

ENGG4061
Innovation and Entrepreneurship

Service Innovation

Characteristics of Services

- Intangible
- Perceptions of performance and quality – responsiveness, competence, empathy
- Small production-consumption lag
- Non-storage
- Customer contact
- Location – customer closeness

Types of Service Operations

HIGH

Degree of direct customer interaction or customization of service

Service shop

e.g. restaurant

Professional service

e.g. consultant

Service factory

e.g. airline

Mass service

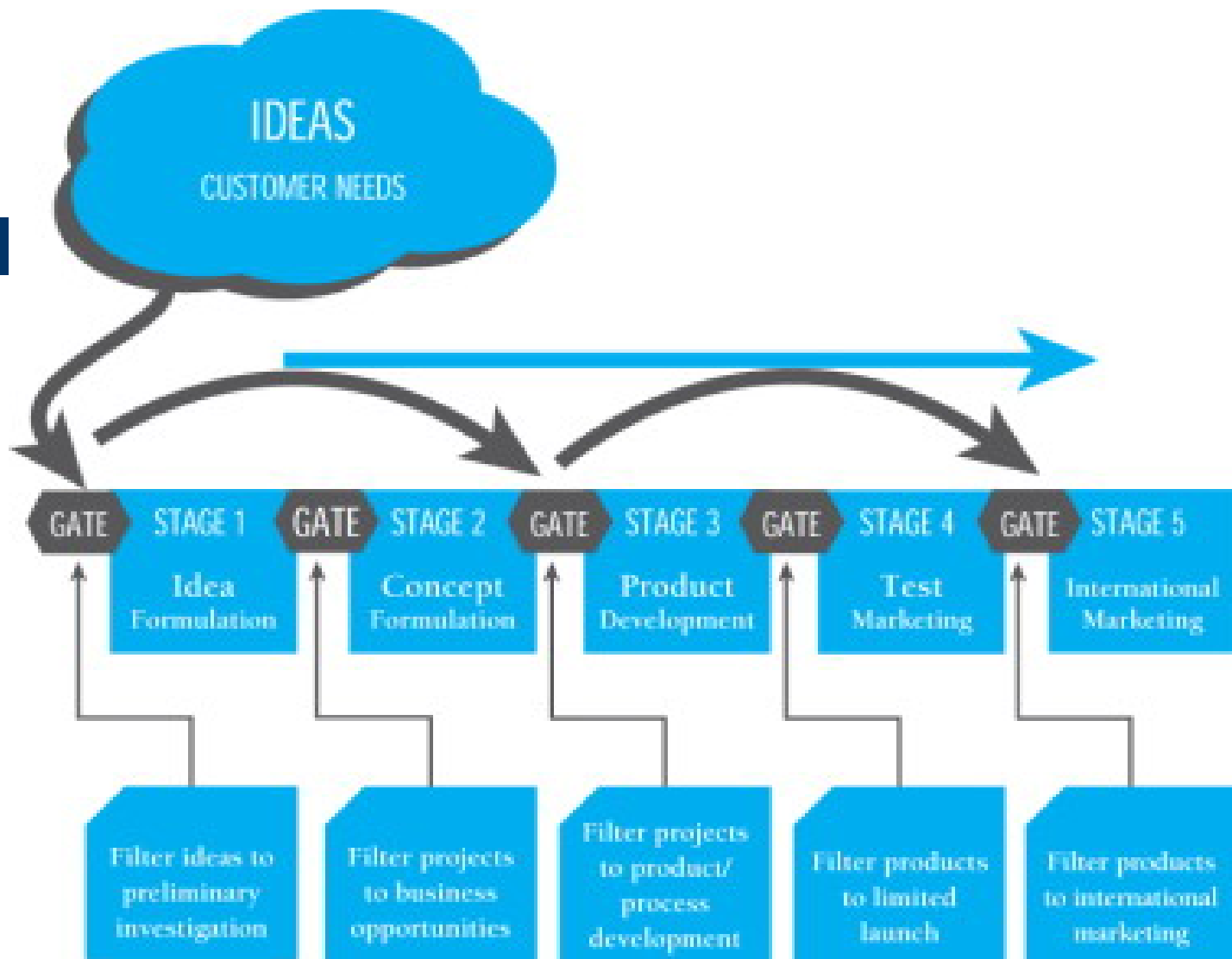
e.g. call centre

LOW

LOW

HIGH

Labour intensity



Business Model Innovation in Service Delivery

- Business Model – a unique way to compete
- IBM versus Dell
- Flaws of business models – unsound economics and misreading the customer