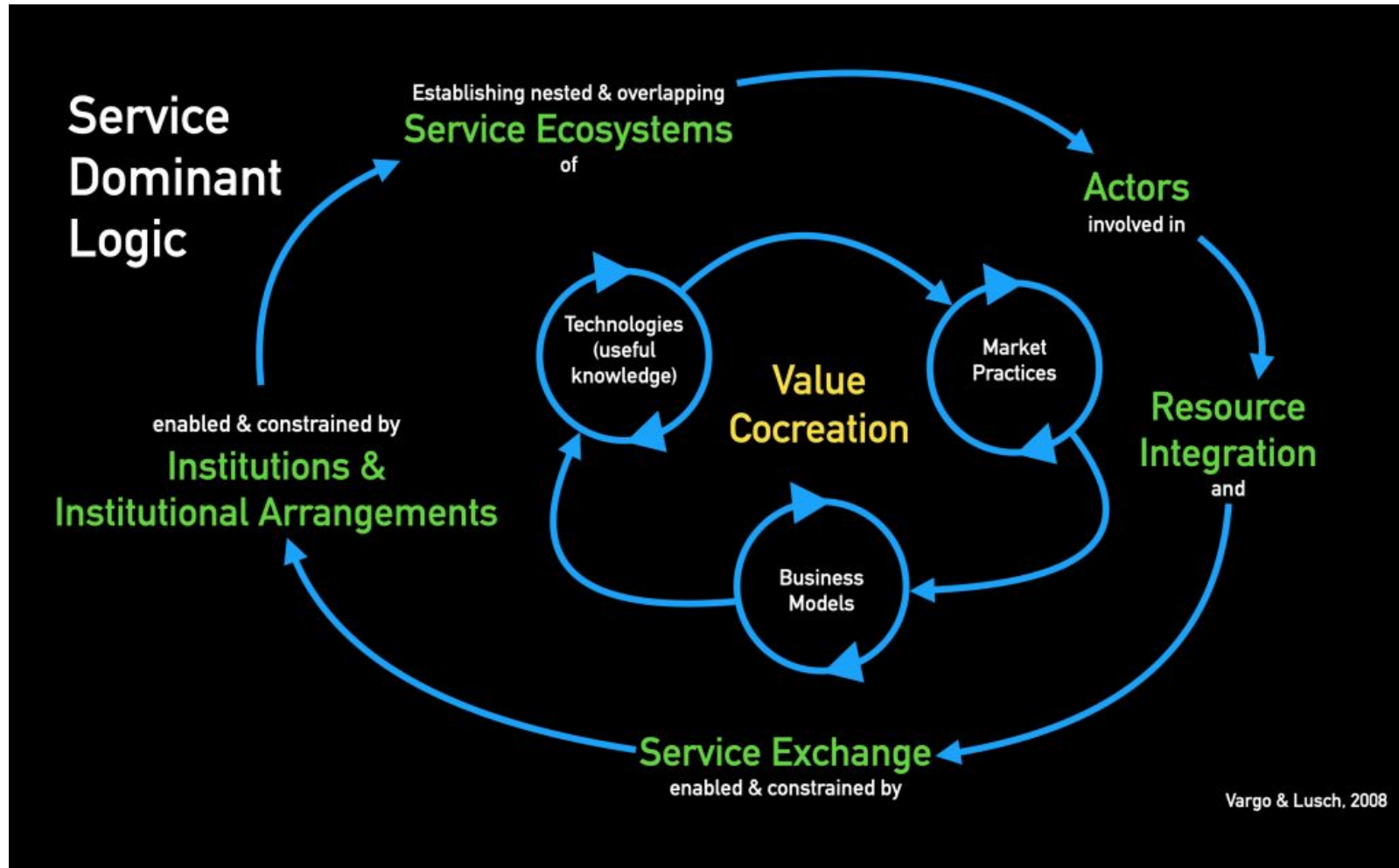
[https://learn.jatanshah.in/dashboard-g/?gclid=CjwKCAiAk--dBhABEiwAchlwkcLpk\\_tMl1J7vJ3yZ2zjgi88avNpl52W0S2L4f-mztXt9evXM7nXvRoCRMwQAvD\\_BwE](https://learn.jatanshah.in/dashboard-g/?gclid=CjwKCAiAk--dBhABEiwAchlwkcLpk_tMl1J7vJ3yZ2zjgi88avNpl52W0S2L4f-mztXt9evXM7nXvRoCRMwQAvD_BwE)

# Service-Dominant Logic

Core Experience	Essential Feature	Examples
Creative	Present ideas	Advertising, theater
Enabling	Act as intermediary	Transportation, communications
Experiential	Presence of customer	Massage, theme park
Extending	Extend and maintain	Warranty, health check
Entrusted	Contractual agreement	Service/repair, portfolio mgt.
Information	Access to information	Internet search engine
Innovation	Facilitate new concepts	R&D services, product testing
Problem solving	Access to specialists	Consultants, counseling
Quality of life	Improve well-being	Health care, recreation, tourism
Regulation	Establish rules and regulations	Environment, legal, patents



# Service-Dominant Logic



<https://intelligente-organisationen.de/service-dominant-logic>



# Elements of Service Delivery System

Explain briefly elements of Service Delivery System?

OR

Short notes on “Service Delivery System Elements”?

# Elements of Service Delivery System

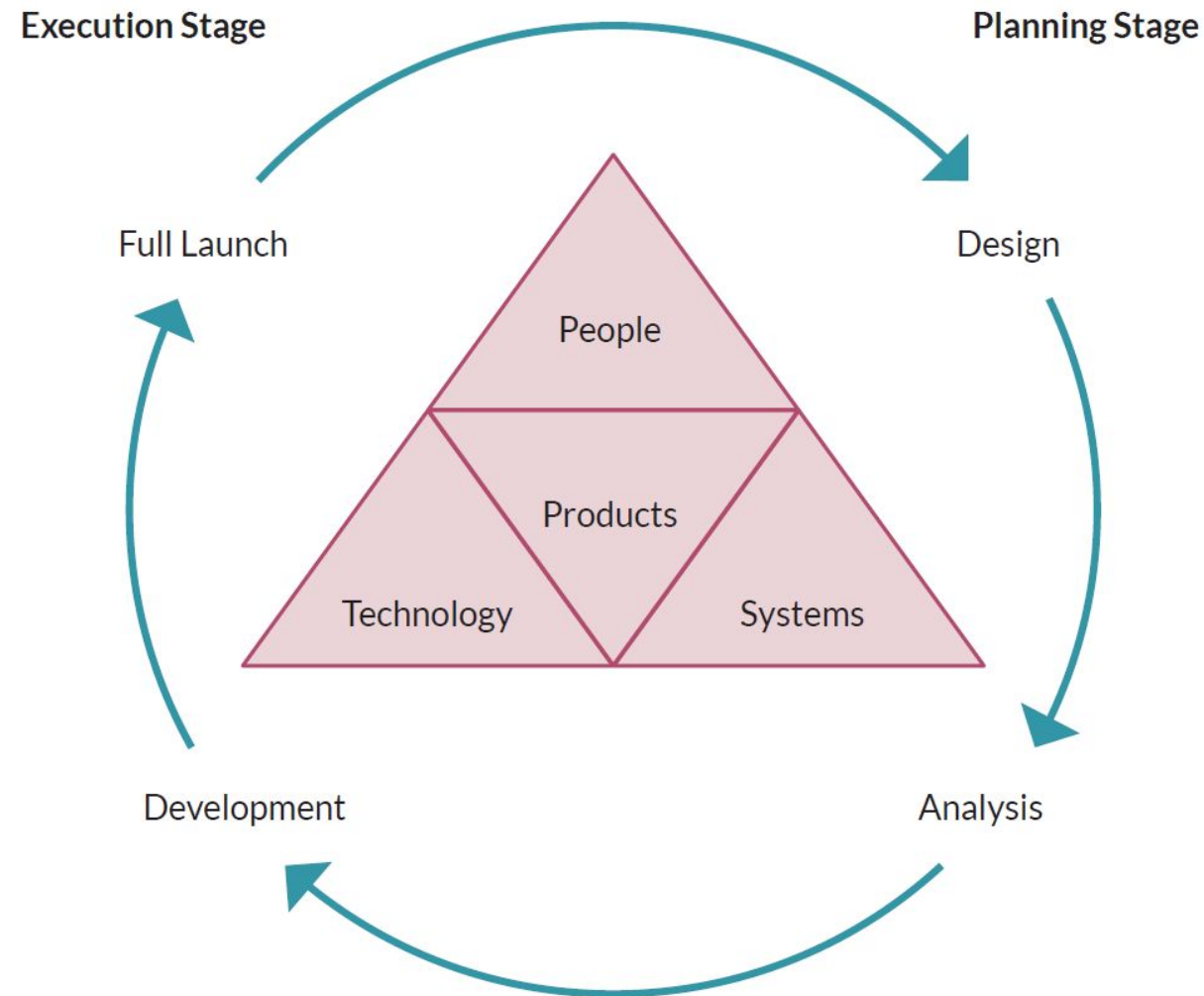
- ❑ Service Culture
- ❑ Employee Engagement
- ❑ Service Quality
- ❑ Customer Experiences

*Taj Hotel, Reliance JIO, Airline Industry, Travel and Tourism, Consultancy Services etc.*

# Elements of Service Delivery System

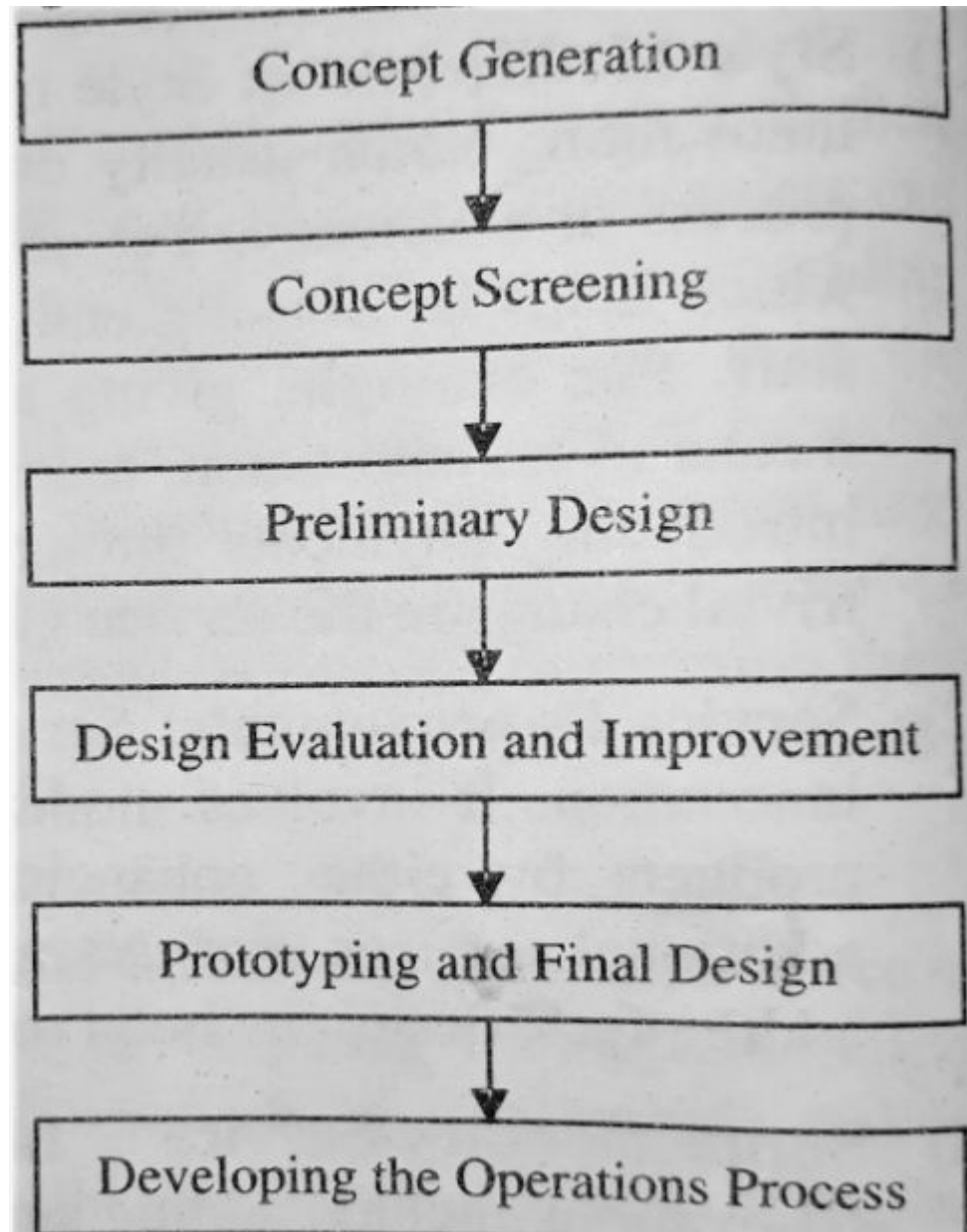
# New Service Development Process Cycle

Figure 2.1 – New Service Development Cycle

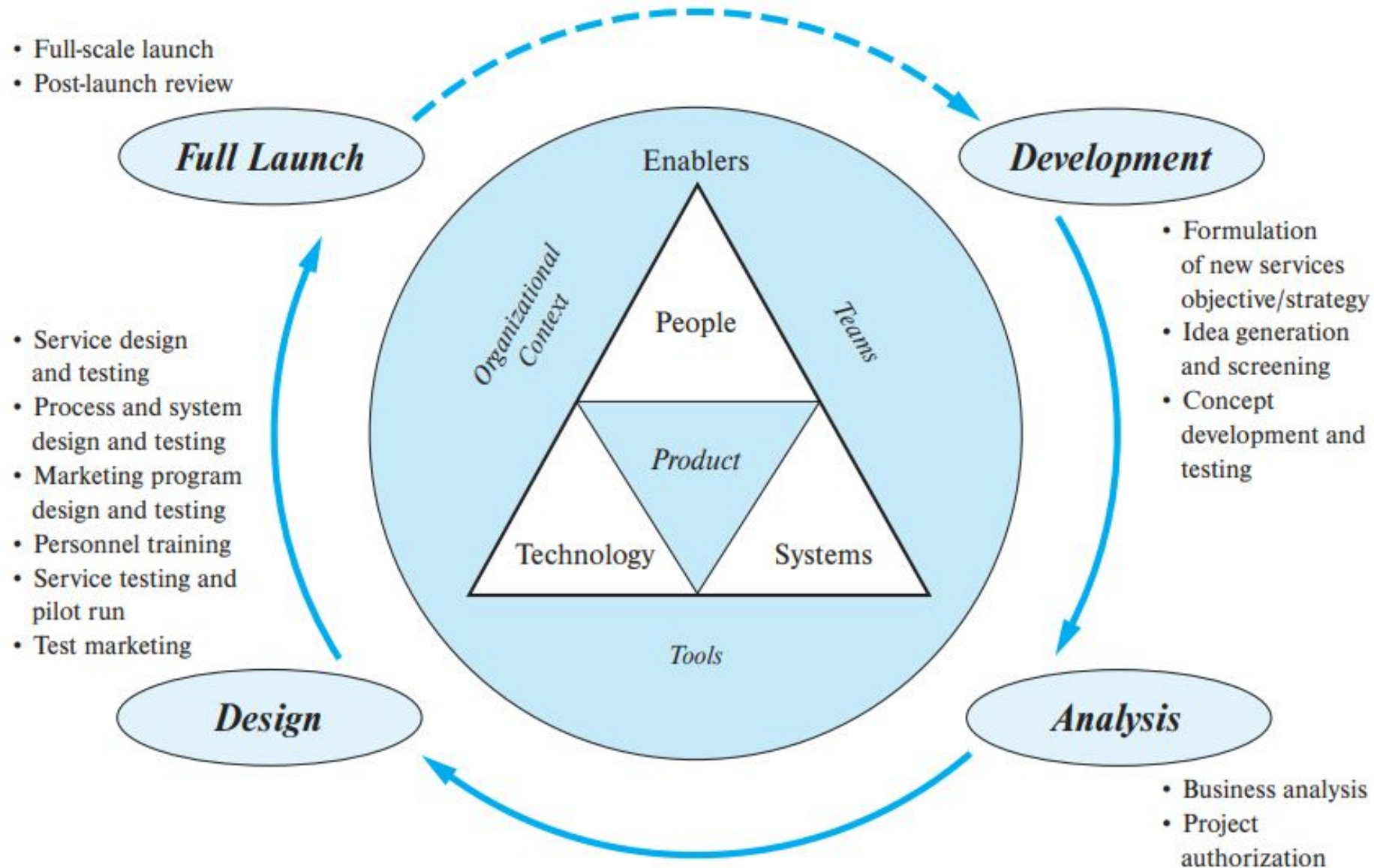


Source: Adapted from Johnson, Susan Paul, Menor, Larry J., Roth, Aleda V., Chase, Richard B., "A Critical Evaluation of the New Service Development Process: Integrating Service Innovation and Service Design"<sup>27</sup>

# New Service Development Process Cycle



# New Service Development Process Cycle



# New Service Development Process Cycle

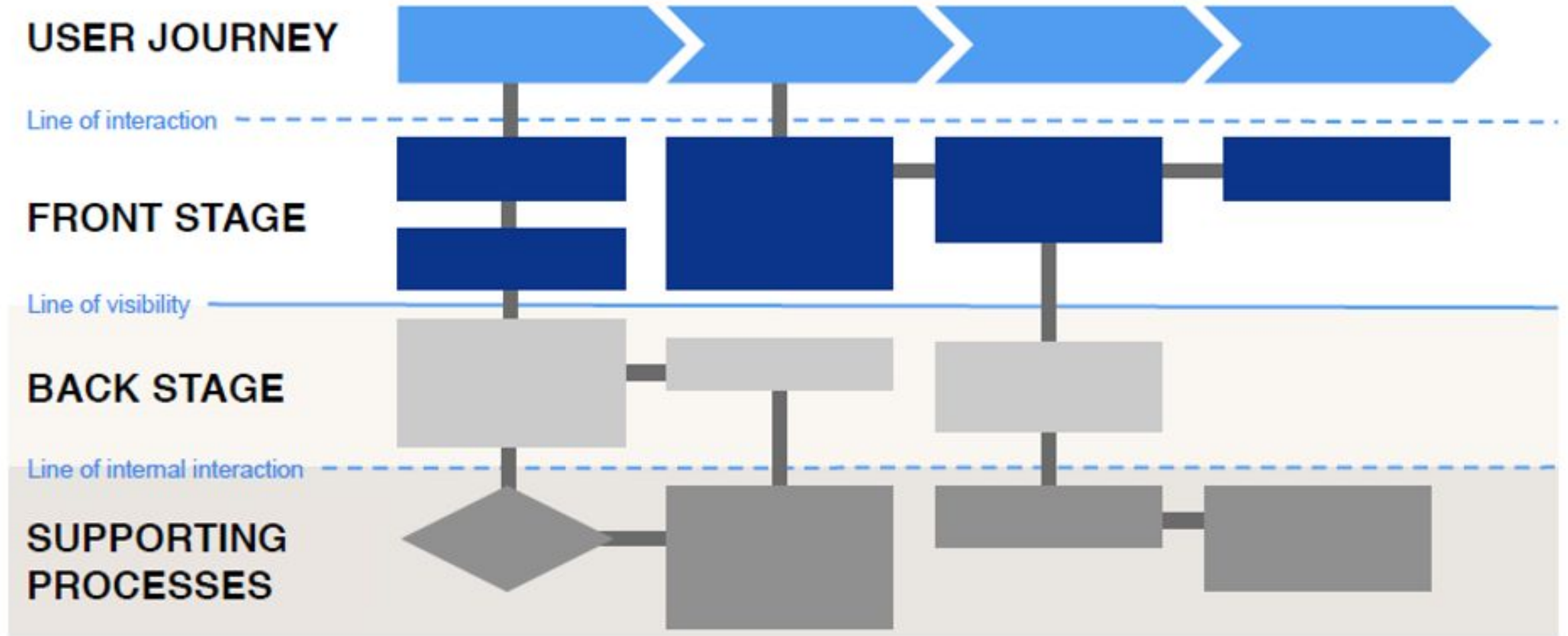
		Existing Customers	New Customers
Existing Services	Existing Services	<i>Existing Market Development</i>	<i>New Market (Customers)</i>
	New Services	<i>New Market Development</i>	<i>Diversification</i>

Ansoff Matrix

# New Service Development Process Cycle

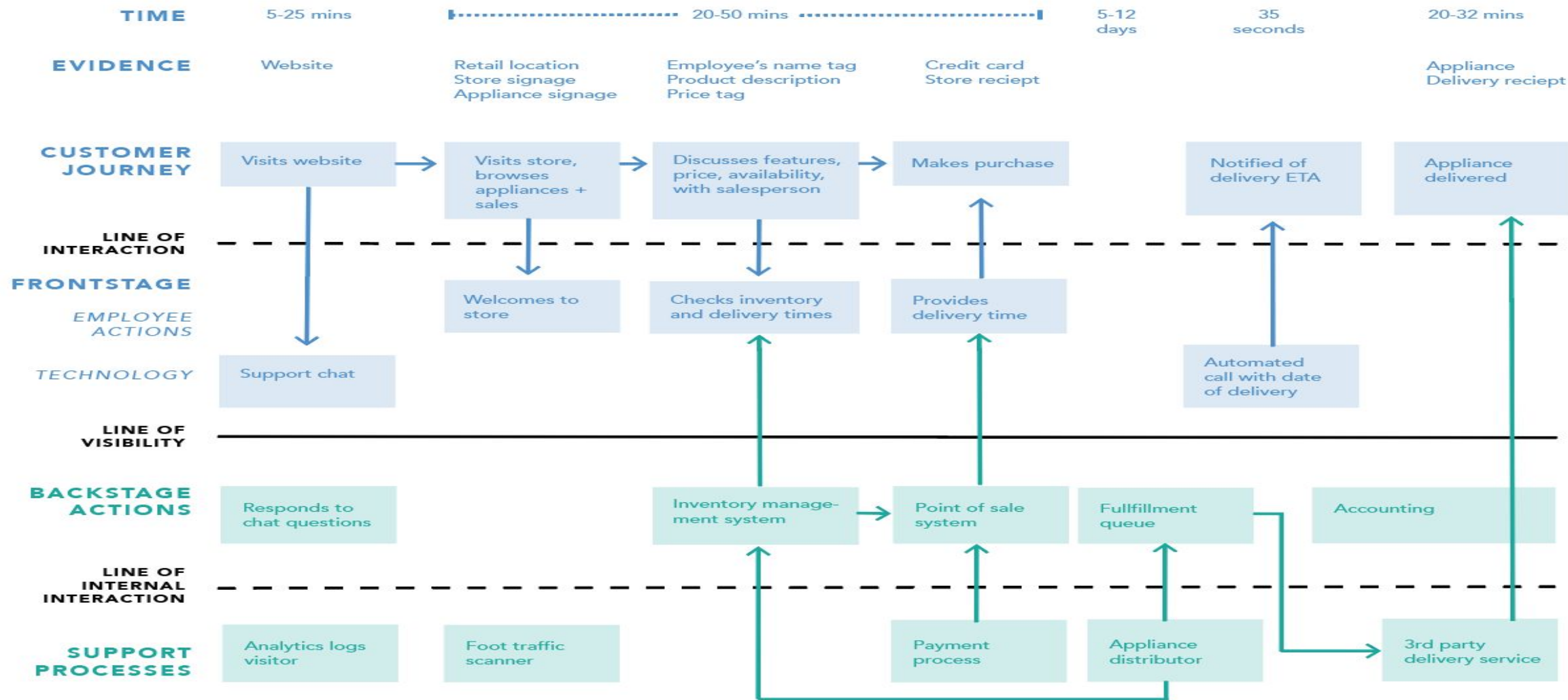


# Service Blueprint



# Service Blueprint

## SERVICE BLUEPRINT *Example*



# Practical

<https://www.youtube.com/watch?v=DzVoqNG8VTo>

## **10 - Planning the Service Delivery System**