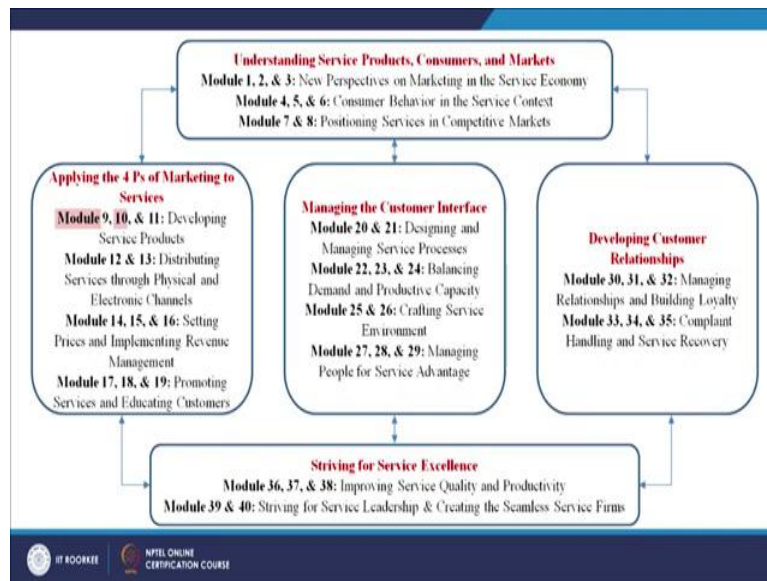


**Services Marketing: Integrating People, Technology, Strategy**  
**Professor Zillur Rahman**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**  
**Lecture 10**  
**Developing Service Products Part II**

Welcome to this course on Services Marketing. And today we will talk about module 10. This module 9, 10 and 11, they forms the part of developing a service product.

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So, we are now dealing with the second section, that is, how to go about applying 4 Ps of marketing to services. In module 9, we have talked about the core services, the supplementary services, and the delivery processes. Now, let us look at the module 10. In module 10, we will try to understand branding at the corporate and individual service product levels. So, there are two levels at which we will be talking about branding.

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The slide is titled "MODULE OVERVIEW" and contains a bulleted list of five points. To the right of the list is a small video inset showing a man in a white shirt. At the bottom left, there are logos for "IIT KOOBEE" and "NPTEL ONLINE CERTIFICATION COURSE". A small number "4" is visible at the bottom right of the slide.

### MODULE OVERVIEW

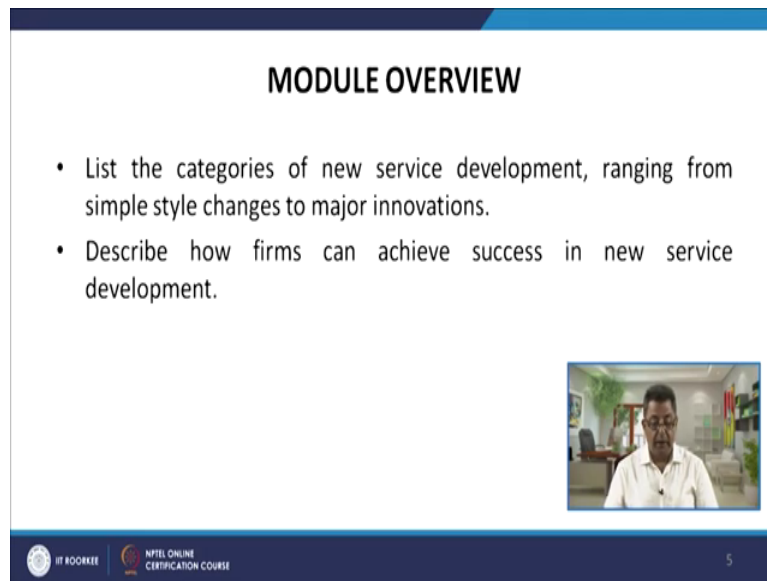
- Understand branding at the corporate and individual service product level.
- Examine how service firms use different branding strategies.
- Understand how branding can be used to tier service products.
- Discuss how firms can build brand equity.
- Understand what is required to deliver a branded service experience.

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So, one is the corporate level and at the individual service product level. Next is, we will examine how service firms use different branding strategies. Understand how branding can be used to tier service product. And discuss how firms can build brand equity. Understand what is required to deliver branded service experience.


So, we will talk about the branding at the corporate and individual level, then how do service firms, they use different branding strategies. Understand how branding can be used to tier service products. Discuss how firms can build brand equity. So, the first three points pertain to building a brand and the fourth point relates to brand equity, how to go about building brand equity. And then we will understand how to deliver this whole of branded service experience.

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**MODULE OVERVIEW**

- List the categories of new service development, ranging from simple style changes to major innovations.
- Describe how firms can achieve success in new service development.



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Then we will list the categories of new service development, ranging from simple style changes to major innovations. So, there are a whole spectrum of new services that can be developed. On the one hand you have a plain simple style change, on the other hand, you have radical changes, major innovations. Then we will describe how firms can achieve success in new service development.

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**BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES**

- Branding helps marketers to establish a mental picture of the service in customers' minds and to clarify the nature of the value proposition.
- Distinctive brand names of individual service products enables the firm to communicate the distinctive experiences and benefits associated with a specific service concept to the target market.



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Now, look at the branding of service firms, their products and experiences. Branding helps marketers to establish a mental picture of the services in the customers mind and to clarify the

nature of the value proposition. So, the brands lie in the mind of consumers as do positioning. Brands, they help marketers to establish a mental picture.

So, the picture is only mental, there is no real picture of the services, of their services in the mind of the consumers, and then it also clarifies the nature of the value proposition. Distinctive brand names of individual service products, they enable the firms to communicate the distinctive experiences and benefits associated with a specific service concept to the target markets.

So, the idea of having those distinctive brand names for different service products is to communicate the distinctive experiences and benefits that comes with the different specific services. And this is how the customers will experience the service.

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**BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES**

Example of **Banyan Tree Hotels & Resorts**

- It has carefully crafted specified products for its various target segments branded as:
  - “Heavenly Honeymoon”,
  - “Spa Indulgence”, or
  - “Intimate Moments”- for couples celebrating their wedding anniversaries.



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Let us look at the example of Banyan Tree Hotels & Resorts. It has carefully crafted specified products for its various target segments, branded as: Heavenly Honeymoon, Spa Indulgence, or Intimate Moments for couples celebrating their wedding anniversaries. So, now you see that how carefully they have crafted their specific products for different kind of target segments.

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### BRANDING STRATEGIES FOR SERVICES

- Service organizations offer a line of products rather than just a single product.
- Four broad branding alternatives:
  - 1 – Branded House
  - 2 – Sub-brands
  - 3 – Endorsed Brands
  - 4 – House of Brands



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Service organizations offer a line of product rather than just a single product. So, there, we are talking of a line of products not one product. So, there are four broad branding alternatives, starting from branded house to house of brand, and then there are the sub-brands and endorsed brands. So, we will talk about the difference between all these.

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### BRANDING ALTERNATIVES



Figure The spectrum of branding alternatives

Source  
Adapted from James Devlin "Brand Architecture in Services: The Examples of Retail Financial Services." *Journal of Marketing Management*, No. 19, 2003, 1046.

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So, look at this spectrum. On the left-hand side, we have started with corporate branding and we then move on to individual product branding. So, here it is corporate level branding, branding of a corporate, a company, and then here, individual products are being branded. For example, you have a branded house that is Virgin Group. So, there are lots of companies

under this umbrella and each comes with the name of virgin, so this is a corporate branding and this is branded house. On the extreme right, there are individual product branding.

So, every individual product is branded, which is called as House of Brands, so there are yum! brands. And then for example you have all those ITCs and HULs and P&Gs, so they have those individual products brand.

And in between, there are several options available. One is sub-brands, Raffles Class at Singapore Airlines. So, there are sub-brands there, that can be for can for example, if you take example, if I can use a example from product, we can have the Dove and Lux. So, Dove has a variety of products under its brand, then Lux has another variety of products under its brand.

Then there are endorsed brand. Starwood Hotel & Resort. So, these are the two extremes and in between, in these two extremes there are these broad four alternatives, although there can be some more alternatives in between these two extremes. But for our purpose these four are good enough.

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**BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES**

- 1. Branded House** – used to describe a company, that applies its brand name to multiple offerings in often unrelated fields.
  - **For example-** Virgin Group
    - Applies its brand name to multiple offerings in often unrelated fields.
    - Core business is travel, entertainment, and lifestyle, but it also offers financial services, healthcare, media, and telecom services.
  - Demerit- brand gets overstretched and weakened.

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Branded house means it can be use to describe a company that applies its brand name to multiple offerings in often unrelated fields, for example, the Virgin Group. It applies its brand name to multiple offerings and these offerings they come from a variety of fields and these fields are unrelated.

Their core business is travel, entertainment and lifestyle, but it also offers financial services, healthcare, media and telecom. So, now you see that their core business is into travel, entertainment and lifestyle, but there are several other services that they also offer that may include financial services, healthcare, media and telecom services. So, they have unrelated services.

Demerits of this is that the brand gets overstretched and weakened. So, now you, there is no advantage of one kind of services to another kind of service. So, one brand of services is not helping another brand of services. So, the brand gets overstretched, and when you overstretch something it becomes weak.

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**BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES**

**2. Sub-brands** – the corporate or the master brand is the main reference point, but the product itself has a distinctive name

- **For example-** Singapore Airlines
  - Singapore Airlines Raffles Class, denoting the company's business class, and
  - Singapore Airlines Suits is "beyond first class" A380.



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Another option can be sub-brands. The corporate or the master brand is the main reference point, but the product itself has a distinctive name, for example, Singapore Airlines. Singapore Airlines Raffles Class denoting the company's business class and then Singapore Airlines Suit is beyond first class service on the A 380. So, within the same aircraft also, they are branding the business class and business class separately, so that is an example of sub-brand.

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### BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES

3. **Endorsed Brands** – the product brand dominates but the corporate name is still featured.

- **For example-** Intercontinental Hotel Group is itself a well known group. But its product brands are dominant.

	Intercontinental Hotels & Resorts	Holiday Inn Resorts	Hotel Indigo
1	Intercontinental Hotels & Resorts	Holiday Inn Express	Holiday Inn
2	The Crowne Plaza Hotels & Resorts	Staybridge Suites	Even Hotels
3	Holiday Inn Club Vacations	Candlewood Suites	Hualuxe

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The third type of branding strategy can be endorsed brand. The product brand dominates but the corporate name is still featured. For example, Intercontinental Hotel Group is itself a well known group, but its product brands are dominant. Look at this extreme left, we are talking of Intercontinental Hotel and Resorts, then there are Holiday Inn Resort and Hotel Indigo.

Under this umbrella they have this Intercontinental Hotels and Resorts, Crowne Plaza Hotels and Resorts, and Holiday Inn Club Vacations. Under this umbrella of Holiday Inn Resort, they have Holiday Inn Express, Staybridge Suites and Candlewood Suites. Under Hotel Indigo, they have this Holiday Inn, Even Hotels and Hualuxe.

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### BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES

4. **House of Brands** – the corporate brands and its well-known sub brands.

- **For example-** Yum! Brands, Inc.
- Its restaurant brands:
  - KFC
  - Pizza Hut
  - Taco Bell



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The fourth option is on the next extreme is the fourth option that is house of brands, the corporate brand and its well-know sub-brands, for example, Yum! Brands, Inc. And their restaurant brands are different, for example, they have KFC, Pizza Hut and Taco Bell. So, this is house of brands. So, this is the house and these are the various brands within them.

So, Yum! Brands they own KFC, Pizza Hut and Taco Bell. Now, also these are the pictures that are shown for this, so this is Taco Bell and this is Pizza Hut and this is KFC.

Now, here you should also keep in mind that do not look at whether these strategies they are mutually exclusive or not. So, there can be over lapse in that also, because in this house of brands you can call that it also has sub-brands.

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## BRANDING SERVICE FIRMS, PRODUCTS AND EXPERIENCES

- For a multi-brand strategy to succeed, each brand must promise a distinctive value proposition, targeted at a different customer segment.
- Sometimes segmentation is situation-based:
  - The same individual may have different needs (and willingness to pay) under differing circumstances, such as when traveling with family or traveling on business. *6 to 9 e* *soo*
- A multi-brand strategy is aimed at encouraging customers to continue buying from within the brand family.
- Loyalty programs are often used to encourage this, whereby loyalty points are collected in one sub-brand when on business travel, but are then redeemed through another brand on leisure trips.

So, for a multi-brand strategy to succeed, each brand must promise a distinctive value proposition targeted at a different customer segment. So, when we have a multiple brands that is a problem, because now each brand has a promise and that promise is a distinctive value proposition. And this distinctive value proposition is obviously targeted to a different target segment. So, in order to make your multi-brand strategy succeed, each brand must promise a distinctive value proposition targeted at a different customer segment.

Sometimes segmentation is also situation-based. The same individual may have different needs, and also willingness to pay, under differing conditions and circumstances, such as when traveling with family or traveling on business. So, maybe when they are traveling with family that is on their out of their own pocket, and when they are traveling on business, so that is on the company's accounts.

So, they maybe, the willingness to pay maybe different. And obviously the needs are different, and therefore the segments, the same person maybe there in two different segments, but not obviously at the same time.

A multi-brand strategy is aimed at encouraging customers to continue buying from within the brand family. So, that is the advantage of this brand families, that when they are traveling on their own, when they have a tighter budget, when they traveling with family, still they have a brand to choose from, from within the same family.

And when they are traveling on business, then also they have a brand to choose from, from within that same family. A multi-brand strategy is aimed at encouraging customers to continue buy from within the brand family. So, that is why they have different types of brands in the brand family, so that the customers, they continue to buy from within the same family.

Loyalty programs are often used to encourage this, whereby, loyalty points are collected in one sub-brand when on business travel. But they can then be redeemed through another brand on leisure trips. So, within the same family if you are buying then the loyalty earned from one brand can be used to buy another brand.

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## TIERING SERVICE PRODUCTS WITH BRANDING

- In a number of service industries, branding is not only used to differentiate core services, but also to clearly differentiate service levels. This is known as **service tiering**.
- It is common in industries such as hotels, airlines, car rentals, and computer hardware and software support.
- Other examples of tiering include healthcare insurance, cable television, and credit cards.



Let us look at tiering service products with branding. In a number of service industries, branding is not only used to differentiate core services, but also to clearly differentiate services levels. This is known as service tiering. So, it is not, the branding is not only to differentiate the core service, but also to differentiate various service levels. It is common in industries such as hotels, airlines, that example that we have seen of Singapore Airlines, car rentals, computer hardware and software support.

Other examples of tiering includes healthcare insurance. So, you can have various types of healthcare insurance, one can be for everything, one can be just for one particular disease or a couple of diseases. Then there are cable televisions, so you can buy one package that include everything or there are other packages that comes at different prices and the credit cards. This example that we have seen in module 8.

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Industry	Tiers	Key Service Attributes and Physical Elements Used in Tiering
1. Lodging	Star or diamond rating (5 to 1)	Architecture; landscaping; room size; furnishings, and decor; restaurant facilities and menus; room service hours; array of services and physical amenities; staffing levels' calibre and attitudes of employees
2. Airline	Classes (intercontinental), first, business, premium economy, economy	Seat pitch (distance between rows), seat width, and reclining capability; meal and beverage service; staffing ratios; check-in speed; departure and arrival lounges; baggage retrieval speed
3. Car rental	Class of vehicle	Based on vehicle size (from subcompact to full size), degree of luxury, plus special vehicle types (minivan, SUV, convertible)
4. Hardware and software support	Support levels	Hours and days of service; speed of response; speed of delivering replacement parts; technician-delivered service versus advice on self-service; availability of additional services

Now, let us look at what happens to these tiers in these various types of industries. So, in lodging industry, the tiers include star or diamond rating and the key service attributes and physical elements that can be used in tiering are the architecture, landscaping, room size, furnishings and decor, restaurant facilities and menus, room service hours, array of services and physical amenities, staffing levels, calibre and attitude of employees. Now, these whole combination of all these variables can be used to come up with various service tiers. And then each tier can be then branded.

Now, what happens in airlines? So, there are classes the intercontinental, first class, business class, premium economy and economy. So, the key service attributes and service elements that can be used in tiering are, seat pitch, that is distance between the rows, seat width, and reclining capability, meals and beverages services, staffing ratios, check-in speed, departure and arrival lounge and baggage retrieval speed.

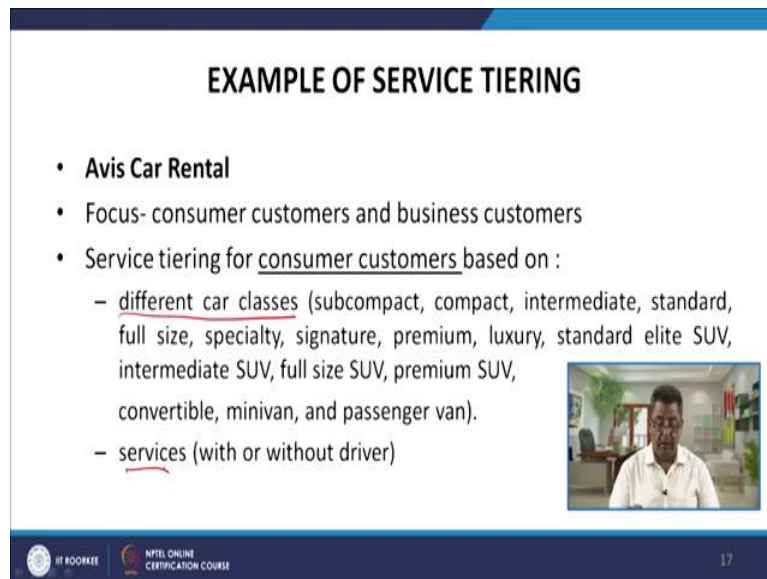
The third type of industry that we will consider is car rental. So, the tiers can be on the basis of various class of vehicles. So, based on vehicle size from subcompact to full size, degree of luxury plus several vehicle types, minivan, SUV and convertible, so these can be, they can have different brands.

The fourth industry that we, that is chosen as an example is hardware and software support. So, various types of support levels can be used as tiers. And hours of, hours and days of service, so is it 24 by 7 service or is it available only between 10 to 5 on weekdays or

working days, the speed of response. So, once you have lodged a complaint, how much time it will take for, take the company to respond to. Speed of delivering replacement parts and technician delivered services versus advice on self-service, availability of additional services.

So, now this table shows how the various tiers can be used in various industries for coming up with different kind of services and brands.

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**EXAMPLE OF SERVICE TIERING**

- **Avis Car Rental**
- Focus- consumer customers and business customers
- Service tiering for consumer customers based on :
  - different car classes (subcompact, compact, intermediate, standard, full size, specialty, signature, premium, luxury, standard elite SUV, intermediate SUV, full size SUV, premium SUV, convertible, minivan, and passenger van).
  - services (with or without driver)

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Now, let us look at an example for, of service tiering and we are talking about Avis Car Rental, it is a car rental company, that focus consumers customers and business customers. So, service tiering for consumers customer that is based on different car classes. So, the car classes can vary from subcompact, to compact, intermediate, standard, full size, specialty, signature, premium, luxury, standard elite, SUV, intermediate SUV, full size SUV, premium SUV, convertible, minivan and passenger vans and the services, with or without drivers.

So now you see that they are tiering services based on the car class and the services, that is with or without a driver. So, you can have so many options. In addition to that, each option can have, can come with a driver or without a driver.

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### EXAMPLE OF SERVICE TIERING

- Service tiering for business customers: Business customers have four programs that cater to different types of business customers to choose from:
  - small-and mid-sized business,
  - entertainment and productions,
  - meeting and group services, and
  - government and military.



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Service tiering for business customers. Business customers have four programs they cater to different types of business customers to choose from. One is they have a program for small and mid-sized business, another is for entertainment and production, meetings and group services and government and military.

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### BUILDING BRAND EQUITY

- Brand equity is the value premium that comes with a brand - what customers are willing to pay for the service, beyond what they are willing to pay for a similar service that has no brand.
- Components of Brand Equity
  - **Company's presented brand** – mainly through advertising, service facilities and personnel.
  - **External brand communications** – from word-of-mouth and publicity. These are outside of the firm's control.



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## BUILDING BRAND EQUITY

- **Customer experience with the company** — what the customer has gone through when they patronized the company.
- **Brand awareness** — the ability to recognize and recall a brand when provided with a cue. (Aided Recall)
- **Brand meaning** — what comes to the customer's mind when a brand is mentioned.
- **Brand equity** — the degree of marketing advantage that a brand has over its competitors.

Now, after we have talked about the various, the four types of branding strategies, now let us look at how to go about building brand equity. Brand equity is the value premium that comes with a brand. Brand equity is the value premium that comes with a brand, what customers are willing to pay for the service, beyond what they are willing to pay for a similar service that has no brand. So, that is what brand equity is.

Brand equity is the value premium that a brand commands. And what is this value premium, it is what the customer are willing to pay for our services. What extra is the customer willing to pay for your service as compared to a service that comes without a brand. So, brand equity is value premium, the extra value that comes with the brand.

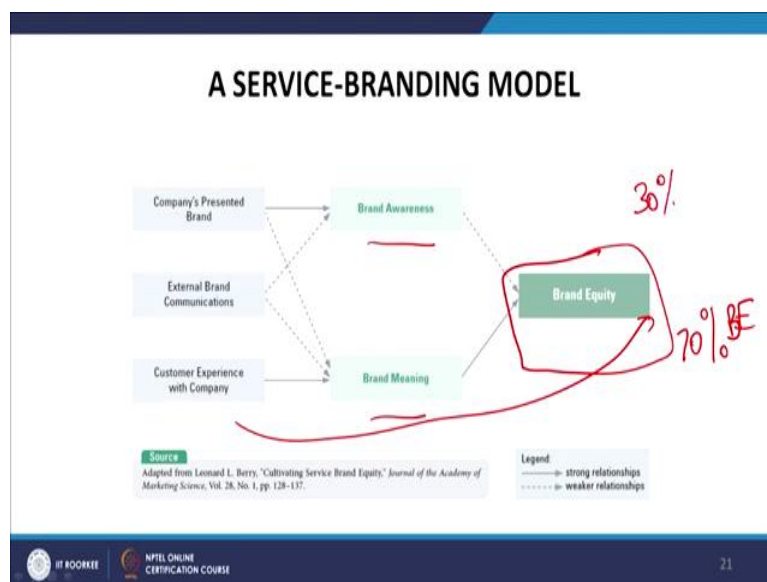
And this extra value is reflected in whether how much the customer is willing to pay more for your service as compared to a no brand service. And the components of brand equity includes, the company's presented brand that is mainly through advertising, service facilities and personnel and external brand communication. External brand communication includes that it comes from word-of-mouth and publicity. These are outside of the firm's control.

Another component of brand equity is customer experience with the company. What the customer has gone through when they patronize the company. Their brand awareness, the ability to recognize and recall a brand when provided with a cue. So, that is aided recall. So, we call it as aided recall. So, there can be unaided recall also. So, brand awareness is when the customer is able to recall a brand, when they are provided with a cue. Brand meaning, what comes to the customer mind when the brand is mentioned. And the brand equity that is the degree of marketing advantage that a brand has over its competitors.

So, these are the components of brand equity. First is the company's presented brand, external, so this is what company has to say about their brand. External brand communication, that all that communication on which country, on which company does not have any control.

Then how customers have experienced the brand, the company. Brand awareness, whether customers are aware of the brand when they given a cue. The meaning of the brand, what is, what comes to their mind when the brand is mentioned and the brand equity, that is the more amount of money they are ready to pay for a particular brand.

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## BUILDING BRAND EQUITY

- **Customer experience with the company** – what the customer has gone through when they patronized the company.
- **Brand awareness** – the ability to recognize and recall a brand when provided with a cue. (Aided Recall)
- **Brand meaning** – what comes to the customer's mind when a brand is mentioned.
- **Brand equity** – the degree of marketing advantage that a brand has over its competitors.



This is a service branding model. So, this is brand awareness and brand meaning, which leads to brand equity. So, all this they leads to brands equity, we are talking about brand awareness and brand meaning. So, this is brand awareness, brand meaning. Brand awareness is with aided recall and meaning is what comes to the mind of the customers when the name of the brand is mentioned. And this leads to this brand equity.

Now, also keep in mind that these arrows they show a weaker relationship, the solid arrows they show a strong relationship, while the dotted ones they show the weak relationship. So, there is a strong relationship between company's presented brand, what the company has to say about their own brand, what they communicate with the customers and that lead to brand awareness, so that is a strong relationship.

Again, the customer experience with the company has a strong relationship with brand meaning. That is brand meaning is, comes from the customer experience with the company and this brand meaning has a strong relationship with brand equity. So, brand awareness may not lead to brand equity, has a weak relationship with brand equity, while brand meaning has a strong relationship with brand equity.

Now, you see that the company's presented brand has a weak relationship with brand meaning. And external communication, external brand communication, communication from other sources, word-of-mouth, et cetera, it has weak relationship with both the variables, the brand awareness and the brand meaning.

So, what is important for us is that is the customer experience with the company, what has been the customer experience with the company, and that leads to, that has a strong relationship with brand meaning, which in turn leads to strong relationship with brand equity.

But it is not that we can ignore the weak relationship. So, maybe this way, we may get 70 percent of the brand equity. But we will also have to keep all these things in mind so as to get that extra 30 percent brand equity. So, strong relationship is fine but we also have to keep in mind and look at the weak relationships. So, it is not only about the customer experience with the company, but also how the company present their brand by way of advertising and also the external brand communication that is word-of-mouth et cetera.

And then we should be worried about both the things the brand awareness and the brand meaning. Because both of them, in different proportions, both of them they contribute to brand equity. So, we just cannot ignore brand awareness and focus all our energies on brand meaning. More of the energies are to be focused on brand meaning, but then we cannot ignore brand awareness. So, this is the service branding model that is important for building brand equity.

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**A SERVICE-BRANDING MODEL**

- Company's marketing and external communications help to build brand awareness.
- However, it is the customer's actual experience with the brand, or the 'moments of truth', which are more powerful in building brand equity.
- Firms need to focus on customers, deliver great experiences, and create an emotional connection with their customers.

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So company's marketing and external communications help to build brand awareness. Both of them they are, they help build brand awareness. However, it is a customer's actual experience with the brand, or the moment of truth that we have talked about earlier, which are more powerful in building customer equity. So, this actual customer experience with the brand which is called as moment of truth is more powerful in building a brand. The firms

need to focus on customers, deliver great experience and create an emotional connection with their customers.

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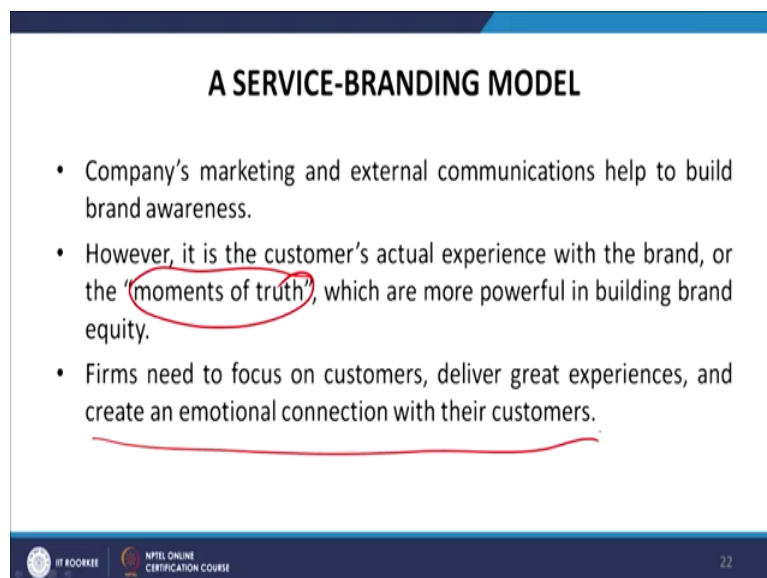
**DELIVERING BRANDED SERVICE EXPERIENCES**

- Align the service product and brand with its delivery process, servicescape and people with the brand proposition.
- Having processes in place.
- Creation of emotional experience that can be done effectively through the servicescape.
- Building of interpersonal relationships, where trust is established between the consumers and the firm's employees.
- Investing in employees for they will be the ones who can deliver the brand experience that creates customer loyalty.

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How to go about delivering branded service experience. The first important thing that needs to be done is to align the service product and brand. The product and the brand both with the delivery process, the servicescape and people with the brand proposition. So, you have to link the service product and brand with its delivery process, servicescape and people with the brand proposition. Having the right kind of processes in place. Creation of emotional experience that can be done effectively through the servicescape.

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**A SERVICE-BRANDING MODEL**

- Company's marketing and external communications help to build brand awareness.
- However, it is the customer's actual experience with the brand, or the 'moments of truth', which are more powerful in building brand equity.
- Firms need to focus on customers, deliver great experiences, and create an emotional connection with their customers.

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So, as we have seen that this great experience is to create an emotional connection with the customer, so this creation of emotional experience has to be done effectively through servicescape, that is the tangible and the intangible elements of the service factory or the place where the service is delivered.

Building of interpersonal relationships, where trust is established between the consumers and the firm employee. So, that is also important in services that you build interpersonal relationships, because that develop trust, it establishes trust between the companies and the firm's employee.

Investing in employees for they will be the ones who can deliver the brand experience, that creates customer loyalty. So, now we are, very important for us is the employees who are delivering the services, because they will deliver this experience, they are responsible for delivering or living the brand experience, and that creates the customer loyalty.

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**NEW SERVICE DEVELOPMENT**

A Hierarchy of New Service Categories

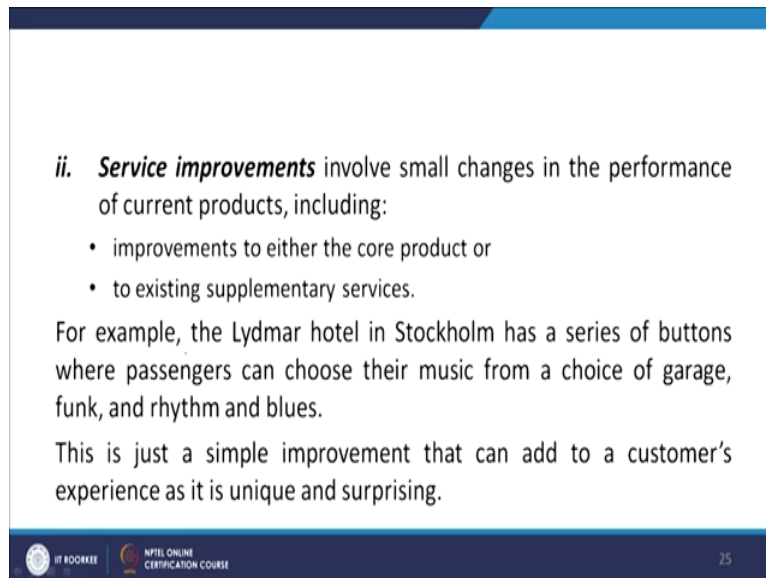
- i. **Style changes** represent the simplest type of innovation, typically involving no changes in either processes or performance. Examples include redesigning retail branches, websites or new uniforms for service employees.

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Now, let us look at the new services development. So, there is a hierarchy of new service categories. Starting from the first, Style change, it represents the simplest form of innovation typically involving no change in either processes or performances. So, that is the simplest form of innovation and we are not changing either process or performance. Example of style change include redesigning retail branches. So, we are just redesigning the restaurant, redesigning the classroom, redesign the websites and new uniform of the service employees. So, this is the first and the simplest form of innovation.

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**ii. Service improvements** involve small changes in the performance of current products, including:

- improvements to either the core product or
- to existing supplementary services.

For example, the Lydmar hotel in Stockholm has a series of buttons where passengers can choose their music from a choice of garage, funk, and rhythm and blues.

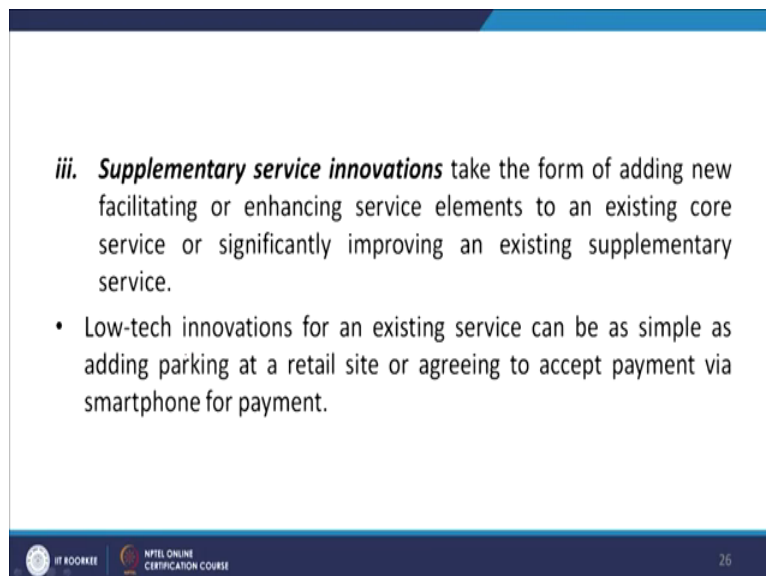
This is just a simple improvement that can add to a customer's experience as it is unique and surprising.

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Another is, another type of service innovation is the service improvements, involve small changes in the performance of current products including, improvement to either the core product or the existing supplementary services.

For example, Lydmar hotel in Stockholm has a series of buttons where passengers can choose their music from, a choice of garage, funk and rhythm and blues. It is just a simple improvement that can add to a customer's experience as it is unique and surprising. So, we are just improving the service, this improvement can either be in the core product or the various supplementary services that we have seen in module 9.

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**iii. Supplementary service innovations** take the form of adding new facilitating or enhancing service elements to an existing core service or significantly improving an existing supplementary service.

- Low-tech innovations for an existing service can be as simple as adding parking at a retail site or agreeing to accept payment via smartphone for payment.

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The third is supplementary service innovation. Taking the form of adding new facilitating or enhancing service elements to an existing core service or significantly improving an existing supplementary services. So, we are talking of supplementary services innovation. Now, we are not touching the core service, we are just doing innovation on the supplementary services.

Low-tech innovations for an existing service can be as simple as adding parking to a retail site or agreeing to accept payment via smartphone for the payment purpose.

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**NEW SERVICE DEVELOPMENT**

*iv. Process line extensions* offer more convenience and a different experience for existing customers, or attract new customers who find the traditional approach unappealing.

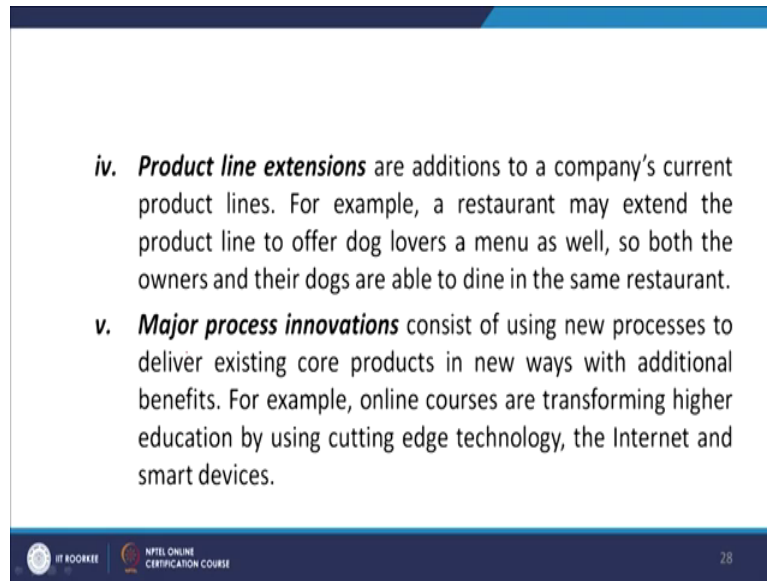
- Often, they involve adding a lower-contact distribution channel to an existing high-contact one, such as having self-service to complement delivery by service employees, or creating online or app-based service delivery.

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The next type of new service is process line extension. It offers more convenience and a different experience for existing customers or attracting new customers who find the traditional approach unappealing. So, for that we offer more convenience.

Often that involves adding a lower-contact distribution channel to an existing high-contact one, such as having self-service to complement delivery by service employees, or creating online or app-based service delivery.

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**iv. Product line extensions** are additions to a company's current product lines. For example, a restaurant may extend the product line to offer dog lovers a menu as well, so both the owners and their dogs are able to dine in the same restaurant.

**v. Major process innovations** consist of using new processes to deliver existing core products in new ways with additional benefits. For example, online courses are transforming higher education by using cutting edge technology, the Internet and smart devices.

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Next is the product line extension. So, earlier we have seen the process line extension, now we are talking of product line extension. So, they are additions to the company's current product lines. For example, a restaurant may extend the product line to offer dog lovers a menu as well. So, people come in with their dogs and they, and this, restaurant also has a menu for dogs. So, both the owner and their dogs are able to dine in the same restaurant.

Another type is major process innovation, consist of using new processes to deliver existing core product in new ways with additional benefits. For example, online courses are transforming higher education by using cutting-edge technology, the Internet and the smart devices.

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**vi. Major service innovations** are new core products for markets that have not been previously defined. For example, Amazon diversified into providing on demand computing power and became a leader in cloud computing services.

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Major service innovations include new core products for markets that have not been previously defined. So, now these major new services are for new core products for markets that were not defined previously. For example, Amazon diversified into providing on demand computing power and became a leader in cloud computing services, although they started from selling books.

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**ACHIEVING SUCCESS IN NEW SERVICE DEVELOPMENT**

- Services, much like consumer goods, are not immune to the high failure rates.
- For example, in banking, many banks have tried to sell insurance products in the hopes of increasing the number of profitable relationships with existing customers, but many of these product extensions have also failed.


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Now, how to go about achieving success in new service development? First is services, much like the consumer goods are not immune to high failure rate. For example, in banking, many



banks have tried to sell insurance product in the hope of increasing the number of profitable relationship with existing customers, but many of these product extensions have failed.

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**ACHIEVING SUCCESS IN NEW SERVICE DEVELOPMENT**

- Reasons for failure include:
  - not meeting a consumer need,
  - inability to cover costs from revenues, and
  - poor execution
- As per an study in the restaurant business, a failure rate of about 26% during the first year rising to close to 60% within three years.

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The reasons for the failure may include not meeting a customer need, inability to cover costs from revenues, and poor execution. As per a study in the restaurant business, a failure rate of about 26 percent during the first year rising to close to 60 percent within the next three years. So, the failure rate has increased.

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**ACHIEVING SUCCESS IN NEW SERVICE DEVELOPMENT**

- Three factors contribute most to success:
  - 1. Market synergy-**
    - The new product fits well with the existing image of the firm, its expertise, and resources;
    - It is better than competing products in terms of meeting customers' needs, as the firm has a good understanding of its customers' purchase behavior and receives strong support during and after the launch from the firm and its branches.

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The three factors that contribute most to the success; the first is, market synergy. So, the new product fit well with the existing image of the firm, its expertise and resources. So, one thing

that is important, the first thing, the first and the foremost, what is important for achieving success in service development is market synergy, that is the new product fits with the existing image of the company. It is better than competing products in terms of meeting customers' needs, as the firm has a good understanding of its customer purchase behavior and receive strong support during and after the launch from the firm and its branches.

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**ACHIEVING SUCCESS IN NEW SERVICE DEVELOPMENT**

**2. Organizational factors —**

- There are strong inter-functional cooperation and coordination.
- Development personnel need to be fully aware of why they are involved and of the importance of new products to the company.
- Before the launch, staff must understand the new product and its underlying processes, as well as details about direct competitors.



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The next important factor for achieving success in new service development is organizational factors. There are strong inter-functional cooperation and coordination that is required. Development personnel need to be fully aware of why they are involved and the importance of new product to the company. And before the launch, staff must understand the new product and its underlying processes as well as details about direct competitors.

So, these are the three important things that are included in organizational factors, so there should be a strong inter-functional cooperation and coordination and you see what is the importance of the personnel, or the people who are delivering the service, they should be fully aware of why they are involved in this process and their role in whole of this process, what is, why this new, what is this new service about and why it is important for the company and who are the direct competitors with whom their brand competes with.

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**ACHIEVING SUCCESS IN NEW SERVICE DEVELOPMENT**

**3. Market research factors —**

- Detailed and scientifically designed market research studies are conducted early in the development process with a clear idea of the type of information to be obtained.
- A good definition of the product concept is developed before undertaking field surveys.



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And the third is market research factors. Detailed and scientifically defined market research, detailed and scientifically designed market research studies are conducted. Early in the development process with a clear idea of the type of information to be obtained. A good definition of the product concept is developed before undertaking field surveys.

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**CONCLUSION**

- Different branding service strategies were discussed including branded house, house of brands, endorsed brands, sub-brands.
- Concept of service tiering along with examples were explained.
- Brand building and its components were also covered.
- Service branding model was also shown.
- Finally, hierarchy of new service development and the factors required in achieving success in it, is discussed.



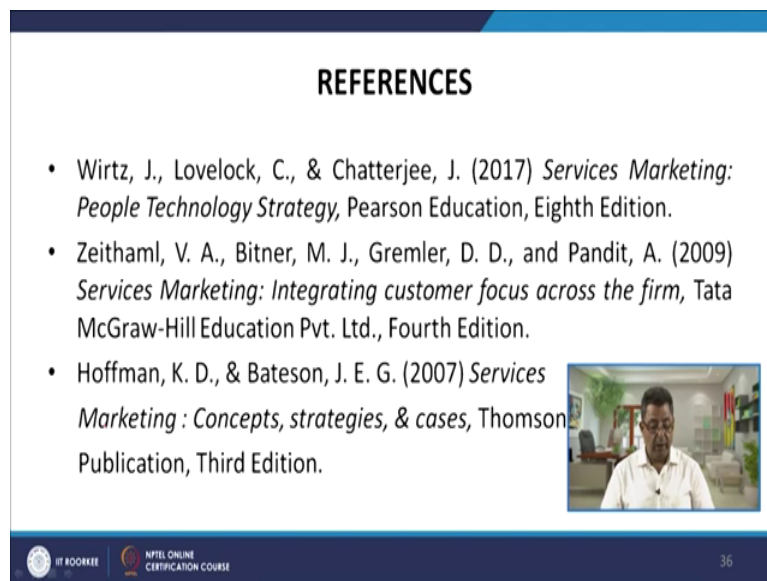
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To conclude this module, we have talked about different branding service strategies, including the banded houses, house of brands, endorsed brands and sub-brands. Then we have talked about the concept of service tiering, along with examples. The next thing that we

have talked about in this module is brand building and its components. Service branding model was also talked about in detail.


And finally, hierarchy of new service development and the factors required in achieving success in it were discussed. So, we have talked about the various types of new service development and what are the important factors that will lead to any kind of new service development process to succeed.



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These are again the three books from which this module was prepared. Thank you.