

THE SERVICE REVOLUTION: HOW SERVICE DESIGN IS HELPING BRANDS TAKE OVER THE WORLD

There's a service revolution going on. Now traditional product and service organisations must up their game and fight back, using service design to transform their customer experience.



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INTRODUCTION

A service revolution is underway. The revolution is being driven by those businesses focused on delivering an exemplary customer experience (CX) powered by the latest digital technologies.

The pathway to competitive advantage now depends on delivering a differentiated customer experience consistent across all channels. Consumers are enthusiastically embracing frictionless, service experiences, and Airbnb and Uber are the poster children for these innovative services – they deliver on the customer contract with an added dose of surprise and delight.

Companies that can remove pain points in the customer journey and provide a positive experience will garner goodwill, strengthen advocacy and generate repeat business. Traditional service industries that pre-date the internet are playing catch-up in this fast-moving landscape.

Manufacturers and retailers of tangible goods are under pressure to transition to service-based businesses if they want to enjoy future growth. Desire for ownership of physical products is diminishing in the Western world and abundance of choice is undermining the price premium a brand can command.

The strategy to delivering a great experience at every brand touchpoint, from the call centre to chat bot advice, to counter queues, to the positioning of airline seats, falls under the framework methodology of 'service design.'

Service design exists under different names in different companies – but there is a growing understanding of its importance among the C-suite. It involves both the consumer-facing elements of a brand and all the 'backstage' functions that contribute to service delivery, from IT to operations.

Service design helps brands to orchestrate all the interlocking elements that contribute to the experience and ensures the customer is immersed in a 'service flow'.

This paper looks at the consumer trends driving change, presents brands making strides in delivering great CX and provides a blueprint for developing best-in-breed services. It includes exclusive YouGov research that highlights current consumer attitudes to service.

— SECTION 02

A NEW SERVICE

WORLD ORDER

Service-based businesses are the bedrock of the British economy and make up nearly 80% of GDP and more than 80% of employment. The UK also has a trade surplus in services that offsets the deficit in manufacturing.

“The services sector will remain the main engine of growth for both output and employment... services have also become increasingly important for UK trade. We expect the total value of UK services exports to exceed that of manufactured goods

- SECTION 02.0

A NEW SERVICE WORLD ORDER: FROM INTANGIBLE TO TANGIBLE



The definition of a “service” now encompasses a wide range of businesses, from banking to travel and entertainment to cosmetic surgery. The American Marketing Association defines services as “Activities, benefits and satisfactions which are offered for sale or are provided in connection with the sale of goods.”

A more digestible definition comes from Mat Hunter, Chief Design Officer at the Design Council, who says: “A service is something I use but do not own. Service design is therefore the shaping of service experiences so that they really work for people.”

Characteristics of a service include the fact it is consumed at the same time as it is produced; the impossibility of it being saved or stored and the fact that each customer has an experience unique to them – the goal of a service brand is to produce the best possible experience it can for each individual consumer.

At one end of the service spectrum, there are brands that own sizeable physical infrastructure – think of Virgin Atlantic and its aircraft fleet, or high street banks and their bricks and mortar branches. Then there are recently established online brands built on a platform and consumer interface, such as retail banking brand Atom or estate agent Purple Bricks.

SECTION 02.1

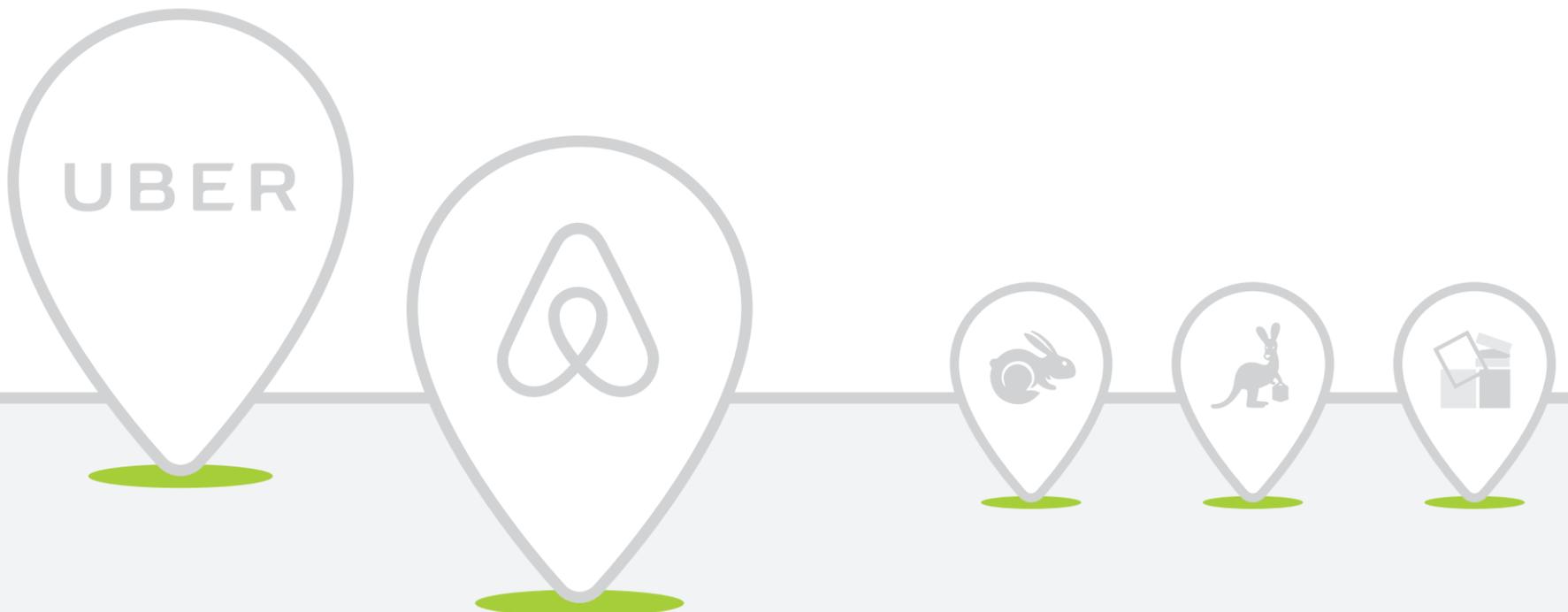
A NEW SERVICE WORLD ORDER:

DEFINING THE
NEW 21ST CENTURY SERVICE



New 21st Century services include services that form part of what was originally called the “sharing economy” but is better described as the “access” or “gig” economy. These services use technology to parcel up and wholesale time, effort or resources supplied by individuals and

the brand is acting as an enabling agent. Uber and Airbnb are the most well-known, but there are a growing number of examples, including Taskrabbit, Deliveroo and Sharemystorage.com.





Angus Montgomery
Editor of Design Week

Part of Uber's success is the knowledge that when you turn on the Uber app the physical product it is selling – the car – is just around the corner. So the physical product is still hugely important – it just might not be owned by the business that is making money from it..."

Hybrid companies are also appearing that sell physical components integral to a service. For instance, British Gas-owned Hive is a remote control system for heating management and requires installation of devices with sensors to give the consumer 'Clever control. Anytime, anywhere' via an app.

The traditional definitions of services and products are shifting and blurring as companies begin to look at new ways of generating revenue and future-proofing their business.

- SECTION 02.2

A NEW SERVICE WORLD ORDER:
SKY HIGH
CX EXPECTATIONS



“Customer experience (CX) is the last source of sustainable differentiation and the new competitive battleground.”

Tiffani Bova
Vice President, Gartner

The customer experience (CX) is the perception formed by an individual of a brand based on the sum total of their interactions with the brand – these interactions can be online or offline, fleeting or immersive, under direct brand control or via third party association.

Service brands live or die by the quality of the CX they deliver and the modern, connected consumer has high expectations thanks to the fast, frictionless digital experiences provided by pure play online businesses.

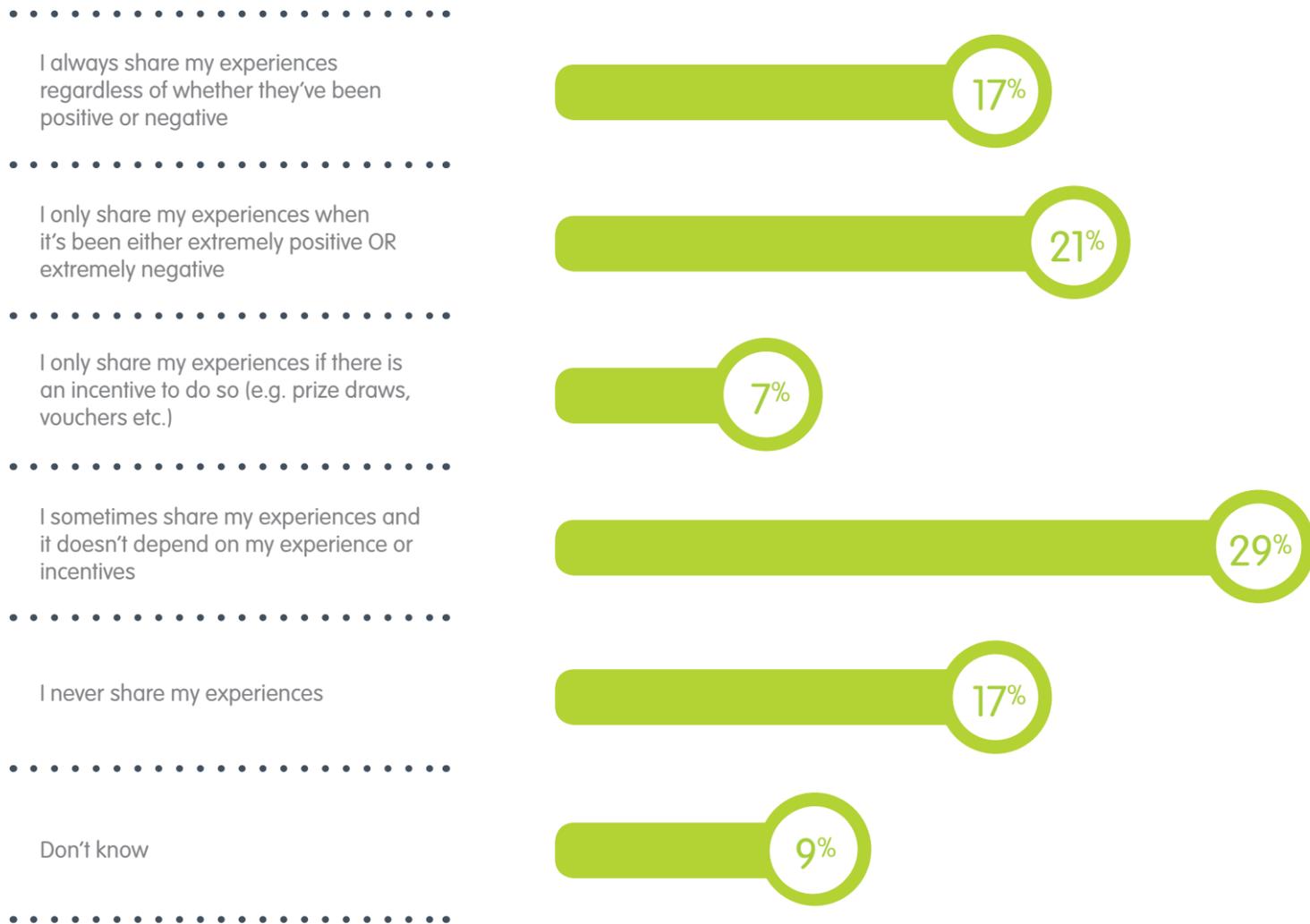
Such companies have developed elegant, simple experiences where elements such as the authentication process, app interface and brand tone of voice have been carefully developed and designed to create a seamless, pleasurable interaction.

Enjoyable experiences generate advocacy, but a negative experience will attract critical reviews, dismissive online comments and poor word-of-mouth. YouGov research shows that 17% of respondents always share their experiences whether good or bad, and 29% “sometimes” share experiences – and that the actions do not depend on whether the experience is positive/negative or if they have been incentivised.

Speed of response is also now critical for brand reputation – 53% of customers who use Twitter to ask a brand a question expect a response within one hour, no matter when they tweeted. The percentage leaps to 72% if the Tweet was a complaint.

Examples of legacy service brands removing hurdles at customer pain points and developing helpful digital tools to improve brand perception include airlines such as British Airways and rival Virgin Atlantic.

Q: Which ONE, if any, of the following statements BEST applies to you?



Ethan Eismann
 Director of Product Experience at Uber

Friction is bad, however you define it across any context. When we consider the retail lifecycle, friction at any point has the potential to cause drop-off. From brand impression to performance marketing of product, researching and learning about the product, purchasing and fulfilment, the more difficult it is for consumers to complete their tasks, the more certainly they won't."

SECTION 02.3

A NEW SERVICE WORLD ORDER: THE CONNECTED CONSUMER

The widespread consumer adoption of smartphones has been hugely important in motivating service organisations to understand CX. The emergence of the connected consumer has created a new set of attitudes and expectations.

These include:



A buy anytime. anywhere, from any device mentality.



Interaction in short, intermittent bursts on mobile instead of long desktop sessions.



Expectations of a quality experience across all devices, platforms and omnichannel touchpoints.



Desire for near-as-possible real-time responses from brands.



The demand for relevant information in order to make the best purchase decision.



A willingness to criticise and 'call out' poor experiences on social media.

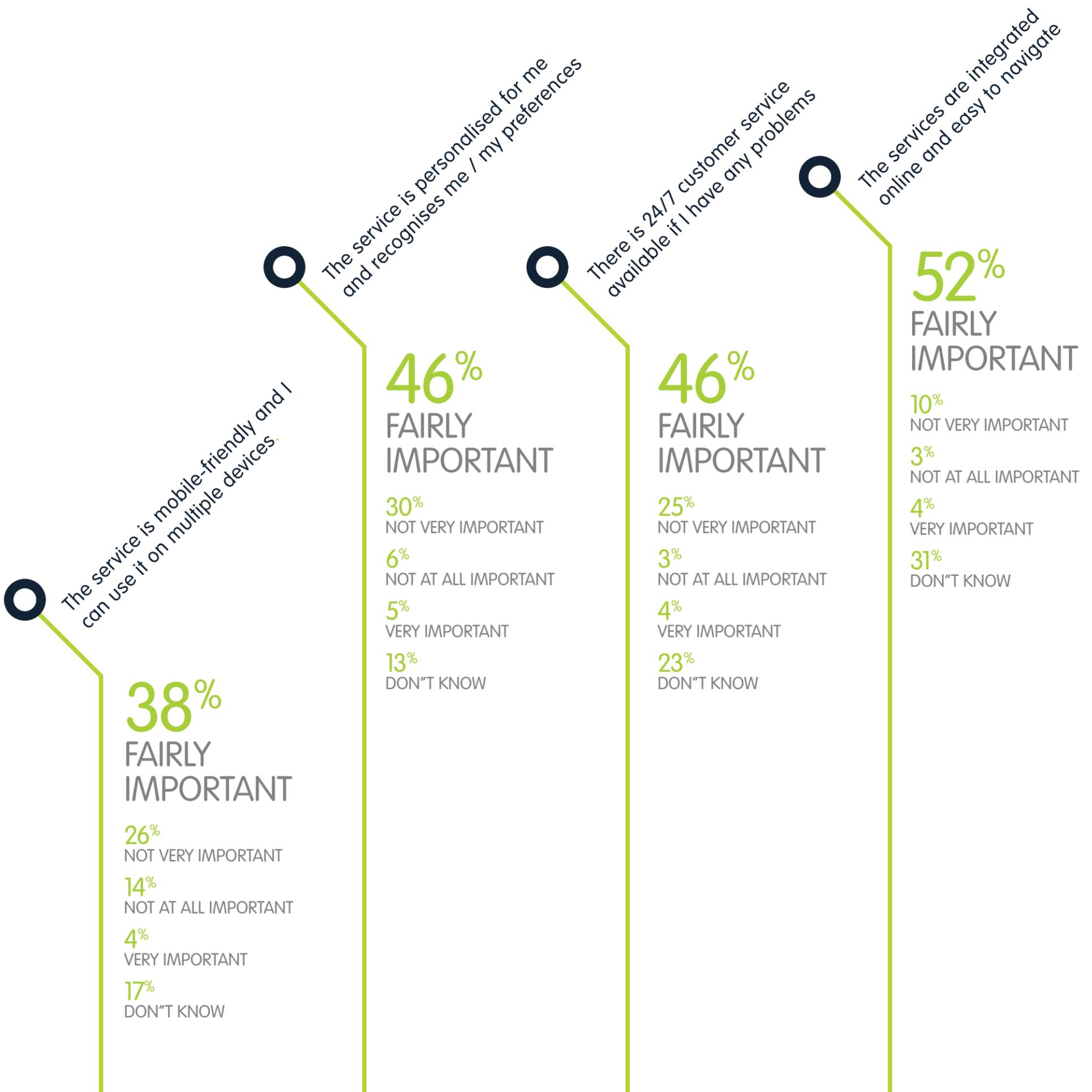


Admiration for brands seen as innovators.

The YouGov study supports these behaviours with respondents ranking its online integration as the most important attribute of a service; 31% of people called this

attribute 'Very Important'. Round-the-clock availability of customer service was ranked second and a personalised service third.

Q: How important, if at all, is the following aspect to you?



Service winners of the future will be those who provide an integrated, seamless customer experience across offline and online touchpoints. Forward-thinking brands, such as The Post Office, Transport for London and Thomson Holidays,

are now investing and transforming at speed to meet the needs and wants of the modern consumer.



The importance of service CX for Transport for London

We found that if we focus on doing things that remove parts of the pain and barriers to accessing the service, this can have a disproportionately large effect on our reputation and revenues. We could spend millions on building a new train line but in funding CX we get a tremendously strong return on our investment.

Where we had Oyster cards for a long time and now allow contactless cards, we have found it enormously popular – we have added 3-5% revenue on the tube. It's remarkable because we have not changed our core service – we have just made it easier by looking at it from the user's point of view. Why do we make these people take these steps to purchase a ticket or load up an Oyster card [when it can be made easier]?

Mike Tuckett

Head of Transformation Delivery at Transport for London



Why has service CX become so important?

The importance of the CX a service company provides has increased because customers will talk about the experience and they can now reach a much wider audience [via platforms and social media].

They have been tricked so often by companies who through the marketing and sales processes raised certain expectations but the real experience did not live up to the promise. For example, you see ads from telcos promising that everything will be easy and fine with broadband but you get your router to access the internet at home and nothing works like in the ad. Customers are fed up with that and will pay more for a good experience.

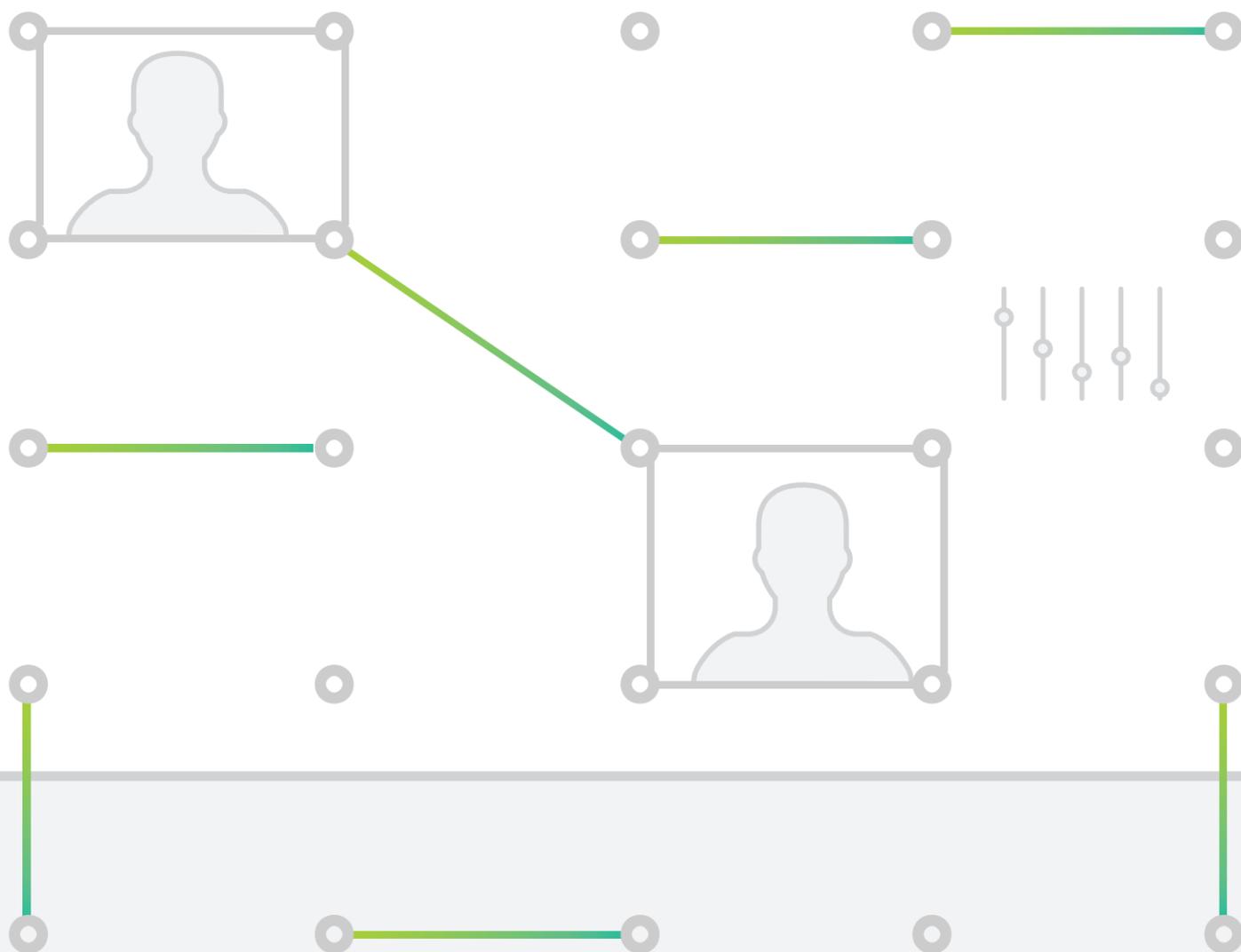
Marc Stickdorn

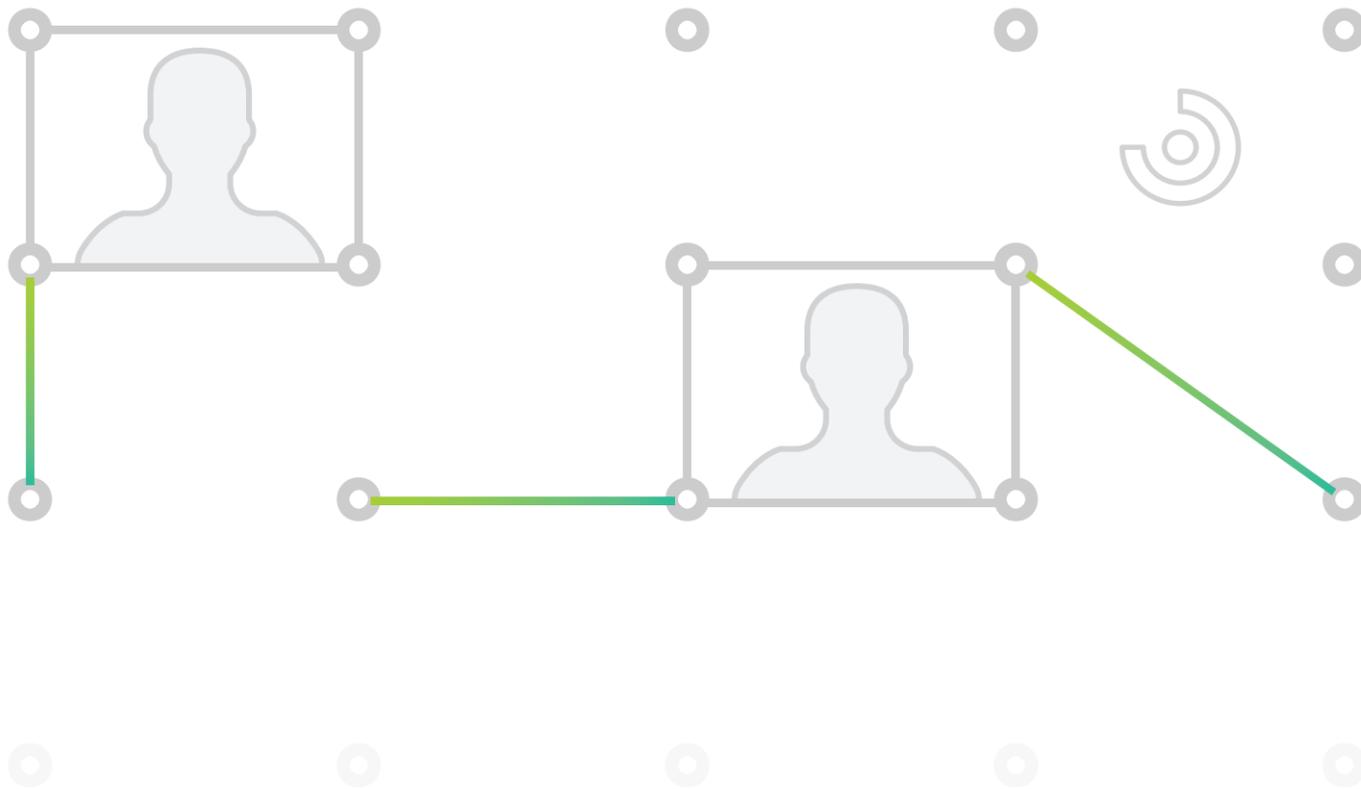
Consultant and co-author of This Is Service Design Thinking

SECTION 02.4

A NEW SERVICE WORLD ORDER:
**DATA-LED CUSTOMER
EXPERIENCE**

The core of devising a great service CX lies with having a single customer view built on demographic, behavioural, preferential and contextual data.





Such information means service brands can deliver the kind of tailored, personalised experience that may lead them to become a trusted 'life' partner. The alternative is commoditisation and a descent into a price-driven and easily replaceable background utility.

The quality and amount of data available to help service brands shape and innovate their CX will take a quantum leap thanks to the growing Internet of Things. Connected objects equipped with sensors now permeate the home and workplace and gather data that can be shared. Gartner predicts 20.8bn connected devices will be in use globally by 2020.

Connected devices help service brands learn more about how customers really use their products and services and identify where there are hurdles – both in the very physical sense like airport check-in queues – or in the effort, for instance, to navigate ecommerce check-out processes. The data can help streamline processes, introduce improvements and identify opportunities in new markets.



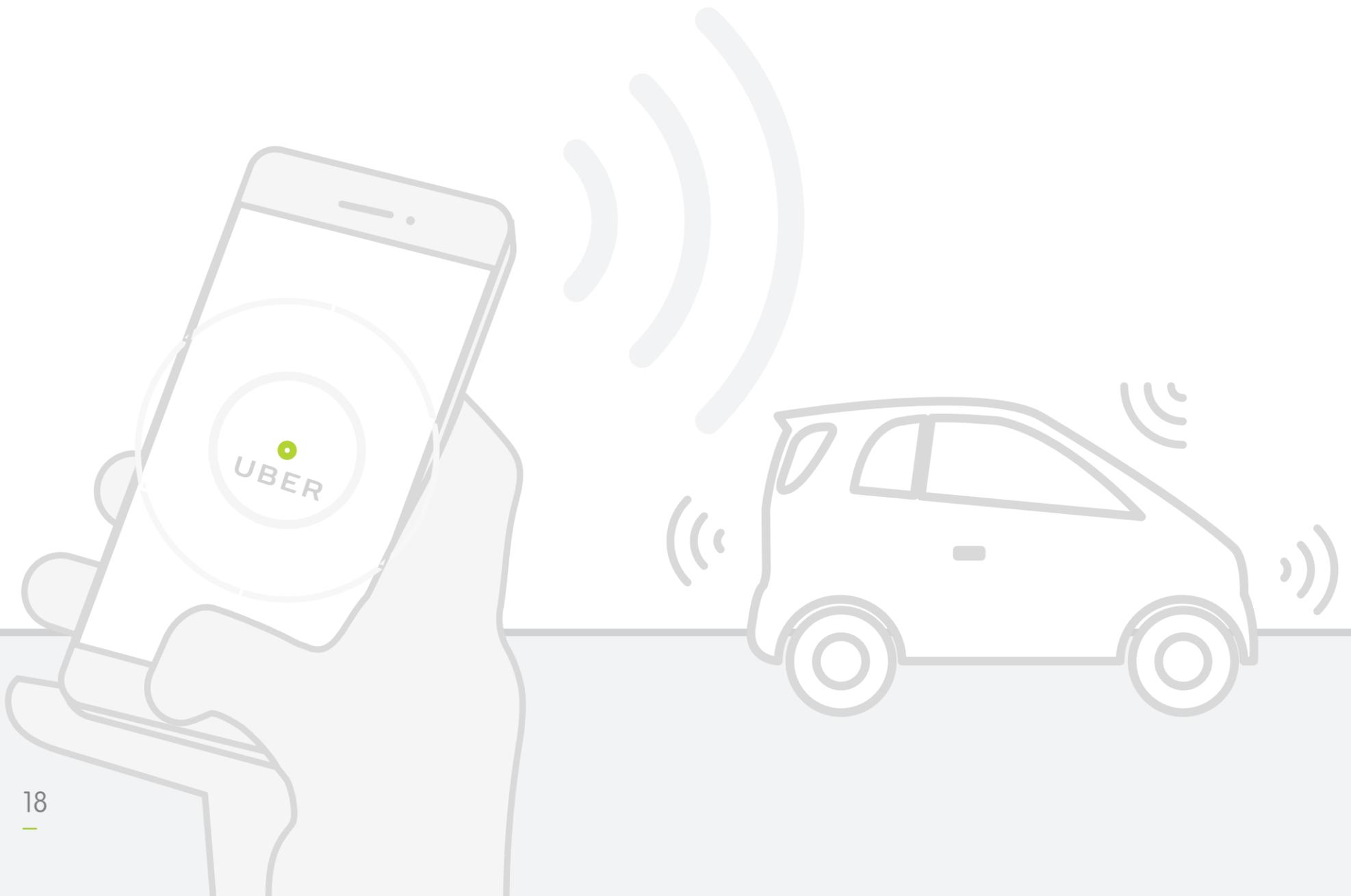
▪ SECTION 02.5

A NEW SERVICE WORLD ORDER: TRANSFIGURATION OF PRODUCT TO SERVICE

The 'connected car' and the field of telematics, whereby data is recorded on fuel consumption, speed, mileage and other driver variables is a solid example of the move towards services. BMW was the first company to introduce factory-fitted telematics and partnered with insurance service Allianz UK to offer an insurance product with a 25% lower premium for drivers who travel up to 5,000 miles a year.

There are two trends at work underpinning the need for product to prioritise CX and a focus on services: the rise of commoditisation in regard to physical goods and the sense that the Western world is reaching "peak stuff".

Shoppers are also more knowledgeable about the real cost of products and the brand premium they are being charged, so it is no surprise profit margins are being squeezed. For example, the slowdown in sales of Apple's key smartphone product is forcing the company to look more into services and it has now invested in Didi, China's equivalent of Uber, to help build a ride-hailing platform.



Changing attitudes towards ownership borne of shrinking disposable income, smaller domestic storage space and the arguments of the sustainability lobby are also contributing to undermining businesses built on physical products. The Millennial Generation values access over ownership. This cohort is the most enthusiastic embracer of services like Airbnb and the use of mobile devices to access satisfying experiences.

IKEA referenced sustainability worries in speeches this year and Jonas Engberg, IKEA Denmark's Sustainability Manager, said: "What we mean by 'peak stuff' is that we live in a world of finite resources and we recognise that consumption needs to reflect this. At IKEA, we are therefore seeking new ways to meet people's needs and aspirations whilst staying within the limits of our planet."

Yerdle is an example of a service shaped by millennial values. It is a smartphone app service that enables consumers to swap or purchase goods like used clothes and household products. Its business' slogan is 'Swap Stuff. Save Money' and it has an aim of getting people to buy in "25 percent fewer new items."

Companies starting to pivot and offer a data-driven service rather than selling a product include established names in heavy industry like Rolls Royce. The engine manufacturer is shifting its business model to a 'total care' package with revenue based on air miles flown by aircraft equipped with its engines.

Nokia is another convert and recently acquired French health gadgets manufacturer, Withings. Nokia will ultimately be able to connect all its various health-based products to access relevant data, with which it can develop cloud-based health services for consumers and other companies.



"Nokia is strengthening its position in the 'Internet of Things' in a way that leverages the power of our trusted brand, fits with our company purpose of expanding the human possibilities of the connected world, and puts us at the heart of a very large addressable market where we can make a meaningful difference in peoples' lives."

Rajeev Suri
President & CEO of Nokia

— SECTION 03

DIGITALLY INTEGRATED SERVICES

Digital has accelerated customer service expectations and also given service brands the capability to start meeting those expectations. Consumers want to use technology to help make their own decisions and solve problems swiftly with minimum fuss.

- SECTION 03.1

DIGITALLY INTEGRATED SERVICES

DISRUPTION & THE DIGITAL CHALLENGE

A customer on 'live chat' with a telecoms provider, for instance, expects the call handler (or bot) to recognise their customer status, know their last in-store interaction and to be able to pick up on a conversation started on other channels.

Technical innovations such as contactless payments, Virtual Reality, 3D printing and advanced robotics are changing consumer behaviour and undermining the foundations of a range of business sectors.

Ecommerce is forcing retail to tackle the omni-channel fulfilment challenge. Customers expect to be able to order goods on any device at any time and enjoy doorstep delivery or be offered a pick-up location at a time and place of their choice. Supply and distribution systems carefully designed for maximum efficiency over decades are being undermined.

The auto sector faces the prospect of its model ultimately being overtaken by driverless cars (with a knock-on effect on the insurance industry) and car manufacturers need to reflect on what they will be selling in 20 years' time, as it may not be a driving experience.



Financial services and banks are being forced to rationalise their offline networks and replace creaking, out-dated systems at speed, thanks to the emergence of payment services powered by technical innovations like blockchain and app-based retail banks.

The demand for the 'always on' and personalised service experience will require investment in developers, data collation, analytics and UX. Businesses will also have to adapt to new ways of working. But these are strategies – ultimately a brand will have to identify its purpose in the 21st Century if it is to develop a path to growth.

Companies looking to ride the wave of digital disruption and out-maneuvre competitors need to transform their organisational structure, processes, technology and business models. They need to fuse the online and offline to optimise the three key pillars of CX delivery – technology, operations and culture.



- SECTION 03.2

DIGITALLY INTEGRATED SERVICES

**THE TRANSFORMATION
OF SERVICES**

Companies embarking on service transformation to put a customer focus at the centre of the organisation need to tackle major challenges.

Hospitality
/ Tourism



Q: In which, if any, of the following industries would your choice of brand be **more** influenced by the customer experience they provide rather than the price of their products/ services?

Angus Montgomery, editor of Design Week, says: “The most common hurdle is that good service design and CX can be difficult to scale. Good customer service should – by its very nature – be focused on the needs of an individual user. The trick is to then work out ways to scale this for wider use.”

The solution to scaling a service while still offering a personalised experience will lie increasingly with machine learning and artificial intelligence (AI). Consumers are becoming comfortable with the use of personal assistants like Microsoft’s Cortana, Apple’s Siri or Google Now, and companies that can automate a large tranche of their marketing and customer services to provide users with recommendations will see benefits.

Bots are now coming to the fore as an easy-to-deploy way of helping consumers, and if they save time and effort they will be appreciated. Companies that spot the opportunities stand to benefit from rapid take-up and revenues – for instance, a bot that helps drivers draft their appeal against a parking notice is still in beta but has already successfully appealed \$3m worth of tickets and saved its users costly legal fees.

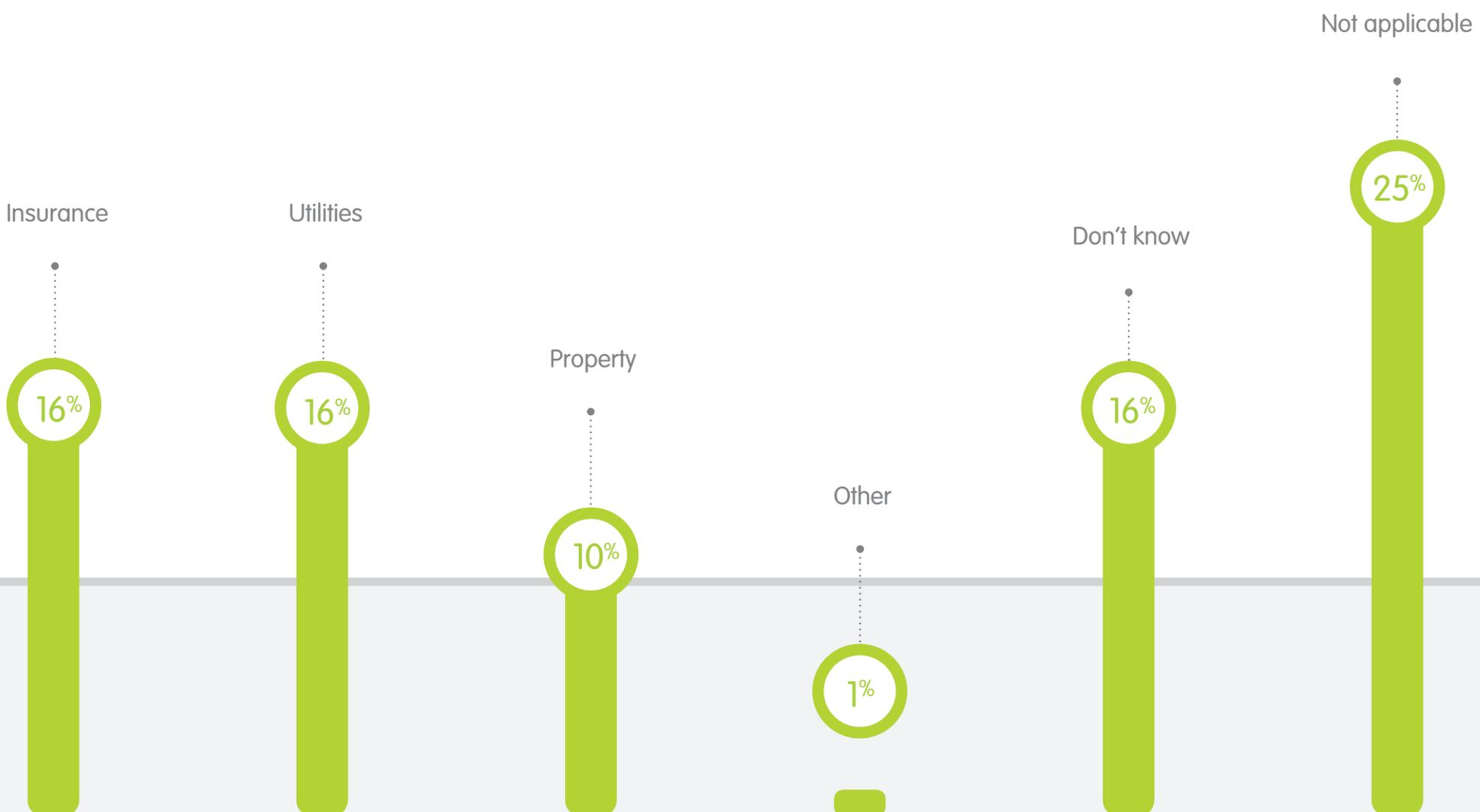
From the point of view of driving efficiencies, automated services can handle regular, repeat queries at scale, and free up staff to handle more complex and higher value customer interactions.

The travel sector is a pioneer in adopting technology to improve service CX and sees machine learning allied with ‘the human touch’ when needed as essential to its future growth.

Airlines, tour operators and travel agents have introduced online and offline service innovations to help consumers navigate their travel choices and provide recommendations, enjoy smooth booking processes and provide vital real-time information on delays and itinerary changes.

WayBlazer offers a suite of travel tech products powered by IBM Watson, whose cognitive computing technology can process unstructured data at incredible speed and communicate with travellers in natural language. The company is partnering with hotel chains, airlines, and travel publishers to improve their service CX – whether it’s a service delivered by apps or in Hilton’s case, ‘Connie’, the hotel chain’s new concierge robot.

The successful services of the future will use data to anticipate customer needs and provide for them in an unobtrusive, efficient and empowering way.



— SECTION 04

THE FUTURE OF SERVICE DELIVERY

With the takeover of our worlds by digital technologies, our lives have been augmented by an unseen but ever present digital network of interactive digital services. These digital technologies are increasingly being integrated into traditional services (Amazon, Uber, Airbnb, Deliveroo, TaskRabbit) to augment and improve those services, or are being used to create new pure play digital services that did not exist before (Spotify, Netflix, Instagram, LinkedIn, Periscope, Twitter).

Across both these categories the quality of the service has become paramount to the success of the service. In fact, it is the comparison with the relative low quality of the original services (ordering a taxi before Uber, trying to book a hotel abroad before Airbnb) that is driving a new, much higher customer expectation of service delivery from brands.

▪ SECTION 04.1

THE FUTURE OF SERVICE DELIVERY

BEST-IN-CLASS IN SERVICE DELIVERY

The integration of digital into the traditional services has enabled companies like Uber and Airbnb to deliver service customer experiences that were impossible in the pre-digital service world. The smartphone has enabled these companies to deliver effortless service experiences across the full customer journey, adding in moments of immersive delight along the way. The best-in-class customer experience bar has been set high, and most traditional services are sweating under the comparisons their customers are making between them and the Ubers of their industry, and non-industry.

They are going to have to transform how they deliver their services, because if they don't, it will only be a matter of time before a digital-first disruptor enters their industry and is quickly stealing their market share. This is the new service revolution, driven by new digitally native service brands who are driving up customer service expectations and recreating the rules of commercial engagement in the 21st Century. Best-in-class customer experience is the key output of competitive service delivery in the 21st Century.



- SECTION 04.2

THE FUTURE OF SERVICE DELIVERY

THE OMNICHANNEL CX HOLY GRAIL

The digital revolution has given CX a near mythical status and is the one key business metric that trumps all others. Customer experience is not a new concept however, as it has been a management priority way before the this digital era, one that Peter Drucker and Tom Peters were preaching in the 70s and 80s as key to the success of companies in competitive markets. But with the advent of the internet and the smart phone, the critical difference between CX now and pre-digital CX is the interactive nature, and proliferation, of all brand touchpoints. In the 70s and 80s most brands interacted with their customers purely and exclusively in the physical domain via the telephone or in person. Other touchpoints were flat and non-interactive (print, TV, radio) and therefore the experience of these was easily controllable. Now however, the number of touchpoints has multiplied beyond the control of most brands. Most are interactive, with the customer experience dependant on a complex interactive

interplay between customer and brand with no human present, the outcome of which determines the experience of the brand or service and the likelihood for longterm loyalty, word of mouth and (re)purchase. This transformation, brought about by the digital revolution, has changed not only the commercial rules of engagement, but the meaning of what a brand is and how customers choose products and services. Brand is now customer experience, and the most successful brands will be those that seamlessly integrate best-in-class CX into every customer touchpoint across both the physical and digital interaction estate. This is the so called omnichannel CX holy grail – where customers flow across channels and touchpoints, seamlessly driven down the funnel towards purchase and loyalty.



“Brand is now customer experience, and the most successful brands will be those that seamlessly integrate best-in-class CX into every customer touchpoint across both the physical and digital interaction estate.”

▪ SECTION 04.3

THE FUTURE OF SERVICE DELIVERY

**EFFORTLESS, IMMERSIVE
IN-SERVICE OMNICHANNEL EXPERIENCES**





“Service flow is defined as the desired customer state of mind while using a service, leading to customer loyalty, positive word of mouth and (re)purchase behaviour.”

Service brands are at the forefront of this transformational change, as CX is ultimately the product they sell. And those service brands that survive will be those that are already on the road to transformation, using service design methodologies to redesign every customer service interaction point from the ground up. Using the latest digital technologies they deliver customer experiences that are effortless, immersive and deliver a sense of service flow to the customer.

Service flow is the key determinant of best-in-class service delivery success in the 21st Century. Brands that can deliver service flow through consistent best-in-class omni-channel CX can win against their industry and non-industry competitors and build themselves competitive advantage.



Service flow is defined as the desired customer state of mind while using a service, leading to customer loyalty, positive word of mouth and (re)purchase behaviour.

Services that create service flow are designed to deliver an immersive experience across the entire service journey through the effortless interplay between the customer and the service. They aim to contain the customer within a safe and controllable space that delivers a full and consistent brand experience through every touchpoint in order to create a positive sense of frictionless alignment between the customer's goals and the ultimate outcome of the service experience. Inducing a service flow state of mind in the customer aims to create feelings of energised containment in which customers are completely focused and absorbed in the service experience, whilst experiencing feelings of joy and satisfaction that last long after the successful completion of the service delivery.

▪ SECTION 04.4

THE FUTURE OF SERVICE DELIVERY

SERVICE FLOW THEORY

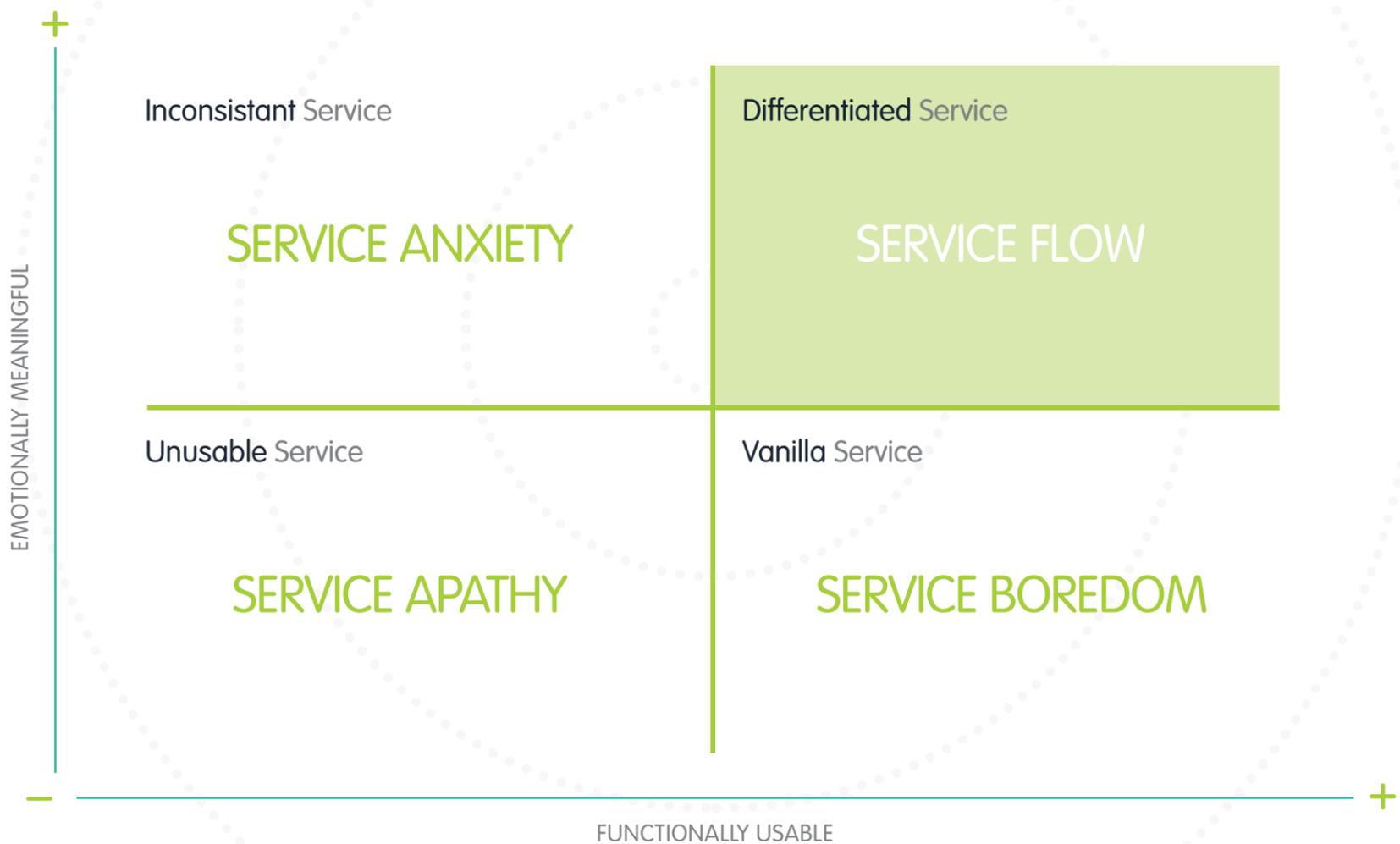
The concept of service flow, as a required in-service customer experience of successful best-in-class omnichannel services, is based on Flow Theory, named by Mihály Csíkszentmihályi.

“Flow Theory is the mental state of operation in which a person performing an activity is fully immersed in a feeling of energized focus, full involvement, and enjoyment in the process of the activity (also known as being ‘In the Zone’). Flow is characterized by a complete absorption in what one does and is a completely focused motivation. It is a single-minded immersion and represents perhaps the ultimate experience in harnessing the emotions in the service of performing and learning. In flow, the emotions are not just contained and channeled, but positive, energized, and aligned with the task at hand. The hallmark of flow is a feeling of spontaneous joy, even rapture, while performing a task.”

Mihaly Csikszentmihalyi (1990)

Flow: The Psychology of Optimal Experience

The concept has been widely accepted and referenced across a variety of fields, but sparingly within the design of customer experiences.



Service Flow Theory applies the ideas from Csíkszentmihályi's flow concept of the human need for controllable immersive experiences to give meaning and pleasure to their lives, to service design. It provides a design framework and processes that output pleasurable service flow states of mind through the redesign of service delivery processes attached to the day-to-day delivery of service interactions. This is done through the integration of Service Flow Theory into service design methodologies allowing for service flow to be directly measured, benchmarked and designed into services within the standard processes.

Service flow exists only within services that deliver best-in-class, functionally usable and emotionally meaningful experiences. That is to say, for services to differentiate themselves in the marketplace and to drive loyalty, word of mouth and (re)purchase behaviours they must change our lives by proving their existential reason for existing through their usefulness and ability to create meaning. Services that are delivered well functionally but fail to create emotional meaning are indistinguishable from other similar services (Service Vanilla). Services that deliver emotional meaning but are functionally unusable are dismissed as cowboy services (Service Anxiety). Services that deliver both emotional meaning and best-in-class functional usability become differentiated and have the potential to deliver service flow. Services that deliver neither are ignored (Service Apathy).

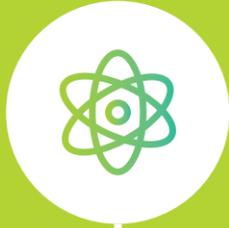
- SECTION 04.5

THE FUTURE OF SERVICE DELIVERY

THE FOUR ATTRIBUTES OF
SERVICE FLOW

For service flow to exist, four key attributes need to be designed into in a service delivery. These attributes are effort, control, interplay, and immersion. They are interconnected and when combined create a service critical mass to deliver the flow experience for the customer.

When the four attributes are delivered within a service at a best-in-class level, service flow will result and the customer begins to feel as if the service is part of their own being, intertwined with them and their lives, and part of their own creative powers. The service becomes not a choice, but a core part of their lives without which they would be both physically and emotionally diminished. Services that can reach these heights through the creation of service flow begin to burrow into the psyche of their customers, taking ownership of parts of their self esteem and in time, becoming a key part of customers psychological make up. In this way services can guarantee loyalty, word of mouth and (re)purchase behaviours across generations.



EFFORT

CONTROL

INTERPLAY

IMMERSION

Best-in-class services feel effortless pre, during and post service delivery. Services excelling in this area do everything possible across both physical and digital service realms to remove friction and effort for the customer. Hyper-personalisation based on best-in-class data collection and insight activity reduces effort after every use of the service, driving it out at every opportunity.

Best-in-class services give the customer full control over how the service is delivered at any point, but minimising the need for customisation by the customer by using hyper-personalisation (minimising effort). Customers always feel in complete control of the service, are constantly updated on progress, and can always access in-service live support. The customer feedback loop is instant, quickly eradicating pain points that stand in the way of the flow experience.

Best-in-class services deliver customer/ service interplay that is unique to the brand, differentiated, authentic and feels excitingly co-created and personal across both physical and digital interaction points. Customers feel their service experiences are not preplanned but emerge from the own momentary in-service needs. The service interplays feel effortlessly, proactively moulded around the customer in the moment, giving the customer a guided control over the final shape of their experience. Interplay across both physical and digital interaction points is positive and progressive, always getting the customer closer to their service goals.

Best-in-class services create immersive experiences through the removal of all pain points and frictions, through the giving of full pre, during and post service control to the customer, and the delivery of co-created interplay service experiences that feel unique to the brand and the service moment. Service immersion means the customer is able to lose themselves in their own personal experience of the service and truly flow within in it, unaware of the delivery mechanisms happening backstage to create the service experience.

SECTION 04.6

THE FUTURE OF SERVICE DELIVERY

BENCHMARKING SERVICES WITH SERVICE FLOW

To understand where a current service delivery sits across the four key service flow attributes, the service can be measured on a 10 point benchmarking scorecard. The Service Flow Scorecard allows the quantification of best-in-class service delivery and through this identifies critical areas of current services to apply service design methodologies in order to improve the flow potential. It also allows the ranking of services against industry and non-industry competitors. The resulting gap analysis will deliver a service transformation road map that will help drive the company towards best practice omnichannel service experience.

SERVICE FLOW SCORECARD

Effortlessness



Controllability



Interplay



Immersiveness



SERVICE FLOW SPIDER DIAGRAM



SECTION 04.7

THE FUTURE OF SERVICE DELIVERY

SERVICE TRANSFORMATION DELIVERY SYSTEM

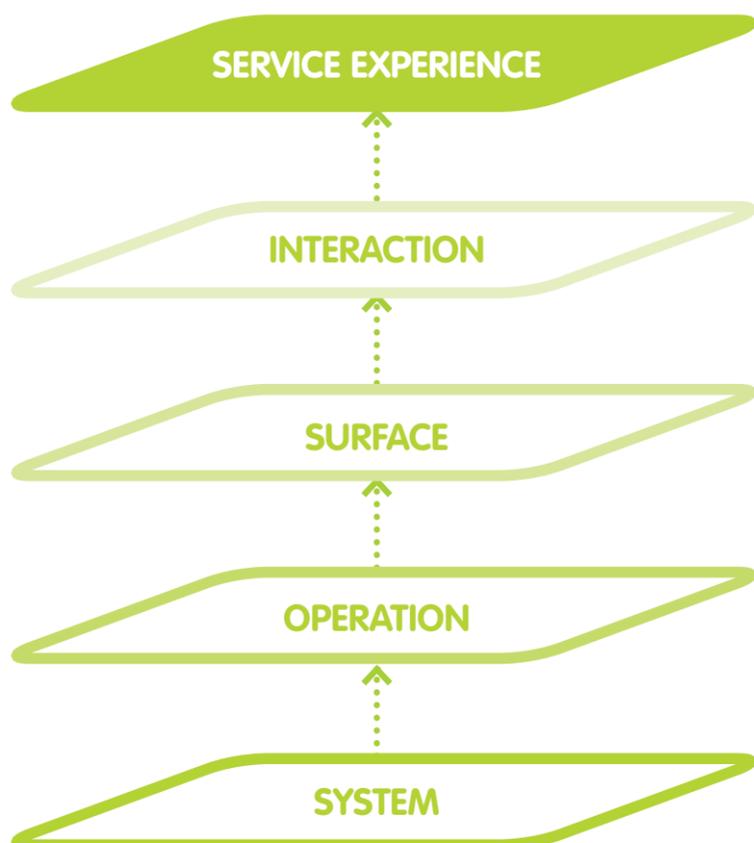
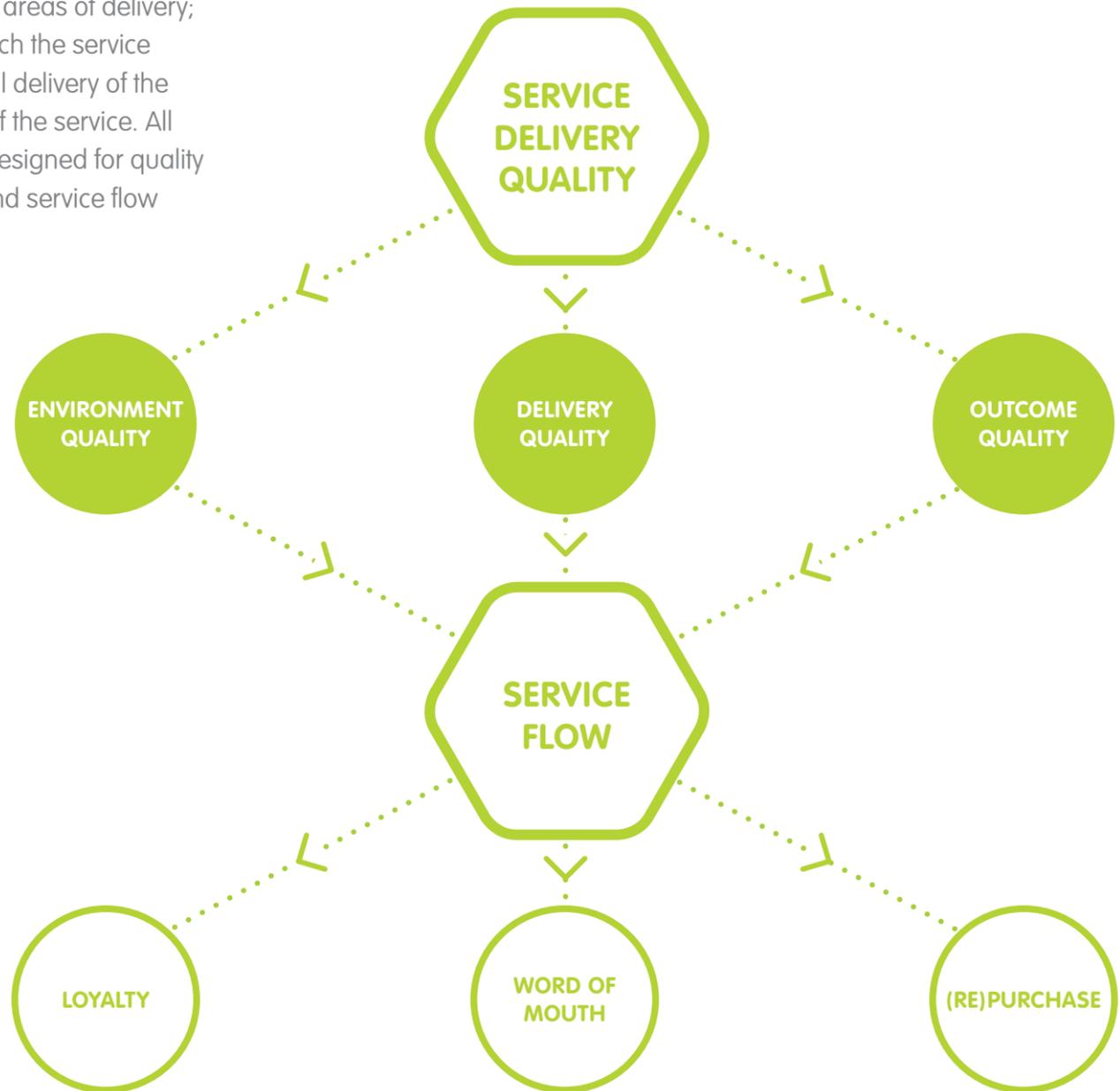
Traditional services need to transform not just to compete, but to survive in this new digitally integrated service economy. Best-in-class services that deliver consistent omni-channel customer experiences can build unassailable market advantage through service flow. But a transformation of this magnitude necessitates a visionary design-led methodology that can deliver a transformation road map to help drive change across the entire service delivery ecosystem. Service design is a relatively recent methodological framework which provides companies with the processes and tools to make this kind of transformative change. When combined with Service Flow Theory service design delivers potential market-winning transformations and innovations.

Every transformation needs a vision to aim for, and service transformations need service visions to bring the destination to life and act as the flag bearer on the journey. The service vision must be based on industry and non-industry service benchmarking in order to understand current and competitive strategic territories from which to plot a successful future course. Using service flow as the benchmark, a gap analysis between the current and best-in-class service delivery. This will create a service transformation vision that will bring the journey of closing the gap and getting ahead of the competition to life. This vision will then be a critical component of the service design process and decision-making around what key change projects to prioritise and deliver first.



SERVICE DELIVERY CORE AREAS

The creation of best-in-class services happens across three core areas of delivery; the environment within which the service is delivered; the operational delivery of the service, and the outcome of the service. All three of these need to be designed for quality so best-in-class services and service flow can emerge.



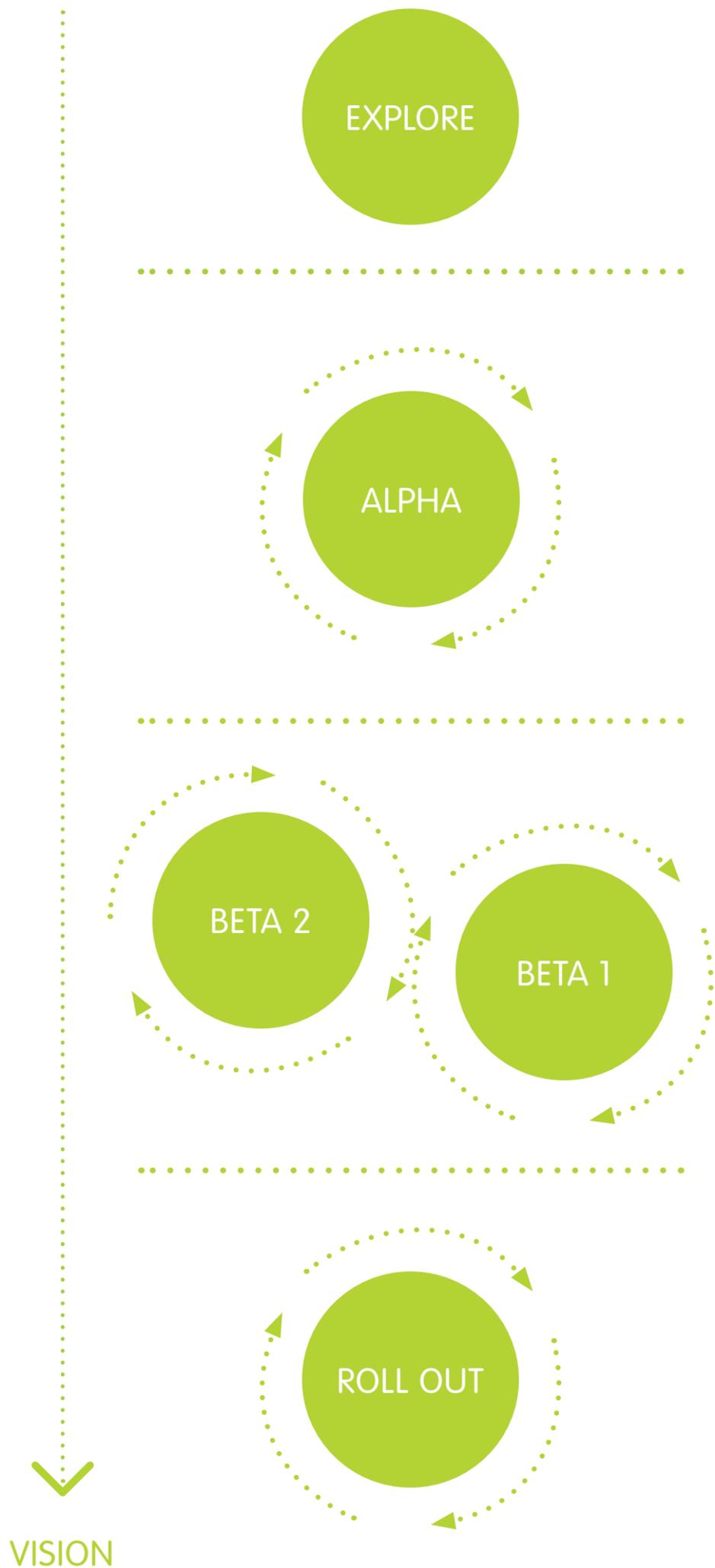
THE FOUR LAYERS OF SERVICE DELIVERY TRANSFORMATION

Within the three service delivery areas, all services are delivered through a complex combination of back stage and front stage actors, interactions, processes, and systems. The optimisation of this combination is key to the consistent delivery of best-in-class services that can deliver service flow. Service design breaks down services into their constituent delivery service layers and components. Through analysis, service design identifies critical failures, pain points and innovation opportunities that can then be redesigned, using the four key attributes of service flow as the guiding principles the service must deliver to.

FOUR-STAGE AGILE SERVICE DESIGN AND BUILD PROCESS

The service design layers (and the pain points and innovation opportunities within these), are used to create the service transformation road map which will drive the service and internal organisational change necessary to achieve the service vision. Each change project is run through a four-stage agile service design and build process. This approach guarantees an iterative, user-centred test and learn approach that delivers only fully tested service innovations that push the service closer to the vision.

Strict KPI gates across the stages help filter out service innovations and improvements that have the potential to fail in the full roll out stage. But even after full rollout, successful services must be constantly tested and measured to make sure the customer's experience vision is constantly and consistently delivered.

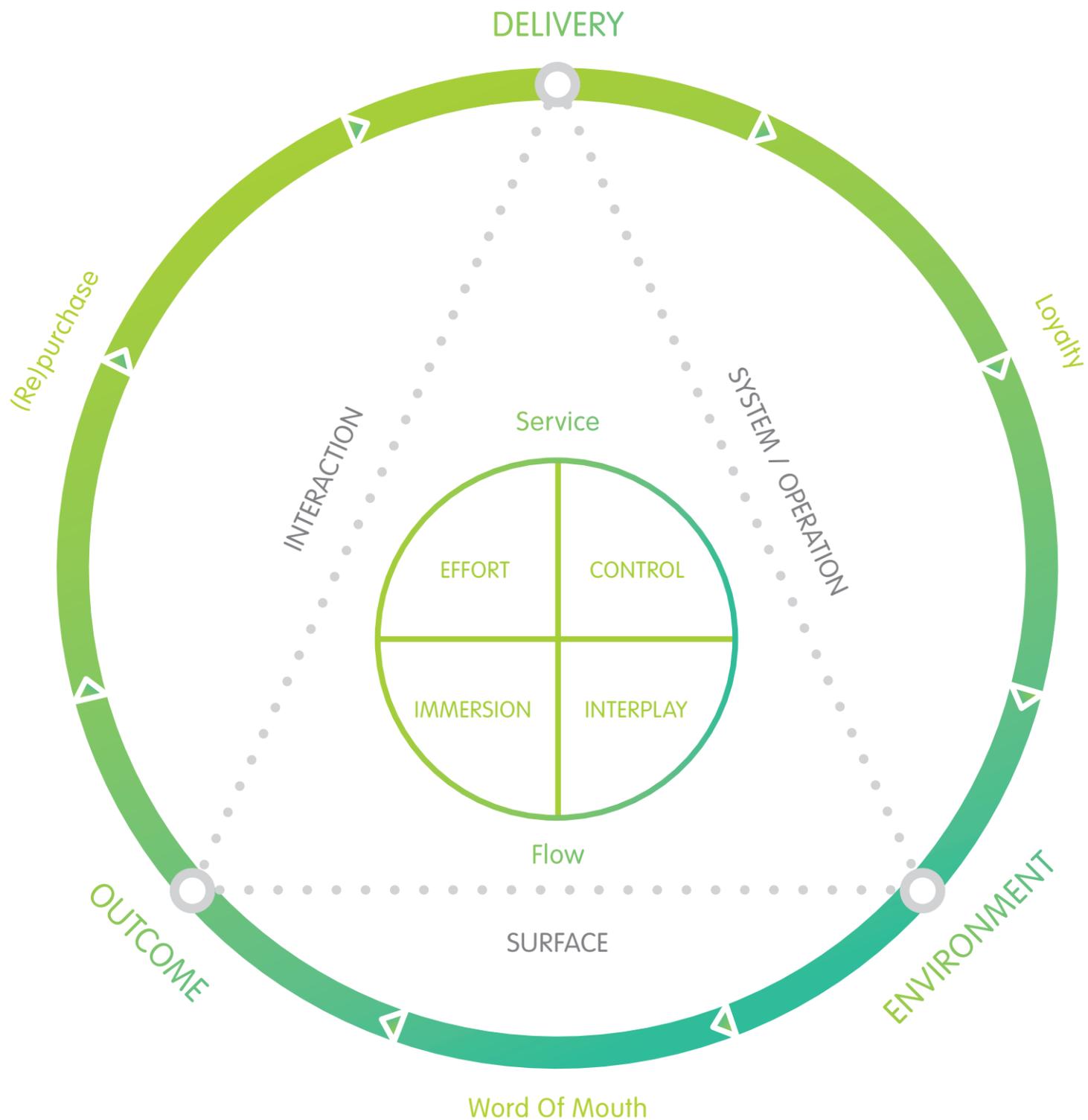


SERVICE DELIVERY SYSTEM

From the combination of the service delivery areas and layers with the four key attributes of service flow a service delivery system emerges that will allow the transformation of services to hit the key KPIs of loyalty, word of mouth and (re)purchase.

The benefits of the system are the ability to define a service vision at the macro level, and then have the capability and tools to measure the current service delivery at a micro level across the delivery layers and components of the service in

relation to the vision and best in class. This allows a service design gap analysis to produce the design road map to delivering the macro vision via micro design innovations across the delivery layers. Designing services this way guarantees the service vision can be delivered with the business strategic objectives at its core, and produces a designed service based on the customer needs, market positioning and brand experience needed to deliver loyalty, word of mouth and (re) purchase behaviours.



— SECTION 05

BEST-IN-CLASS SERVICE

TRANSFORMATION:

- TWO CASE STUDIES

Service transformation does not happen overnight; the changes necessary to deliver optimised customer services will be an iterative process. Two large organisations that have started to 'bake in' CX as the guiding principle for innovation and development are the Post Office and Transport for London.

Both these companies have huge legacy challenges: they own large amounts of infrastructure, have thousands of employees on the customer-facing 'front line' and they deal with large numbers of customer interactions every day.

- SECTION 05.1

BEST-IN-CLASS SERVICE TRANSFORMATION

CASE STUDY 01 POST OFFICE

THE
CHALLENGE

To change brand perceptions and increase service flow of the Post Office (PO) as an out-moded institution that exists solely to send letters, is prone to frustrating queues and a confusing place to visit.

“

“Time and effort are the biggest ways people judge us as a business. Everything we design has to be about helping people get life’s important things done and if something gets in the way of that we have to get rid of it – it has to be that simple.”

Pete Markey at Ad Week Europe 2016
Chief Marketing Officer



THE EXECUTION

Markey and the CX team took direct P&L responsibility for four PO branches with permission to experiment, innovate and “change the flow of the experience” within these branches.

Research included kitting out customers with cameras, heart monitors and sweat monitors to record their experience and discover pain points. By these methods the team were able to analyse the customer journey at a granular level and learn where and how obstructions were occurring. They discovered people did not know where to stand to be served, where they were ranked in the queue or how to use self-service.

Successful innovations trialled and now being rolled out include changing the language on posters, the introduction of an app to check into the queue before arrival, and colour coded counter and self-service areas. Changes have been accompanied by a new marketing campaign with an upbeat tone featuring the strapline ‘Helping You Get Life’s Important Things Done’.

The PO website has also been overhauled with a focus on better integration of the offline and online experience, for instance the ability to order foreign currency online and collect it in-branch. The confusion presented by the PO’s 132 different products has been tackled by grouping them by lifestyle.

THE RESULTS

Counter queue waiting times have been cut; awareness of services like foreign exchange have jumped from 7% to 70%, double digit sales growth has been recorded and there has been a 50% increase in online sales.

- SECTION 05.1

BEST-IN-CLASS SERVICE TRANSFORMATION

CASE STUDY 01

POST OFFICE



Digital Integration In the
Post Office

“We reoriented the whole website around the sense of helping customers getting important things done. We grouped products by lifestyle, whereas before we just hit them with 132 products. Previously you had to be a rocket scientist to find your way through stuff.

We have linked to the things customers can do in branch and connected offline and online. Now you can book an appointment online and come in to talk about a mortgage at more than 150 branches. We’ve done a lot with online ‘next best action’ – the journey I have might be different from the journey you experience. We asked ‘how can we personalise an experience so it feels truly relevant and important to you?’”

Pete Markey

CMO of Post Office in Ad Week Europe



SECTION 05.1

BEST-IN-CLASS SERVICE TRANSFORMATION

CASE STUDY 02

TRANSPORT FOR LONDON

THE CHALLENGE

TfL's mission statement is "To keep London working and growing, and to make life in the Capital better." The introduction of contactless payment to turn London Underground into a ticketless transport system was a major project designed to contribute to this goal by improving speed of flow for users around the network.

THE EXECUTION

Contactless technology was developed in-house to help transform the service delivery. The introduction of contactless was accompanied by the creation of a user-centred website designed for mobile to help passengers better organise and navigate their journeys. The website includes a Journey Planner with a 'recent journey recall' capability and geo-location functionality to give passengers localised and personalised travel information.

The CX research included mapping customer journeys with team members, often for the first time, following in the exact footsteps of passengers and using the same tools. Negative experiences that were identified included the automatic maximum fare charge for incomplete journeys on London Underground.

This ranked in the top five of customer pain points and led to the policy change of automatically refunding more than 60% of maximum fares for incomplete journeys. TfL applied more analysis to identify why journeys were not being completed and to better work out people's intent. It accepted that accidental non-check out was a big factor and that travellers resented the time-consuming process for reclaiming fares.



THE RESULTS

The result of introducing initiatives such as contactless has created more service flow for passengers in the system with less stress for travellers and TfL staff. More than one million contactless journeys are now made on the underground and London bus network every day and TfL is the fastest growing contactless Visa merchant in London. The availability of real time data on journeys helps TfL to make faster operational decisions and the technology has created efficiencies that have released back office staff to focus more on CX delivery.

“

“We look to brands like Virgin Trains, Eurostar or EasyJet. Our starting aspiration is to get to a place where we are viewed like the best retail companies, like John Lewis and Amazon. We don't kid ourselves that people think of us like that right now but we admire them and learn from them.”

Mike Tuckett

Head of Transformation Delivery at TfL

— SECTION 06

CONCLUSION

Customers will abandon brands that deliver poor quality and inconsistent experiences, whether the touchpoints are offline or online. Expectations rise after every encounter with a ‘best-in-breed’ example of a pure play digital service and legacy companies cannot afford to bury their heads in the sand.

The successful business of the future will focus on service design and optimising service flow to provide a superlative CX. Companies that can do this will stand out from their peers, generate advocacy, build loyalty and reduce customer churn – with the associated costs of acquisition and retention.

All aspects of a business that contribute to service delivery, both behind-the-scenes and front-of-house, need to be coordinated to ensure the provision of best-in-class CX. This will require taking on the challenge of service transformation across the organisation.

“The main problem in introducing service design is corporate culture. Management and organisations are often rather linear and hierarchical while design is often non-linear – it is cross functional and cross-discipline. This is not how organisations are built. If you start managing a service design project with existing management techniques it simply does not work ... and management measures which ideas should get to the next stage by their old understanding of what is a good idea. The decision process has to match the design process.”

Marc Stickdorn

Consultant and co-author 'This Is Service Design Thinking'

To prioritise and implement a service design mind-set:

- 1 Understand the purpose of the business – what does it exist to do? Then make sure all staff buy into this goal.
- 2 Focus on its customers' expectations of the service and identify where there are pain points in delivery.
- 3 Acknowledge that all brand touchpoints contribute to CX and there must be consistent delivery across the service.
- 4 Embrace the speed and elegance of digitally-powered interfaces and acknowledge the customer delight they can create.
- 5 Allow CX-focused teams to operate across departments and siloes and learn from best-in-breed.
- 6 Manage internal and external expectations of project delivery – it takes time to see differences.
- 7 Prototype innovations repeatedly and in a 'live lab' setting where possible.
- 8 Deliver service flow at every opportunity.

The need to consider CX through the lens of service design will become paramount. Cookie-cutter products and services will be ill-positioned to ride the constant waves of disruption delivered by new technology, while

those willing to interrogate their current offering and invest in an organisational shift lay the foundations for a successful future.

ABOUT

THE BIO AGENCY

BIO is an award-winning digital agency consulting and delivering on customer experience-led innovation and transformation. We are one of the only agencies in the UK that can provide an in-house, end-to-end service, spanning everything from business vision and strategy to service design, creative innovation and technical development and build. Defining ourselves as **Digital Change Agents**[®] we create experiences that are simple, seamless and intuitive, changing the way customers engage and buy from today's organisations. We work to redefine sectors, helping clients move ahead of their competitors and creating companies fit for the future.

Charlie Attenborough

— **Business Development Director**

Charlie has over 20 years' management experience in the sales and business development field. He has worked with a number of world-leading brands including National Geographic, Fortune Magazine and The Economist to manage and grow their key client partnerships throughout EMEA and APAC.

Utilising his passion for innovation and a strong expertise in developing bespoke client management solutions, Charlie is now leading BIO's sales team to drive long-term growth and ensure effective management of key client relationships.

Find out more

At The BIO Agency we want our clients to be at the forefront of the digital revolution and believe that brands have the opportunity to revolutionise their services for today's connected customer.

We'd love to share some of our insights and help you on your journey.

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