



SERVICE DESIGN

From Insight to Implementation

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CHAPTER 2



The Nature of Service Design

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Like most modern design disciplines, service design can be traced back to the tradition of industrial design, a field defined during the 1920s by a close-knit community of American designers that included Raymond Loewy, Walter Dorwin Teague, Norman Bel Geddes, and Henry Dreyfuss. In Europe, The Bauhaus was central to the birth of industrial design.

What all of these designers had in common was a drive to use new industrial technology to improve people's standard of living. During and after World War I, people were horrified to see the devastation caused by the industrialization of warfare. There was also a great need to restore and improve the material standard of living in Europe and the United States.

On an ideological level, the first generation of industrial designers strove to turn industrialization into a force for good. They focused their talents on figuring out how to use industrial technology to satisfy the fundamental human needs of the day. They explored how industry could create products in more efficient ways, what would make them more useful for people, and how products could contribute to optimism about the future. They created well-designed furniture that was inexpensive enough for the middle class to buy to modernize their homes, and white goods that enabled women to escape some of the drudgery of housework, freeing them to take jobs outside of the home. Cars and trains enabled people to expand their range of travel for work and pleasure.

In the 20th century, the design profession made a huge contribution to the improvement of the standard of living in the developed world. Today, however, this standard of living has reached its natural plateau. We are saturated with material wealth, and our consumption of products is threatening our very existence rather than being a resource for good living.

On the ideological level, our fundamental human needs have also changed. The great challenges facing developed societies today are about sustaining good health, reducing energy and resource consumption, and developing leaner transportation solutions and more resilient financial systems.

The 1920s generation of industrial designers strove to humanize the technology of their day and meet the fundamental material needs of their generation. Service design grows out of a digitally native generation professionally bred on network thinking. Our focus has moved from efficient production to lean consumption, and the value set has moved from standard of living to quality of life.

Why Do Services Need Designing?

As designers, when we build services based on genuine insight into the people who will use them, we can be confident that we will deliver real value. When we make smart use of networks of technology and people, we can simplify complex services and make them more powerful for the customer.

When we build resilience into the design, services will adapt better to change and perform longer for the user. When we apply design consistency to all elements of a service, the human experience will be fulfilling and satisfying. When we measure service performance in the right way, we can prove that service design results in more effective employment of resources—human, capital, and natural.

It would appear easy to study how people experience a service, determine which parts of the delivery are not joined up, and make them all perform well together. In reality, some of the best organizations in the world struggle mightily to design good service experiences.

To explain why companies find it so difficult to design services well, we need to study the nature of services and the way they are delivered.

How Services Differ from Products

The challenge we found when we moved our attention from designing products to designing services was that services are entirely different animals than products. Applying the same mindset to designing a service as to the design of a product can lead to customer-hostile rather than user-friendly results.

Products are discrete objects and, because of this, the companies that make, market, and sell products tend to be separated into departments that specialize in one function and have a vertical chain of command—they operate in *silos* (Figure 2.1).

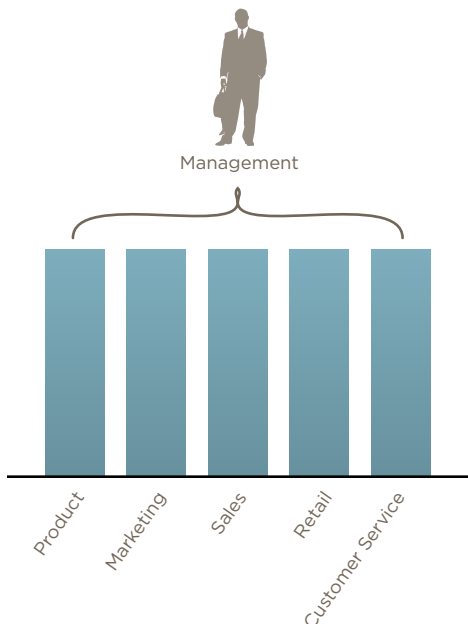


FIGURE 2.1
Where is the customer in this picture? Staff working in silos tend to focus on the efficiency of their step in the value chain rather than the quality of the complete customer experience.

Orange

Two days after setting up our service design consultancy, we received a call from executives at mobile operator Orange with an offer for the kind of project we had dreamed about for several years in our earlier jobs in Web consultancies. Could we help them make the service experience a strategic factor in their development of new services?

At that time, Orange had achieved huge success in the UK market through a strong focus on making mobile telephony clear, simple, and desirable for their customers. Still, they recognized that they lacked tools and processes to make the customer experience drive new service development. Their branding wasn't connected to the services they launched. The website was a marketing channel that didn't help existing customers get more value out of their accounts. Innovation was technology driven rather than customer oriented.

In fact, Orange were organized like a product factory out of the last century, not a modern, market-defining service provider. The company's experts were lodged in silos, and the only people who could see the whole picture of their offering were their customers.

To face this challenge, Orange needed to introduce a design approach that bridged silos and channels. They also needed to introduce the service experience earlier in their strategic thinking so that a vision for the service experience could impact technical and business decisions rather than the other way around. One of the problems with thinking about service experiences at the business level is that it is difficult for people to imagine what something as intangible as a new mobile phone plan would look and feel like. Spreadsheets are a poor medium for conveying human experiences.

To tackle this problem, we created a project called "Tangible Evidence from the Future" and designed the experience of 12 new service propositions ranging from new ways to organize call centers to self-service, online plans. Several of the concepts went to market, including a proposal to change Orange stores from vendors of other brands' phones to places where people could get help with using their mobile services. Another proposition that went to market as "Orange Premier"

was a high-end mobile phone plan for people who wanted a unique experience and exceptional service (Figure 2.2).

Orange Premier was a success in the market and introduced a way for Orange to use design as the starting point for business development. We have worked with Orange for the past 10 years to improve their service experience across the board, in projects ranging from innovation strategy to fixing problems with call center delivery.

Our first project with Orange confirmed our thinking that the use of design in this context needed to be reframed from an activity focused on the delivery of products, paper, and interfaces to a process that enables all aspects of a service to play together in a unified experience. We realized that a new landscape was about to open up and that we had to examine how the preconditions for design were changing.



FIGURE 2.2

When we showed Orange how customers could experience a “luxury” account, they decided to launch a proposition with unparalleled attention to the quality of design and customer service.

When companies that sell services are structured in silos, however, problems often arise that affect customer experience. Customers are promised a new mobile phone plan through a website only to find that the assistant in the store knows nothing about it or is not allowed to sell it for the online price. Patients in hospitals are kept in the dark about why they have been waiting for hours, or receive contradictory information during one of the most emotionally difficult times of their lives. *The division of the silos makes sense to the business units, but makes no sense to the customer, who sees the entire offering as one experience.* This problem is something we will return to frequently throughout the book as we look at how to turn this around, quite literally.

Many service companies think they are selling products. The finance sector is a classic example of this mindset, but insurance policies and bank accounts are services with multiple touchpoints of interaction, not products. When something goes wrong, policy holders want the financial compensation, of course, but the difference in value is whether they have an understanding person on the other end of the phone seamlessly guiding them through the claims process versus being sent an unintelligible 20-page form and then having to wait weeks for their money. Many organizations are starting to examine their customer service offering and the value it can bring. This provides great opportunities for service designers.

Services Created in Silos Are Experienced in Bits

The challenge for many service providers is that they are organized in ways that actually prevent them from delivering good service experiences. Often, each bit of the service is well designed, but the service itself hasn't been designed. The problem is that customers don't just care about individual touchpoints. They experience services in totality and base their judgment on how well everything works together to provide them with value (Figure 2.3).

Another complicating factor is that quality can vary dramatically from one service touchpoint to another. If the people who develop online banking don't harmonize quality and coordinate routines with the people who manage the bank's call center, customers are bound to experience disappointment.

The industrial legacy of treating services like products means that services often underperform and disappoint because they cannot be fixed in the same way as problems with products. Services are about interactions between people, and their motivations and behaviors. Marketers and designers often talk of products having personalities, but an iPhone or a Volkswagen doesn't wake up with a hangover, worry about paying the rent, or care who is using them. People do, which is why understanding people is at the heart of service design.

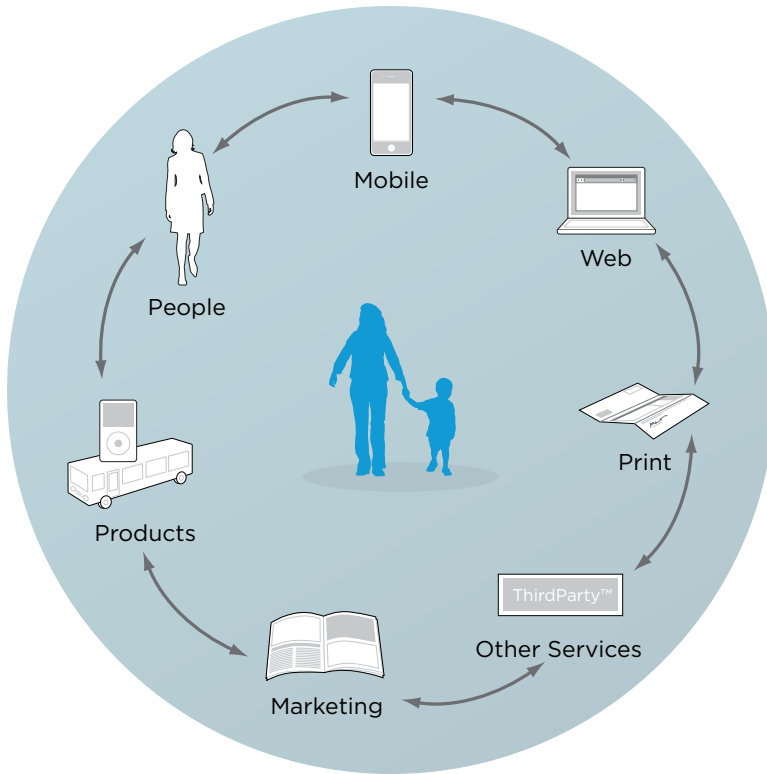


FIGURE 2.3

The service experience is made up of the customer's interactions with many touchpoints, and service quality can be defined by how well the touchpoints work together for the customer.

Services Are Co-produced by People

A fundamental characteristic of services is that they create value only when we use them. A bus service can't get people from point A to point B unless they know where to get on and off. Online banking only provides value when customers virtually enter the bank's machine room through an online banking interface and conduct their own transactions. An empty seat on the train has no value once it has left the station. Even at the dentist's office, nothing will happen unless the patient opens her mouth and tells the dentist where it hurts.

Product-oriented organizations often fail to see the potential of using their customers to make a service more effective. If customers are well informed about bus routes and schedules, they are more likely to get more efficiently from A to B and more inclined to use the bus, reducing their carbon footprint and easing congested roads. If an online bank is well designed, customers don't need to spend time and money in a bank building. Services are co-produced between the provider and users. (We should note that this is not the same as *co-design*, which has customers or users take part in the design process before or after the launch of a product or service.)

On one end of the service spectrum we see network services, such as Facebook, Twitter, and YouTube, that would be useless if people didn't commit millions of hours to produce the content and activity that give these social networks their value. On the other end of the scale, services such as health-care are most sustainable if fewer people use them. The best way to ensure that hospitals are efficient is for people to "co-produce" their health by keeping themselves in good shape and so they don't need treatment. The biggest missed opportunity in development is that organizations don't think about their customers as valuable, productive assets in the delivery of a service, but as anonymous consumers of products.

A New Technological Landscape: The Network

It is no coincidence that service design has been born as a field of design practice during the last decade. Twenty years ago, the design of services tended to be about hotels and hamburgers. Today, digital platforms are critical to running a business, large or small. The digital landscape of the information age has created radical enablers for new types of service delivery.

Modern service delivery is entirely dependent on digital platforms. Hospitals and banks can't run without immediate electronic access to detailed records, airlines can't sell cheap tickets without algorithms that constantly balance supply and demand, and most people can't do much without the Internet or cell phones. Twenty years ago, cell phones were futuristic gadgets reserved for Wall Street traders and generals; today many people can't even imagine meeting up in a city without a cell phone.

The combination of enterprise systems that store and link vast amounts of data with mass-consumer access to data through the Web and mobile telephony is transforming the way people live their daily lives. At the same time, the quality of service often suffers due to the complexity of linking these systems together in a way that makes sense to customers. This combination of opportunities and problems is the reason why service design has emerged as a specific design approach.

Streetcar—Enabling Co-production

One example of a service that builds on the active participation of its customers to make the service work better is the car-sharing club, which can be found in cities around the world. Car-sharing pioneer Streetcar launched in 2004, but the customer experience needed to be radically improved if Streetcar was to realize its full potential. To persuade people to switch to this new way of using a car, the customer experience had to be better than buying and owning a car. We suggested to Streetcar that the service experience should feel as satisfying as the click of a Volkswagen door—a consistent, solid, and pleasant experience that gives assurance the whole thing is carefully designed (Figure 2.4). This idea may sound trivial, but it is something that the Volkswagen product designers and engineers understand and spend a significant amount of time, money, and effort on.



FIGURE 2.4
Streetcar's multiple touchpoints were designed as a holistic, satisfying experience.

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Streetcar—Enabling Co-production (continued)

We set about creating a customer experience that would enable Streetcar to overcome their key barriers to growth—lack of comprehension, access, and usability. These were systematically resolved by analyzing the customer journey from first awareness of the brand to regular usage (Figure 2.5).

We were able to identify where customers dropped out of the sign-up process or needed expensive customer support. The service is now clearly communicated as a four-step process: (1) book, (2) unlock, (3) enter PIN, and (4) drive (Figure 2.6). Customers find joining easy with a quick call to Streetcar and the Driver and Vehicle Licensing Agency, and the online booking engine was rebuilt to make it simple to use.

In essence, Streetcar builds on collaboration among the provider, the city, and the customer to make it work. Streetcar provides technology that enables people to rent cars for as little as half an hour. The City of London provides convenient parking spots to make the cars more accessible. Customers refuel the cars, keep them clean, and park them where other customers can find them.

Many organizations struggle to utilize the excellent resource that their customers provide. Most customers have a keen interest in getting as much as possible out of the services they use, and by enabling users to step in and co-produce, providers can create win-win solutions.



FIGURE 2.5
Analyzing the customer journey enabled Streetcar to see where customers dropped out of the sign-up process or found the service frustrating.



FIGURE 2.6
The Streetcar service redesign was communicated as a simple four-step process to ensure that new customers immediately understood the service proposition and how it works.

