

A more active role for customers

The shift to a co-production model will change the relationship between consumers and service providers in future. **CAI YONG** reports

In the future, customers will play a greater role in shaping the service they receive. The shift to such a co-production model will change the relationship between consumers and service providers.

The trend has arisen partly because consumers are more demanding. "Fundamentally, we're no longer prepared to be passive ... we want to be active, we want to decide where we want to embrace services and how," said Dr Jeremy Lim, partner and head of Asia Pacific region, Health and Life Sciences at Oliver Wyman.

He was speaking at the Institute of Service Excellence at SMU (ISES) Global Conference on Service Excellence.

Technology will continue to be a key enabler in this regard. For one, it will allow firms to serve consumers 24/7, while catering precisely to their needs.

To react to demand from consumers, "most of customisation and personalisation will be in real time, and it has to be done using algorithms", said PK Kannan, Ralph J Tyser professor of marketing science at the University of Maryland.

SingTel's Easy Mobile programme was conceived with these needs in mind. Over an online platform, customers are able to tweak their mobile plans each month. By adjusting call, message and data allowances, consumers can create customised service packages from the comfort of their own homes.

Helping themselves

"It is the ability to serve customers by letting them help themselves," said Yuen Kuan Moon, chief executive officer of Consumer Singapore Group at SingTel. "That's managing mass customers using technology."

While acknowledging the impor-

ance of co-production, SingTel also hopes to transform every employee into a customer service personnel. With the use of the Starfish mobile app, employees are able to log any complaints they come across and direct them to the relevant personnel for processing. This has further allowed SingTel to in effect multiply the strength of its service staff.

In the healthcare sector, consumer self-help means that patients no longer need to rely on doctors for the smallest of problems.

"A lot of (the patients) at the bottom of the clinical-need pyramid can actually be cared for by technology," said Dr Lim. "If we can free up the resources here, (they) can then be mobilised to help those who really need the help. And at an ecosystem level, we can then be much more successful."

Technology is rising up to the challenge. Increasingly, mobile phones come packed with fitness and health monitoring applications. For example, the latest iteration of Samsung's flagship phone, the Galaxy S5, comes with a heartrate sensor.

Wearables, the latest frontier in consumer electronics, are also keeping up with this development, as is evident from the popularity of products such as the Fitbit, a wrist-worn fitness tracker.

At a rudimentary level, they represent the outsourcing of low-need patient care to electronics companies.

Prof Kannan sees similar potential for educators. Massive online open courses allow universities to teach their students digitally, using videos and assessments. Professors will be able to focus on holding discussions and other functions that require more of a human touch.

"The question is ... trying to figure out things that can be unbundled which can then actually be made into superservice in an electronic way," he said.



Prof Kannan: Believes that co-production need not be restricted to an individual producing services for himself. Instead, customers can co-produce services that are enjoyed by all.

Indeed, service providers will have to exercise significant discretion in deciding what to outsource to technology.

Prof Kannan further believes that co-production need not be restricted to an individual producing services for himself. Instead, customers can co-produce services that are enjoyed by all. He cited the example of a clinic in Philadelphia, which in the place of accepting payment for its services, allows customers to work off their fees by performing clerical work.

"You use their effort ... and you provide a service that they need. This is basically behind the idea of co-production," he pointed out.

As such, consumers are now taking on new roles as their relationship with the service providers evolve.

Control of technology

Such developments place rising premiums on the control of technology. Such a heavy emphasis may create problems for smaller players, who often cannot afford the costly investments.

Prof Kannan, though, is not concerned. "There will be third-party providers who will come up to help the smaller players."

Online retailer Amazon, for instance, helps smaller sellers by allowing them to list products on its website, and fulfilling the orders that are made through its vast logistics network. In doing so, those who own technology and vital infrastructure



Mr Yuen: 'In current times, smaller companies are no longer disadvantaged'

move from serving consumers to serving businesses.

SingTel, likewise, offers cloud computing services to small- and medium-sized enterprises. By outsourcing servers, storage and other computing operations to SingTel, these companies are able to reduce capital expend-

iture. "In current times, smaller companies are no longer disadvantaged," noted Mr Yuen.

Keiji Yamada, head of NEC Laboratories and senior vice president at NEC Asia Pacific, goes a step further. It has been the norm for businesses to operate under a hierarchical struc-

ture, with a suite of smaller firms supporting a big company.

However, such a model is now outdated. "That structure will change to become a network-type (system), the type where smaller companies have a bigger power," Dr Yamada added. caiyong@sph.com.sg