

The importance of service logic in organizations

by Carlo Clementi

Many companies and organizations have a partial or incomplete idea of service. Very often service is thought of as an additional element to the product, a component of the latter, or a provision of a task or a duty. Few companies evaluate implications and market opportunities that can be generated by adopting a more strategic service logic, in other words, placing the service as a central element in the process of creating value for the customer. Just imagine for a moment what the iPhone would have been in the absence of its symbolism, iconic style and personality, or its music, video, messaging and support applications. The iPhone was the ideal medium for the delivery of an integrated service package.

Let us think for a moment about what is meant by service. The service is defined as an activity or a process that concerns the management of a client, or something connected to him, where the client is directly involved and plays an active role. Examples of service are everywhere, ranging from medical assistance, to financial advisory services, from component maintenance and supply services, to mobile communication, etc. To give an idea of what the service represents on a global scale, we can state that, the service industry produces 2/3 of the world gross domestic product, approximately about \$50 trillion, divided into several sectors such as business and commercial services, communication, construction and engineering, distribution, education, environmental, financial, medical and social, tourism, travel, transport, recreational, cultural, sports, etc ..

But why should companies and organizations pay special attention to the service? The reason lies in the fact that a strategic approach to service offers companies benefits and advantages of extreme importance. The most dynamic companies in the world are clear evidence of this. General Electric, Alphabet, Rolls Royce, Amazon, IBM and others have moved the centre of their business activities from the transactional aspect, mainly connected to the supply of goods or products, to the creation of value for the customer using services.

The competitive advantages for those companies or institutions that choose to adopt a strategic approach to service are as follows:

- Better business profitability which, in some sectors, reaches multiples;
- A sustainable and hardly imitable advantage;
- A better relationship with customers, which facilitates the development of trust;
- A superior attitude to innovation and an integrated business growth;
- A predisposition to motivate and a greater involvement of staff.

Although the benefits of the service perspective have been objectively identified, the subjectivity with which companies and organizations undertake its implementation process can jeopardize their success. Customers increasingly complain of low or unsatisfactory service experience due to:

- Poor consideration for the service by the companies, because the strategic potential contained in it is not fully understood;
- An inappropriate use of models and tools, often derived from production environments;
- Growing customers' expectations, generated by demographic and social trends, the new dynamics of per capita incomes, different purchasing guidelines, ...;
- A greater importance of intangible factors, knowledge, skills, processes, relationships, etc ...;
- A higher expectation for an integrated use of technological innovations, functional to a better service experience.

Therefore, what should be done to have a correct approach to service? Companies or organizations that intend to move towards a strategic approach to service must necessarily consider the characteristics that differentiate it from its manufacturing counterpart. These aspects, which are identified in intangibility, inseparability, perishability, and heterogeneity, require a correct management through specifically conceived models for intangible elements, such as the logic of generating expectations or those associated with the perceptive elements of purchase or fruition of service by the customer. To the aspects mentioned above, it should be added that the creation of "value in use" entails the co-presence and simultaneity of the productive and supplying

aspects with those of fruition and experience. This characteristic is also associated with other two peculiarities, namely the impossibility of preserving service capacity over time, as it deteriorates if not satisfied, and the subjective value of the service experience, which makes it unique within the perceptual framework of the client, requiring targeted and specific actions.

Companies or organizations that want to achieve the benefits from a strategic approach to service, both in economic and relational terms, need to consider some simple but fundamental steps:

- 1) Developing their own inter-functional method, which allows them to carry out the various disciplinary activities harmonically;
- 2) Building up an organizational system able to operate holistically and based on the three organizational pillars of cooperation, collaboration and integration;
- 3) Applying a relational model with customers that allows mutual optimization of pre-, in- and post-service experience phases.

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