

Investigate Tesco in Taiwan by Flower of Service and Augment offering service Models

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Abstract:

Through “Flower of service” and Service package model, these two just offer us an overall concept. They couldn't tell us what happen in the procedure. If we can describe more detail in the procedure, then we can ask customer if this service is enough or how this service work. “Flower of service” way looks at the service, “Augmented Service offering”, help us observe what happen in the service process. Here, we hope to use “Augmented Service Offering” (1.) to describe what services they offer, and (2.) to explore how these services work and augment their basic service package. Besides, we offer a conversation way to help us describe their service.

Tesco is a world-class food retailer. They grow rapidly, in 2000, Tesco opened its first hypermarket in Taiwan, and planned that there will be 22 stores in Taiwan. They are very famous in UK. So, we chose Tesco in Taichung as our research sample to see their service. The result reveals they should improve somewhere. If it is enough in Asia, they do it. That is another research question. So, we still give them some suggestion.

Keyword: Tesco, Hypermarket, Service designing

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I. Introduction

1.1 Background:

Comparing to the physical good, service embraces a huge diversity of activities which include intangible inputs and outputs. One of the key to evaluate service-quality is service design. According to "Service package model", it describes service as a package or bundle of different services (Edvardsoon, B. 1996). The package is divided into two main categories: the main service and auxiliary service. It is a simple way to list the nature parts of any serve. Lovelock offers "Flower of service", it was a way to look at Core and supplementary services and help us have insights into service (1992). Quality is often the most important resource of competitiveness. Through "Flower of service" and Service package model, these two just offer us an overall concept. They couldn't tell us what happen in the procedure, ex. How many parking spaces do the company should have? Sometimes we lost the opportunity is due to no parking spaces. If we can describe more detail, then we can ask customer if this service is enough or how this service work. *Tesco* is the leading food retailer of UK. They think *Tesco* is a simple enterprise, it means they keep every thing simple. And their objective is to keep customer satisfy. *Tesco*'s chef Terry Lee in 1989, make an objective, "Simple do your best" and "Listen to your customer". This helps *Tesco* become the head of food retailer.

Objective:

"Flower of service", a way looks at the service. "Augmented Service offering", help us observe what happen in the service process. This perspective directs our attention to value the quality (Ruyter, Wetzels et al. 1997). While these models differ in detail, we hope to combine these two models to offer a well one. In Taiwan, *Tesco* win a local Gold prize for high quality of service customer but sometimes, high quality means high cost. So, we are interested in how they delivered their services to customers and what steps can they augment during delivering it. So, our objectives are as follows:

1. To describe what services they offer.
2. To explore how these services work and augment their basic service package.

II. Literature:

2.1 Tesco:

In 1998, Tesco became the leading food retailer, the most admired retailer in the Financial Times annual survey and the most admired company in the UK. In 2006, their net profit has reached two hundred fifty million pounds. Tesco is a world-class food retailer. It is distributed over the world. When they go global, they not only face a new environment but also new competitors, like Wal-Mart, Carrefour, Ahold and Auchan. In recent years, they expand their market to South Korea, Malaysia, Thailand and Taiwan, etc rapidly. Terry Leahy, the Chief Executive since 1997, he said on April 25th, Tesco will plan to open one hundred thirty new small convenient stores and branch stores in foreign Market. They are growing very rapidly. This also brings challenge for their management. Leahy ever said that "A new style for a new era in Tesco's development". The traditional saying in retailing is that "the customer is always right". Tesco's post-1993 revival has been founded on getting back in touch with customers and putting them first. Leahy calls it, "investing in the shopping trip" (Kelly 2000).

Tesco in Taiwan: A few years ago, the executive of Tesco thought Taiwan still have big enough market to invest in. Tesco launched its Asian business through the acquisition of the Lotus chain in Thailand in 1998. And in 2000, Tesco opened its first hypermarket in Taiwan, and planned that there will be 22 stores in Taiwan. They think physical facility is necessary, but it is easy to imitate. Ex, when Tesco prepared barrier for customers, Carrefour follows it immediately. Hence, they think the key is foundation managers' ability. In store, the decision was worked by them. As far as Top manager, their work is to create a cheerful environment. "Every little Help", they hope their customer tell them their expectation for "Every Little Help" shopping and know from their staff what is important to them. The way they work is how they deliver "Every Little Helps" to make Tesco a better place to shop and work in. Under this good condition, it will let staff feel very comfortable and then improved their service quality. Such a good competitiveness like this, it is hard to imitate by other competitors (李盈錫 2003). But now, the news reported that Carrefour and Tesco want to Trade Stores in Central Europe, Taiwan. (chinese vsnet.com). David Orchard-Smith, the CEO of Tesco in Taiwan pointed; The Tesco in Taichung in Hsin Tien is combined the shopping center with hypermarket to operate. Not only for Taichung city by the planning of the newest operation model, but also provided an

international shopping environment for customers. He also pointed: Based on the local-principles of globalization consistency of Tesco, the Hsin Tien store also take local strategies not only in goods content and the management of supply chain, but also on receiving, even more practicable adequately.

2.2 The service package:

According to the service package model, the service is described as a bundle of different services, tangibles and intangibles. Here, it divided into main categories: the main service or core service (de Brentani and Ragot 1996). But, for managerial reasons, it is necessary to distinguish between three groups of services (Edvardsson and Olsson 1996):

- Core-service
- Facilitating services (and goods)
- Supporting services (and goods)

The core service is the qualification of the company on the market. Facilitating services are mandatory. *If they are left out, the service package collapses.* And supporting services are the resources of competitiveness. It will help companies increase value for customers.

2.3 The Augmented Service Offering:

What does buyer-seller happen in the service process? It differs from situation to situation. Here, there are three basic elements which from a managerial point of view constitute the process (Gronroos 2000).

- Accessibility of the service.
- Interaction with the service organization.
- Customer participation.

These elements are combined with the Service package and form an Augmented Service Offering. In these elements, they also only focus on one thing: increasing the customers' benefits.

2.4 The concept of Flower of Service:

Facilitating and Enhancing Supplementary Services There are potentially dozens of different supplementary services, but almost all of them can be classified into one of the following eight clusters. We have listed them as either facilitating or enhancing supplementary services (Lovelock, Wirtz et al. 2005)

Facilitating Services	Enhancing Service
* Information	* Consultation

* Order taking	* Hospitality
* Billing	* Safekeeping
* Payment	* Exceptions

These eight clusters are displayed as petals surrounding the center of a flower—which we call the Flower of Service. We have shown them clockwise in the sequence in which they are often likely to be encountered by customers.

- Information: To obtain full value from any good or service, customers need relevant information.
- Order Taking: Once customers are ready to buy, a key supplementary element comes into play—accepting applications, orders, and reservations.
- Billing: Billing is common to almost services (unless the service is provided free of charge).
- Payment: In most cases, a bill requires the customers to take action on payment and such action may be very slow in coming.
- Consultation: A simple response to customers' questions (or printed information that anticipates their needs).
- Hospitality: Hospitality-related services should, ideally, reflect pleasure at meeting new customers and greeting old ones when they return.
- Safekeeping: While visiting a service site, customers often want assistance with their personal possessions.
- Exceptions: Exceptions involve supplementary services that fall outside the routine of normal service delivery. There are several different types of exceptions:
 - ◆ Special requests: There are many circumstances when a customer may request service that requires a departure from normal operating procedures.
 - ◆ Problem solving: Situations arise when normal service delivery (or product performance) fails to run smoothly as a result of accidents, delays, equipment failures, or customers experiencing difficulty in using the product.
 - ◆ Handling of complaints/suggestions/compliments: This activity requires well-defined procedures.
 - ◆ Restitution: Many customers expect to be compensated for serious performance failures.

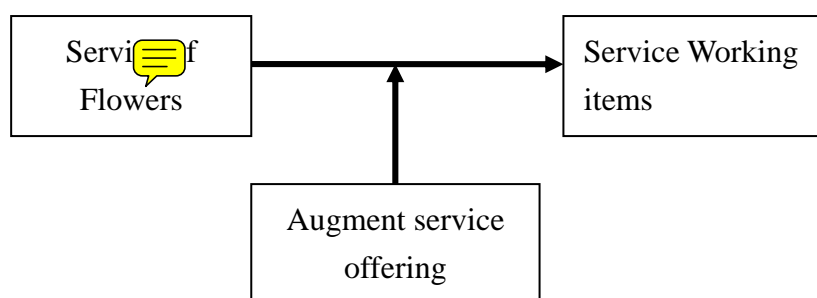
2.5 Flower of service Combines with Augment service offering:

Lovelock offers a new way to look at the service. It depends on the service

package's concept. He classifies the service bundle into ~~clusters but depend on the~~ three elements which are core service, facilitating and supporting. It makes the service more concrete. If we use it to explain what happen in Service process by Flower of Service, it will be more helpful. Next, we will discuss ~~that how do we compose~~ of these two models. Before we discuss that how do ~~we compose of~~ Augmented Model and Flower of Service Model, we should ~~have some~~ concepts. **Service offering is Dynamic:** Services are processes ~~the service~~. The service exists as long as the production process goes on. In the context of services, such a perspective directs our attention to value as being related to the experience of the service delivery process rather than the acquisition of a certain object or outcome (Ruyter, Wetzels et al. 1997). So, the *Dynamic Model* offers a framework which has seven steps as follows:

- Assessment of customer benefits sought.
- Defining overall features of an augmented service offering.
- Defining a service concept which guides the development of the service offering.
- Develop the core service and facilitating and supporting services and goods of the basic service package.
- Planning the accessibility, interaction and customer participation elements of the augmented service offering.
- Planning supportive marketing communication.
- Preparing the organization for producing the desired customer benefits in the service processes.

~~And~~ then, when we have these basic concept and clusters, they will help look at an Augment service offering as ~~the~~ Figure1.



Figure


III. Mythology

3.1 Setting:


3.1.1 What was the research setting?

We want to investigate the service of Tesco and describe ~~how~~ delivered their services ~~to customers~~ and what steps they ~~can~~ augment during delivering it.

3.1.2 Why did you choose that particular setting?

In Taiwan, there have many homogenous hypermarkets like ~~as~~ Carrefour and RT-Mart...~~and so on~~. And their operation model almost similar, therefore, service quality is often the most important resource of competitiveness. Tesco in Taiwan just only five shop at ~~current~~, but their profit and customers more than Carrefour and RT-M  So based this reason we want to investigate the service of Tesco.

3.1.3 What ethical issues were raised by the study, and how were these addressed?

Because we want everyone can realize or  port we wrote easily, we took some pictures of Tesco's layout. ~~But~~ according to Tesco's policy, we can't do this without permission.

3.2 Observation:

3.2.1 Recording ~~possibilities~~

- Taking pictures
- Notes – pen and note book

3.2.2 We want to ob e/ collect information about:

- Layout (floor –plan / store plan) ‘map’
- Staff contact (Our experience)
 - Questions – e.g. looking for a product
 - Check-out
 - Customer service centre (leaving a bag; questions; exchange)
 - Watch and listen and see and note other customers’ experiences

3.2.3 Audit the service:

■ Accessibility

- No. and skills of staff (observe e.g. wait times at check-out)
- Opening hours... / time taken to perform service
- Location – describe...main road/small road/easy to drive in...
- Physical facility – signs/notices/ease of getting in and getting to where I want to be)
- Printed information – accessible?
- IT for customers? For suppliers
- Other customers – no. and knowledge?
- Payment – cash/credit card etc.?

■ Interaction

- Employees' behavior and what they say (welcome to you)
- Physical and technical equipments, filling forms for application, member card, price check machine, cash machine, weighing machine, trolley
- Interaction with systems, waiting for checking out, exchange their goods.
- With customer, when they check out how do they express the price clearly and correctly.

■ Customer participation

- Customer knowledgeable, do they know what they want?, do they know the brand?
- Are customers willing to put their bag in the box.
- Are they easy to find goods they want to buy?

3.3 Participants:

We choose one shop of Tesco located in Taichung Hsinmen. It is because in middle of Taiwan there is only one Tesco and it's near our school. Undoubtedly, we choose this one.

3.3.1 What were their characteristics?

The Tesco in Taichung Hsin Tien is a shopping center with 2 underground levels and 3 upper floors. The ground and first floors contains shops with bulk sell products. The business are of this shopping center is around 6,744 square meter. Car parks are located on 3rd floor and the roof of the building. The main shopping mall is located in underground level 1. There are around 70 branded shops in the mall, as well as food court, restaurants and the only Nike direct outlet in the region which provided features of once-off shopping, family entertainment and multi-functional shopping environment to customers.

3.4 Materials:

3.4.1 What tests/scales/interview/ or observation schedules/questionnaires were used?

Step1

We set a mission that we will buy a 100 watt light bulb for our supervisor. And we will disguise as customers to buy 60 watt light bulb and return back our wrong product to customer center and exchange with right it in order to test their service how they delivered.

Step2:

Buying the 60 watt light bulb and we waited nearly half hour. Then we went to the customer center to inquiry whether we can return back the product we bought wrong for exchanging the right one.

Step3:




After checked the invoice of our product, the clerk return money to us and then told us we can repurchase again if we need.

3.5 Data resource:

The key words we use 特、特意購、Hypermarket、Service Designing





IV. Result:

4.1 Service Flowers:

Information	They will delivery their DM to every member of an association.
Order taking	You just only order goods on the shop.
Payment	You can use credit card or cash payme 
Bill	They will give your invoice of the product you buy after payment.
Consultation	If you have urgent situation to deal with, you can go to the customer service center or asking their staffs to help. On the other hand, if you just only give them some suggestions, you can fill the survey they offer.
Safekeeping	They will put the caution signboard in some special situation such as wet floor 、 hand-elevator is n  ng...etc.
Hospitality	The staff always smile and are patient with customers no matter your coming or leaving.
Exception 	If you buy expensive and huge goods such like air condition 、 washing machine 、 television...and so on. They offer free delivery to your home. Besides, in delicatessen and fruit area, you can taste the food they offer freely on the demonstration.

4.2 Augmented Service Offering:


4.2.2 Accessibility:

Accessibility	
Core	<ul style="list-style-type: none">  It is located near the main road and high way.  There are many free parking spaces.  It is 24hr.
Information:	<ul style="list-style-type: none">  There are boards on which has information about products where it is.

	<ul style="list-style-type: none"> ✚ They have boards to tell customer how to test the product. ✚ There are two TVs teaching you how to cook. ✚ It has explanation handed on the storing-cabinet.
Billing:	<ul style="list-style-type: none"> ✚ There are a lot of counters.
Consultation:	<ul style="list-style-type: none"> ✚ Service center in the entrance. ✚ There are a few staff to help customer to search for goods. ✚ The staff knows where every goods are.
Safe Keeping:	<ul style="list-style-type: none"> ✚ There are many boards telling you to keep the danger away. ✚ When you take the elevator, the board reveal don't let your head and hand out. ✚ They have cabinet which you can put your bag.
Exception:	<ul style="list-style-type: none"> ✚ When you forgot to close your car light, they have someone to find it and broadcast in the market every five minutes until you close it. ✚ They have a children stage. Sometimes, there are performances here.

4.2.2 Interaction:

Interaction	
Safe keeping	The storage is easy to use it. Just following the instructions and you can handle it.
Information	<ul style="list-style-type: none"> ✚ The promoting staff, they are introducing the product, even though there is no one here and they always smile. ✚ Some boards on which the explanation are small and some are hard to find it like their layouts. ✚ The TV is above the cooked food. Customers can stand there and watch it. ✚ Customers can see the instructions of the storage locker and it is easy to follow.
Billing	<ul style="list-style-type: none"> ✚ Customers should wait for the counter within five minutes.
Consultation	<ul style="list-style-type: none"> ✚ They always put their hand on the back, when customers inquire the product's information. ✚ The "Price Machine" is easy to use it but, few customers

	<p>use it.</p> <ul style="list-style-type: none"> ✚ When you have problem with your product. The staff in the service center helps you and gives your money back without question. Besides, they will copy your invoice as evidence. ✚ When you ask the staff where the product you want is, he use his finger and say, “ there”.
Hospitality	<ul style="list-style-type: none"> ✚ When they transport the goods to somewhere through you, they will say “Excuse me” and then pass slowly.
Exception	<ul style="list-style-type: none"> ✚ The broadcast seems not clear. The staff should repeat again and again.

4.2.3 Customer participation:

Customer participation	
Core	<ul style="list-style-type: none"> ✚ Do they know how to park in their park?
Billing	<ul style="list-style-type: none"> ✚ Customers should wait for the counter within five minutes.
Consultation	<ul style="list-style-type: none"> ✚ Do they know what their problem is with the electric product? ✚ Do they know what their need is?
Safe Keeping	<ul style="list-style-type: none"> ✚ Customers seem willing to put their bag into the cabinet.
Exception	<ul style="list-style-type: none"> ✚ Do parents know the performance program of the children stage? ✚ If they broadcast, do customers listen to it very clearly?

4.3 Our first-time observation result:

	Accessibility	Interaction	Customer participating
Core	✓	N/A	✓
Information	✓	✓	N/A
Order-taking	N/A	N/A	N/A
Billing	✓	✓	✓
Payment	N/A	N/A	N/A

Consultation	✓	✓	✓
Hospitality	N/A	✓	N/A
Safe-keeping	✓	✓	✓
Excepting	✓	✓	✓

V. Conclusion:

Here, this research uses Service offering Model and Flower of services to see Tesco's services. Through this processing, we find what they want to offer to customers by Flowers. And then, by Service offering Model, we see where they offer the service, how were their interactions (system vs. customers, staff vs. customers, etc.) and customers can get it or not. We wish this research can be generalized to the other service research. Here are some suggestions for this research method. Every time, when you observe the service, you record on a table. This table helps you mark what you have noticed and what you haven't. It's helpful for your next visit. Basically, think one designed service should exist with accessibility, interaction, participants. So, like Table.1, we still have many points haven't found. We can focus on these points at further visit or through interview with manager. But, we can discuss why it is hard to discover. If we find it hardly, maybe it's the same to customers. This is also an important issue that we need to emphasize. Another one suggestion is to combine with the Blueprint. By service offering model concept, blue print can find the failure point more easily.

The result reveals Tesco still has to improve their services. But, if it is enough for Asia, why do they to do it? That is another question for further research. So depending on this research, we have some suggestions for Tesco:

- ◆ According to our experiment, they just return the money to us. Why didn't they change a new one for us? The goods should begin from Tesco to customers. If the customer was very hurry, they got the money and went away. Tesco lost an opportunity to sell.
- ◆ The cooked food area doesn't reveal how to get the price. If customers got it and went to check in the account directly, this would let them fell embarrassed. Or they won't buy it due to they don't know to get the price.
- ◆ The board which teaches customer how to test the bolt should be clearer. It is dangerous when they use it without a clear direction.
- ◆ There should be employee paying attention in some area. Like, Bicycle area, when someone tests it, the staff should avoid accidents.

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