

THE FLOWER OF SERVICES AND ITS EFFICIENCY IN THE BANKING SECTOR

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Abstract

The combination of a core service and the accompanying number of complementary (additional, supplementary) services in marketing is called the concept of service flower. The flower of services is better looking, flourishing, beautiful, and more attractive when the basic (core) service is surrounded by a variety of additional services. Service companies are looking for ways to offer consumers a more comprehensive and profitable service concept that will convince them to buy services and build long-term loyalty with them. Companies are not altruists, but they do this in order to gain competitive advantage, to increase the number of customers and to make more profit.

The banking sector can attract and retain consumers by providing high quality services. Banks offer a range of banking products and services through various distribution channels, such as Internet banking, M-banking, ATMs, Point of sale terminals, and make efforts to differentiate themselves from market competitors. In such fierce competition, global financial systems are exploring ways to increase customer satisfaction.

Banks play an important role in the financial development and economic growth of each country. That's why banks must understand the sophisticated demands of consumers and to offer them richer service packages (beautiful flower of services!). In doing so, offering a complex service concept should be a tradition, not a one-off experience.

Keywords: *Banking services, flower of services, core service, supplementary services*

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1. Introduction

According to Ashish Sinha (2008), “a complete service product consists of two components, the core service and supplementary services. The core service is based on the core sets of benefits and solutions delivered to consumers. Surrounding the core service is a variety of service-related activities called supplementary services. They augment the core product by facilitating its use and enhancing its value and appeal. The supplementary services often play an important role in differentiating and positioning the core product against competing services.”

Often as service consumers we encounter a number of problems, such as difficulty finding parking place, problems with the service provider's website, incompetent, unkind, unfriendly and unprofessional staff, uncomfortable meeting area, untidy office space, slow or non-existent feedback, vague invoices, incomprehensible high bills. This proves that consumers are faced with unprofessional services, or poor “flower of services”. Service providers must work on all these problems and offer better services to consumers. The combination of the core and supplementary services, generally referred to as the flower of service can help companies to improve their service levels and overall client satisfaction (Tobie van Der Merwe, 2018).

Most managers agree that one of their primary organizational goals is to focus on customers. Consideration given to customer orientation is a central theme in marketing and strategic market planning for achieving competitive advantage (Zhou, Brown, Dev, 2009, pp. 1063-1070). In creating a competitive advantage, the flower of service concept by Lovelock (1996) divided service product into core service and supplementary services and he also showed that most of the different types of core services often share the use of similar supplementary services.

In most cases, the core aspects of the service can be easily identified (e.g. legal advice, education, financial advice, accounting services, transportation, restaurant services, medical treatment, etc.). The core service is the central component of the entire service product that solves a particular problem for the consumer, and he/she buys the product mostly because of its core, i.e. its benefits. The core services are those that customers view as baseline expectations, so customers will not consider doing business with a company unless it offers that level of service. The core services respond to the customers need for a basic benefit (Ng, Forbes, 2009). Thus, performing well on the core service is a matter of survival for companies. The core services companies provide are, the bare minimum a consumer expects of them to deliver. The core service consists of

core benefits for solving problems that consumers look for when they buy a service. The core services in banking industry includes all basic services provided to banks customers, borrowing and lending are deemed important functions of all banks. Therefore, these two functions can be considered as a core service.

Core services are supported (and affected), by a range of supplementary services (e.g. hospitality, information, consultation or invoicing). Supplementary services augment the core service offering, by facilitating its use and enhancing its value and appeal. Supplementary services being a part of full service product offered by marketers can be utilized as a beneficial tool to create interest and to develop awareness among customers (Goyal, 2004, pp. 36-51). Repeat buyers and more loyal clients focus much more on the supplementary services. The bottom line is that companies should focus on their consumers' full experience.

Supplementary services either facilitate service delivery or increase their value. Hence, supplementary services are divided into two broad categories:

- (a) Facilitating supplementary services and
- (b) Enhancing supplementary services (Lovelock, Writz, 2011).

2. Core and Supplementary Services

In a well-organized service company, all the flower petals are fresh, attractive and good looking. If only one of the supplementary services is not properly performed, then the whole flower will be stunted. Even if the basic service is done perfectly, the whole flower will not be attractive. This is mostly noticed by consumers. Namely, when they are not satisfied with a particular service, the problem may not have been in the basic service, but rather in obtaining the supplementary service. However, not all basic services need to be covered by all the supplementary services. The nature of the core service determines which complementary services should be offered to increase the value of the service.

As mentioned earlier, supplementary services either facilitate or enhance the value of essential services by providing information, consultation, feedback, hospitality, billing, etc. According to Lovelock (1996), the two broad categories of supplementary services are:

- A) **Facilitating supplementary services** that are needed for service delivery:
 - **Information:** Information provides the consumer with “peace of mind”, as well as guidance and understanding of pricing, conditions of sales, usage, etc. Without information, consumers are very often left unsure.

- **Invoicing:** Consumers want to be clear on what they are paying for, when they have to pay and how to pay. An invoice needs to be on-time, accurate and clear.
 - **Feedback:** Consumers want feedback on the progress, status of their transaction, enquiry or problem. Slow or no feedback often causes frustration amongst consumers.
- B) **Enhancing supplementary services** that add value and appeal to the company and its services:
- **Consultation:** Companies want customized advice and personal counselling.
 - **Hospitality:** Includes making consumers feel welcome, offering refreshments, clean toilets and comfortable waiting areas.
 - **Empathy:** Refers to good communication, customer understanding and easy accessibility. It reflects the ability and willingness to listen to a client's needs and relate to their problem, needs or frustrations.
 - **Courtesy:** Refers to consistent friendliness and professionalism of staff – whether in person, telephonically or via email.
 - **Availability:** accessibility via telephone or email to give feedback, information or advice.
 - **Tangibles and appearances:** Refers to the appearance and physical elements of the business, e.g. availability of parking, reception or waiting areas, consultation or meeting areas, marketing material (e.g. business cards, brochures).
 - **Reliability:** Refers to dependable and accurate performance, like getting back to consumers and doing what was promised to be done.
 - **Safekeeping:** Safekeeping relates to keeping consumers' records safe, private and confidential.

A company can therefore create a significant competitive advantage by focusing on the service quality of their supporting services and by adding value to the core service.

3. The perfect Flower of Banking services

In order to be competitive in the market, banks must offer excellent basic service, as well as additional services of full quality. It is considered that if all services are well organized and performed the flower of banking services will be good and remembered by consumers. The basic services provided by banks are active, passive and neutral banking works. The additional services can be facilitating and enchanting.

- **Facilitating complementary services** that facilitate the provision of banking services are information, order taking, billing and payment.

A) INFORMATION: To obtain full value from any service experience, customers need relevant information. They need guidance and understanding of basic service, terms of sale, pricing, location, working hours, availability. Without information, the consumer may be unsure of where and how to obtain the service (Aaker, Kumar, Day, Leone, 2010).

In the banking sector, this petal of the flower is of great importance. Prompt and reliable information is very important to consumers. They must have information on where to find banks, especially their affiliates, branch offices, ATM machines, payment machines. If consumers do not have the information, they might be irritated and can request services from competing banks. Also, it is important to highlight the working hours, to describe in detail the bank's offers, the instructions for purchase and use banking services, sales conditions, the way of obtaining the services. The bank would also differentiate its offer with timely notifications for changing the terms of service provision. Information is also needed on new trends in banking, i.e. using e-banking, how to access customer accounts, types of transactions and payments that can be made online, advertising material and various types of promotions offered by the bank, changes in banking services and so on.

B) ORDER TAKING: Once customers are ready to buy, companies must have effective supplementary service processes in place to handle applications, orders, and reservations. The process of order taking should be polite, fast, and accurate so that customers do not waste time and endure unnecessary mental or physical effort. Banks, insurance companies, and utilities require prospective customers to go through an application process designed to gather relevant information and to screen out those who do not meet basic enrolment criteria (like a bad credit record or serious health problems). The banking procedures may include the procedures of opening a new bank account, applying or issuing of credit card, and renting safe box deposit (Singh, Kaur, 2011, pp. 327-348).

C) BILLING: Payment is the most important and sensitive supplementary service for all the services. Incomplete, incorrect, illogical presentation of the amount to be paid makes consumers dissatisfied with the complete service received. These failed payments can greatly damage the service company's reputation. Payment procedures cover a wide range of activities ranging from machine-readable amounts, to verbal reports, monthly reports on account balances and active invoice logging. Recent technological advances have enabled service companies to apply computerized payments. Consumers want clear and

informative bills that will detail how the total value is calculated, with precisely determined prices per activity. Confusing and unexpected extra costs, unclear invoices and calculations, vaguely printed and illogical accounts lead to consumer dissatisfaction (Kim, Kleiner, 1996, pp. 22-27).

Banks can inform consumers, even daily, about transactions in their accounts and final balances. They also use a machine to display transaction balances on their respective ATM machines. With the new information technologies there are opportunities for self-payments.

D) PAYMENT: In most cases, a bill requires the customer to take action on payment. Bank statements are an exception, since they detail charges that have already been deducted from the customer's account. Increasingly, customers expect ease and convenience of payment, including credit, wherever they make their purchases. A variety of options exists to facilitate customer bill paying. Self-service payment systems, for instance, require customers to insert coins, banknotes, tokens, or cards in machines. Much payment still takes place through hand-to-hand transfers of cash and checks, but credit and debit cards are growing in importance as more and more establishments accept them. Other alternatives include tokens, vouchers, coupons, or prepaid tickets (Harangus, 2011).

The banking sector is also taking advantage of this part of the service. Payment is very important and can be realized in many ways that are already theoretically explained. Payments are mostly encouraged by the self-payment system, by inserting credit and debit cards into ATM machines, paying in cash, paying by automatic deduction of the amount of transaction accounts with customers, electronic transfer of funds and so on. It also encourages cash payments, and more in installments.

- **Enchaining complementary services** increase the value of core services and they are consultation, hospitality, safekeeping and exceptions.

E) CONSULTATIONS: Consultation involves a dialog to identify customer requirements and develop a personalized solution. These services usually include personal counseling and advice. Consumers use the service company's expertise and knowledge. Consultation and advice tailored to individual customer needs and desires add extra value to companies' services. Examples of consulting are managerial and technical consulting, personal consulting, customized advice, training and product use training.

Banking activities require consultation with bank employees. Consumers are often unaware of the details of banks' offerings and seek help for more appropriate offers for them, terms of sale, ways to obtain and repay loans for various purposes, etc. Although some companies charge consulting, still if it is

free it will be an advantage for the bank. In some banks there are special rooms where information can be shared intimately with consumers.

F) HOSPITALITY: Companies should treat consumers who are willing to invest the money, time and effort into their services with the respect and kindness they deserve. Kindness adds extra value to the company's services and makes them more attractive to consumers. First of all, kindness refers to the appropriate warm welcome and greeting of old customers who come back to the service company and greeting especially new customers. Hospitality and kindness are not only important for direct face-to-face contact, but also for written addressing and telephone conversations. Hospitality also refers to a decent and comfortable waiting corner, seating area, clean and well-equipped toilets. Other elements that can increase hospitality include free drinks and food, security, weather protection, transportation, entertainment, free internet, newspapers and magazines. The quality of a service company's hospitality and courtesy services can increase or decrease customer satisfaction with the company's core service.

Banks today pay much attention to this kind of supplementary services. They offer seating for waiting customers, provide numbers for various services, self-service coffee, water and other beverages. They also offer restrooms and refreshments for their clients. Some banks offer newspapers and magazines as well as free internet.

G) SAFEKEEPING: While visiting a service site, customers often want assistance with their personal possessions. In fact, unless certain safekeeping services are provided (like safe and convenient parking for their cars), some customers may not come at all. The list of potential on-site safekeeping services is long. It includes: provision of coatrooms; luggage transport, handling, and storage; safekeeping of valuables; and even child and pet care. Additional safekeeping services are directed at physical products that customers buy or rent. They include packaging, pick-up and delivery, assembly, installation, leaning, and inspection. Sometimes there's a charge for these services.

Banks really care about the properties and possessions of the consumers. They have the option of storing their precious things in safe boxes or vaults, then parking spaces, wardrobes, personal caring for consumers. Often banks are part of so-called multifunctional buildings where there are children's corners, supermarkets, various clothing stores, footwear, restaurants, etc.

I) EXCEPTIONS: are non-routine supplementary services that are not part of the normal delivery of services. Consumers expect responsibility and prompt resolution of cases where services are not delivered as expected. Examples may be complaints, customer problem solving, service difficulties,

warranties and compensation, refunds, assistance to consumers with special medical needs, free repairs and maintenance. Troubleshooting means that the service company is taking action because of a failed service delivery. This may be due to cancellation of equipment, delay in delivery, accidents that may occur while using the services. Compensations are provided in the event of serious non-performance of services. They can be in the form of financial compensation, litigation, warranty repairs or other free services.

Banks, while paying close attention to some of these services, are thought to make additional efforts to provide these additional services. It is especially important to have regulated rules for managing complaints, suggestions, and even boosts of clients for their services. Also, the system of refunds and commissions is very rarely used for the actual failure of banks to fulfill their obligations and services.

4. Conclusions

In modern industries, the core service accompanying by additional qualitative services is actually the entire product. The search for comparative advantage in the market requires an improvement in the supply of additional, complementary services that enhance the core service. There are eight types of supplementary services that look like leaves of a flower. They are categorized into two major groups, facilitating and enchanting supplementary services. Facilitating complementary services improve the use of the core service or are necessary for better service delivery, and enhancing supplementary adds extra value to consumers.

Designing a full service experience is a complex task and requires understanding the core and complementary services and offering them in a combination that meets the needs and desires of the customers.

Banks should constantly analyze the existing services they provide and work on making them better and more attractive for consumers. They should always try to sell the fresh, beautiful flower of services and keep customers happy and satisfied. Failure to do so will result in loss of customers and their trust in their activities.

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