

The XVIIIth International RESER Conference

Strategies towards Innovative Services: Findings from the German Service Landscape

Marcus Kölling
HHL – Leipzig Graduate School of Management

Anne-Katrin Neyer
University Erlangen-Nuremberg

Kathrin Möslein
University Erlangen-Nuremberg

Research Question

Deeper understanding of heterogeneous landscape of service strategy in Germany is needed

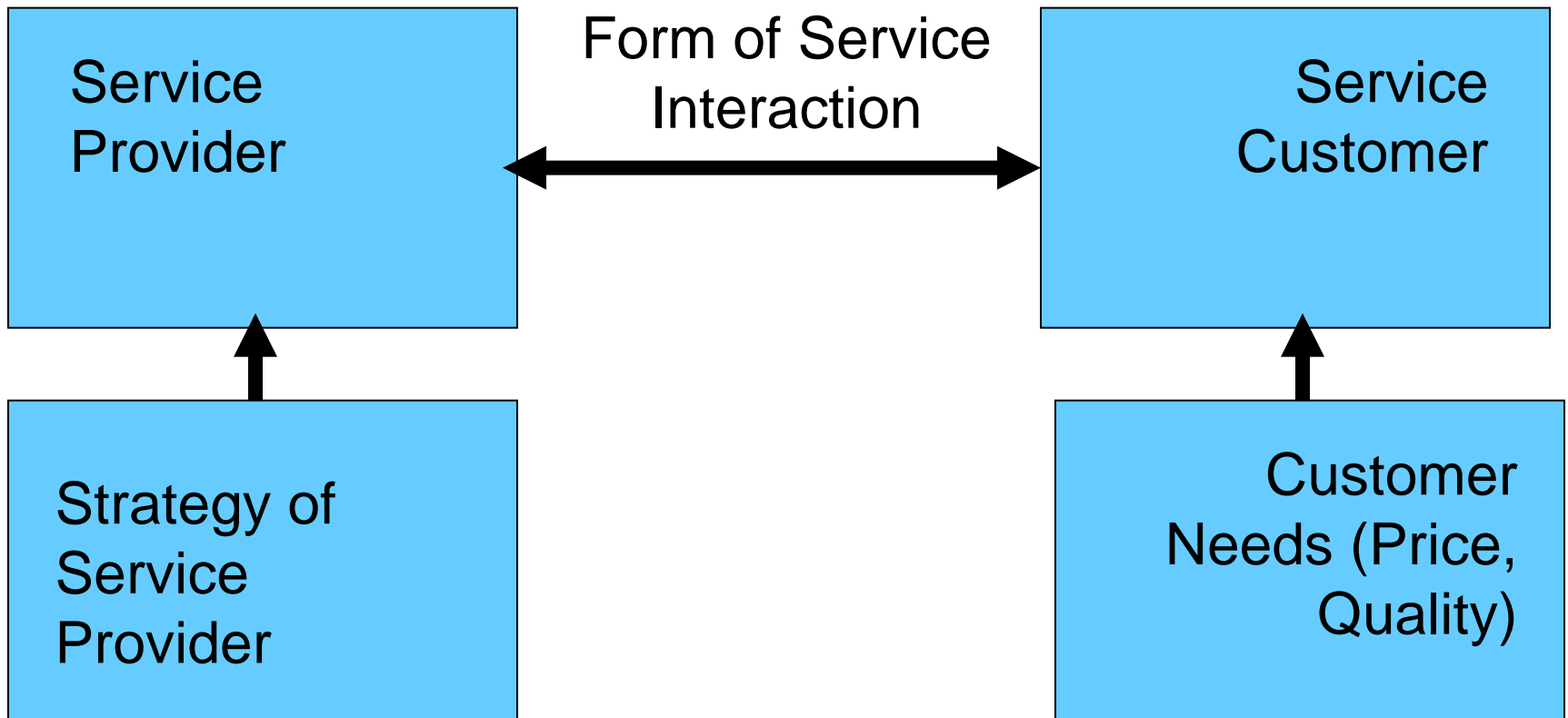


Does the strategic positioning of the firm/business unit influence the service interaction approach?

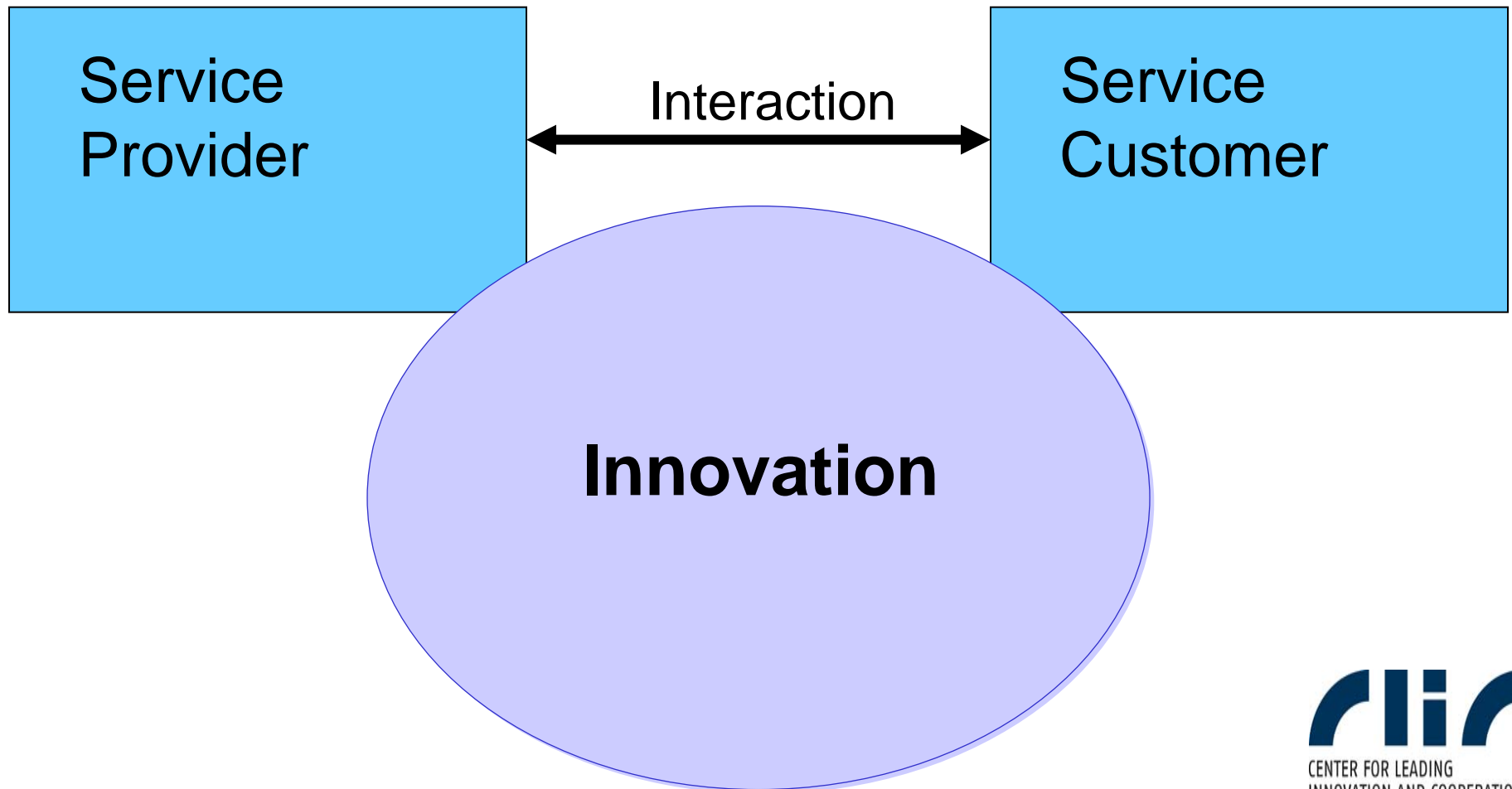
Agenda

- **Interaction and strategy as starting points for service innovation**
- Research Design
- Results
- Summary

Starting point 1: Interaction as a distinctive element of services



Interaction as a key element of service innovation strategy



Starting point 2: Porter's Generic Strategies Framework

strategic advantage

uniqueness perceived
by the customer

Differentiation

low cost position

Overall Cost
Leadership

Source: Porter (1980)
Competitive Strategy

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Research Design

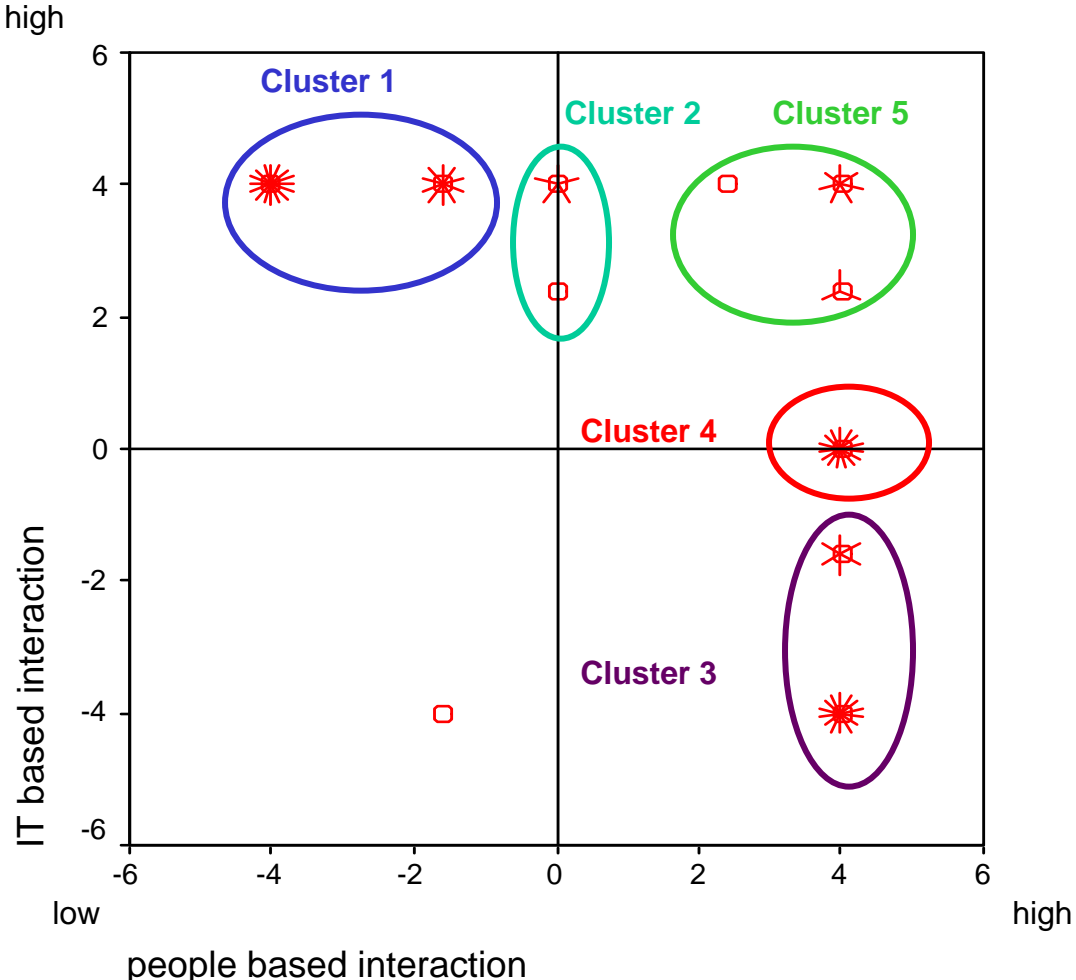
- **Data Collection:**

Widely announced service innovation contest, expert screening due to superior performance

- **Data Analysis (preliminary):**

1. Categorization of the services according to
 - a) the IT based and People based interaction (high, medium, low)
 - b) the service strategy (differentiation, cost leadership, mixed)
2. Initial analysis according to the hypotheses (fit vs. no fit between interaction approach and service strategy)

Five Clusters of Service Innovation Strategy



Cluster 1: Innovations with high IT based interactions

- Service characterized by a customer- IT based interaction
- IT is a main factor during the creation process of the service
- IT is used, to make the interaction less complex and easier for the customer
- Exchangeability of IT is difficult when keeping the same quality level of customer interaction

26 services

- 10 (38,5%) differentiation strategy
- 5 (19,2%) low cost strategy
- 11 (42,3%) mixed strategy

Example Cluster 1: Trivago GmbH

Service via high IT based interaction



- Service 24/7 available
- Service offers specialised for needs of a specific target group
- IT system enables a personalised service with information exchange between customer and service provider
- Service is based on a informative competitive advantage

Source:
<http://www.trivago.com>

Trivago: high IT based interaction

The screenshot displays the Trivago website interface. At the top left is the Trivago logo, a blue penguin, with the tagline "...your next trip is here!". To the right, it states "637,311 visitors planned their trips here last week" and "266,640 hotels in the price comparison". Navigation links for "Hotels | Attractions | Reviews | Pictures" are provided.

The main content area is divided into several sections:

- Compare hotel prices:** A form with fields for "City", "Arrival" (22 Mar 08), "Return" (23 Mar 08), and "Double Room". A "Compare" button is at the bottom.
- Search for independent travel reviews & hotel information:** A search bar with the example text "E.g. Family hotel Alanya" and a "Search" button.
- Travel Community Tops & Flops:** A section featuring two travel reviews. The first is for "The Grand Anse Beach" with a 5-star rating and a link to "spicy about Grand Anse Beach, Grand Anse Bay marcus about Zum Roten Ochsen, Alken". The second is for "Landhotel Müller" with a 2-star rating and a link to "landhotel müller". A "more" button is at the bottom right.
- Destinations:** A section with a world map and a "Destinations" heading.

Source:
<http://www.trivago.com>

Cluster 3: Innovations with high People based interactions

- Employees are contact persons for customers
- High variance in the interaction between employees and customers possible
- Low standardization of the interaction between employees and customers
- Exchangeability of employees is difficult when keeping the same quality level of customer interaction

20 services

- 18 (90%) differentiation strategy
- 2 (10%) low cost strategy
- 0 (0%) mixed strategy

Example Cluster 3: Q110 Deutsche Bank

Service via high People based interaction



- Skilled employees guarantee a successful management of complex interactions
- Visualization of main service elements („Advantage- Box“)
- The service experience (lounges, „kids-corner“)

Source:
<http://www.q110.de>

Q110 Deutsche Bank: High People Based Interaction



Source:
<http://www.q110.de>

Cluster 5: Innovations with high IT and high People based interactions

- Combination of the characteristics of high IT based and high People based interaction
- Emphasis on personalized advice from the personal based interaction (salesperson – customer)
- Data recording of the customer information and requirements via a tablet PC in order to produce an individual service profile

10 services

- 7 (70%) differentiation strategy
- 1 (10%) low cost strategy
- 20 (20%) mixed strategy

Example Cluster 5: Adidas AG

Service via high People and high IT based interaction



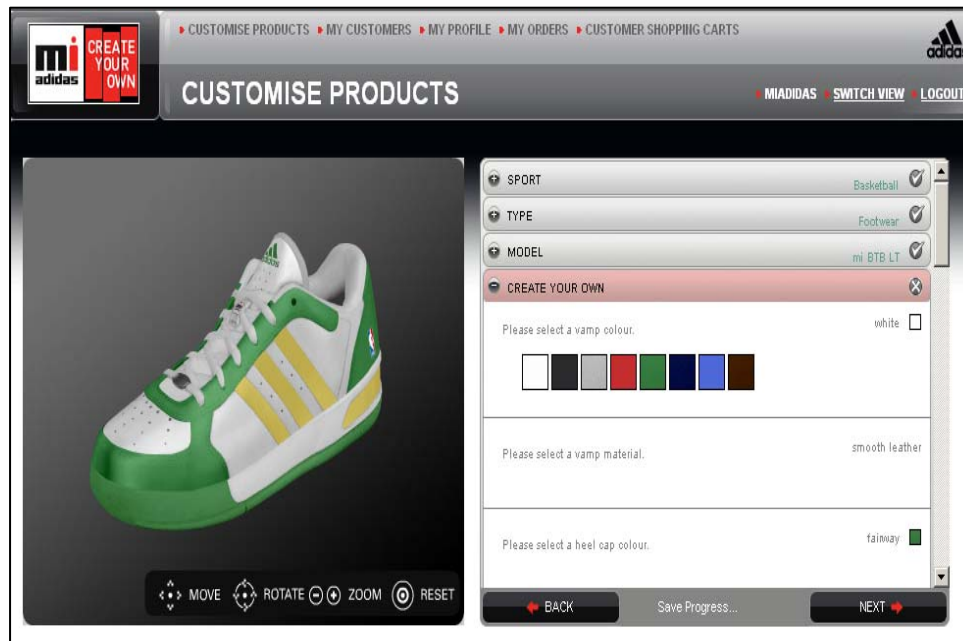
- Permits all customers to create a shoe that is individually fitted to their personal requirements
- Skilled employees offer an individual service
- The staff is able to give tips and advice on correct training methods
- Data information of the shoes can be easily transferred to the production plant and customers can reorder easily at any time

Adidas: High People based interaction



Source: adidas AG, V. BMBF-Innovationsforum

Adidas: High IT based interaction



Source: adidas AG, V. BMBF-Innovationsforum

Summary

- German service landscape can be split into five clusters.
- Designing service innovations means for the German service landscape to either focus on high people or high IT based interaction.
- German service companies follow a differentiation approach rather than cost leadership to offer their customers high quality and unique services.
- -> Service innovations by German companies continue the tradition of Germany as a quality leader in particular industries.

Thank you !

Marcus Kölling
HHL – Leipzig Graduate School of Management

Anne- Katrin Neyer
University Erlangen-Nuremberg

Kathrin Möslein
University Erlangen-Nuremberg

Handelshochschule Leipzig GmbH · Jahnallee 59 04109 Leipzig Germany
Tel. +49-341-9851- 675 · Fax + 49-341- 9851- 697
E-Mail: marcus.koelling@hhl.de · Internet: <http://www.hhl.de>