

Service quality via diversification

SMU don says companies should provide new services and think of the service process as being integrated, reports **CAI YONG**

TO RAISE service quality, companies should diversify and bring new services to consumers, said Lim Yun Fong, associate professor of operations management at the Singapore Management University (SMU).

He was speaking at the recent Institute of Service Excellence at SMU (ISES) industry forum, held in conjunction with the release of the latest Customer Satisfaction Index of Singapore survey results.

Said Prof Lim: "Service providers should think of the service process as being integrated, rather than focusing on the sole service that they deliver."

He cited as an example supermarket chain Tesco, which pioneered virtual stores in South Korea. Given Koreans' hectic schedules, grocery shopping is often considered a chore in South Korea. As such, Tesco, known there as Homeplus, decided to bring its shops to the customers.

To do so, the company installed posters printed to resemble well-stocked supermarket shelves in subway stations. Commuters waiting for the trains could browse these posters the way they would browse products in a Homeplus store.

When they saw an item they wanted to buy, they could scan its QR code with their smartphone. This purchases the item, which would then be delivered to their homes.

By offering integrated transport and retail services in a single service



Prof Lim: *Providing additional services need not mean compromising on the quality of the core service*

platform – the train station – both companies were able to provide better service to their customers, said Prof Lim.

He believes that the subway-shopping concept could find relevance in Singapore. For instance, train operators could offer commuters the option of buying breakfast as they wait for their trains. Once they reach their destinations, they can collect their orders before heading off to work.

Providing additional services need



Prof Lim said Amazon had started as an online bookstore, but in becoming a one-stop shop, it provided much added convenience to customers.

not mean compromising on the quality of the core service. "Companies have to grow. So as they get bigger and bigger, there is the opportunity to diversify," said Prof Lim.

In this regard, he sees Amazon as a prime example. Amazon had its start as an online bookstore, but quickly grew to sell all manners of goods, from clothes to power tools. Extending beyond books was the first step of the diversification. In becoming a one-stop shop, Amazon provid-

ed much added convenience to its customers.

Going further, the company moved to offer a logistic service known as Fulfilment by Amazon. Under this programme, other sellers can list goods on the website. When bought, these are then packed and shipped to customers by Amazon.

"The idea is that by incorporating all these different suppliers, their list of choices, with (regard to) the items that they sell on their website, be-

comes more enriched, more diversified. So the customer experience is stronger," said Prof Lim.

Caroline Lim, director of the ISES, sees the same happening with Starbucks. "Starbucks started off as a brand for coffee lovers. But over time, because they are so successful in developing that loyalty amongst coffee lovers, they have also started to attract non-coffee lovers."

"So clearly (they have) to re-strategise and look at what else they can do

in terms of product offerings ... to draw and sustain the loyalties of different segments of their customers," she said.

As companies grow, they should be on the lookout for services that can be added to their existing platforms, said Prof Lim.

Ms Lim agrees. Her succinct advice: "Look beyond organisational boundaries to identify ... opportunities for you to work across service providers to raise satisfaction for your customers."