

Theoretical Introduction

Case Tahko Tours Oy, Kuopio, Finland

Work Package 2

Authors:

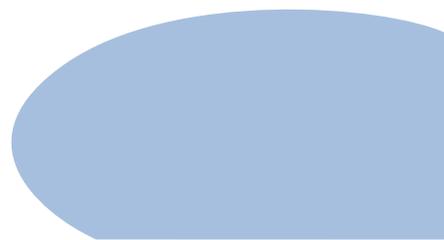
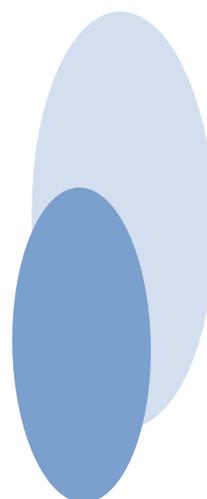
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Introduction

Planning tourism for a country even in highly attractive regions is an easy process in theory: there one could select the resources, position them as desired, build infrastructure and facilities as wanted, direct visitors to follow the route which are designed and dedicated to them. In real life is not like that because there the planners have to create scenarios, apply methodologies, review alternatives and make selections. The same has to be done by the entrepreneurs when they have a profitable business in mind, even in an attractive destination. The entrepreneur has to start with basics: product, place, promotion and price are still essential, but in tourism services the three more parts are essential: people, physical evidence and process. In this introduction productization is discussed.

Productization

The problem highlighted in the case is related to productization. In recent years, this concept has been gaining more and more attention from service companies, especially from those that offer professional services to other companies. It is said to be an effective tool to give company a competitive advantage, boost sales and make working process with a client easier. Service productization is the process of delineating, building, deploying, and enhancing a clearly defined service process to achieve operational improvements in support of an organization's strategic objectives (3). Productization is strongly connected to company's strategy and represents its essential part.

Benefits of Service Productization for SMEs

Service productization (SP), when done right, can be beneficial for an enterprise in many ways.

- A strong presentation of a product for establishing credibility with a new prospect or client
- Productized services are easier to be explained to a workforce, which makes the latter more productive. Moreover, a company can hire less-experienced employees.
- SP creates a valuable differentiation of company's service and helps compete more effectively on the market.
- SP provides repeatable and consistent service delivery resulting in increasing profits and customer satisfaction.
- SP enables easier monitoring, feedback flow and measurability of services

Steps to Service Productization Development and Implementation

A primary and essential part of productization process is development of a service concept. As a base for a service/product development, the model suggested in Komppula and Boxberg (2002, 99) could be used. They suggest continual development of the service system: developing the personnel, investment in the place and machinery and equipment. The steps can be found in the Figure 1.

Service Performance Insight (SPI) is a global research, consulting and training organization dedicated to helping professional service organizations (PSOs) make quantum improvements in productivity and profit (4). This organization provides a deep insight into service productization process and gives algorithms for its creation. The whole productization process, including development of service concept (innovation), is represented in the following Figure 2 below.

As a result, numerous tangible and intangible attributes should evolve. For instance, simple documentation in a form of brochures, white papers, instructions, memos, or relevant case studies produced will become a solid base for employees' actions and effective behavior; strong branding, physical evidences and integrated marketing communications will create better brand awareness; better understanding of company's services by employees will result in better bridging between company and a client and, thus, contribute to establishment of long-term relationships.

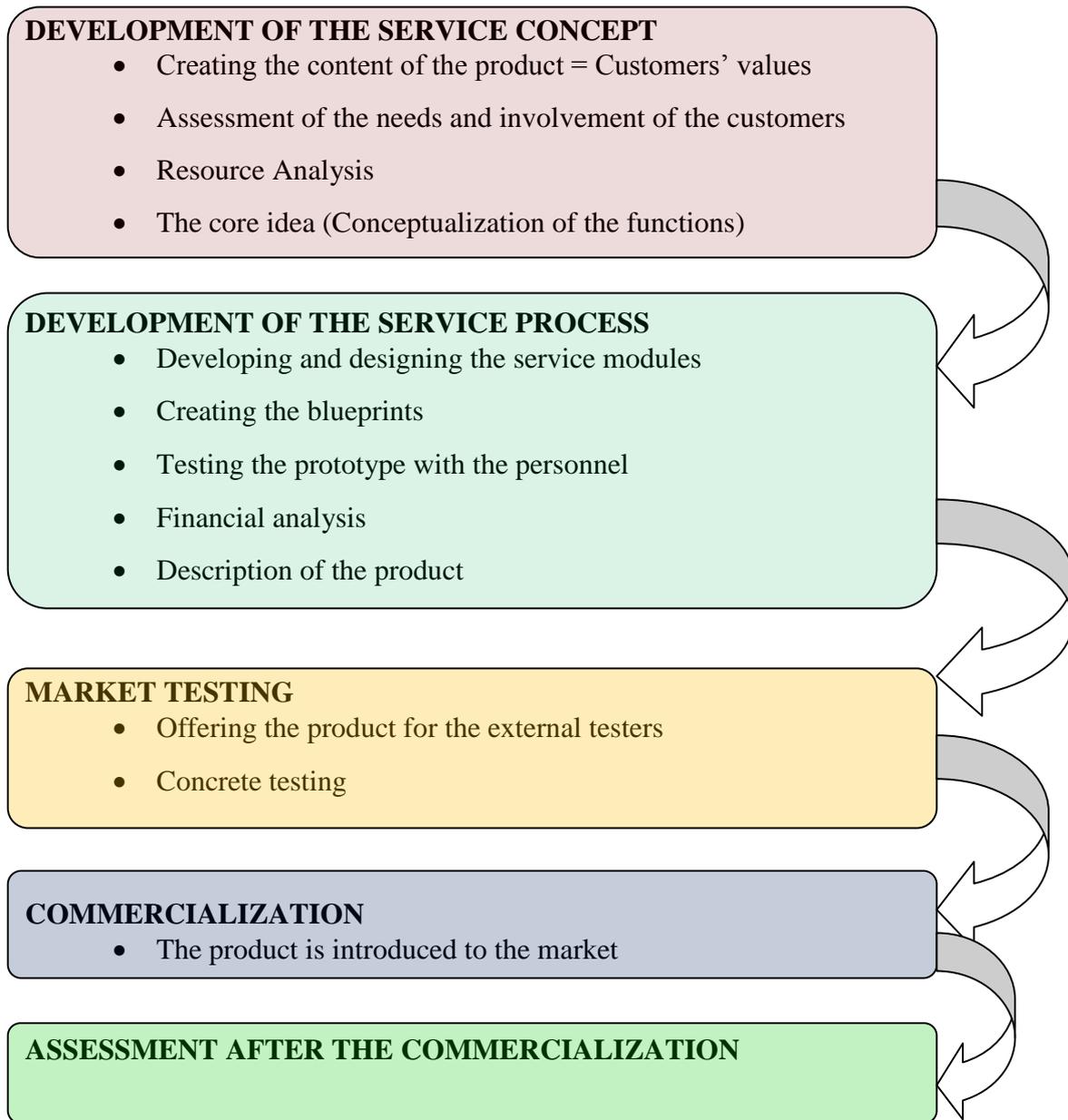


Figure 1. The model suggested by Komppula and Boxberg (2002, 99)

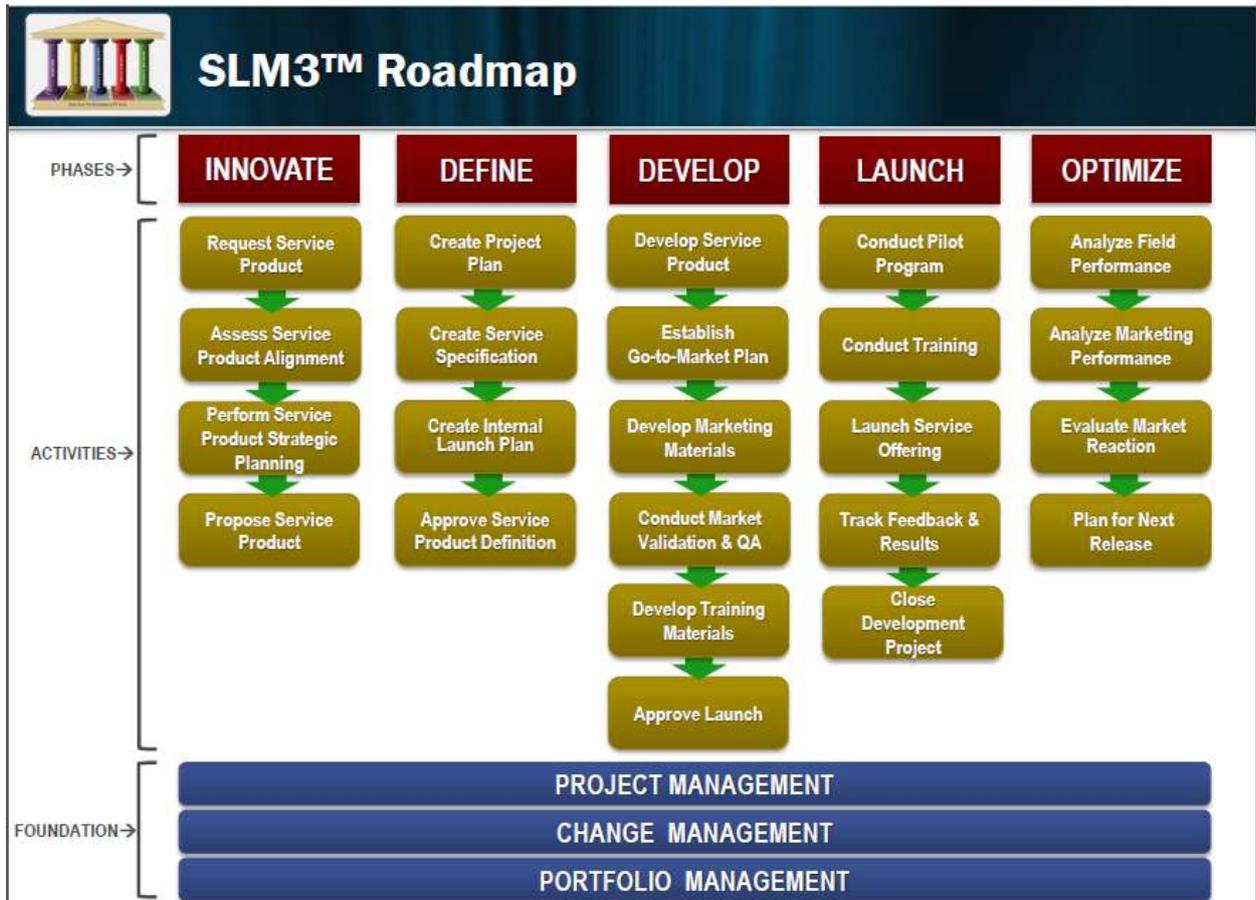


Figure 2. Service Performance Insight (SPI)

Important Consideration

Despite the fact that service productization aims to transform services in product-like, repeatable and consistent commodities, companies that exercise this concept should bear in mind that services, especially professional ones, in B2B sector, must still stay highly customized offers, hardly depending on client's needs. However, SP is there to serve as a solid base for each and every tailor made service-product.

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