

SERVICE MARKETING

Lucie Kaňovská

**Brno University of Technology
Faculty of Business and Management**

Content

- * Services
- * Successful examples from Czech companies
- * Services in manufacturing
- * Successful examples from Czech manufacturers

***What is „Service“?**

Definition of “service”:

“...any act or performance that one party can offer to another that is essentially **intangible** and does **not result in the ownership** of anything. Its production may or may not be tied to a physical product”

Kotler (1994)

Are Services important today?

***“We live in a service economy.”**

***“Everybody is in service”
(Levitt, 1972)**

*What's the Big Deal about Services?

- * Services sector is the **largest sector** of the world.
- * **63.5** percent of total global wealth comes from services sector.
- * Services sector is the largest sector of **194 countries**.
- * 30 countries receive more than **80 percent** of their GDP from services sector.

Source: <http://statisticstimes.com/economy/countries-by-gdp-sector-composition.php>

*Do you know how important are services for your country? (GDP or labor force)

GDP according to purchasing power parity (bil. USD), 2015)

| | <i>Prim.</i> | <i>Sec.</i> | <i>Tertiary</i> |
|----------------|--------------|-------------|-----------------|
| World | 6% | 30,9% | 63,2% |
| EU | 1,8% | 25% | 73,1% |
| USA | 1,1% | 22,1% | 77,7% |
| China | 10,2% | 49,6% | 43% |
| Germany | 0,9% | 27,8% | 71,3% |
| GB | 0,7% | 21,8% | 77,5% |
| France | 2% | 18,5% | 78,9% |
| Austria | 1,5% | 29,4% | 69,1% |
| Poland | 3,4% | 33% | 63,5% |
| CZ | 2,4% | 37,6% | 60% |

GDP - composition, by sector of origin(%)

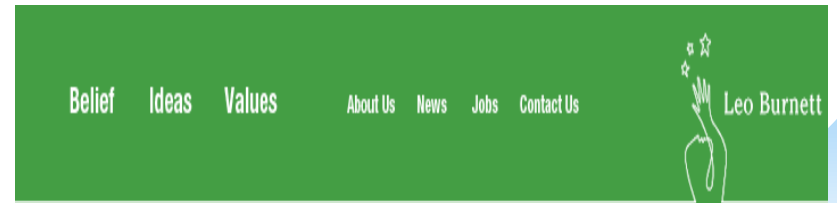
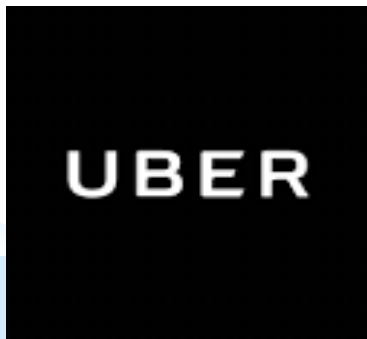
<https://www.cia.gov/library/publications/the-world-factbook/fields/2012.html>

<http://statisticstimes.com/economy/countries-by-gdp-sector-composition.php>

World famous service companies?

Disney DIRECTORY

KPMG



The most valuable companies

* <http://interbrand.com/best-brands/best-global-brands/2016/ranking/>

*Do you know some Czech service companies?

REGIOJET

| STUDENT | AGENCY |

TRAVEL BY YELLOW BUSES

enjoy great
on board service



<https://www.regiojet.com/en/services/>

|| REGIOJET

| STUDENT | AGENCY |





- * Air tickets
- * Bus tickets
- * Trains
- * Taxi in Prague <http://www.ticktack.cz/en>
- * Au-pair stay and Work & Travel
- * Holiday packages
- * Rent a bus
- * Language School in UK, Germany, Spain,...



- * The 3rd place Czech Top 100 (the most admired firm)
- * Mystery shopping
- * Searching for gaps – new services
- * High quality of services (bus, trains)
- * Be the best
- * and provoke sometimes 😊

“AntiVirus Advanced SeT”



3.



* 1991 Grisoft - Brno

(IT equipment, SW and product AVG Anti-Virus (AVG - Anti-Virus Guard))

* 1993 New logo AVG

* 1994 focus only on development of anti-virus products

* 2000 the first free of charge product

* 2016 Avast Software bought AVG for 31,7 bil. CZK



AVG[®]

Be Yourself



Y SOFT

OUR CORE VALUES

We believe that a positive attitude can change the world. It's part of our DNA.

Support services



kofola®
original



Kofola is a carbonated soft drink produced in by Czech company Kofola

- 4 herbal and fruit ingredients (such as extracts from apple, cherry, currant, or herbal aroma), sugar and/or high fructose corn syrup (2014), and caramel.
- In comparison with Pepsi or Coca-Cola it contains 30% less sugar, ~56% more caffeine (15 mg/100ml, Coca-Cola 9.6 mg/100ml) and it does not contain phosphoric acid.



<http://www.kofola.cz/web/history>

<http://company.kofola.cz/>

**Could you imagine to launch Kofola
in your country?**

Famous companies

- * Škoda Auto
- * Tatra
- * Zetor
- * Linet



Major Services

- Accounting
- Advertising
- Architecture
- Banking and other financial services
- Communications
- Computers
- Construction and engineering
- Education and training
- Equipment maintenance and repair
- Franchising
- Health care
- Hospital management
- Insurance
- Leasing
- Legal
- Lodging
- Management and catering
- Management consulting
- Publishing

Services Marketing x Product Marketing

All intangible

All tangible



Tires and auto parts

Computer hardware

Computer software

Retailing

Professional services

Team work

Local service company

**What is
„Customer Service“?**

Customer services

- * Customer services are everything, what company does for **satisfaction** of its customers.
- * They help to gain **higher profit** from sold products.
- * Customer services can be also an important **competitive advantage**.

* Customer Services

- * customer service may be **provided by**
 - * a person or
 - * by automated means called self-service (web pages)
- * influence **emotional experiences** from purchase and help to increase of **customer satisfaction**
- * generate **income and revenue**

*Customer services

*Quality and customer services present **strong barrier against the competition**, ensure customer loyalty, differentiate product, decrease marketing costs and increase company profit.

(Bovée and Thill, 1992)

*Customer services

**LaLonde and Zinser (1976)*

Services are the kind of activities between the **organization and customers** to improve or simplify sale and using of products.

They involve also operations of producers provided for customers during the **whole transaction**.

* Customer Services

* help to understanding of **customers needs** and wishes

* customer service is the provision of service to customers

* before,

* during and

* after a purchase



***How customer services are organized in companies?**

*Customer services

*Companies can supply a lot of different **types of services** to their customers.

*The supply usually depends on:

- company management,
- employees,
- customers,
- competitors or
- the type of business.

*Customer services

*Today, manufacturing companies provide their services in **different levels and ranges**.

*Which frequent **examples** of services do you know?

Customer services

*Transport and product packaging



* Customer services

- * Change of spare parts
- * Guarantee repairs



* Customer services

* Customer trainings



* Customer services

- * Transport and packaging of products according to customer requirements
- * Replacement of spare parts
- * Maintenance services
- * Sufficient information about the company and its products
- * Training of customers
- * Payment conditions (paying by leasing)
- * Free phone connection (Green line)
- * Remote monitoring

**How to offer
„customer service“?**

* How to offer customer services

* 1. Know your product

However, it is possible to say "I don't know", but it should always be followed up by...

"but let me find out"

make sure that you don't leave your customer with an **unanswered question.**

* How to offer customer services

*2. Body Language/Communication

Two of the most important parts of positive body language are **smiling**, and **eye contact**.

* How to offer customer services

*3. Anticipate customers needs

Nothing surprises your customer more than an employee going the **extra mile to help** them.

Always look for **ways to serve your customer** more than they expect.

* Notifications for services

There are a lot of notifications describing services such as:

- * *industrial services* (Matthyssens, Vandenbempt, 1998);
- * *product-related services* (Matthyssens, Vandenbempt, 1998);
- * *product-services or product services* (Mathieau, 2001);
- * *customer services* (Richardson, 1995; Baggs, Kleiner, 1996; Leech, 1995; Leppard, Molyneux, 1994; Timm, 2001; Sterne, 2000; Bovée, Thill, 1992; Amico, Zikmund, 2001);
- * *after-sale services* (Richardson, 1995; Baggs, Kleiner, 1996; Leech, 1995; Leppard, Molyneux, 1994; Timm, 2001; Sterne, 2000; Bovée, Thill, 1992; Amico, Zikmund, 2001);
- * *customer support* (Armistead, 2001).
- * *services supporting business needs* (Fischer et al., 2012).

*Examples of service support

* Customer services or Service support for...



* HP Total Care

* „Find solutions & support for your product“



- * check your warranty and extend it
- * check your repair case
- * premium program
- * 24/7 phone support with remote login assistance
- * software installation and setup
- * virus, spyware, and malware removal

*Service support for...



“KONE provides world-class services and innovative solutions for new buildings and existing buildings – everything you need for smooth people flow.”



KONE Care™ Solutions

- * The KONE Care service offering enables you to choose the level of service you need: Standard, Plus or Premium.
- * All three levels include KONE Modular Based Maintenance and access to the KONE Customer Care Center.
- * You can tailor the solution by adding other services from the KONE Care portfolio.



KONE Care™ Maintenance Method

- ❖ KONE develops a unique maintenance plan for each piece of equipment. Maintenance is performed for each technical module of the equipment at the correct intervals.
- ❖ This ensures quality and end-user safety, and minimizes equipment downtime.

**Do you have some extraordinary
experience with
„Customer Services
Service support“?**

TASK

- *Try to find out / think about some famous company which provide excellent services.
- Why are they excellent?
- What services are the best for company and for their customers?
- Which current trends do they use in its service strategy?
- Do you have any recommendation?

Services in manufacturing

Services in manufacturing

WHY?

* Services in manufacturing

“People say we can survive without manufacturing...that we can have a service economy. An awful lot of services now are linked to manufacturing” (Feike Sijbesma, CEO of DSM)

* Motivation for offering industrial services

Provider perspective:

- Revenue and profit potential
- Differentiation
- Customer relationship
- Positive image
- Gather information
- Lock out customers and Customer demand

* Motivation for offering industrial services

Customer perspective:

- Reduction of costs
- Higher flexibility
- Higher performance
- Risk reduction
- Higher quality

* Services in manufacturing

- * 1800s, International Harvester used services to help start their new reaping equipment among farmers in the American Midwest (Baines & Lightfoot, 2013).
- * Services offered by manufacturer are activities **complementing the products they produce**.
- * Mostly all current manufacturers provide services of some range, depth and quality, but some of them establish **market differentiation**.
- * Service strategies are based on **extending services within the total offering** (e.g. Vandermerwe & Rada, 1988; Mathieu, 2001; Oliva & Kallenberg, 2003; Gebauer, 2008).

* Services in manufacturing

Extension of service offering (Source: Adjusted according to Fischer et al. (2012))

| | | |
|--|-------------------|---|
| <i>Customer services</i> | | information delivery billing documentation |
| <i>Product-related services</i> | Basic Services | ad hoc repairs warranty repairs and post warranty repairs spare parts inspections and basic training |
| | Advanced Services | full-service contractors performance agreement preventive maintenance service process optimization training and maintenance contracts |
| <i>Service Supporting Business needs</i> | | business consulting technical consulting services (R&D, design and construction, feasibility studies) |

* Adding services to the products

- * ...to extend the total offering through services are possible ways of acting to eroding product margins and the loss of strategic differentiation through product innovation and technological superiority (Fischer *et al.*, 2012).
- * The extension of the total offering via services has been conceptualized in the literature through some different notions, such as:
 - * 1) “servitization” (Vandermerwe, Rada, 1988),
 - * 2) “transition from products to services” (Oliva, Kallenberg, 2003),
 - * 3) “going downstream in the value chain” (Wise, Baumgartner, 1999),

* Adding services to the products

- * 4) “product-service systems” (Tukker, 2004),
 - * 5) “moving towards high-value solutions, integrated solutions and system integration” (Davies, 2004) and
 - * 6) “manufacturing / service integration” (Schmenner, 2009).
- * These above mentioned views describing extension of total offering via services led to the concept called “**service business development**”, which can be defined as **increasing value contribution of services in the capital goods industry** (Fischer *et al.*, 2012).

*Do you know some Czech manufacturing companies?

*Czech manufacturing companies

JABLOTRON
CREATING ALARMS

 **TESCAN**
PERFORMANCE IN NANOSPACE

ROBE

“We take care of people’s security and comfort all around the world.”



- * alarms (smart home)
- * vehicle monitoring
- * baby respiratory monitoring

* <https://www.jablotron.com/en/about-jablotron/>





- * 21 companies form the JABLOTRON Group
- * they are connected by the desire to be the leaders in respective fields, together with creating simple and understandable products using top technology.
- * employ more than 600 people.
- * the turnover in 2015 over 2.6 billion CZK.



- * Tescan is one of the global suppliers of scientific instruments.

The company is building its reputation and brand name in the field of designing and manufacturing scanning electron microscopes and system solutions for different applications.





- * Almost 2500 SEM installations in more than 80 countries prove the highest technical solution of TESCAN products.

TESCAN sales and service network covers countries all over the world. The team of sales representatives and well-trained service staff is capable to assure fast service and customer support as well as detailed product information.

<http://www.tescan.com/en-us/about-tescan>

ROBE



Source: <https://www.robe.cz/>



- * Robe lighting is based in the Czech Republic and manufactures innovative, high quality moving lights and digital lighting products.

Robe continues to focus on designing and producing well-engineered products utilising the very latest available technology to meet the creative, technical and practical demands of our wide range of users and investors.

* Conclusions

- * There are no doubts that services play an **important role** in today's companies, also in industrial companies.
- * Services can be also perceived as a significant **competitive advantage**.
- * It is necessary to continuously improve customer services and know their **customer perception**.
- * The sooner companies adopt service strategy, the better for them and their customers.
- * Great services provides an experience that meets **customer expectations**. It produces **satisfied customers!!!**

Questions for discussion

- * Do you know some industrial company which is really strongly focused on services?
- * What do they provide exactly (products and services)?
- * Why they are different then competitors?
- * How customers evaluate their products (and services)?
- * Are they continuously improving the quality of products (and services)?

Conclusion

- * Services
- * Successful examples from Czech companies
- * Services in manufacturing
- * Successful examples from Czech manufacturers

References

- * Amico, M. D., Zikmund, W. G. (2001). *The power of marketing. Creating and keeping customers in an e-commerce world*. 7th edition. Cincinnati: South-Western College Publishing, 689 p.
- * Armistead, C. (2001). *The Customer Support Audit*. Cambridge: Cambridge Strategy Publications.
- * Baggs, S. C., Kleiner, H. (1996). How to measure customer service effectively. *Managing Service Quality*, 6(1), pp. 36-39.
- * Baines, T., Lightfoot, H. (2013). *Made to serve. How manufacturers can compete through servitization and product-service systems*. 1st ed. Chichester: John Wiley and Sons, 254 p.
- * Bovée, C. L., Thill, J. V. (1992). *Study guide to accompany Marketing*, McGraw-Hill, 332 p.
- * Buschak, D. (2014). *Benefits and sacrifices of after-sales services in the German machine building industry*. Spring Servitization Conference 2014, Aston University, Birmingham, UK. Retrieved from: <http://www.aston-servitization.com/publication/document/69/daniela-buschak-benefits-and-sacrifices-of-after-sales-services-in-the-german-machine-industry>.
- * Davies, A. (2004), Moving base into high-value integrated solutions: a value stream approach, *Industrial and Corporate Change*, 13(5), pp. 727-756.
- * Davies, A., Brady, T., Hobday, M. (2007). Organizing for solutions: Systems seller vs. systems integrator. *Industrial marketing management*, 36(2), pp. 183-193.
- * Fischer, T., Gebauer, H., Fleisch, E. (2012). *Service business development: strategies for value creation in manufacturing firms*. 1st ed. Cambridge: Cambridge University Press, 298 p.
- * Kowalkowski, C., Windahl, C., Kindström, D., Gebauer, H. (2015). What service transition? Rethinking established assumptions about manufacturers' service-led growth strategies. *Industrial Marketing Management*, 45, pp. 59-69.
- * Leppard, J., Molyneux, L. (1994). *Auditing your customer service*. 1st edition. London: Routledge, 132 p.

References

- * Leech, P. (1995). The importance of positive customer service to Ansell's. *Managing Service Duality*, 5(4), pp. 31-34.
- * Mathieu, V. A. (2001). Product services: from a service supporting the product to a service supporting. *The Journal of Business & Industrial Marketing*, 16(1), pp. 39-58.
- * Matthyssens, P., Vandenbempt, K. (1998). Creating competitive advantage in industrial services. *The Journal of Business & Industrial Marketing*, 13(4/5), pp. 339-355.
- * Oliva, R., Kallenberg, R. (2003). Managing the transition from products to services. *International Journal of Service Industry Management*, 14(2), pp. 160-172.
- * Richardson, F. (1995). Creating competitive advantage via customer service: the RAC case study. *Managing Service Duality*, 5(4), pp. 12-15.
- * Schmenner, R. W. (2009). Manufacturing, service, and their integration: some history and theory. *International Journal of Operations & Production Management*, 29(5), pp. 431-443.
- * Sterne, J. (2000). *Customer Service on the Internet. Building Relationships, Increasing Loyalty, and Staying Competitive*. 2nd edition. New York: John Wiley and Sons, 351 p.
- * Timm, P. R. (2001). *Customer service. Career success through customer satisfaction*. 2nd edition. New Jersey: Prentice-Hall, 223 p.
- * Tukker, A. (2004). Eight types of product-service system: Eight ways to sustainability? Experiences from SusProNet. *Business Strategy and the Environment*, 13(4), pp. 246-260.
- * Vandermerwe, S. Rada, J. (1988). Servitization of business: adding value by adding services. *European Management Journal*, 6(4), pp. 314-24.
- * Wise, R. and Baumgartner, P. (1999). Going downstream: the new imperative in manufacturing. *Harvard Business Review*, 77(5), pp. 133-41.

Thanks for your attention!