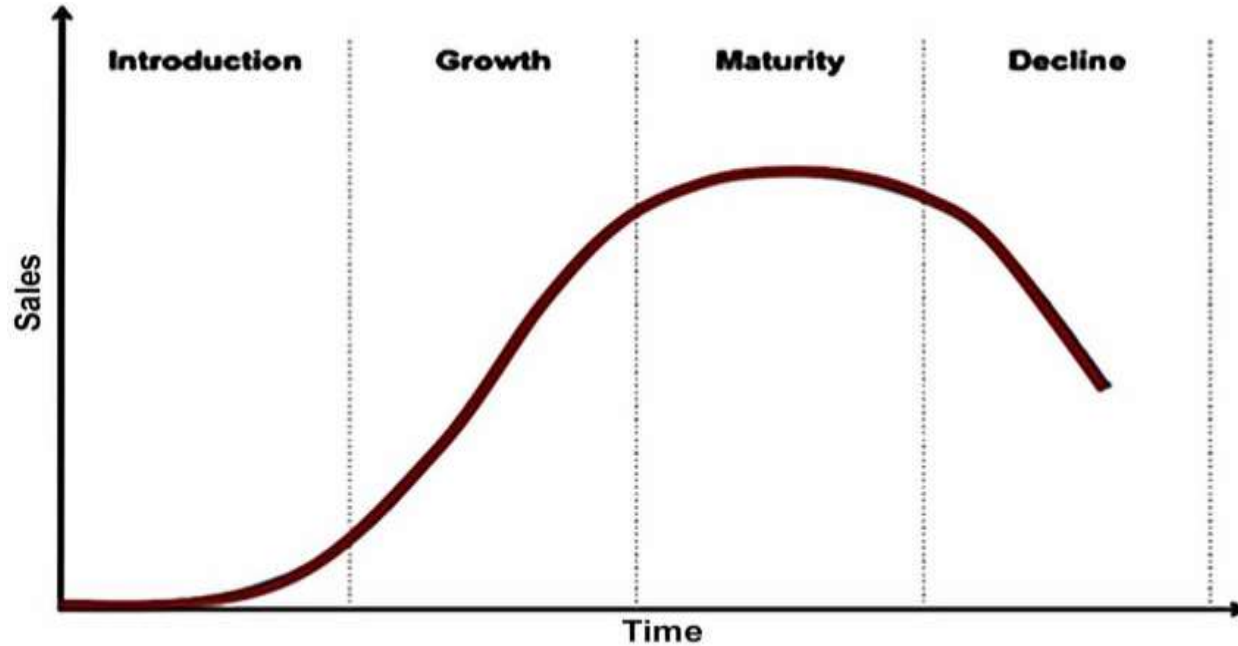




## Unit – 3 Service Design And Development Service Life Cycle





## *Introductory Stage:*

- *New service or new form of current service is in the introductory stage when offered first time.*
- *Can be introduced on a small scale and expanded if acceptance grows*
- *Small scale introduction reduces financial risk*
- *New services faces few or no direct competitors*
- *Introductory stage normally short*
- *Strategy to ensure new service accepted by consumers is to have users of current service participate in new service design.*



## *Growth Stage:*

- *Industry growing rapidly*
- *Firms seeing positive cash flow*
- *Industry is expanding and demand is high – firms offering service can normally increase their prices – higher margins and greater profits.*
- *Thus more firms enter the market.*
- *Distinct market segments emerge*
- *Service providers need to develop a sustainable competitive advantage.*



## *Maturity Stage:*

- *Sales level off.*
- *Competition becomes very intense – intense competitive advantage required – results in overall industry profits.*
- *Weaker firms will be shaken out of the industry.*
- *At this stage in service life cycle, consumers see very few distinguishable characteristics among the various firms in a service industry.*
- *Requires strong marketing program*



## *Decline stage:*

- *Industry sales decline – because of new technology development*
- *Because of decrease in demand – many companies delete the service reducing competition*
- *Cash flow and profit for companies throughout the industry have declined.*
- *Companies with the services in decline part of life cycle have five options : Divest, harvest, Prune, Reentrench or rejuvenate.*