

Chapter 1

A Review of Service Frameworks Analyzing Strategic Repositioning: The Case of Bank Services

Markku Tinnilä

Aalto University School of Economics, Finland

ABSTRACT

In manufacturing operations it is important to recognise the capabilities of the firm and established ways to position the current and expected manufacturing capabilities. The most recognised tool is the Product-Process matrix of Hayes and Wheelwright. Similarly, in service business there is a growing need to position the capabilities of firms. Many tools analysing services have also been proposed, but no generally accepted framework has so far emerged as a basis for service classification and strategic service positioning. This paper focuses on strategic positioning of services with special focus on analyzing and measuring the repositioning of services. Banking services are used as the main example, which have been analyzed in several studies of service repositioning. The author reviews the service classifications proposed and the dimensions used. Strategic repositioning and its dimensions are illustrated in banking services, and some trends in services are recognized and discussed. Some elements of a more generic service positioning framework are presented for the purpose of summarizing and consolidating the findings of reviewed frameworks.

DOI: 10.4018/978-1-4666-2649-2.ch001

INTRODUCTION

Both in manufacturing and services there is a need to position the capabilities and current practices of firms. In manufacturing operations it is regarded as essential to know what kind of manufacturing capabilities are needed to survive in the marketplace, and to analyze how the present capabilities match these needs. In this area, there are established ways to position the current and expected manufacturing capability. The Product-Process matrix of Hayes and Wheelwright (1979a, 1979b, 1984) has reached an established position as the main tool for analysis. The tool has been extended by many researchers, both in terms of the model itself, its usages and measurement.

In services, similar analyzing tools have also been proposed, although no widely accepted tool has so far emerged as a basis for service classifications. The list of tools presented is long, and reflect the difficulty of analyzing and categorizing services. The challenge in analyzing the strategic capabilities and positioning services seems to be more complicated than in manufacturing due to a number of reasons, such as difficulty in defining and telling apart the production units, processes and contact interfaces of a given service. Even more difficult seems to be the measurement of services in terms of efficiency, type or strategic position.

At present, there is a growing managerial and academic interest in analyzing services, created by the growth of service industries and their call for efficiency. Besides, many traditional manufacturing industries are transforming into hybrids of manufacturing and services. For example, the world-leading elevator company, KONE, has more operations that can be classified as services, such as maintenance or modernization, than as manufacturing. Consequently, there is emerging a new field of research called Service Science Management and Engineering, abbreviated SSME (Spohrer & Kwan, 2009; Targowski, 2009).

It has been recognized that different types of services should be produced differently. Most

service models approach this by categorizing services by dimensions and aim at recognizing the best matches. The wide range of services has clearly posed problems for service researchers, and it seems to be difficult to compare, e.g., expert and janitor services with the same frameworks. Also decoupling the customer interface and service production process is challenging, as by most definitions services are by nature produced in close cooperation, or even co-produced, with the customer. Consequently, strategic positioning of services is important, including recognition of the right matches of service needs and types. For example, bank managers are interested in knowing the right combination of self-services and customized professional services. Similarly, researchers are interested in measuring the levels of customization or standardization of a service, or what are the proper dimensions to position a service.

One of the service industries frequently analyzed and given as an example, are banking services. To begin with, the whole banking industry has been transformed since 1970's, and the former reliance to over-the-counter branch-office services has been replaced by electronic self-services, and the spectrum of banking- and finance-related services has expanded.

This paper focuses on strategic positioning of services with special focus on analyzing and measuring repositioning. Banking services are used as the main example, as they have been analyzed in most studies of service repositioning. This paper first reviews the service classifications proposed and the dimensions used in classifications. Secondly, strategic repositioning frameworks are reviewed. Thirdly, strategic positioning is illustrated in banking services, and some trends are recognized and discussed. Finally, by analysing the common elements in frameworks, some elements of a more generic service positioning framework is presented to summarize the findings of reviewed frameworks.

17 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/review-service-frameworks-analyzing-strategic/72539

Related Content

Adoption and Success of e-HRM in a Cloud Computing Environment: A Field Study

Robert-Christian Ziebell, Jose Albors-Garrigos, Klaus-Peter Schoeneberg and Maria Rosario Perello Marin (2019). *International Journal of Cloud Applications and Computing* (pp. 1-27).

www.irma-international.org/article/adoption-and-success-of-e-hrm-in-a-cloud-computing-environment/225829

Applications of Intelligent Agents in Hospital Search and Appointment System

Tyrone Edwards and Suresh Sankaranarayanan (2013). *Mobile Opportunities and Applications for E-Service Innovations* (pp. 302-321).

www.irma-international.org/chapter/applications-intelligent-agents-hospital-search/73099

The Impact of Cloud-Based Digital Transformation on IT Service Providers: Evidence From Focus Groups

Trevor Clohessy, Thomas Acton and Lorraine Morgan (2017). *International Journal of Cloud Applications and Computing* (pp. 1-19).

www.irma-international.org/article/the-impact-of-cloud-based-digital-transformation-on-it-service-providers/188660

Seals on Retail Web Sites: A Signaling Theory Perspective on Third-Party Assurances

Kathryn M. Kimery and Mary McCord (2008). *Web Technologies for Commerce and Services Online* (pp. 111-134).

www.irma-international.org/chapter/seals-retail-web-sites/31263

The Impact of COVID-19 on the GCC Construction Industry

Tariq Umar (2022). *International Journal of Service Science, Management, Engineering, and Technology* (pp. 1-17).

www.irma-international.org/article/impact-covid-gcc-construction-industry/273617