

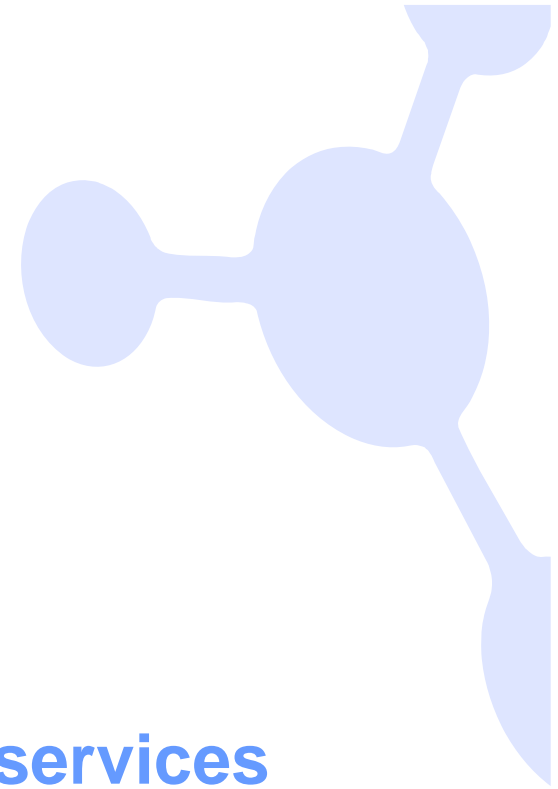


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Tourism products and services



Learning goals

- Understand product taxonomies
- Know the constituting characteristics of services
- Conceptualize tourism service as bundles
- Know criteria for services, which can or cannot be sold over online

Agenda

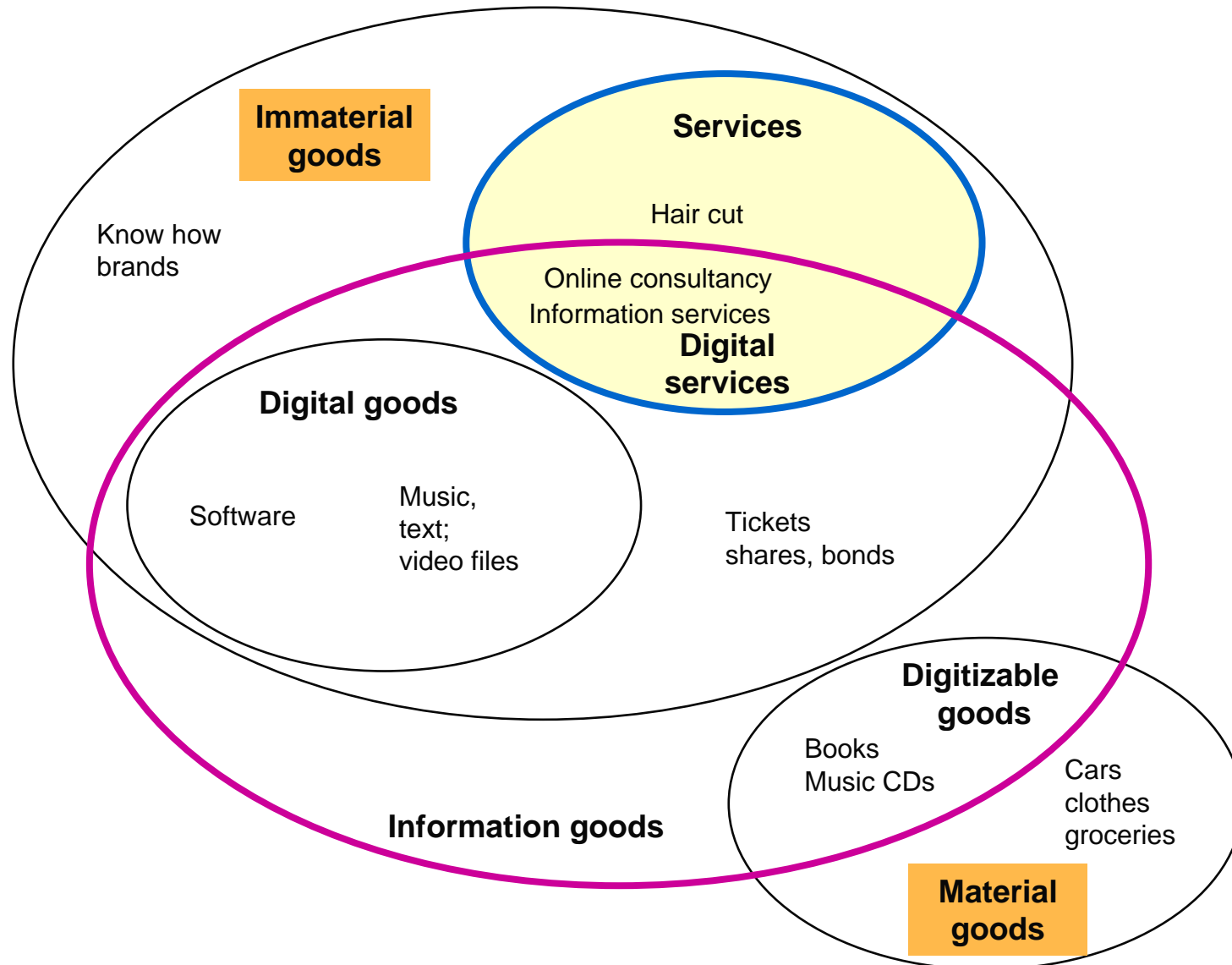
1. Classifications of products & services

2. Characteristics of service

3. Product & service configuration

4. Fitness for digital marketing

Categories of products and services



Classification of physical products

Characteristics	Instance	
Role of information	Low: not digitalisable	High: digitalisable
	Online product description. Product experience cannot be conveyed electronically.	Online samples possible.
	Examples: Clothes, watches, cars etc.	Examples: Music CDs, books, pictures
Product value	Low: low price	High: high price
	Online sales well established.	Sales & transaction support. Perceived transaction and quality risk quite high.
	Examples: Music CDs, books, groceries, office products	Examples: Cars, real estate, collectibles etc.
Required expertise	Low: simple products	High: complex products
	Digital representation is typically perceived as sufficient to encourage purchase decision.	Digital representation requires additional explanations, decision support.
	Examples: : Music CDs, books, groceries, office products	Examples: Electrical or medical equipment, life insurance
Complexity	Low: commodity products	High: customizable products
	Digital representation is typically perceived as sufficient to encourage online purchase.	Digital representation complex, products require online configuration and customization.
	Examples: Music CDs, books, groceries, clothes	Examples: PCs, customized clothes, cars.
Shelf life/ perishability	Low: perishable products	High: products with long shelf life
	Fulfillment and logistics quite complex. Online assessment of product quality difficult.	Logistics somewhat simpler.
	Examples: Flowers, groceries, seasonal products	Examples: Books, CDs, cars, real estate.

Classification of services & role of ICT

		Service addressee	
Service process		Customer, human agent	Object
	Tangible, material	Exp.: Restaurant, hair cut	Exp.: Transport, repair or cleaning services
		Transaction support, core service takes place in a physical environment, direct contact between customer and service provider inevitable.	Transaction support, core service takes place in a physical environment, direct contact between object and service provider inevitable.
	Intangible, immaterial	Exp.: Education, media, information services	Bsp.: Bankwesen, Aktienhandel, Steuerberater, Rechtsberatung
Extended online transaction support and service provision. Role of physical environment depends on the type of service and customer preferences (e.g. theatre).		Geistige Präsenz des Kunden nur teilweise erforderlich. Leistung kann u.U. vollständig im Internet erbracht werden (Beratungshotlines auf Newsgroup-, E-Mail-Basis, Online-Banking).	

		Relationship between service provider and customer	
Mode of production		Membership	No formal relationship
	continuous	Exp.: Insurance, Telco provider	Exp: Public services, public transport, Information services
		Internet service as application, available 24*7. Services infrastructure need secure environment	Internet as information and communication channel.
	discrete	Exp.: Subscription, e.g. online tutorials	Exp. : Car rental, search engine
Internet service as application, Services infrastructure need secure environment. Discrete service demand & provision.		Transaction support or online transaction.	

Customer perspective on product categories

- **Search** goods can be fully judged by inspection or equivalent information search prior to purchase.
- **Experience** goods can only be fully judged after purchase and use.
- **Trust** goods are marked by the fact that their quality can neither be judged on before nor after the purchase.

[Distinction introduced by Philip Nelson, "Information and Consumer Behavior", 78(2) *Journal of Political Economy* 311-329 (1970)]

Tourism services

Pre travel

- Complex, multi-media description of the service and its context
- Additional information, e.g. from other travelers (“user generated content”)

En route

- Experience of the service quality
- Ad hoc adjustments possible

Venetian Rialto Suite



VRXstudios | iSee

|| pause

<< CLICK AND DRAG IMAGE TO PAN LEFT OR RIGHT >>

Image 1 of 1

The very picture of Las Vegas luxury, the 1,100-square-foot Venetian Rialto Suite boasts a stately atmosphere created by a bedchamber with two queen beds and a sitting area, a 115-square-foot marble-adorned bath, a double-door entrance, and an Italian marble foyer.

**Location has been renovated
Update Pending**

If you're having trouble seeing the image, you may need Java software. Download it [here](#).

[CHECK RATES](#)

Internet

Favoriten



Google

venetian las vegas

Los geht's!

Resort Hotel Casino

Suites

Restaurants and Bars

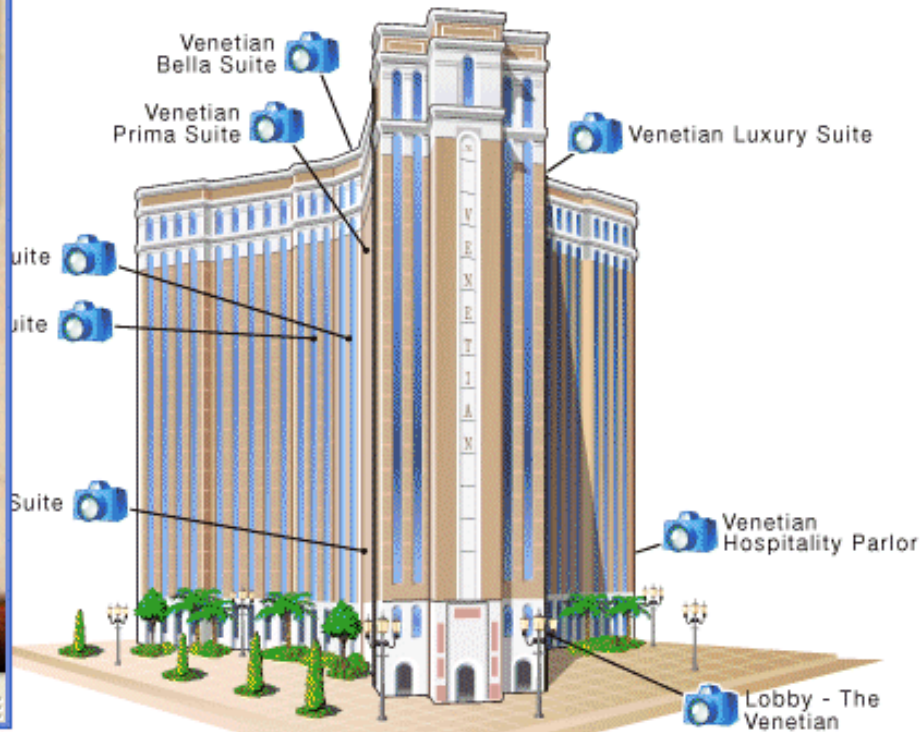
Amenities

Property

Facilities

on

click the blue camera icons to view each 360° virtual tour



VRXstudios
SEEING IS BELIEVING

certified Jul 16 2007 by
The Venetian Resort Hotel Casino

IE7 - products & services

<http://www.venetian.com/TOUR.aspx#>

Responses to challenges of experience goods?

- More information
- More credible information
-
- Service quality
- Listening to customers

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Services definition: right to use a capacity vs. ownership

*“A service is a change in the condition of an economic unit which results from the activity of another economic unit. The **ownership** of a good can be transferred from one economic unit to another in an exchange transaction, whereas no such exchange is possible for a service.” Hill (1977,336)*

*“Any purchase of services by an economic agent B (whether an individual or an organization) would, therefore, be the purchase from organization A of the **right to use**, generally for a specified period, a technical and human capacity owned or controlled by A in order to produce useful effects on agent B or on goods C owned by agent B or for which he or she is responsible.” Gadrey (2000)*

Services characteristics ...

- (1) intangibility,
- (2) direct contact between producer and consumer (the idea of co-production),
- (3) non-transferability, and
- (4) non-storability.

(Source: Economic Council of Canada 1991)

Example: Passenger transport on scheduled flights

Intangible,
non-
transferable

Tickets are **non-transferable contracts**, passenger has to show up, in order to be transported.

Cost
structure,
non-
storable

High level of fixed cost, **low marginal cost** per passenger (about 13% of the overall cost),

Pricing
reflects cost
structure

High level of **differential pricing** (up to 20 different booking classes are defined for a single flight in which only two (or three) service classes are offered.

Agenda

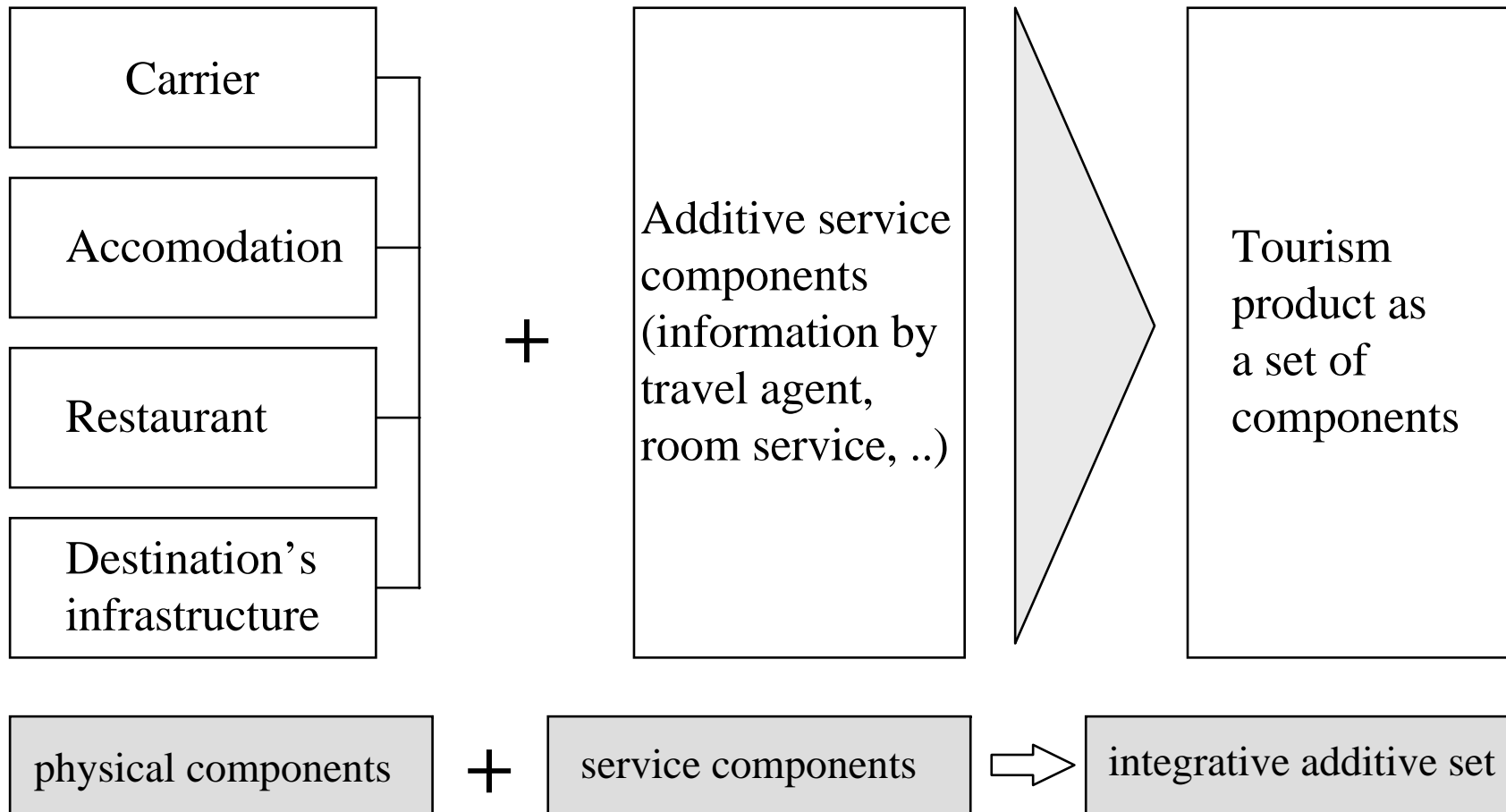
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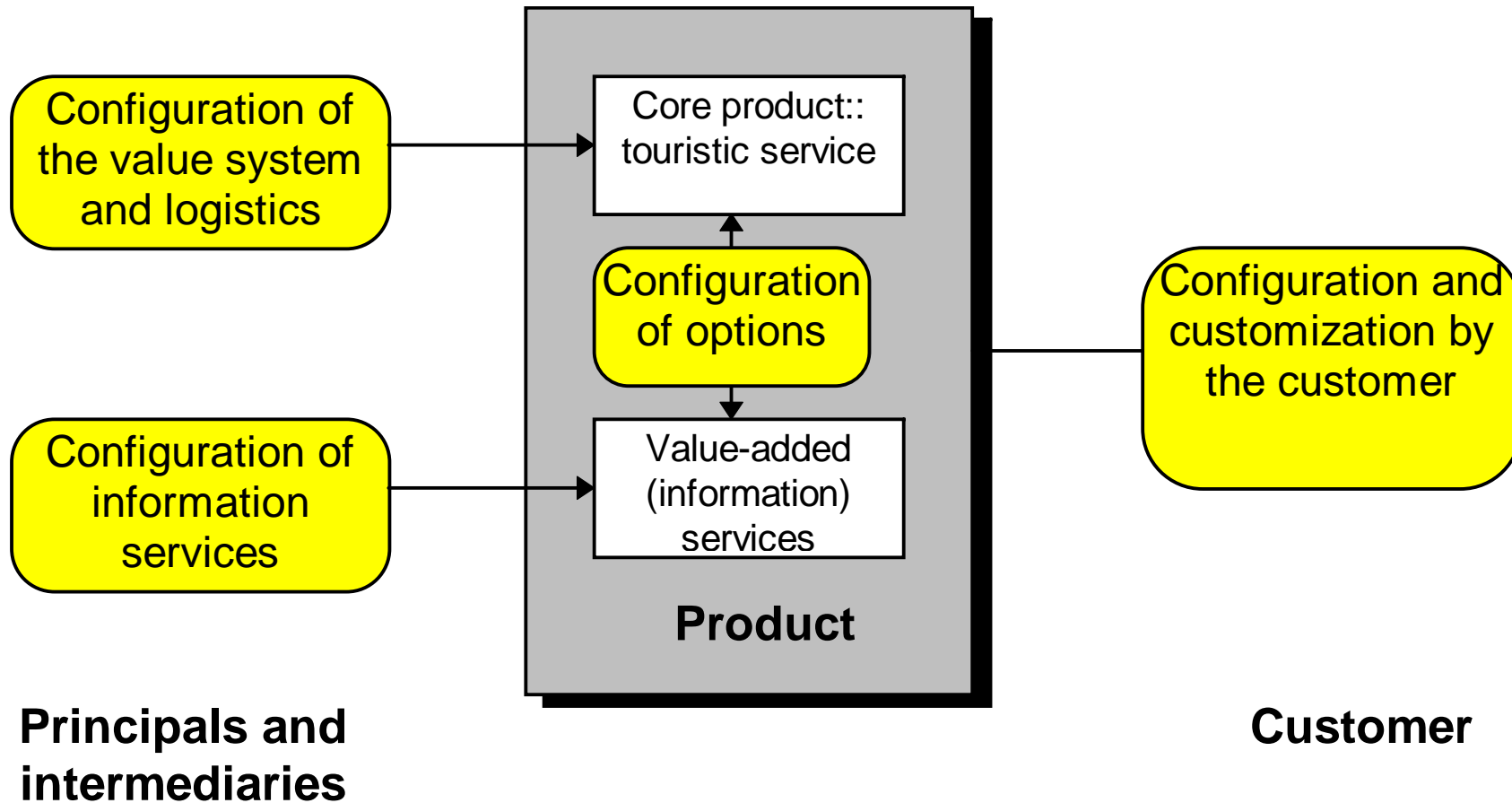
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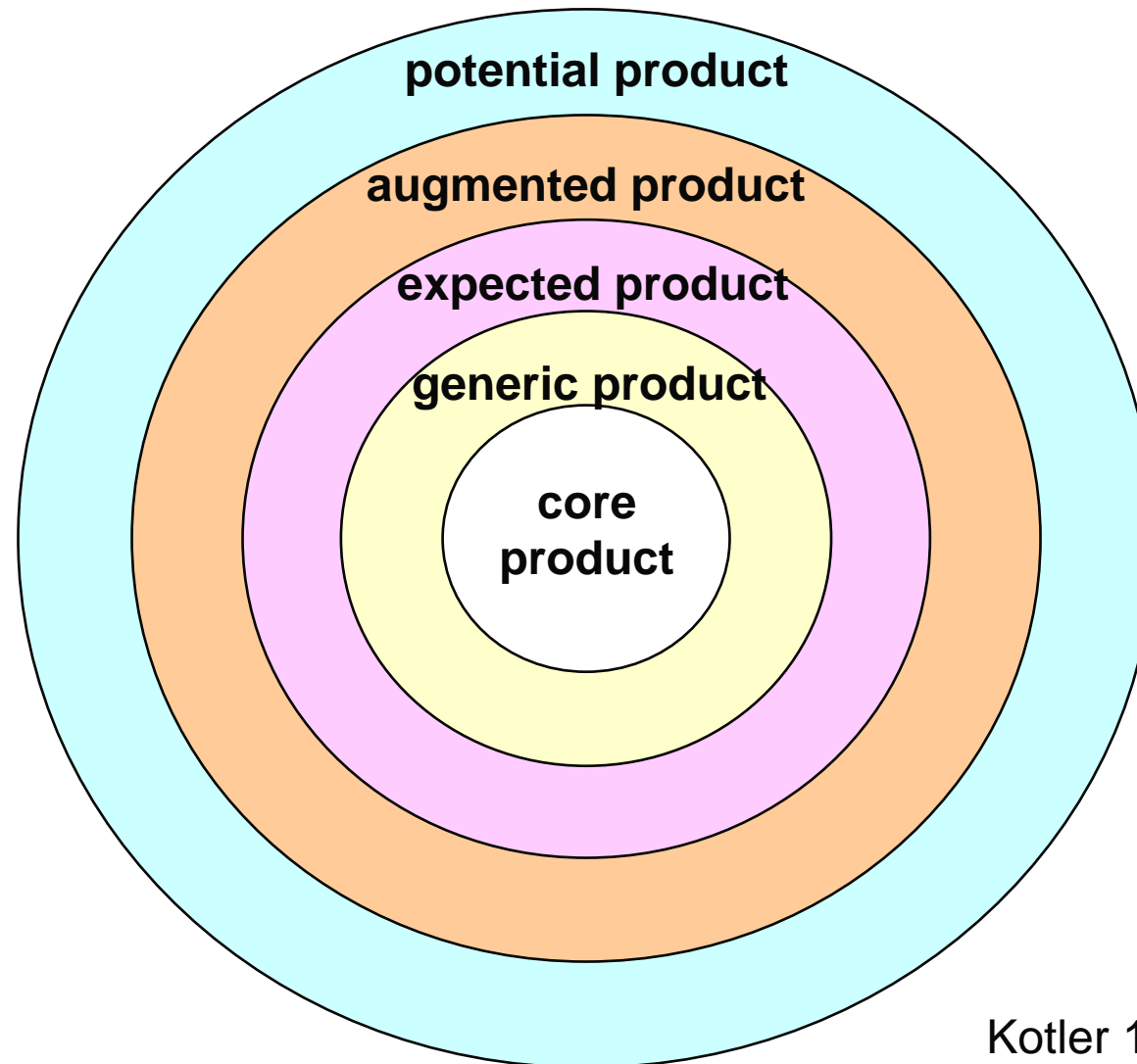
Tourism product as an additive set (Rohte 1994)



Customization and configuration of tourism services



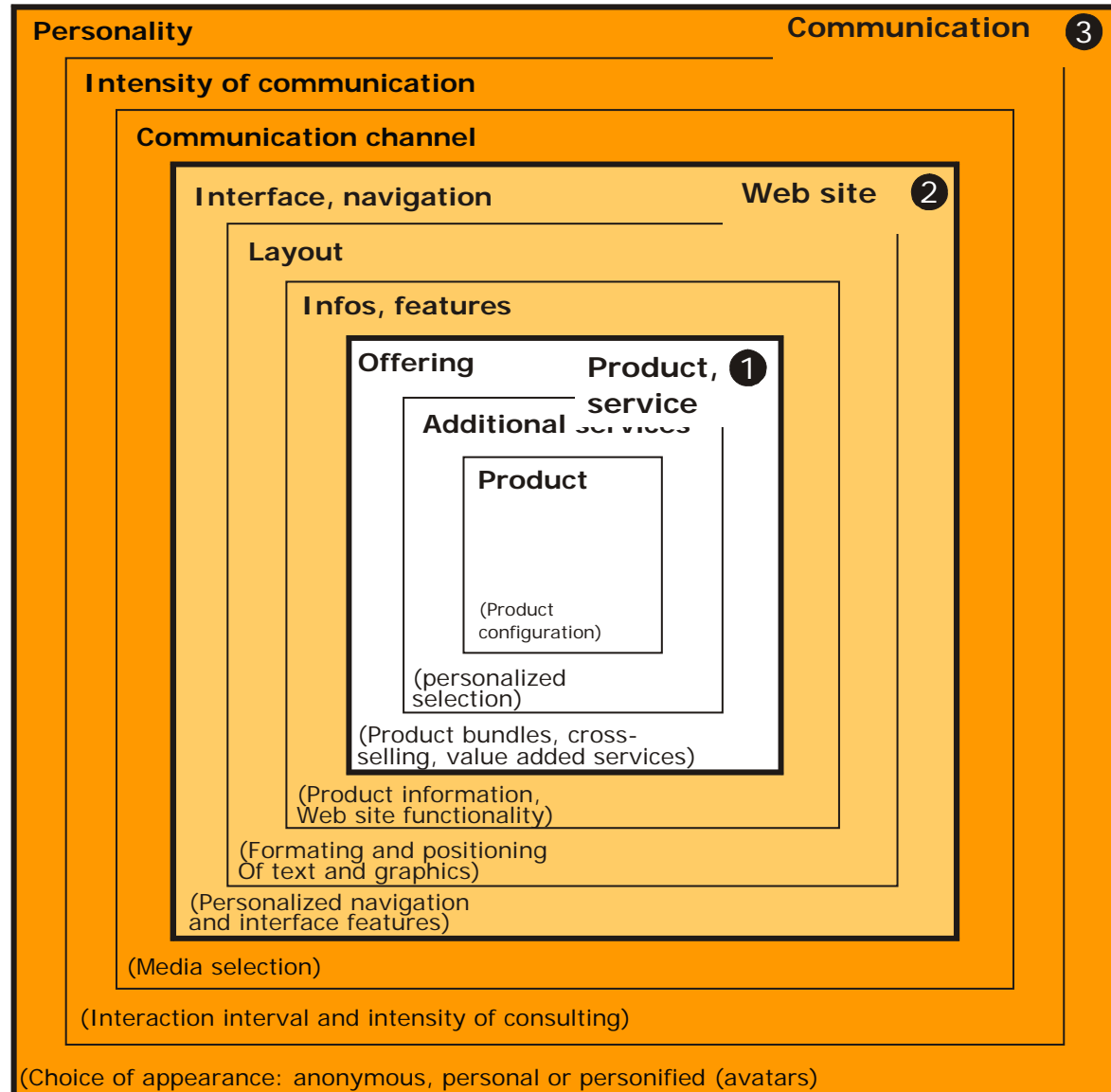
Compound products/ services: five levels



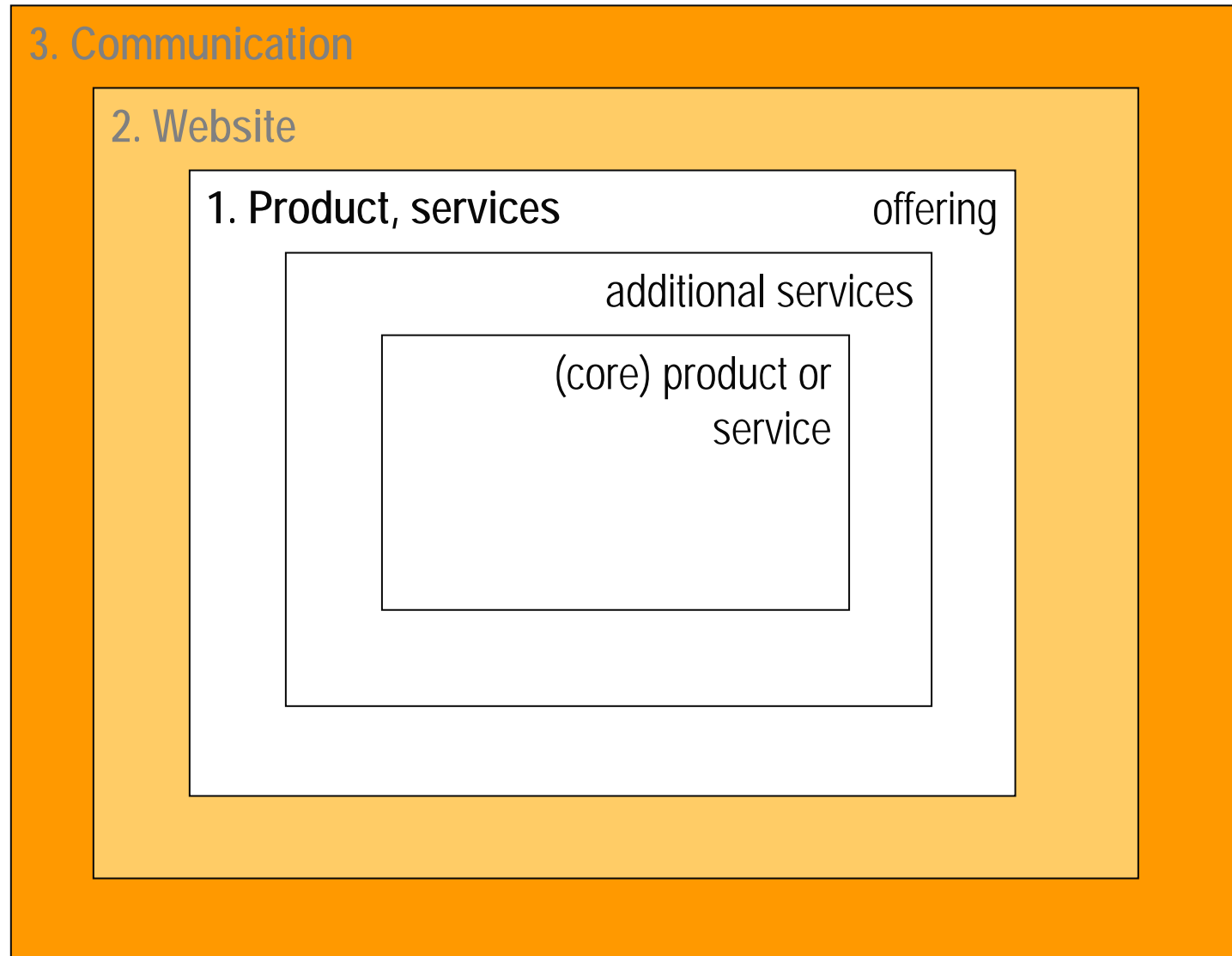
Kotler 1988

Products and services ...

as configurations
of components
or layers



Zoom: Service core



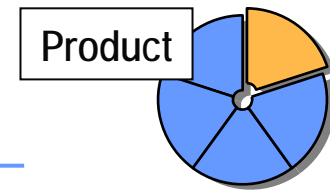
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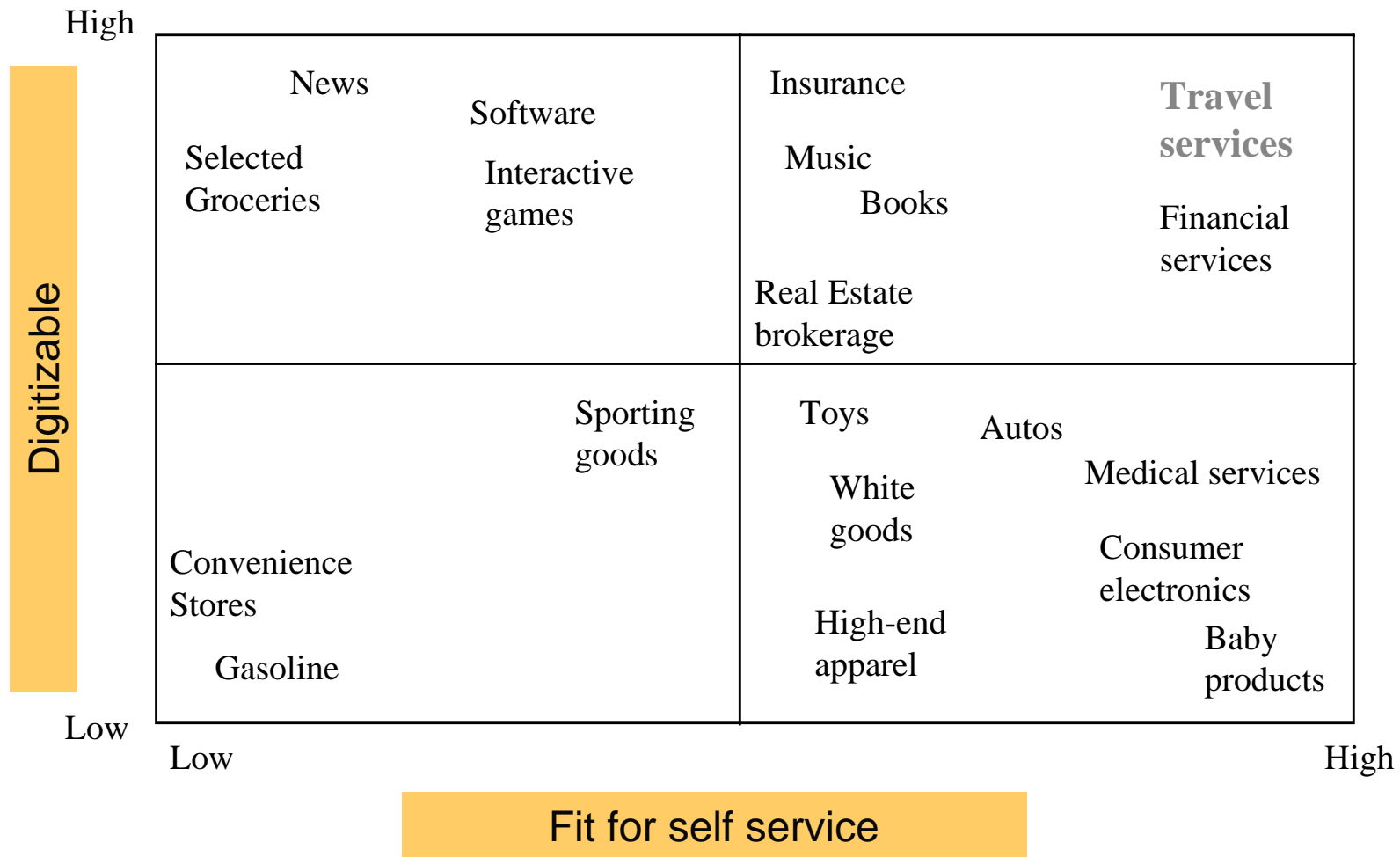
Points for consideration

- Which role does the Internet play for the company and the respective products/ services?
- Which services will be provided or supported online?
- What is the online-offline (multi-channel) service mix? How does it fit the company's strategy?
- Will products or services (components) be customized for individual customers/ customer segments?

Information augmented tourism products

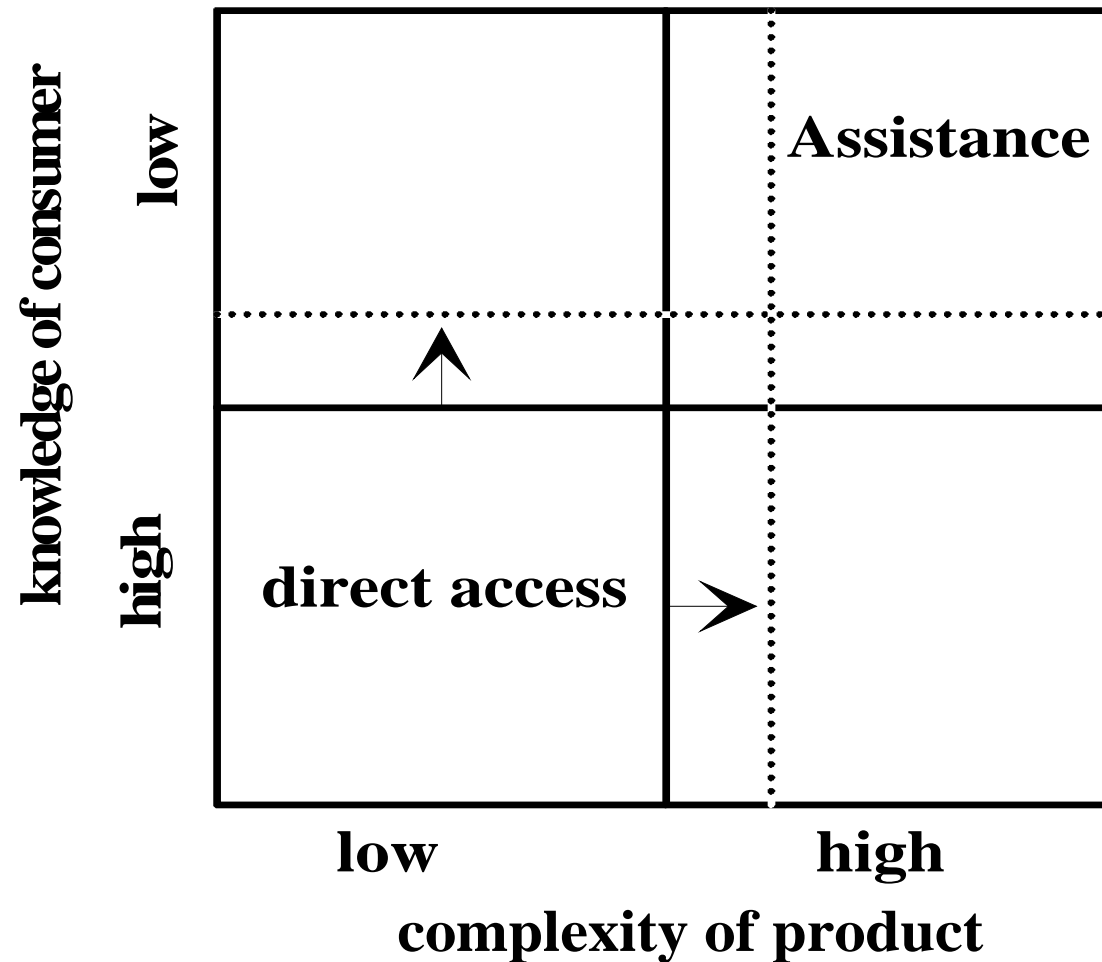
- Information and communication services are provided to complement the physical service and in many cases transform the customer experience (“you see only what you know”).
- The role and extent of the informational components are increasing and they are effectively used to change the customer’s role into a more active self-service or prosuming role.

Product categories suitable for digital marketing

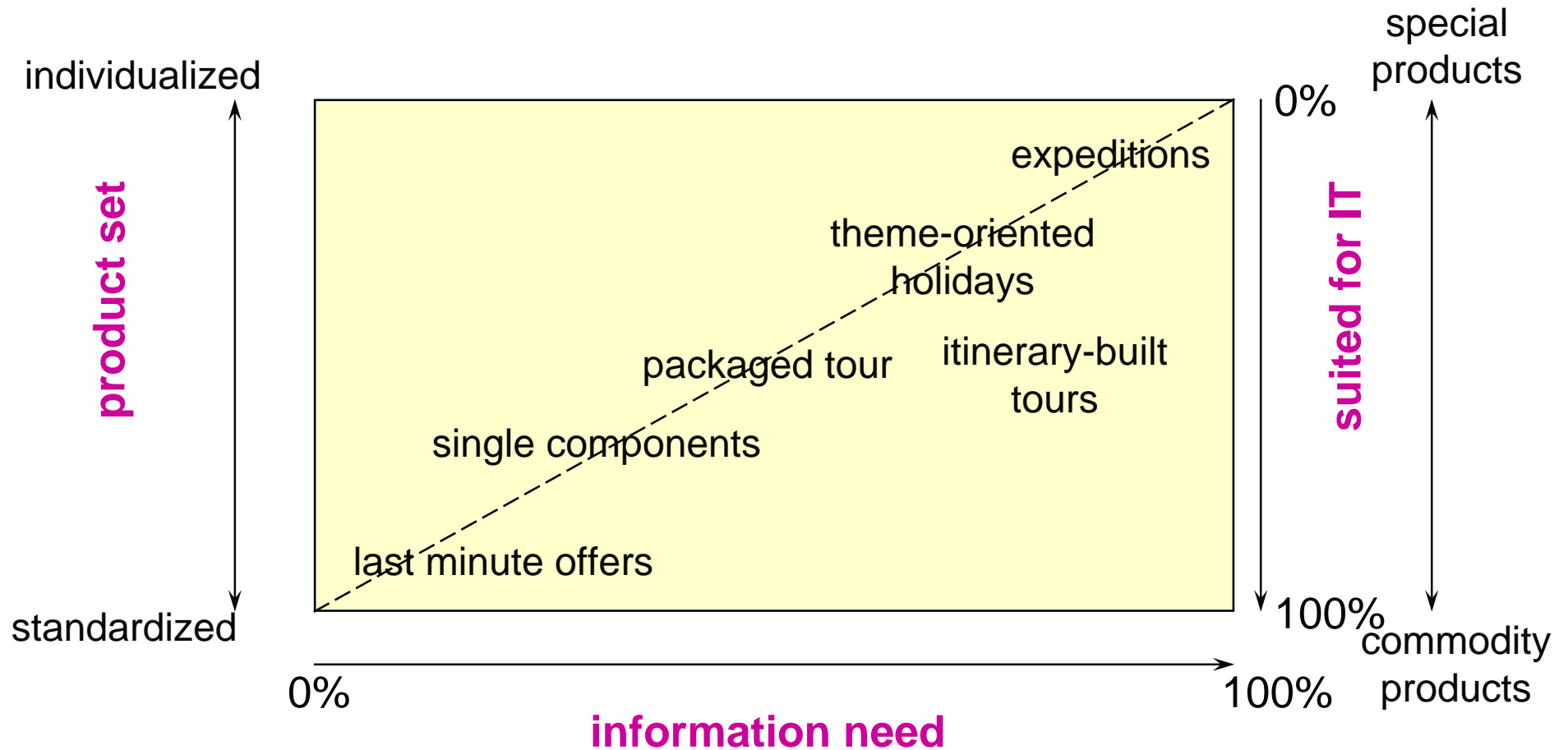


Product categories suitable for digital marketing

Knowledge of the consumer versus complexity of the product



Product categories suitable for digital marketing



In conclusion ...

- How do you rate the impact of online services on the development of the tourism industry?
- How much do product/ service characteristics determine marketing opportunities on the Web?

The Long Tail Phenomenon

The impact of the Internet on hits and niches ...

The long tail phenomenon: "from hits to niches"

80:20 rule: 20% of products account for 80% of the turnover.

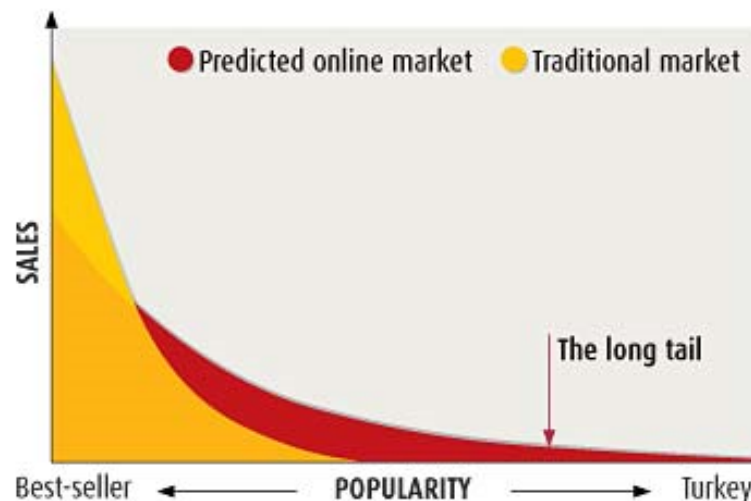
Typical examples: books, movies, music CDs.

Anderson (Wired, 2004) suggests a growing potential for niche products:

- Search is cheaper, more powerful and easier.
- Social networking facilitates online communication, i.e. popularity can be based on customer reviews more than on advertising.

THE WAY IT WAS SUPPOSED TO BE...

The internet was supposed to weaken the blockbuster's dominance by supporting the market for niche products, which populate the long tail



http://www.longtail.com/the_long_tail/WindowsLiveWriter/image_10.png

Expected effects in tourism

“As in any industry that democratizes, you should see more diversity and the demand should be spread out over more “products”. In this case, that this would be driven by:

- Lowered flight costs = more travel, more risk-taking
- Lower “search costs” = broader vistas, more willingness to go off the beaten path
- Better word-of-mouth tools = “bottoms-up hits”
- Peer ratings, reviews reinforce authentic success, punish “manufactured experience””

Chris Anderson’s Long Tail Blog:

http://www.longtail.com/the_long_tail/

Example word-of-mouth – peer rating

About VirtualTourist.com

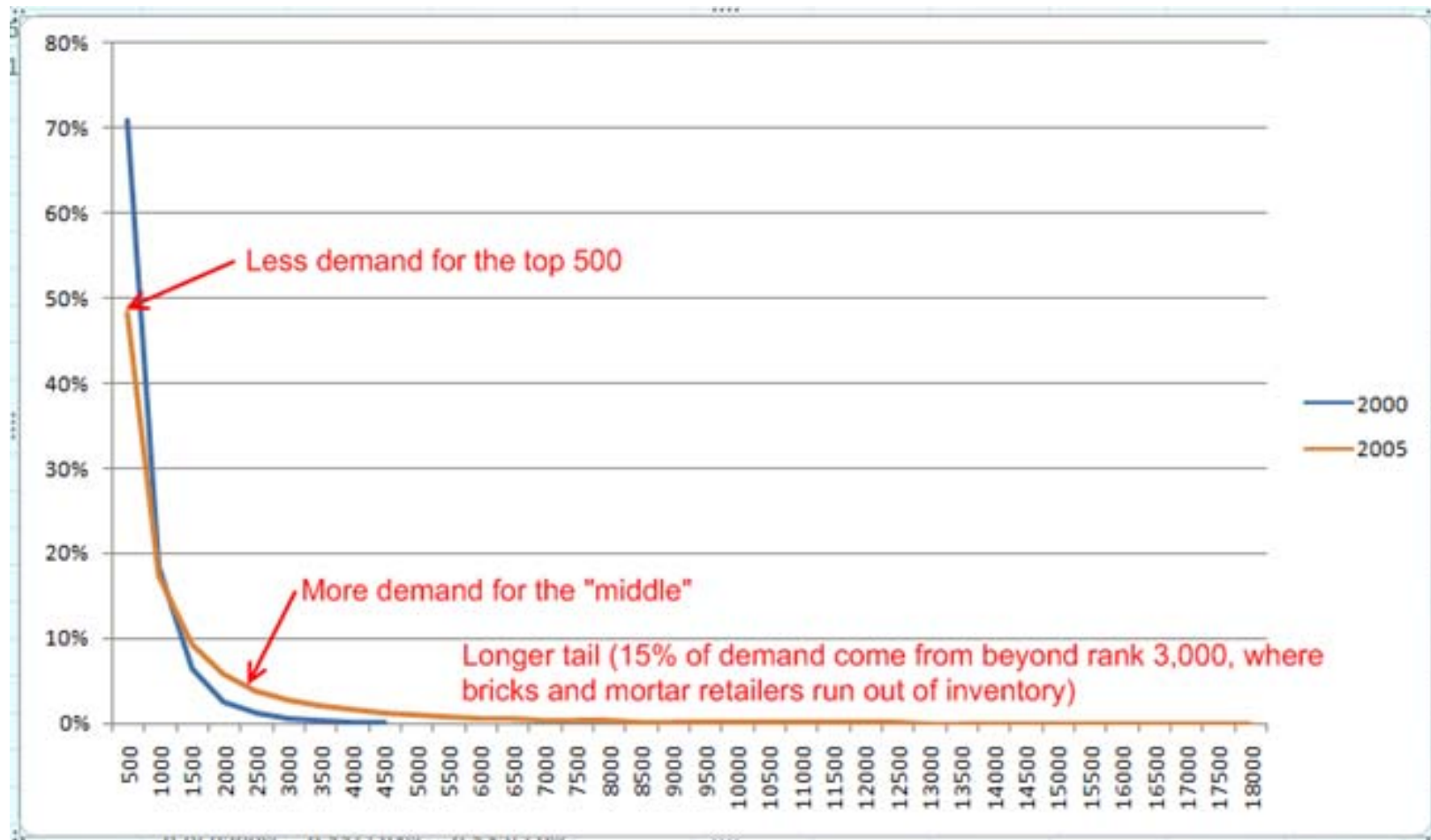


VirtualTourist is a worldwide travel community where real travelers and locals share real travel advice and experiences.

As the single largest source of unbiased, user-generated travel content in the world, VirtualTourist is the premier resource for travelers seeking an insider's perspective. Real travel tips, reviews and photos from real people who have actually been there and done that; and this is what makes the travel content on VirtualTourist so useful.

And since every tip on VirtualTourist is linked to a member's profile, with just a click you can learn more about each member—their age, hometown, travel interests, where they've been, hobbies, even what they look like—and then read about more of their travel experiences.

On VirtualTourist, tips and reviews are organized by destination—from Sydney to New York and everywhere in between—and then into 13 separate categories, like Hotels, Things to Do, Local Customs, Shopping, Tourist Traps and more. This makes it easy for members to contribute content and for other users to find it.



http://www.longtail.com/the_long_tail/

INTERVac as example for ...?

The screenshot shows the INTERVac website homepage. At the top, there is a navigation bar with the INTERVac logo (INTERNATIONAL HOME EXCHANGE HOLIDAY SERVICE) on the left and a 'Member Login' link on the right. Below the navigation bar is a main heading 'Looking For A Home Exchange?'. The page is divided into several sections: a left sidebar with navigation links (Go to the home page, Become a Member, Test our database, Testimonials, Contacts), a 'Local Homepages' section with a country selector, and a 'Best Search Facilities' section with a search icon and text. The main content area features 'Featured Listings' with two options: 'Iceland: CENTRAL REYKJAVIK' (In the city, Flat, 2 floor, max. 3 person(s), 1 bedroom(s), 1 bathroom(s)) and 'Great Britain: EDINBURGH' (In the country, House, 0 floor, max. 6 person(s), 4 bedroom(s), 2 bathroom(s)). Below the listings is a 'Testimonials' section with a 'read more' link and a snippet of text: 'Without home exchange, there is no way that we could have afforded to take our family of five for five and a half week vacation in Canada.' At the bottom, there are three buttons: 'Find a Partner' (it's easy), 'Start Today' (apply here), and 'Visitors Tour' (read more). A footer section titled 'Intervac - The Original Home Exchange Organisation' contains text about the service and a link to become a member.

INTERVac
INTERNATIONAL HOME EXCHANGE
HOLIDAY SERVICE

Member Login

Looking For A Home Exchange?

Featured Listings (Scroll down for more)

Iceland: CENTRAL REYKJAVIK
In the city
Flat, 2 floor,
max. 3 person(s),
1 bedroom(s),
1 bathroom(s)

Great Britain: EDINBURGH
In the country
House, 0 floor,
max. 6 person(s),
4 bedroom(s),
2 bathroom(s)

How much does it cost
-- Please select a country --

Testimonials (read more)
Without home exchange, there is no way that we could have afforded to take our family of five for five and a half week vacation in Canada.

Local Homepages
-- Please select a country --

Best Search Facilities
We have over 20,000 home exchange listings in our database offering you thousands of possibilities for your next vacation.

Find a Partner • it's easy

Start Today • apply here

Visitors Tour • read more

Intervac - The Original Home Exchange Organisation
Click on the map below to view Intervac's international home exchange listings. Once you [become a member of our home exchange club](#), you can build your profile and swap homes all over the world.
Home exchange offers you an inexpensive and unique way to

Outlook: Service science, engineering, management ... service led economy

Service Science

- ... an interdisciplinary approach to the study, design, and implementation of services systems – complex systems in which specific arrangements of people and technologies take actions that provide value for others.
- ... focus on becoming more systematic about innovation in the service sector.

(cf. Wikipedia; Service Science, Management and Engineering)

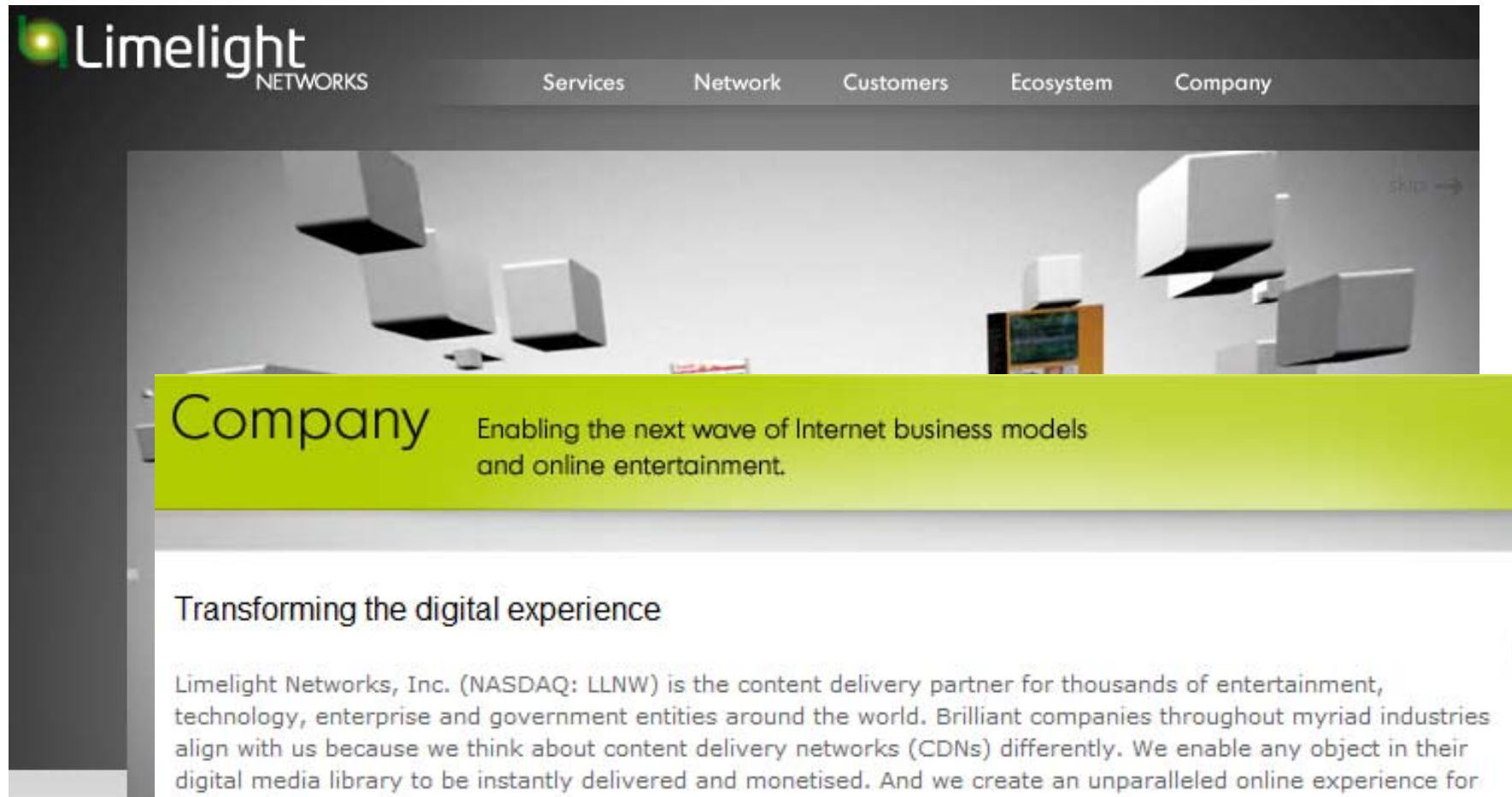
New study on Internet traffic

Five years ago, Internet traffic was proportionally distributed across tens of thousands of enterprise managed web sites and servers around the world.

Today, most content has increasingly migrated to a small number of very large hosting, cloud and content providers. Out of the 40,000 routed end sites in the Internet, **30 large companies** – “hyper giants” like Limelight, Facebook, Google, Microsoft and YouTube – now **generate and consume a disproportionate 30% of all Internet traffic.**

<http://www.arbornetworks.com/en/arbor-networks-the-university-of-michigan-and-merit-network-to-present-two-year-study-of-global-int-2.html>

Example: Limelight



Limelight
NETWORKS

Services Network Customers Ecosystem Company

Company Enabling the next wave of Internet business models and online entertainment.

Transforming the digital experience

Limelight Networks, Inc. (NASDAQ: LLNW) is the content delivery partner for thousands of entertainment, technology, enterprise and government entities around the world. Brilliant companies throughout myriad industries align with us because we think about content delivery networks (CDNs) differently. We enable any object in their digital media library to be instantly delivered and monetised. And we create an unparalleled online experience for their customers.

Our robust architecture bypasses the cramped public Internet, directly delivering live or on-demand content over a dedicated fibre-optic network that interconnects with thousands of servers and more than 800 global access networks. Together with our passionate customer service and iron-clad support, we enable our partners to do great things. We enable our partners to always deliver brilliance.