

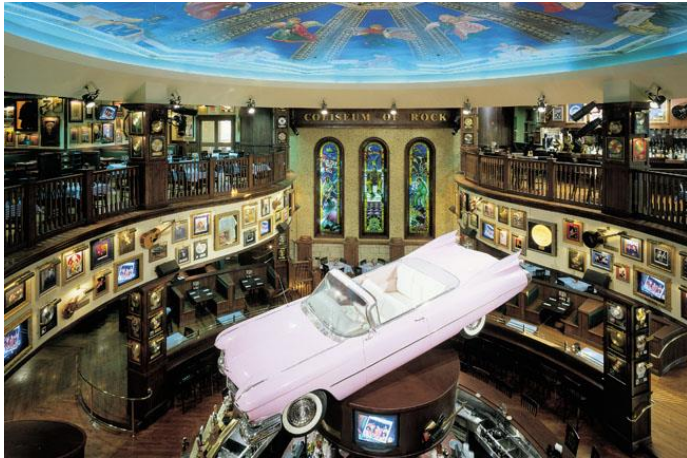
1. PRODUCT - SERVICE

- ▶ **Service** - any activity or benefit that one party can offer to another party. It is fundamentally intangible and it does not result in ownership. The production of a service may or may not be associated with a tangible product.
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- ▶ **Basic (key) product** - the main reason for purchasing a service.
 - ▶ **Additional (peripheral) product** - offered as part of the basic service and creates added value.

2. SERVICES CONCEPT

- **Core** - represents the customer's basic need to be satisfied.
- **Basic service** - a basic and very simple service that does not require special provision conditions or specially trained personnel.
- **Expected service** - a client who buys a service and he expects a certain quality.
- **"A little extra" (extended) service** - something more than expected service.
- **Potential service** - anything new that can be attractive to the client. It includes all possible added features and service changes that bring additional benefit to the client.
- **Emotional added value** - is created by the emotional energy inserted into the offer, which enables the fulfillment of a two-dimensional goal - to achieve business results and at the same time build a relationship with the customer.

Emotions turn a service into a positive or negative experience!



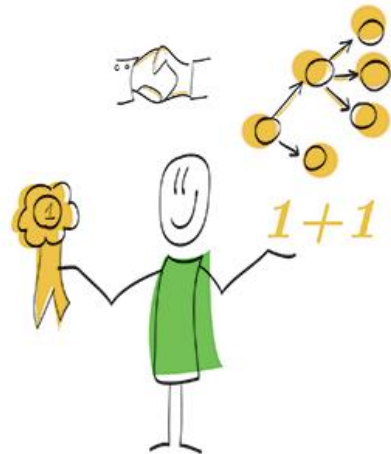
Source: www.hardrock.com

3. CROSS-SELLING X UP-SELLING

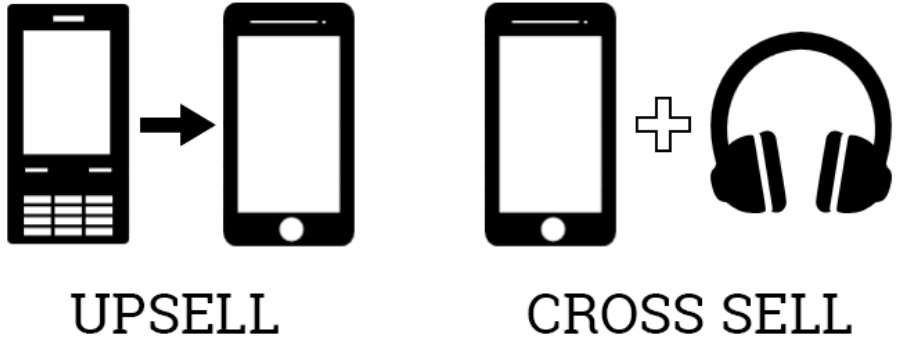
- ▶ **CROSS-SELLING** = cross-selling \Rightarrow sale of additional goods (assortment) to the original order. *Don't you want something extra?*

X

- ▶ **UP-SELLING** = up-selling \Rightarrow sale of goods of better quality than the original order. *Don't you want something better?*



CROSS-SELLING VERSUS UP-SELLING



CROSS-SELLING

"Complexity of product offering."

- ▶ Activities which purpose is to increase the customer's overall order by recommending complementary goods.
- ▶ The most effective use in internet marketing.
- ▶ The product package should represent a certain advantage for the customer (a lower price).

UP-SELLING

- ▶ The aim to sell a more expensive solution to the customer's problem, e.g. a **higher model** of the product or a **more advanced version** of the service, in contrast to offers of additional products (cross - selling).



4. PRODUCT MIX

- ▶ **Product line** - a group of services that are aimed at satisfying a similar need, they are sold through the same distribution channels or they are intended for the same customers.
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- ▶ **width** - number of different product lines
- ▶ **depth** - how many service variants are there for each product line
- ▶ **length** - total number of items in the product mix

- ▶ **Diversification of risk!**



PRODUCT MIX IN SERVICES

| Preschool children | Teenagers | Adults | Seniors |
|--|---------------|--------------------|---------------------------------|
| Language courses | Reading club | Club of tourists | The University of the Third Age |
| Creativity course | Dance lessons | Photography course | Yoga for seniors |
| Yoga for children | | Pilates | Computer literacy |
| Exercise for mothers with small children | | PC skills course | |
| Theater performance | | | |

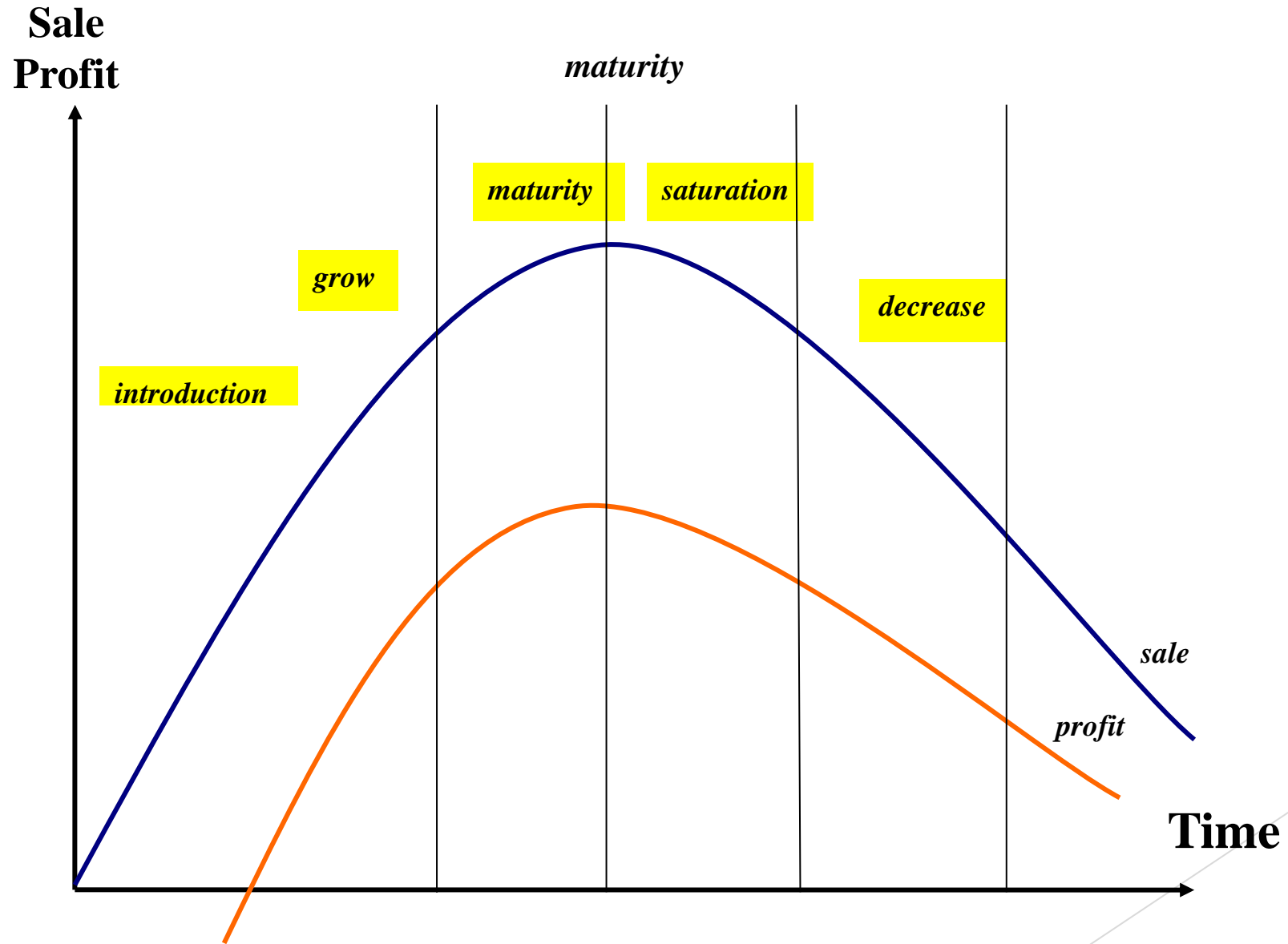
Offer of the center of cultural services

5. LIFE CYCLE OF THE SERVICES

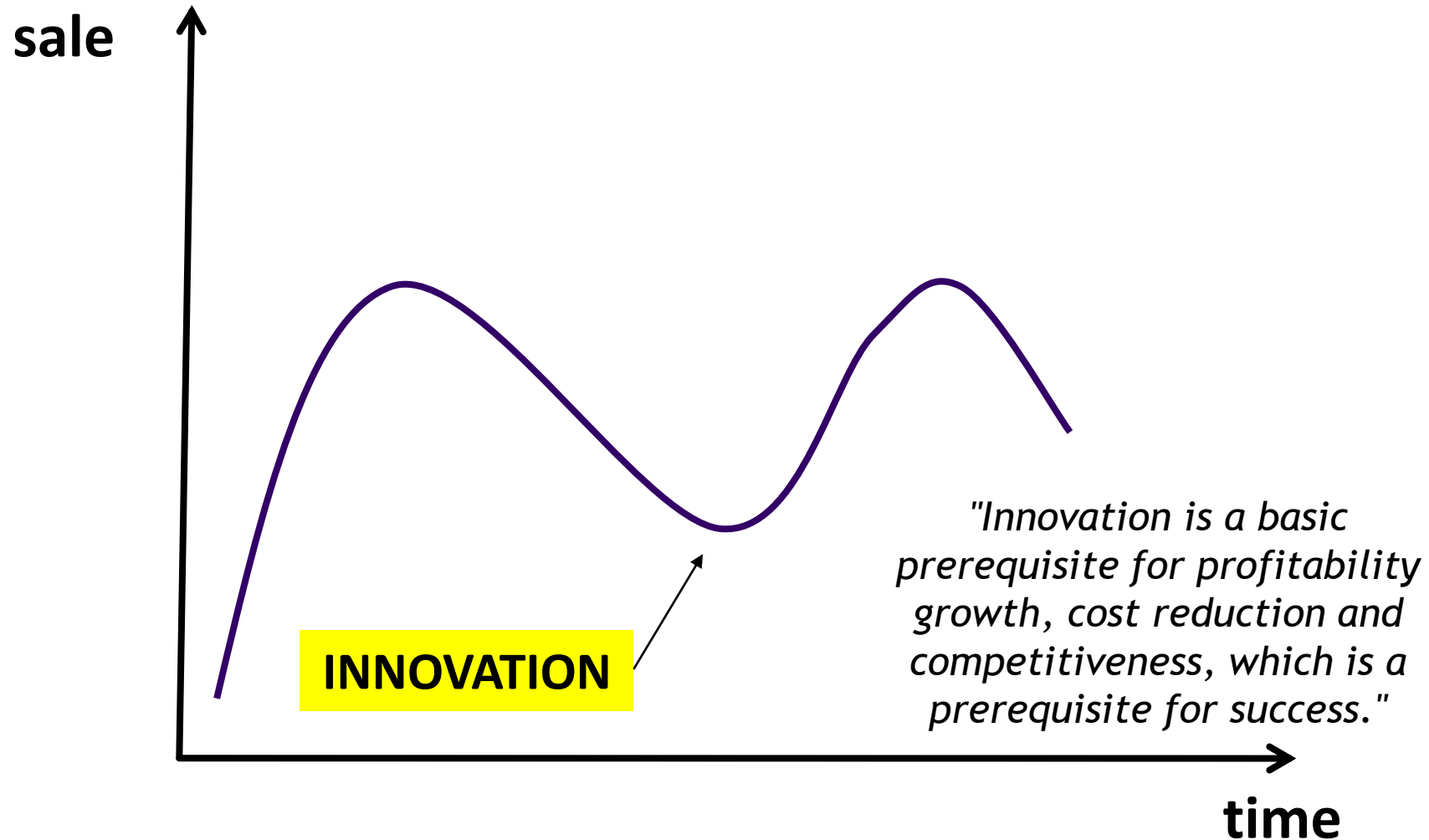
- ▶ **Life cycle** - the time during which a product is offered on the market.



LIFE CYCLE PHASES



ATYPICAL FORM OF LC ⇒ RE-CYCLE



INNOVATION IN SERVICES

- ▶ An idea, service, product or technology that is developed and offered to customers who perceive it as a new service ⇒ **a recognizable positive change of a product (a name change is not enough).**
- ▶ Innovation according to the degree of change: fundamentally new products, products representing an improvement of current products (modification), analogous products (expansion of the assortment with a new variant).
- ▶ Product innovation, process innovation, marketing innovation, organizational innovation.
- ▶ Technical x non-technical innovation.



6. NEW SERVICE DESIGN

- ▶ New services represent entirely new services.
- ▶ Idea generation, idea filtering, concept creation and testing, evaluation of potential markets, new product development and testing, commercialization.
- ▶ **Cannibalization!**
- ▶ **Marketing mortality!**
- ▶ **Ansoff matrix**

ANSOFF MATRIX

| Products | Orders | |
|----------|---|---|
| | Existing | New |
| Existing | <p>Market penetration through increased provision of services, intensification of the rate of use by offering consulting services, expanding branches, bank machines, offering service cards to other business entities.</p> | <p>Market development attracting new customers, e.g. selling additional mortgage or life loans insurance policy, loans for vacation, providing credit cards, pet insurance, setting up children's accounts, etc.</p> |
| New | <p>Product development via innovation products, specialization, new products - e.g. payment card insurance for existing ones payment card users. New savings programs, new types of loans intended for different segments. Student accounts with updated parameters.</p> | <p>Diversification accepting higher risk, taking over smaller organizations, developing new market segments (eg paragliding insurance). Providing completely new services (building societies can provide planning and real estate services, subsidiaries of banks, leasing, etc.)</p> |

STRATEGY OF NEW SERVICES

- ▶ Focus on the use of IT in services.
- ▶ Develop a vision and strategy focused on prioritizing the relationship with the customer.
- ▶ Be ready to cooperate with business partners.

