



University of St.Gallen

One solution fitting many problems:

Improving the productivity of service designs

Update ResTo SP 2 WP 1

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Prof. Dr. Christian Laesser

Dr. Simon Kuster



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Agenda

1. Rationale of subproject
2. Conceptual background
3. Insights from literature
4. Ideas from practice
5. What approaches do YOU see?

→ Ideation



What is the rationale?

Subproject 2

Many tourism and hospitality organizations do not get out enough from their business activities

- Many **tourism and hospitality enterprises** are confronted with **low margins** and **low profitability**. Value is insufficiently 'captured' and often lost to intermediaries. 
- In the recent past, many tourism and hospitality processes only could create value at all because they had **access to** (too?) **favorable production factors**.
 - Abundance of cheap **capital** and **land** (low interest rates)
 - Immigration of workers, providing cheap **labor** (low wages)
 - average retail and hospitality salaries $\approx$ 4k CHF gross
 - for comparison: average pharmaceutical salaries at $\approx$ 10k CHF gross
- The **aftermaths of the pandemic** and **demographic changes** have ripped away this band-aid:
 - Key production factors (land, capital, labor) have become scarce and thus expensive.
 - However: further production factors such as knowledge or **entrepreneurship** remain!

Like in a ‘financial sustainability’ calculation, it becomes necessary to review operational processes for ‘portability’ regarding HR

- **Processes** must be increasingly **aligned with** the available and often scarce human and financial **resources**: *design to resources*.

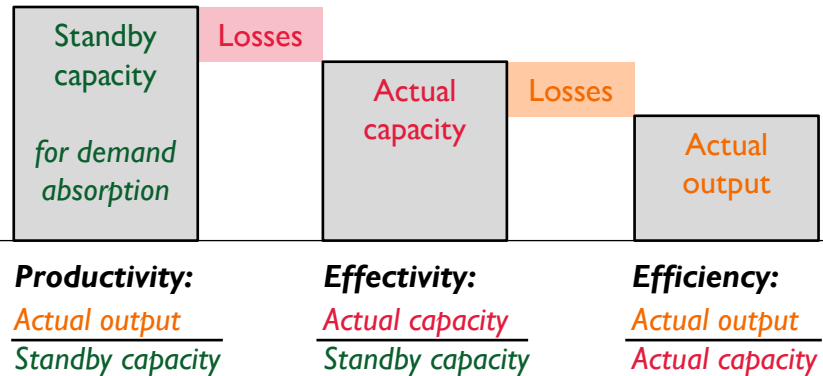
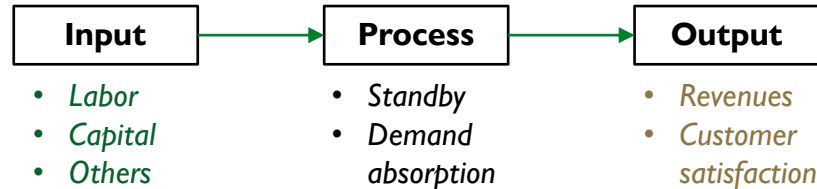


- Turn away from filling existing positions with suitable specialists:
Align processes with the available scarce human and financial resources, entailing
 - a review of the **service content**, including the question of the required service provision.
 - a consideration of which **service processes** are managed and designed in what way, including the question of the type and extent of staffing.
- Key questions: To what extent is
 - the execution of a process linked to an **interaction between the company and the visitor?** (cf. service blueprints)
 - an added value created in such a way **that it triggers a willingness to pay** which at least covers the costs of this personal interaction?

What concept lies behind?

Service productivity

In economics, 'productivity' measures the value (or units) of output per value (or units) of input

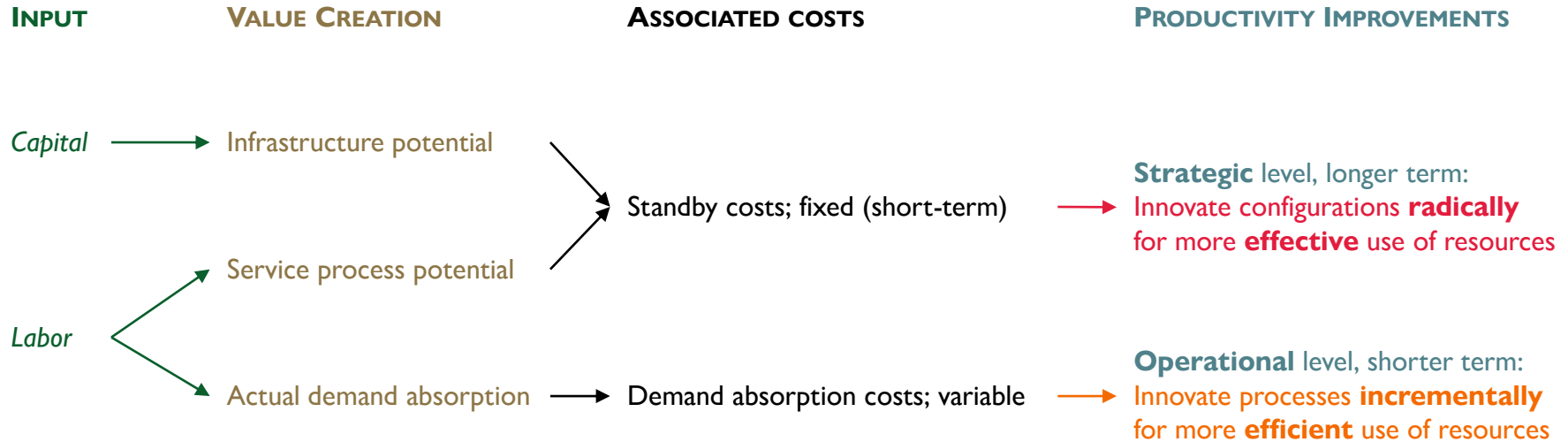


Two aspects of service productivity:

Readiness to deliver a service and associated labor costs
→ **Losses** due to **ineffective** utilization of resources

Execution of a service and associated labor costs
→ **Losses** due to **inefficient** configuration of processes

When thinking about productivity, we need to differentiate between standby costs and demand absorption costs



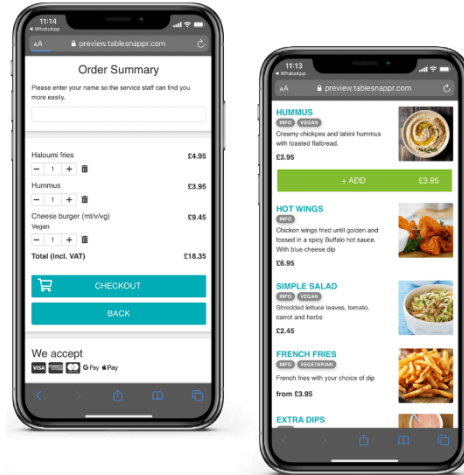
Ideally, improved productivity benefits both the producer and the consumer

EXAMPLE: SELF-ORDERING

Producer

- ✓ Less walking for employees
- ✓ More time for customer care
- ✓ Stock-based menu items
- ✓ Simple up-/cross-selling
- ✓ Faster table turnover
- ✓ Analytics, etc.

✓ **Service productivity** ↑



Consumer

- ✓ Less waiting (order at table)
- ✓ Simple filtering (diets, allergies)
- ✓ Accessibility (translation, zoom)
- ✓ Easy payment (various options)
- ✓ Loyalty options (discounts)
- ✓ Reservation updates, etc.

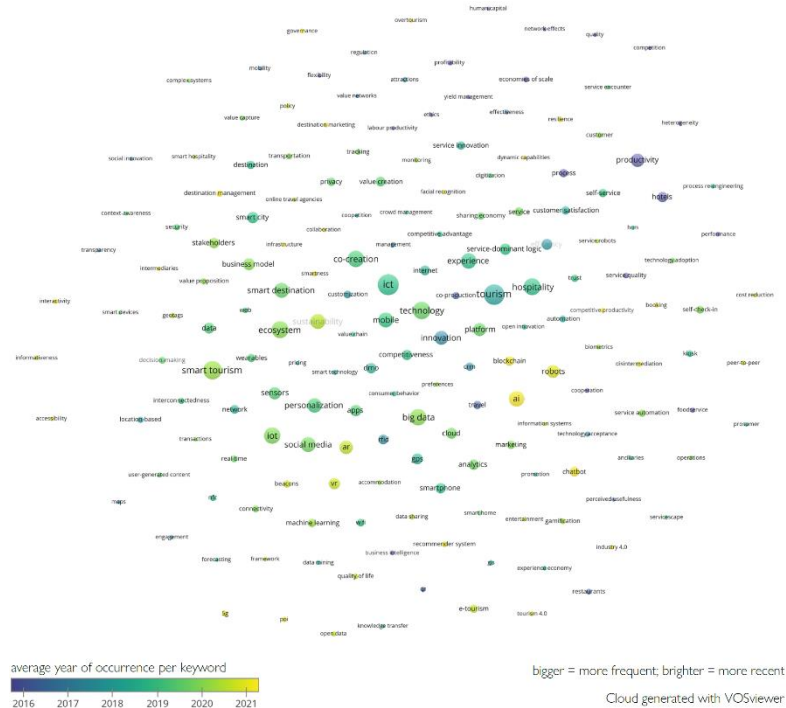
✓ **Customer productivity** ↑

Increasing service productivity is about relieving and enabling both employees and customers, NOT about higher pressure and reduced quality or reduced customer productivity.

What does literature tell us?

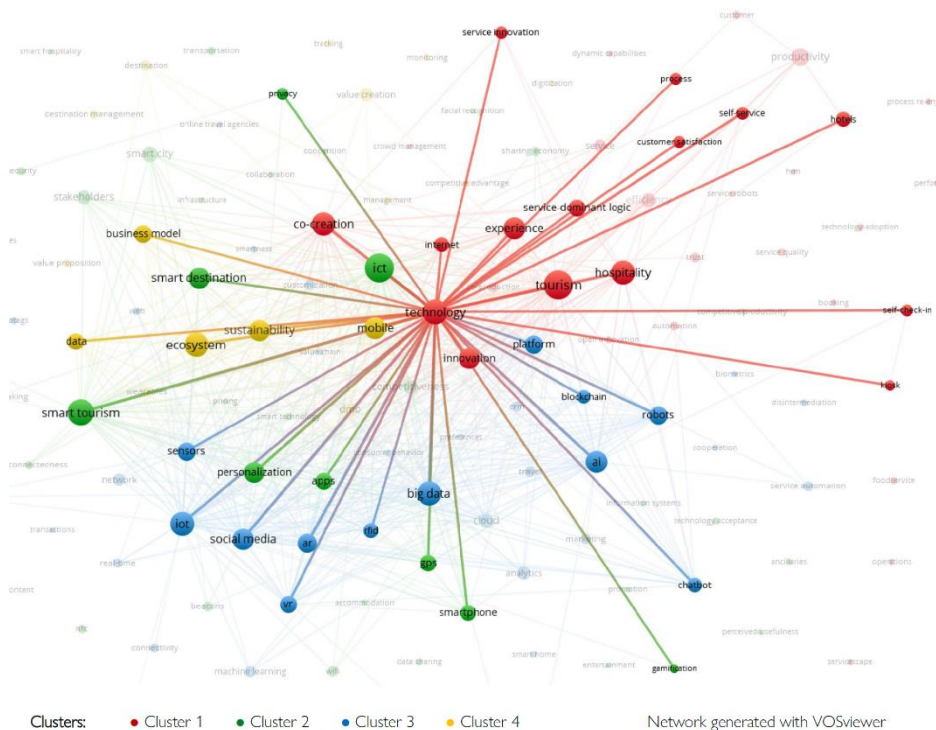
Themes (and buzzwords)

A broad literature review on productivity, process innovation, service design and smart tourism provided topical keywords



- There is hardly any (academic) literature on **service productivity!**

Technology is at the core of the keyword co-occurrence analysis, which provides a network with four dominant clusters



CLUSTERS

- (1) Productively **co-created experiences**
- (2) Smartly **personalized applications**
- (3) Networked **platform solutions**
- (4) Data-based **business ecosystems**

While the four clusters show the general direction of thought, ten granular topics provide starting points for ideation



TOPICS	Keywords (some examples)
(1) Hardware	Networks, GPS, beacons, smartphones, wearables...
(2) Software	AI, AR, biometrics, business intelligence, open data...
(3) Solutions	Maps, chatbots, robots, automation, yield management...
(4) Services	Booking, accommodation, foodservice, entertainment, mobility...
(5) Features	Accessibility, connectivity, context-awareness, customization, gamification...
(6) Capabilities	Analytics, crowd management, forecasting, marketing, process re-engineering...
(7) Collaboration	Co-creation, coopetition, ecosystem, peer-to-peer, self-service...
(8) Concepts	Business model, experience economy, smart city, tourism 4.0, tourist behavior...
(9) Economics	Competitiveness, effectiveness, efficiency, human capital, profitability...
(10) Issues	Governance, overtourism, privacy, trust, resilience...

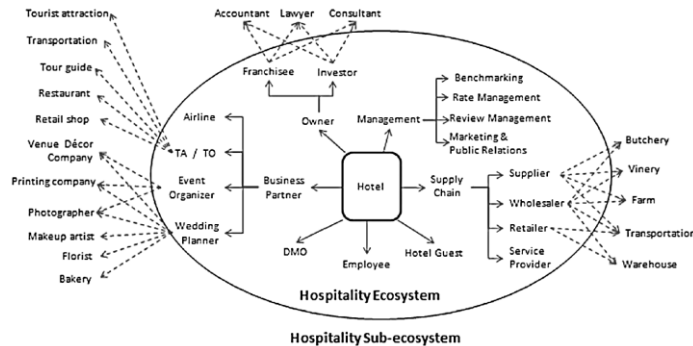
We can adopt a system or a process perspective to think about approaches to improve productivity

System perspective

- Business model maps
- Business ecosystems

⇒ Business model and ecosystem innovation

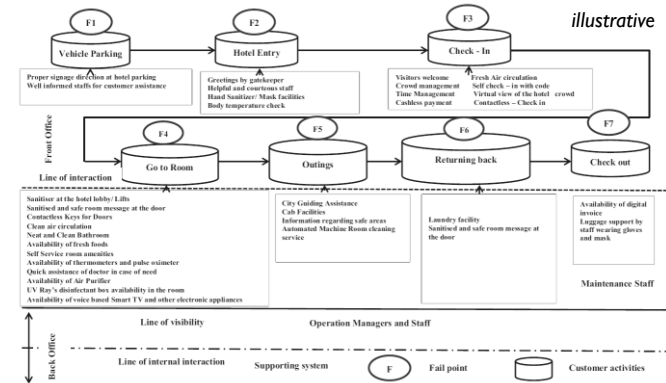
illustrative



Process perspective

- Process flowcharts
- Service blueprints

⇒ Process reengineering and service redesign



What is practice doing?

Inspirational case studies

Practical approaches to process redesign: a (non-exhaustive) selection of trends and cases

- (A) Technology-supported (re)delegation of individual processes to customers by applying self-service technology
- (B) Transformation of cost centers into profit centers and unbundling of services on a pay-per-use basis
- (C) Execution of various interpersonal processes centrally in one place and by the same personnel
- (D) Taking over third-party processes in order to exploit synergies

(A) Technology-supported (re)delegation of individual processes to customers by applying self-service technology

(Electronic) ordering or pick-up orders in restaurants



mridge



Powered by

Self-service or automated check-in/check-out in hotels



rocks resort



Powered by

Also: automation and robotization of entire processes;
e.g., internal and external billing or cooking processes

(B) Transformation of cost centers into profit centers and unbundling of services on a pay-per-use basis

Housekeeping on demand with pay per use



acasa
SUITES ZÜRICH
LOCAL • INDEPENDENT • PASSIONATE

Self-contained luxury accommodation



ACCOR
THE
SEBEL
PREMIER
APARTMENTS

Also: unbundling and add-ons as well as ancillary services; e.g., catering and room service

(C) Execution of various interpersonal processes centrally in one place and by the same personnel

Check-in at hotel bar or bistro



Remote (night) reception or concierge for several hotels



Also: cross-operational centralization of processes; e.g., central (large) kitchens or supply and disposal services

(D) Taking over third-party processes in order to exploit synergies across organizations

Hotel as a hub of services for holiday apartments



(G) host kitchens for multiple brands or restaurants



Powered by  apibase

Also: vice versa – outsourcing or virtual integration of processes or process groups; e.g., hotel's F&B

What approaches do YOU see?

Ideation



How can service productivity in tourism and hospitality be improved?

Thank you for sharing your ideas, approaches, and examples via [slido.com](https://app.sli.do/event/qYwDPyKRWqtymfnJRZm3D7) and **#SP2**

- Make service designs more **effective** and **efficient**.
- Reconfigure **systems** and **processes**.

I/III Collected ideas and thoughts of the participants:

Utilization of resources

- Using free capacities outside of tourism.
- App or software for overbooking: some hotels are overbooked; if we had this information in the ecosystem we could faster find accommodation for the tourists left behind.
- Use a harmonized source of 'basic it services' together to skip all the messy backend work and focus on your specific digitalization process.
- Focus on 'back of house' optimization rather than front of house, this way reducing the concern of customer facing risks, and allowing for trial and error.
- Liaise all players in one region/destination for cross-selling and selling from multiple points.
- Making all existing small and authentic services digitally available.

II/III Collected ideas and thoughts of the participants:

Processes across ecosystems

- Single guest account for all tourism services and registrations in Switzerland; guests can allow to transfer all needed data to selected service provider; data will be cleaner which saves service providers time.
- Implement a comprehensive, standardized customer satisfaction score across Switzerland and learn collectively by sharing results and insights.
- What if we combine the data from reviews (e.g. booking, tripadvisor) to make teamwork and team management more effective (reviews could be combined with the information about employees working that day in the hotel).
- Integrate services along the tourist customer journey - e.g. don't charge separately - spread over different businesses.
- Make the value-chain of tourism in one piece; as little breakage as possible in the customer journey.
- Connect all data sources.

III/III Collected ideas and thoughts of the participants:

Personalization of services

- Analyzing the arrival process in the destination - digitalize and personalize the communication.
- Observe respectively ask the customers - stronger demand focus, context-related.
- Make the system available for personal changes, by building on proposed systems.
- Transforming a hotel lobby into a personal information and sales center for visitors
- Restaurant suggestions based on behavior.
- Add tourism activities (including pictures or videos) and propositions on the restaurant menu to create more emotions.

Thank you.

Prof. Dr. Christian Laesser
Professor and Director IMP-HSG
christian.laesser@unisg.ch

Dr. Simon Kuster
Project Manager and Lecturer
simon.kuster@unisg.ch



Institute of Systemic Management and Public Governance (IMP-HSG)
Research Center for Tourism and Transport

University of St.Gallen
Dufourstrasse 50
9000 St.Gallen

unisg.ch

