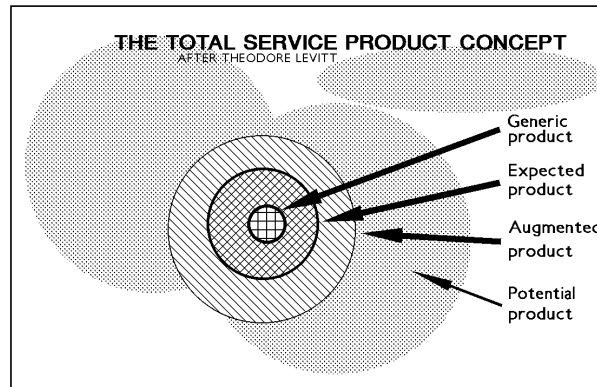


## The Levitt Construct

(an introduction)

The reader will be familiar with the ideas re 'The Product Surround' put forward by Theodore Levitt ("*Marketing Success Through The Differentiation of Almost Anything*" *HBR Jan-Feb 1980*).



Here we examine in some depth the idea proposed by Theodore Levitt of the generic, expected, augmented and potential products and we run some exercises to demonstrate the usefulness of them.

The first exercise is to look at deconstructing the current product of a service of which every member of the seminar will have an experience, such as a health centre, or a taxi. They're to deconstruct the product into its generic, expected and augmented and then say why this one rather than any other. After that they are to brainstorm as many ways as possible how the practice, if it's a doctor's practice, could make a visit to the doctors more user friendly. Subsequent to that exercise, and a plenary session.

Commencing the examination of "process" we can see that the way a service is 'delivered' can yield advantageous insights:

- It is better to deliver the service via a single (solus) outlet, or via many? Services that require the customer to visit the provider have more control over the process of consumption.
- What is the most convenient form of 'Interaction/Transaction' for the customer, face to face or remote such as via mail, telephone or Internet?
- How would a change in this type of interaction affect customer perception of quality? (e.g. where can physical evidence be used to best advantage - your site or theirs?)

The following paper is an abstract from the book  
 "Mastering Marketing" by Ian Ruskin Brown 1999  
 Published by 'Thorogood' London.

- If the service must be taken to the customer - are their suitable strategies and intermediaries available (e.g. Franchise)?

It is useful to understand the 'style' of the relationship that exists (or is intended to exist) between the firm and its customers; by 'Style' we mean whether the customer's relationship with us is formal and whether provision of the service is in terms of either discrete transactions or a continuous process as would be the use with a Health Care Service (continuous) versus Tool Hire (discrete).

A continuous relationship is advantageous to the Service Provider where customers can be treated as 'members' (either by mutual agreement or formal contract). This provides the opportunity to build a dossier on the customer, and by using this information to strengthen the relationship (via improved service, better segmentation etc.), raise barriers against competitive entry.

The key issues to be addressed by the Service Marketer are:-

- How best can the firm transition the relationship from informed to formed (e.g. persuade casual users of a restaurant to dine at this restaurant regularly, firms that use your photocopying/printing services to give you all their business?)
- What trade-offs can exist between pricing and usage rates (e.g. season tickets, money off repeat holidays with the same travel agent)?

Perhaps the two which have the greatest impact on a customer are the Process and the People, working closely together. And as we will see when we start to look at the models employed by the service marketer to manage the delivery of the moments of truth, the service providing people in the organisation can only be as good as their back-up allows.

Therefore it is useful to look at a diagram that helps us picture the inter-relationship of the two.

The vertical axis, which would include 'Procedures' or 'Systems' which essentially is a description of the 'Process' being conducted.

The horizontal axis dealing with the 'People' or the 'Smiles', or the interpersonal skills with which these processes are delivered.

If we remove people completely we have just systems and procedures and this is cold, impersonal and cannot really be considered a service. That is why we should not to consider an automatic teller machine [ATM] in the wall of a branch of the post office or building society as providing a service. Because people are not present there can be no service, the ATM can only be a facility. It only becomes a service when people are injected into the process.

However, it is possible for a service that majors on procedure and has very little people involvement. This would normally be encountered in organisations that have no need to worry too much about their publics, such as those that are, or were monopolies, national telephone companies, gas boards, railways are some that spring to mind. When people play a minor role, then the service is seen as being maybe efficient but cold and customer unfriendly.

The obverse of the above situation is where people are the major element and procedure has a relatively minor role to play.

Examples of this would be where the service is carried out in a social context in the sense of a pub or a club or a special interest group. The efficiency of the operation is nowhere near as important as the interpersonal mixing, the enjoyment and the social pleasure that is derived. Where people are the major element the service is seen as being warm and friendly, even though it may be inefficient. Whereas it is reasonable to consider building up customer loyalty between a pub and its local community even though it may be relatively inefficient, it would be inconceivable for much, if any customer loyalty to be built with efficiency but relatively poor people skills, as was the case with British Gas in the two years prior to deregulation.

The ideal of course is where the service provider has a high count on both of these axis. The firm is good at procedures, therefore its efficient, and its people have strong interpersonal skills therefore it is seen as being warm and friendly.

A key issue facing those who design the 'process' element of the service is the extent to which there is room to allow service frontline staff to exercise their discretion (judgment) in how, and to what extent the service can be tailored to better meet the customer's needs (customised).

This will impact the specification used when selecting service providing staff and how they be trained, empowered and managed.

Issues to be addressed in this context are:-

- How useful would it be to 'regiment' and via standardisation and down-skilling benefit from economies of scale?
- Will flexibility in customisation help us reach more and different types of customers?

Can we better exploit our staff skills by updating the current service?

In response to these questions a jobbing builder may specialise in conservatories and patios; a Marketing consultancy may specialise in (say) the Financial Services arena etc., whereas a Travel Agency could expand their range away from package tours to include tailored adventure holidays for small parties.

The move toward customisation can cause friction between operations and marketing, one wishes to reduce complexity and thus costs via standardisation, the other wishes to improve revenue by adding value for the customer.

In addition higher levels of service will require more empowerment, skills and thus training for those who deliver the service (e.g. a bespoke tailor requires more skill in measuring and fitting than does a shop assistant tending 'off-the-peg').

When the service marketer commences to design the procedure side of his/her service s/he must bear in mind what the strategic emphasis of that process is going to be.

Should the customer experience cold, hard efficiency, or would it be preferable for them to experience warm, interpersonal interactions?

Yet again, should customers have their status confirmed by the service, so the head waiter would be differential to them, people are shown to their tables, on aeroplanes first class passengers and business class are allowed to get on before anyone else and so forth. Perhaps the strategic emphasis might be on communicating to the customer that the service provider sees "nothing as being too much trouble" in the pursuit of customer satisfaction.

We see in the 'Service Blueprint' a particularly useful tool when designing the 'Process' that will deliver positive moments of truth.

This can be used in a macro sense, i.e. the whole project from start to finish some months later on one page, or in a micro sense where one moment of truth is 'mapped out' to assist in delegation, training and supervision of those who are to deliver it. The 'Blueprint' identifies, by stage in the process, how long each element should take, how critical it is, who is involved at that stage, what physical evidence is involved and what has to go-on in a supportive role behind the scenes.