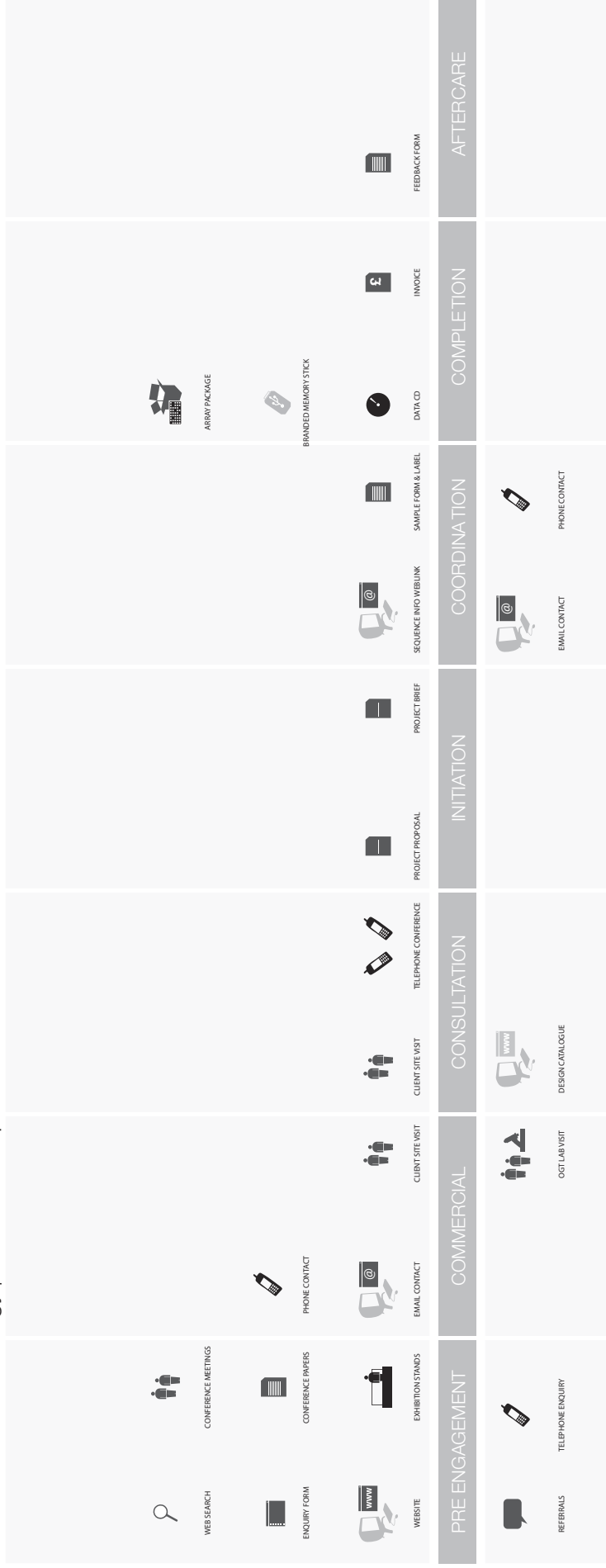


Designing for Services - Multidisciplinary Perspectives:
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Oxford Gene Technology | Service touchpoints



Output by Radarstation showing how they illustrated Oxford Gene Technology's customer journey and service touchpoints

Experiential service design and innovation

Chris Voss and Leonieke Zomerdijk

We have recently completed a case-based study to understand the process and content underlying the design and innovation of experiential services. Our research aimed to build our understanding of service design through study of experiential services – services where the focus is on the experience of the customer when interacting with the organization. These services are often designed from the perspective of the customer journey rather than as a single product or transaction. The journey perspective implies that a customer experience is built over an extended period of time, starting before and ending after the actual sales experience or transaction. During a customer journey, numerous touchpoints occur between the customer and the organization or the brand. These touchpoints need to be carefully designed and managed, and our research shows that innovation takes place at each of these touchpoints as well as in the overall journey itself.

The customer journey perspective highlights the central role of the customer (as opposed to technology, for example) in innovation and design. It takes into account aspects of the experience such as building anticipation and facilitating transport to the core experience. It also integrates the common distinction between service product innovation and service process innovation, as a journey has elements of both.

In the cases we studied, innovation took place in five distinct design areas that directly or indirectly influence the customer experience: the physical environment, the service employees, the service delivery process, fellow customers and back office support. Although these areas are relevant to any service, they generally do not receive the same amount of attention as experiential service designers pay to them. Examples include sensory design for the physical environment, encouraging employees to engage with customers, using fellow customers to make an experience more enjoyable and connecting back office employees to the front stage experience.

Many innovations were driven by detailed customer insights. Organizations in our study invested significantly in conducting research into customers' behaviour, needs and preferences. As well as traditional market research techniques, they used "empathic research" to understand customers at an emotional level, trend watching and learning from companies in different industries. This indicates that experiential innovations are typically customer- rather than technology-driven.

The research highlighted the occurrence of both "tight" and "loose" methodologies in the design and innovation process. Tight methodologies entail a relatively fixed set of steps, activities, tools and techniques that can be used across projects, whereas in loose methodologies the required steps, activities, tools and techniques are determined individually for each project. Whilst some organizations had well-developed and tight methodologies, many successful innovators preferred a more flexible approach. They feared that tight methodologies

would inhibit the creativity required for experiential service design and would increase time to market unnecessarily. This suggests that the relatively tight and rigorous methodologies typically found in product innovations may not always be applicable to service innovation.

One of the difficulties in innovation in experiential services is predicting the outcome in financial terms. Companies devote much effort and use multiple methods to capture the outcomes of innovation through measures such as footfall, dwell time, revenue growth, customer satisfaction and customer loyalty. Nevertheless, it can be difficult to measure the impact of improvement of a particular customer experience on company performance. The difficulty in predicting financial returns can not only cause an unwillingness to invest in service innovation, but also make it easy to over-invest in a great and innovative service that is actually losing money.

Finally, the research found that a significant proportion of innovation came from incremental process innovation – much of it associated with innovation in business models. Identifying the role of process innovation provides insights into the problems of studying and measuring service innovation. Process innovations are embedded in a wider operational process and are frequently incremental rather than radical. They take place in operational areas, not separate R&D departments, and activity and expenditure are thus hard to measure. Rather than product leading process or vice versa, the research indicated that service innovation in general and not just in experiential services is an iterative process where product, process and business model innovation are all intermixed.

The detailed outcomes of the research are available in the report *Innovation in experiential services – an empirical view*, at <http://www.london.edu/mso/>.

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