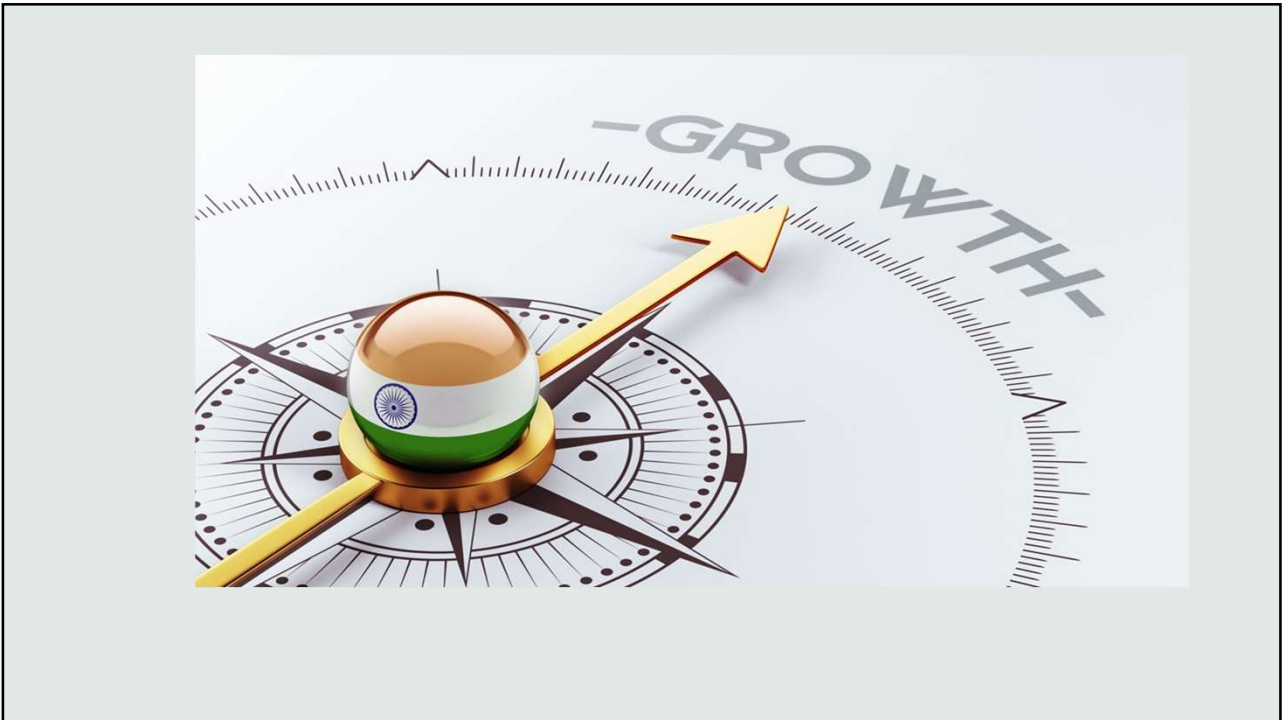




1



2

## India's Services Expands at Fastest in 11 years on Demand Revival

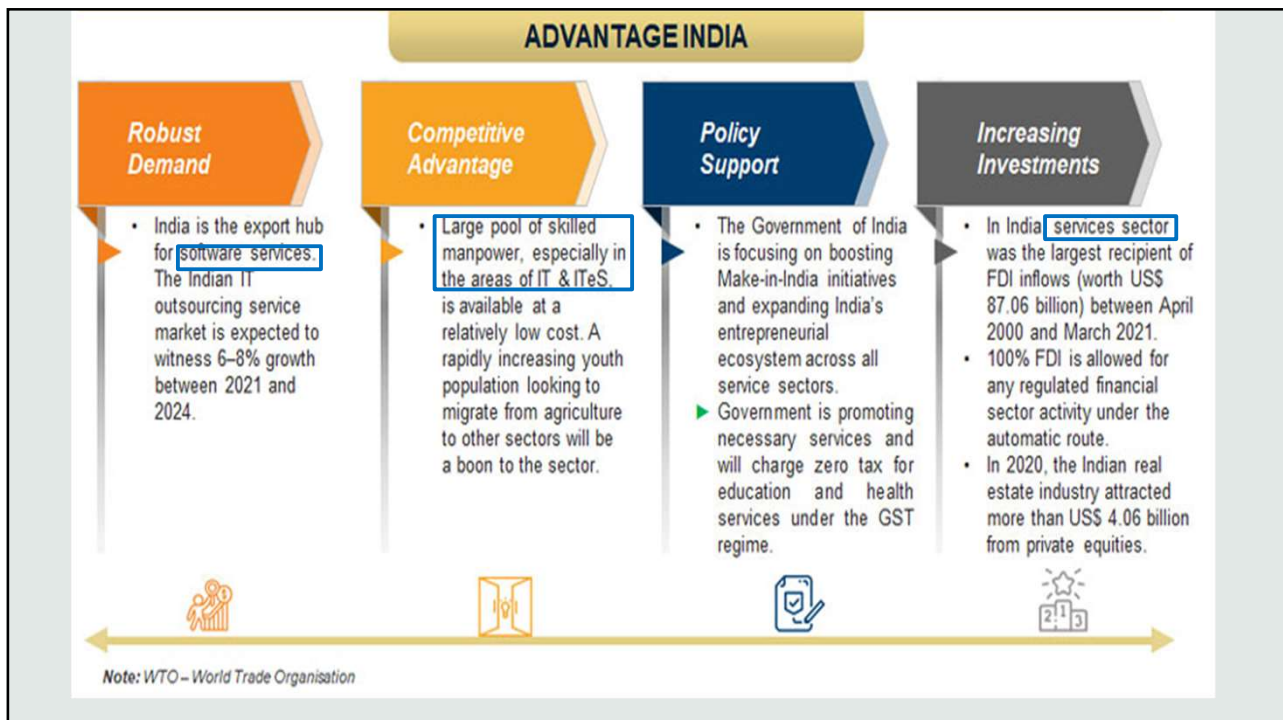
The upturn stemmed from ongoing improvements in demand that followed the retreat of pandemic restrictions, capacity expansion and a favorable economic environment……

…… activity growth in India's service sector is strongest in over 11 years, even as inflationary woes weigh on the economy…

<https://www.bloomberg.com/July 05, 2022>

<https://www.mckinsey.com/featured-insights/india/india-ahead>

3



4

Gross Value Added (GVA)



<https://pib.gov.in/PressReleasePage.aspx?PRID=189493231> JAN 2023 2:00PM by PIB Delhi

5

Purchasing Managers' Index (PMI)

**INDUSTRY: STEADY RECOVERY**  
GVA of the Industrial Sector rose by 3.7 per cent for the first half of FY 22-23

- Exports of goods and services as a share of GDP have been the highest since FY16 in H1 of FY 22-23
- PMI manufacturing has remained in the expansion zone
- Healthy IIP indicates the beginning of a virtuous investment cycle
- Credit to MSMEs has grown by around 30% since Jan 2022
- Electronics exports rise nearly threefold in FY22
- FDI flows into the Pharma Industry has risen four times in FY22

<https://pib.gov.in/PressReleasePage.aspx?PRID=189493231>, JAN 2023 2:00PM by PIB Delhi

Index of Industrial Production (IIP) is an index that indicates the performance of various industrial sectors of the Indian economy

6

---

\*Coronavirus' impact on service organizations-  
India

7

---

With the humanitarian crisis from coronavirus evolving on a daily-basis……

…… businesses have grappled with 'how to continue serving their customers and communities' in India and around the world.

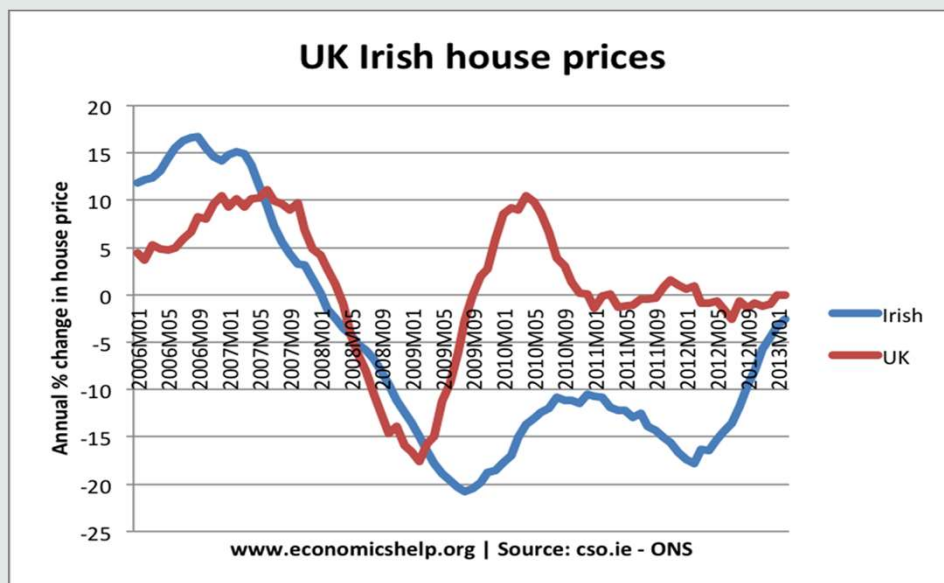
8

Along with an unprecedented human toll, COVID-19 has triggered a deep economic crisis.

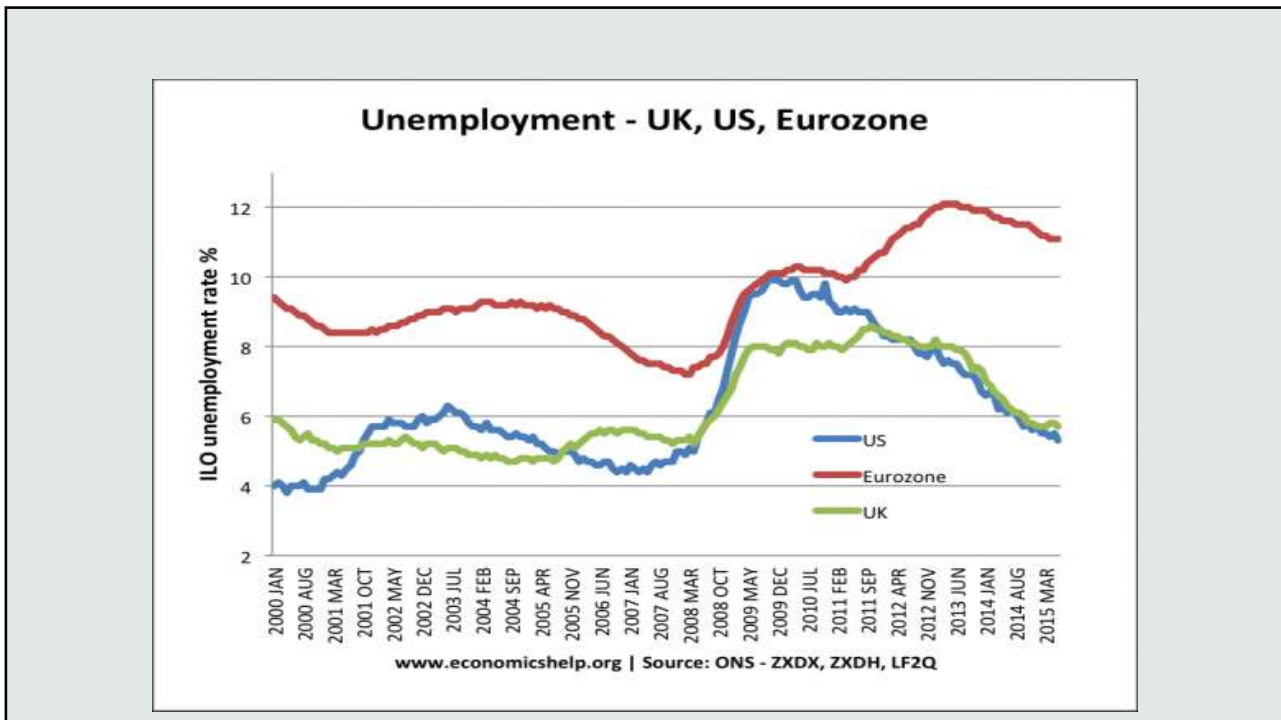
The global economic impact could be broader than any that we have seen since the Great Recession

9

### Irish and UK housing price fall in 2008



10



11

The task is uniquely challenging for industries that rely heavily on in-person interaction, including a wide swath of sectors...

..... from banking and insurance to hospitality, telecommunications, and industrial services.

12

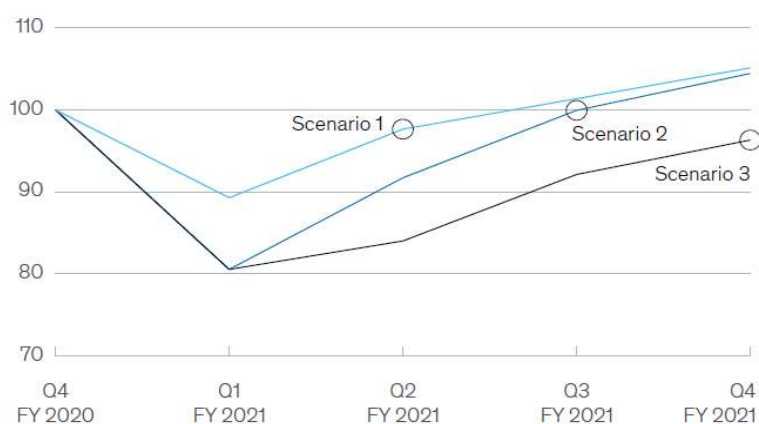
amid uncertainty……

…… Service organizations needed flexibility for the duration of both the current public-health interventions and the eventual economic recovery.

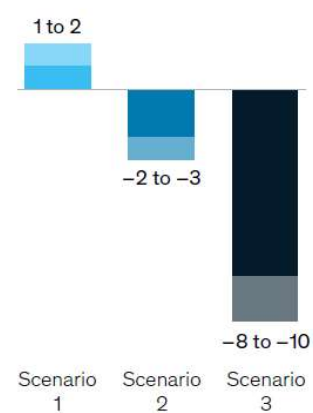
13

## Three economic scenarios model - India GDP estimates

**Real India GDP, index** (pre-COVID-19 projection for Q4 FY 2020 = 100)



**Approximate India GDP growth, FY 2021 over FY 2020, %<sup>1</sup>**



<sup>1</sup>: Forecasts will be dynamically revised with new inputs across sectors.

14

## Three economic scenarios model - India GDP estimates

### Scenario 1

- Nationwide lockdown lifted on Apr 15, 2020 (end of 21-day deadline); prior relaxation for select areas (eg, logistics)
- Back to work in “save lives and livelihoods” mode, with strong protection protocols
- Support to households, corporations, and banking system with fiscal and monetary stimuli (some measures already announced)

### Scenario 2

- Lockdown continues until mid-May 2020; moderate relaxation after Apr 15, 2020 (end of 21-day deadline); restarting supply chains and normalizing production and consumption takes 3–4 months
- Stabilization and stimulus package, broader than in scenario 1

### Scenario 3

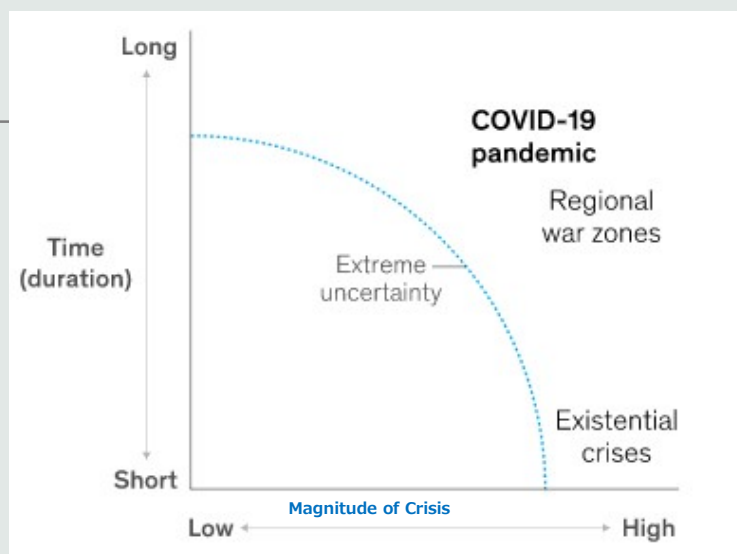
- Lockdown as in scenario 2, with additional 2–3 week lockdowns in Q2 and Q4 FY 2021 because of virus resurgence
- Low labor availability because of limited reverse migration
- Stabilization and stimulus package even broader than in scenario 2

<sup>1</sup>Forecasts will be dynamically revised with new inputs across sectors.

Source: Ministry of Statistics & Programme Implementation; National Accounts Statistics; McKinsey analysis (2020)

15

## Determinants of Uncertainty



16

## Service Definitions

Services are deeds, processes, and performances.

- Valarie Zeithaml & Mary Jo Bitner

A service is a time-perishable, intangible experience performed for a customer acting in the role of a co-producer.

-James Fitzsimmons

17

## Service Definitions

---

Service enterprises are organizations that……

- facilitate the production and distribution of goods,
- support other firms in meeting their goals, and
- add value to our personal lives.

James Fitzsimmons

18

## Services are characterized by the following:

- **I**ntangibility, in that they are not physical items.
- **H**eterogeneity, in that they are difficult to standardize.
- **I**nseparability, in that their production and consumption are simultaneous.
- **P**erishability, in that they cannot be stored.

These four features of services are known as the 'IHIP' characteristics.

19

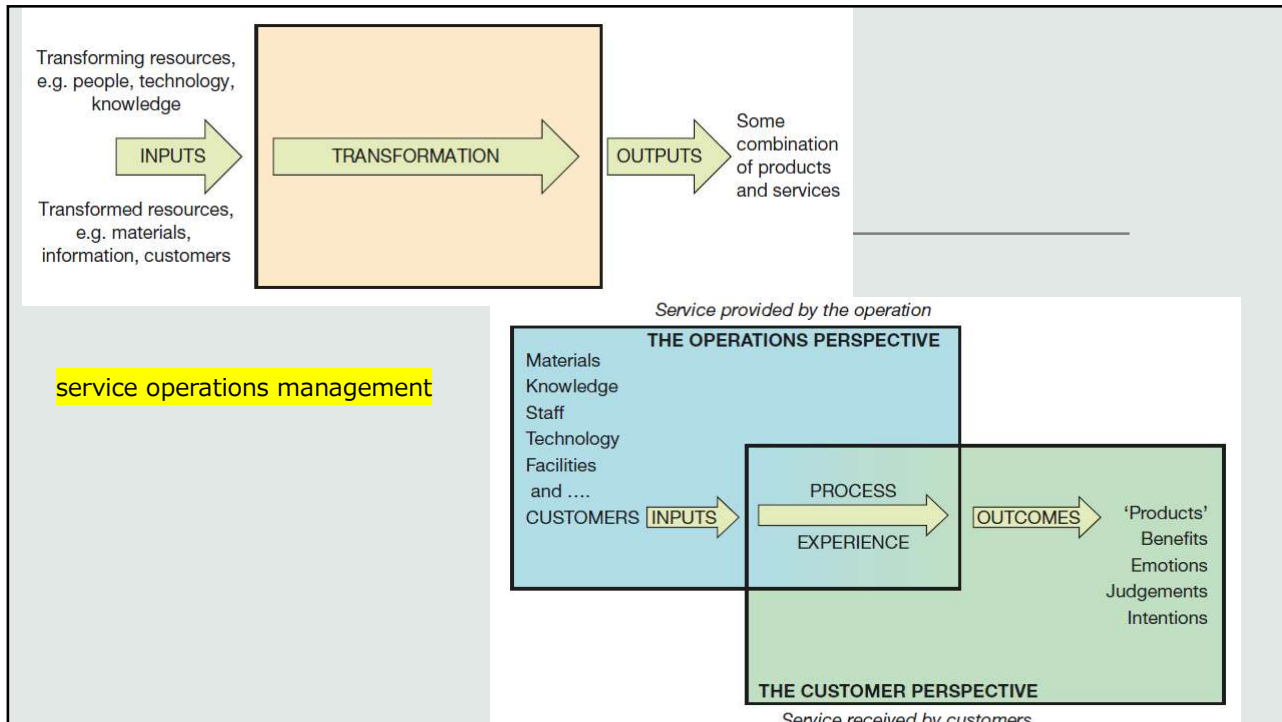
	IHIP service characteristic	Meaning	Example
IHIP characteristics of service	Intangibility	Not having physical or material form	Education services (e.g. universities) enhance students' (intangible) knowledge
	Heterogeneity	Every service is different, difficult to standardise	Primary healthcare services should respond to each customer's (patient's) individual requirements and treat/advise accordingly
	Inseparability	Production and consumption are simultaneous	When attending a live theatrical performance, the value lies in the 'immediacy' of its presentation
	Perishability	Service ceases to have value after a relatively short time	If a passenger train service is half empty for a journey, in effect half of that service has 'perished'; it cannot be used if it has not <i>been</i> used

20

### A service classification derived from ecommerce

From - To	Business	Government	Consumer
Business	<b>Business-to-business (B2B)</b> services include corporate banking, consultancy, courier services, etc.	<b>Business-to-government (B2G)</b> services include outsourced waste disposal, economic research, etc.	<b>Business-to-consumer (B2C)</b> services include entertainment streaming, retail (online and high street)
Government	<b>Government-to-business (G2B)</b> services include legal advice, planning guidance, environmental compliance, etc.	<b>Government-to-government (G2G)</b> services include information provision, legal guidance, etc.	<b>Government-to-consumer (G2C)</b> services include security, justice and healthcare provision, etc.
Consumer	<b>Consumer-to-business (C2B)</b> services include online reviews, focus groups, reverse auctions, etc.	<b>Consumer-to-government (C2G)</b> services include tax payment, information provision, etc.	<b>Consumer-to-consumer (C2C)</b> sometimes termed <b>peer-to-peer (P2P)</b> services include social networks, video sharing, sales sites, etc.

21



22

## The operations and customer perspectives

Service	The operations perspective		
	Inputs	Processes	Outputs
<b>Surgery</b>	GP, nurses, surgeon, bed, operating theatre	Diagnosis, operation, aftercare	Hip replacements
<b>Education</b>	Lectures, library, computers, seminar rooms	Timetabling, lectures, exams, marking	Information, slide packs, degrees
<b>Consultancy</b>	Consultants, information, skills, knowledge	Data collection and analysis	Presentations, reports
Service	The customer perspective		
	Experience	'Products'	Benefits
<b>Surgery</b>	Easy, empathetic and pain-free treatment	A working hip	Greater mobility
<b>Education</b>	Memorable and useful lectures/seminars	Knowledge, confidence and skills	Better job prospects/capabilities
<b>Consultancy</b>	Helpful and timely discussions and advice	Solutions	Reduced costs and greater commercial success

23

## Responsibilities of Service Operations Managers

- Understanding the trends in how service is developing in different industries
- Setting a sound strategic direction in which their operation can develop
- Clarifying their 'service concept' and harnessing it in the development of their services
- Looking after the organisation's customers (sometimes referred to as clients, users, patients or students, etc.) such as their parcels or orders

<https://www.mckinsey.com/featured-insights/the-next-normal/parcel-delivery>

24

## Responsibilities of Service Operations Managers

---

- Managing service quality by shaping their customers' expectations over what service they will receive and in shaping their customers' perceptions
- The design of the service operation's resources and how they impact on their customers' experience
- Developing service staff and ensuring their welfare
- Developing the relationships with suppliers and customers in their supply network and shaping its configuration
- The detailed design of their service processes that provide service for the customer

25

## Responsibilities of Service Operations Managers

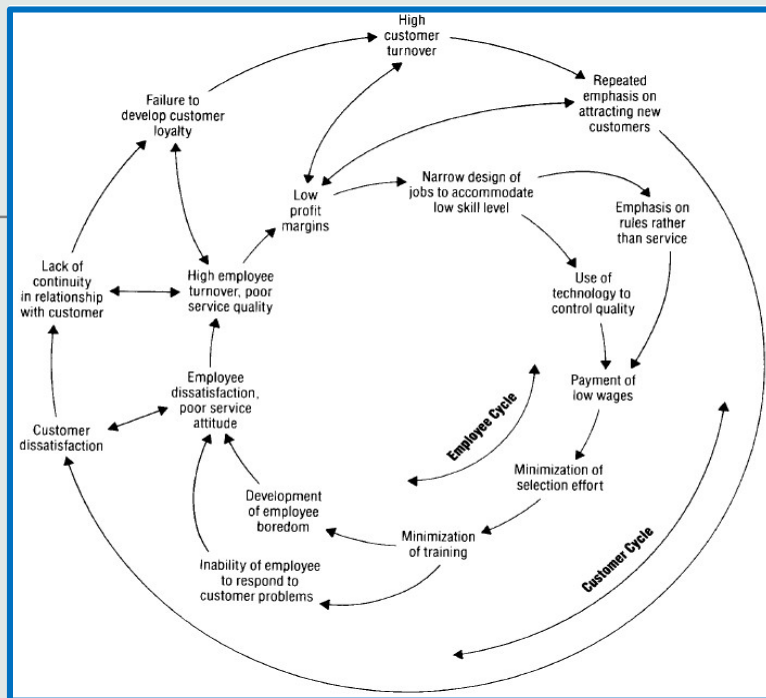
---

- Managing the operation's performance on an ongoing basis
- Managing the match (if appropriate) between an organisation's capacity to serve its customers and the demand for its services
- Innovating in the development of new services in partnership with other parts of the organization
- Learning, both from their ongoing activities and from other organisations, in order to improve their services

26

## Cycle of "Failure"

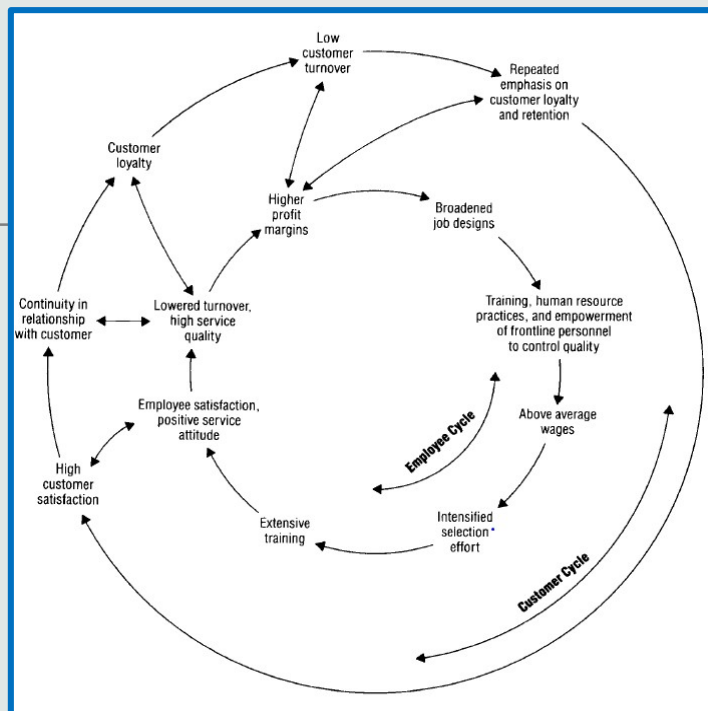
<https://research-methodology.net/cycles-of-failure-and-cycles-of-success-and-their-implications-on-service-profit-chain/>



27

## Cycle of "Success"

<https://research-methodology.net/cycles-of-failure-and-cycles-of-success-and-their-implications-on-service-profit-chain/>



28