

Managing Services
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Lecture – 08
Core vs. Supplementary Services

Hello, I am Jayanta Chatterjee from IIT, Kanpur; when we are discussing Managing Services Contemporary Issues. Yesterday, we discussed the different elements that go into creating a competitive service business. Today, we are going to discuss, how do we combine these different elements to create an architectural plan for a new service design or a way of understanding the success model for an existing service business. The important concept that we will introduce today is this concept of Core Service and Supplementary Services.

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So, if you look at this particular diagram and we are continuing from the example that we had taken yesterday and the example we took last week as well. Your visit to a good classy restaurant and you are enjoyment with your family and friends. The question that can come up in that context is, but what exactly is the core product of such a good restaurant.

Food and or is it more than food and obviously, if you think through you will see, that it is a food is definitely the core. But, on the whole, your enjoyment or your satisfaction or

your perception of quality of a good restaurant is the total experience. Therefore, when we think of service, this experiential paradigm of service, we divide the service into two classes of elements. One is the core, which in this case we are showing as food and the other will be different kinds of what we call supplementary services.

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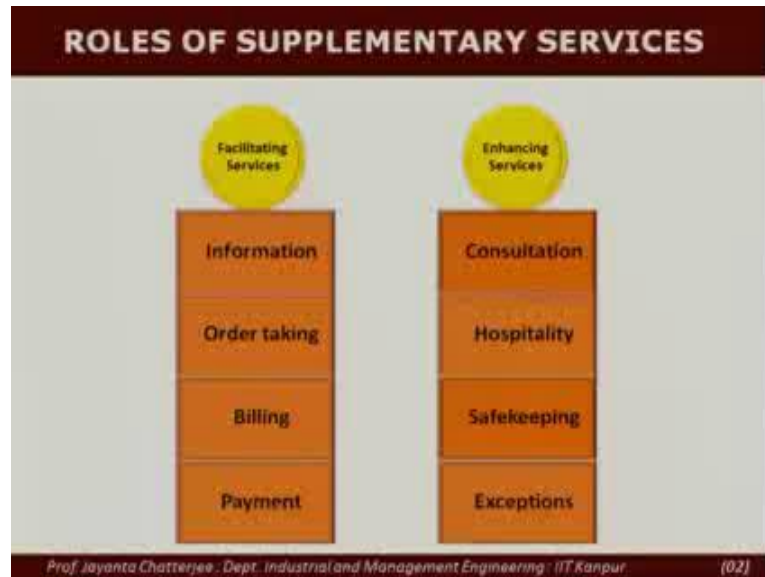
I referred to this book on Services Marketing, it is a famous book by Christopher Lovelock and Jochen Wirtz micro authors, published by Pearson. In this book, we have used a metaphor of a flower to understand this architecture. The flower means that, you know there is a core and there are petals around and all the petals must be well formed and the design of the service can we thought of, just as in nature we find that the core and the petals are arranged in so many different ways.

It is arranged in one way in Rose, it is arranged in another way in a Mary Gold flower and therefore, we can design services by using these core elements and the supplement elements different ways and that is shown here. That you have the core product is food and around it we have payment consolidation, let me go through a little bit more in detail that what are this different elements.

And these elements, some of them are elements, which are facilitating and some of them are elements, which are augmenting the service or enhancing the service. So, let say for example, facilitating service and enhancing services if we divide in two columns, then on the facilitating service, these are services, these are service elements, which are not exactly connected to your consumption of food or your enjoyment with your family, but

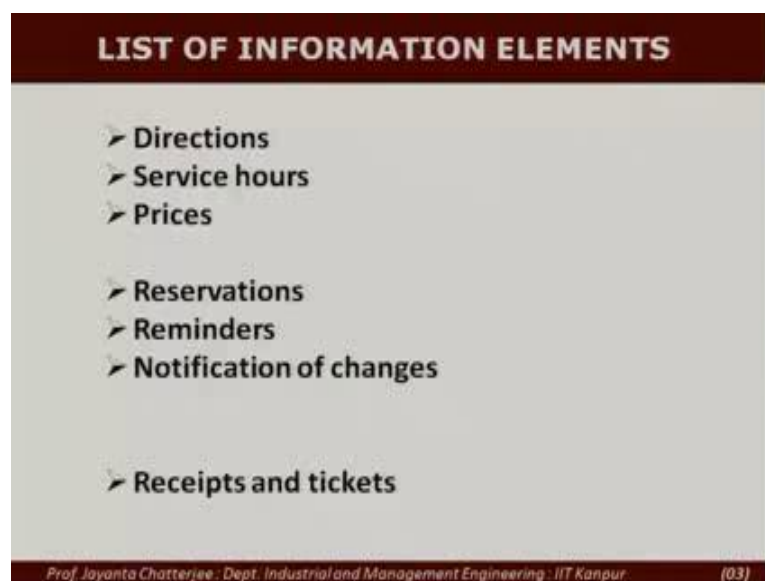
these are very important. So, facilitating services are like information, order taking, billing, payment, etcetera.

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And enhancing services; that means it happens usually during the process of service or as we discussed yesterday, it happens on stage during the service delivery process, where we have all these elements like hospitality or consultation, safe keeping, exception handling and so on.

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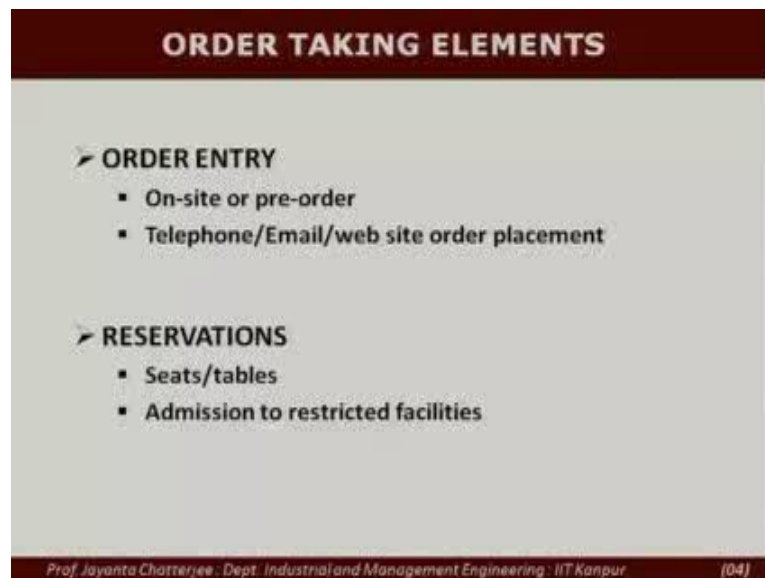


Let us take each one, like for example information. Information maybe the directions to the restaurant, the service hours, the prices, these days there are number of services,

which provides such facility for restaurants and their menus and so on, on your smart phone, on the internet. And these, availability of these information or elements of competitive service strategy as are reservation facilities or if the reservation has been done, then remainder from the restaurant to the customer.

So, that restaurant knows, whether the customer is caught in a traffic jam or the, all these facilities can be done if there is an interaction beyond reservation, so the communication continues. So, reservation reminder, notification of changes, if there are these unforeseen delays, these are all part of the information element. And of course, after the service is provided, then receipts, the payment receipts, tickets, etcetera are part of the information service. Order taking, another of those...

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But, we call a supporting services is order entry, which can be done on-site, that means, when you reach there and you talk to a steward and place an order or these days sometimes restaurants are actually enhancing their, you know delivery process, where you can actually select from a menu on the web and you can pre-order and that way, the restaurant saves time, you save time, if it is so desired.

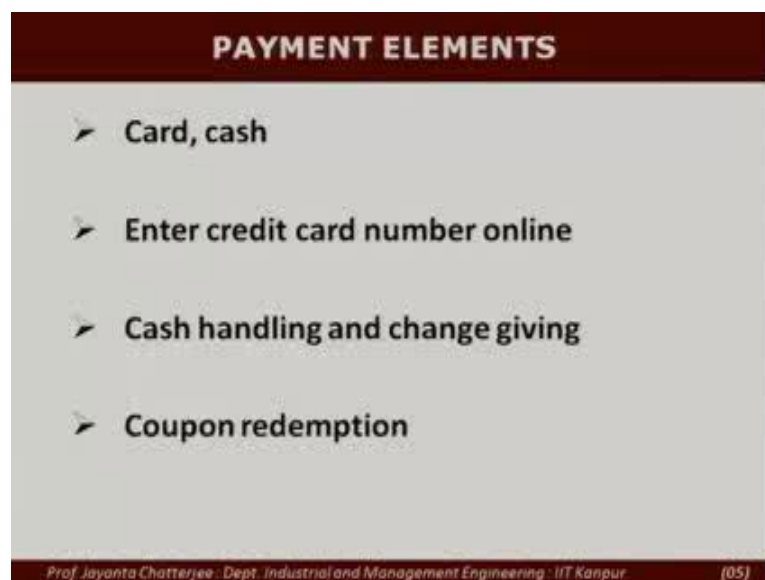
Then, of course, therefore it is possible to place an order on telephone, through email, through your internet enabled phone and so on. Some restaurants are even providing a website, where you can place the order. Earlier, there is to be the so called drive through restaurants, where you came to the gate and spoke into a sound box and you place your order and by the time, you reach the server following the queue of cars, your order was

ready.

And that same process as now been improved a lot by using of a internet services, where you can do a lot of complicated selection, arrangement of the table where you will sit and think, if you are arranging a party, a lot of that can be now done remotely when before you arrive at the restaurant. The reservation which seat, which table, all those can be whether on site through the interaction with the steward or ((Refer Time: 07:07)) or on the internet with the system, these are all parts of the order take.

Sometimes, there are admission possible to restricted facilities. For example, if it is a restaurant, which is associated with a disco dance floor, then again you know you may actually pre-book your availability of your dance sequence or slot, time slot and this can be pre-booked.

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Payment elements, card payment, cash payment, options, mix of the two or sometimes when you are placing the order, before and just for pickup and bring home delivery. In those cases, you can actually, there will facilities will be needed for entering credit card number online and this whole process of cash handling, change. Sometimes you may be using some coupon, which you have received from the restaurant for using your next meal.

So, this time you are here and you have some coupons collected and you want to use that as a discount on your current bill, all those are part of these supporting service elements.

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Then, there are hospitality elements like greetings, food, beverage, availability of clean toilets, washrooms and number of research like some excellent research done in by star box, some excellent research done by coffee, coffee day here. It has shown that some of these elements like it is a hospitality element, it has got the main core that you are expecting in the restaurant. But, a clean toilet goes a long way to create customer satisfaction or goods availability of washrooms create an excellent impression on the customer.

Then, waiting facilities like you arrive there, there is not an exact match between your time of booking and the table occupied by the previous set of customers, you may have to wait for little while. But, while you are waiting, the different kind of amenities provided, maybe a welcome drink and so on. All these are part of the service element thus can be planned to create a superior set of service, transport security and all these also go in this.

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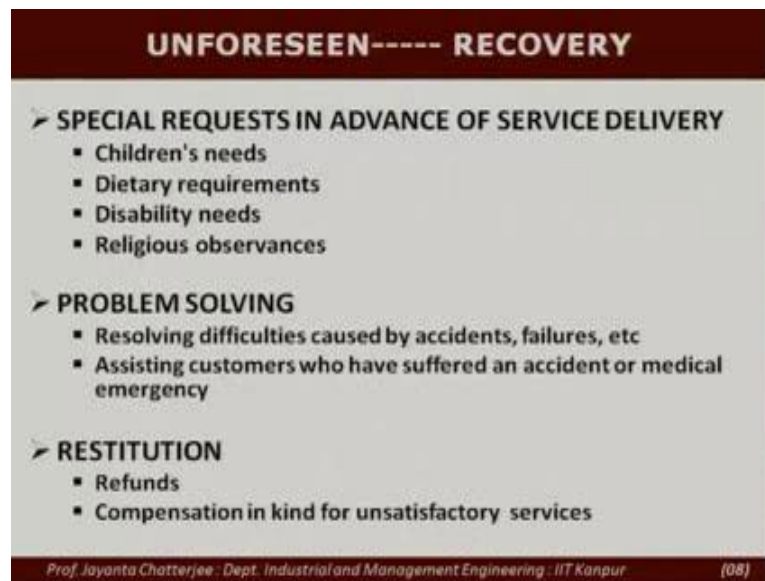


Safety and security can come in at different levels. There can be in general safety and security, when you are actually using the service from any kind of external disturbances or internal disturbances. These days as you know, there are many instances of things that have happened inside an auditorium or influence outside the auditorium a certain situation.

So, it can happen inside a school, inside a college or outside, all these security concerns and the safety assurances are now becoming important part of designing a competitive design service strategy, creating the level of certainty or comfort in the customers mind. Besides that, in many restaurants there are you know children, they are impatient, they would like to play. So, there are play facilities available in many family restaurants and that is an example of what we call this safety security and related services.

Then, the parking facilities, valet parking, a carrying for you, you know packages, which you may have certain stuff, which you do not want to take inside the restaurant. You want to deposit it and collect it, when you are going back or pick up of home delivery service, all these are again part of the another block of service elements.

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And lastly, it is very important to discuss about this whole area of service recovery, whether that means, a services provided by people, for people and service is intangible and service is dynamic. As a result, there are many possibilities of the role and the script, the exact plan may not play out has originally conceived. And therefore, you have to have systems to handle exceptions as well as unforeseen circumstances.

Exceptions are when people have the different kind of medical, say a diabetic person, whose part of your team, may need a sugar free or other types of foods, elements, then there can be different kinds of vegetarian and non-vegetarian dietary restrictions, requirements. There could be somebody in your group is on a wheel chair, so you have to have a facilities, where a wheel chair person can be comfortable with the other members of the group and not feel neglected or slighted.

Then, they are regions restrictions, different times of prayer or you know the certain colors schemes, certain images, which may or may not may of front some religious sentiments all these have to be thought off. And these are what we call exceptions, so we know that, they are happening with every person, but there will be special persons and therefore, services system should able to handle this special circumstances or special people.

Then, there could be you know some altercation, a customer will happy with the server, the server maybe accept with the customer behavior, in all these cases, these resolving of the difficulties or cause by accident or unforeseen in failure or there could be a medical

emergency, you know somebody maybe certainly sick and there has to be a certain system in your service design to handle these kind of unforeseen situations. And then of course, you know, if there is an unsatisfactory situation or somebody did not like a particular dish and there was some kind of contamination in a particular dish, the system should be able to immediately create that the customer is not charged for that dish.

Other, there is a refund given, if something has been delivered, it was not good and the compensation of other types maybe also there in certain ((Refer Time: 14:04)) you know coupon maybe issued for future redemption and so on.

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Therefore, now if you look at that same diagram that I showed in the beginning, now with all these elements embedded and study this particular diagram in depth. Then you see at the core, we have food and beverage that is the main core delivery of the restaurant. But, we understand that, it is a total experience and the total experience is created, when all this different petals are added to the core to create what we call the service flower.

And the important thing here in addition to understanding a service in terms of the flower model, the important thing here is to also understand that these core and petal concept can be used very well to create a new service. So, this is a good model for service innovation. So, you can understand the existing competitive restaurants and you are creating a new restaurant and you can look into these petals and you can create certain distinctive positions and certain differentiating features in your restaurant with respect to

all the other existing this shows.

That could be the way orders are handle; that could be the way of menu item is can be ordered or so many different possibilities are there. Important thing here is that, the core of providing food and beverage can be very well done by many restaurants. So, these days in many business is it is become very difficult to distinguish the service in terms of the core element.

Opportunities however are there aplenty to use these supplementary elements, the enhancing elements as well as the facilitating elements to create a distinctive service. So, that is why I said that this model is very good to create service innovation. And therefore, the way we distinguish ourselves by focusing on this enhancing and facilitating services where the experience goes beyond it is provided by the core, one can use this model therefore to create the service brand.

So, both for servicing innovation and for service brand creation and service brand promotion creating the brand equity, this flower model can be very useful. And so in the next episode, we will take up the different elements that we have discussed in the last 2 lectures in short. We will now expand that how we are going to deploy these individual elements with examples to understand that how you could do that, you will be able to do that as a service entrepreneur or as a service entrepreneur or as a expert service oriented manager for any kind of business.

Thank you.