

Transition from Product-Based Offerings To Service-Based Offerings

Service Strategies in the Next Decade
Stockholm, Sweden
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Four key points

- Service Infusion is a global phenomenon occurring across all industries
- Service infusion is not only relevant for manufacturing and technology companies
- Despite the trends, not all companies will be successful due to the significant challenges of this transition
- Fostering Service Infusion is a top research priority for academics and business

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Any company that has not awakened to the fact that it must become a service business is in serious peril today.

Adapted from Allmendinger and Lombreglia
Harvard Business Review

Beyond Products

(or Transitioning from Products to Services)

This phenomenon goes by many labels . . .

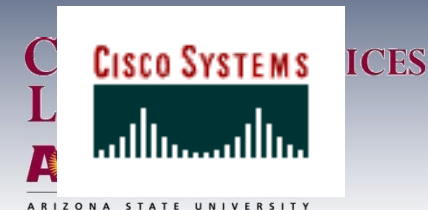
- Service Infusion
- Service Transformation
- Moving from Products to Services
- Innovating Through Services
- Becoming a Solutions Provider

And, it is a global phenomenon

- Europe, Scandinavia, U.S., Asia

That is important to both business and academics

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Why Move to Services?

- Commoditization of products results in price and margin pressures
- Customers are demanding services and solutions
- Services can provide platforms for profitability
- Loyalty and customer satisfaction are often driven by services
- Service offerings can differentiate firms in highly competitive industries

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Xerox's Service Business – Managing Documents Across the Enterprise



Document Management (Digital & Paper) is core for all businesses.

Source: Xerox

What's Happening in IT?



Acquires Price Waterhouse
Cooper (PWC)



Acquires Electronic Data
Systems (EDS)



Acquires Perot Systems

Service infusion/transformation
is not just for manufacturing
and high-technology industries

Companies across industries want to grow through services

- Retailers



- Distributors



- Manufacturers



- Consumer Goods Companies



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Growth and Profits Through Service Innovation



<http://petshotel.petsmart.com/tour/index.shtml>

Not all companies will be
successful in the transition.

What are the challenges?

Challenges

- Cultural



to



- Sales Force



- Channel



- Competencies



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Research Priorities Publications

Journal of Service Research, February 2010

CSL Business Report, February 2010

Moving Forward and Making a Difference: Research Priorities for the Science of Service

Journal of Service Research
20(2) 1-33
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DOI: 10.1177/1096250909357611
<http://jsr.sagepub.com>
SAGE

Amy L. Ostrom, Mary Jo Bitner, Stephen W. Brown, Kevin A. Burkhard, Michael Goul, Vicki Smith-Daniels, Haluk Demirkan, and Elliot Rabinovich¹

Abstract

Given the significant, sustained growth in services experienced worldwide, Arizona State University's Center for Services Leadership embarked on an 18-month effort to identify and articulate a set of global, interdisciplinary research priorities focused on the science of service. Diverse participation from academics in a variety of disciplines working in institutions around the world—in collaboration with business executives who lead organizations ranging from small startups to Global 1000 companies—formed the basis for development of the priorities. The process led to the identification of the following 10 overarching research priorities:

- Fostering service infusion and growth
- Improving well-being through transformative service
- Creating and maintaining a service culture
- Stimulating service innovation
- Enhancing service design
- Optimizing service networks and value chains
- Effectively branding and selling services
- Enhancing the service experience through cocreation
- Measuring and optimizing the value of service
- Leveraging technology to advance service

For each priority, several important and more specific topic areas for service research emerged from the process. The intent is that the priorities will spur service research by shedding light on the areas of greatest value and potential return to academia, business, and government. Through academic, business, and government collaboration, we can enhance our understanding of service and create new knowledge to help tackle the most important opportunities and challenges we face today.

Keywords

research priorities, service science, technology, innovation, cocreation

Introduction

The world is becoming characterized by services. All the world's most advanced economies are dominated by services, with many having more than 70% of their gross domestic product (GDP) generated by services. The growth of services is projected to continue unabated for these countries. Even countries that have historically focused on manufacturing are experiencing rapid service growth. For example, more than 40% of China's GDP is now attributed to services. This global phenomenon of significant, sustained service growth

has led to an ever-growing array of questions that need to be addressed—questions that have significant implications for the success of firms, the well-being of societies, and the quality of consumers' lives worldwide (Bitner and Brown 2008). More than ever, research is needed to address these issues, and because of the complex nature of services, many of these questions will require an interdisciplinary focus to answer. This, along with the fact that researchers in many disciplines are reframing and refocusing their efforts around service, suggests that the time is right to begin to identify the most pressing issues requiring research attention. Although over the years there have been calls for more research in service-related areas as well as more recent forward-looking work

¹Arizona State University

Research Priorities for the Science of
Service

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CSL Business Report
2010

<http://wpcarey.asu.edu/csl/knowledge/Research-Priorities.cfm>

Research Priorities Framework

Pervasive Force: Leveraging Technology to Advance Service

**Strategy
Priorities**

**Development
Priorities**

**Execution
Priorities**

**Fostering Service
Infusion and Growth**

**Stimulating
Service Innovation**

**Effectively Branding
and Selling Services**

**Improving Well-Being
through
Transformative Service**

**Enhancing
Service Design**

**Enhancing the Service
Experience through
Cocreation**

**Creating and Maintaining
a Service Culture**

**Optimizing
Service Networks
and Value Chains**

**Measuring and
Optimizing the Value of
Service**

Source: Ostrom, et al., Journal of Service Research, Feb 2010

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