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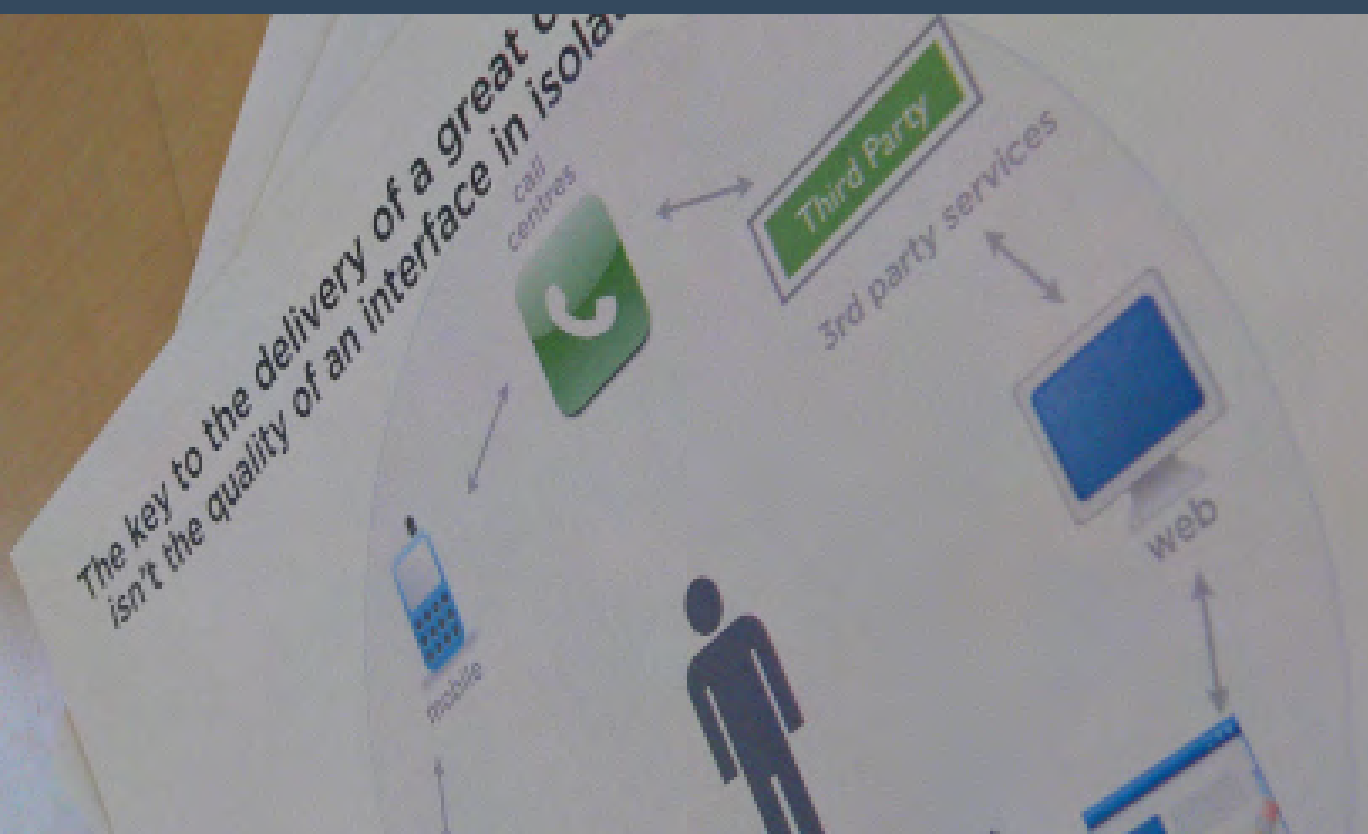
Designing Outstanding Customer Experiences

Touch Points
SERVICE DESIGN PERSPECTIVES

IT'S THE ME-CONOMY, STUPID

And so sums up in just four words the feeling a lot of us have as consumers as yet again we encounter another average service experience with a company we have provided our custom, our dollars and our time, often over many years.

In this article we will look at trying to understand why we so often have these average customer experiences, why services are still most often developed using an industrial product mindset and how that might be improved. We will also provide a new approach to ensure that services are more regularly designed with the end user in mind rather than as an organic process, which has little connection to the importance of the crucial revenue stream that it has been set up to deliver.

It has been proven there is a huge gap between companies' and consumers' perceived customer experience. Bain and Co conducted a study several years ago across 362 firms. Of those firms, which were a representative sample across businesses, 95 per cent said they were customer-focused. Of those companies, 85 per cent believed that they delivered a superior experience for their customers. And the corresponding amount of customers that agreed with them. Eight per cent! Yes, that's right, only eight per cent of customers believed that they were being delivered a great experience. By my count, that is a rather large discrepancy between what the company intended and what they actually delivered upon. It's an even scarier number for any company that operates as a service business given their product is 'customer experience'.

According to the ABS, nearly 75 per cent of the business conducted in Australia is produced by organisations that provide services as their means of generating revenue and growth. Importantly, that figure is growing annually, not only in Australia but across nearly every developed western country as manufacturing moves offshore to cheaper more cost effective countries.

With the service sector growing in terms of both numbers employed and its importance to the economy, the requirement of having a process to maximise the value of the service exchange to both company and customers becomes even more crucial, especially in a world that is becoming increasingly complex.

In the eighties there was only one way to access the funds in my meagre bank account and that was by fronting up with my passbook and talking with the teller. Now, in addition to the traditional teller, you can transact with a bank via phone using the keypad, Internet, Paypal, and even more recently via smartphones. The world has changed and with that has come added complexity. With more channels and avenues to connect with customers and for customers to connect to service providers, logically that should result in a better service experience. Paradoxically with this increased complexity and choice has come greater difficulty in providing the customer with a better experience.

Accenture published a global report in January of this year with specific focus on major western countries, one of which was Australia. It showed that over 52 per cent of customer expectations were never or rarely met and 64 per cent of customers left at least one provider last year due to poor service.

So, why is that? Why given the size of the service economy, the number of jobs and the importance in delivering business growth, is the service experience so average. It can't be that business leaders don't believe in delivering a great customer experience, because apparently 95 per cent of business leaders do.
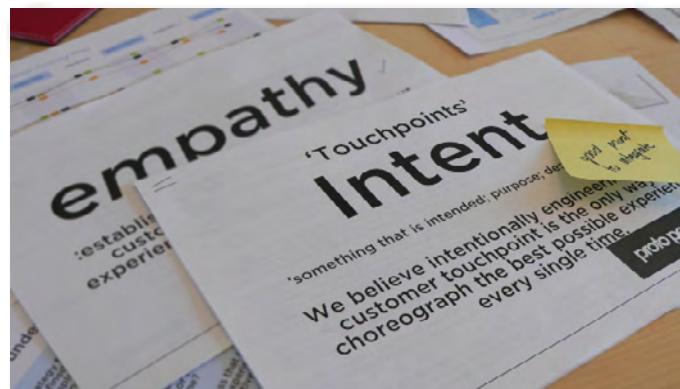
Our hypothesis is that service organisations in determining how they will reach their business goals have a firm belief that they face a choice. They can deliver increased margin and profitability at the expense of the customer experience. Alternatively, they can choose to focus on delivering the superior customer experience that nearly all managers are aspiring to and forgo potential margin and revenue because of the investment needed to do so.

And using traditional approaches they are absolutely right. Using the skills and frameworks that thousands of postgraduates including myself learned in the leading MBA programs in this country, we very quickly determine that we need to make a trade off between the two choices at hand. As the saying goes, 'money talks', and nine times out of ten, forgoing the customer experience in exchange for the most efficient process will always almost win out.

DESIGNING SERVICES

Businesses have used design as part of their new product development process for decades. But unlike products, services are produced only at the point of consumption. So how dor you design something that is ostensibly intangible?

The good news is that using proven approaches developed over the past 15 years by leading US and European Business consultancies-cum-'Big D' design companies such as IDEO, organisations now have a legitimate and robust process they can successfully call on to prevent the need to trade off between profitability and customer experience.

Working alongside small and not so small organisations, some firms have successfully demonstrated that when you spend the time to design and determine what the ideal service scenarios look and feel like, it significantly increases the chances of the customer experience actually being delivered as it was intended. When that occurs consistently as part of the customer journey, it significantly enhances the value of the service for both the service provider and customer.

The discipline that is resolving this trade-off is known as service design. Service design is the thinking and design that goes into every interaction that a service organisation has with its customers, in such a way that the organisation delivers both a dramatically improved customer experience and increased profitability. It helps organisations identify where, when and how their services can be improved and made more valuable for both themselves and their customers.

As a discipline, service design occupies a new space combining the skills of management consultancies, research agencies, and marketing and design firms. The firms occupying this space formed as a result of the inability of traditional approaches and disciplines to solve the myriad of non-traditional problems and complex business issues.

The positive impact of design on practically every measure of business performance, especially service businesses, including market share, growth, productivity, share price and competitiveness, has been shown repeatedly by data from the UK Design Council National Survey of Firms. It shows that:

- More than 80 per cent of design-led companies have introduced a new product or service in the last three years, compared to just 40 per cent of UK companies overall.

- 83 per cent of companies in which design is integral have seen their market share increase, compared to the UK average of 46 per cent.

- 66 per cent of companies who ignore design have to compete mainly on price. In companies where design is integral, just one third do so.

- 80 per cent of design-led businesses have opened up new markets in the last three years. Only 42 per cent of UK businesses overall have done so.

So how does it work? Well it begins with understanding what a company is trying to achieve. Most business challenges for service-based organisations boil down to successfully answering one, or more likely, both of the following questions:

Retention - how do we improve the customer experience so we grow our loyal customers?

Acquisition – how do we create ways for new customers to engage with us?

Upon closer inspection, service design firms often help answer questions that need solutions, but often go unanswered by organisations and typically look something like the following:

- We currently just make products - how do we go about becoming a service-focused business?

- How do we build a strategy around a coherent suite of services that support our product range?

- How do we come up with compelling service propositions that meet customer needs and deliver against our strategic objectives?

- How can we deliver new and improved services around a particular brand?

- How can we add far greater depth to our service concepts to ensure long-term competitive advantage?

If you find yourself asking these or similar questions in your business and want to take a positive step in creating better services and happier customers, then there are five areas that you can immediately focus on to start the journey.

A good starting point is to look at the following service design principles as a way of determining where, when and how your company can approach the creation of better services.

Using these principles alongside a methodology, tool set and skill set that has been purposely-built to drive service innovation, will provide the significant boost required to drive new and improved growth for any service-based organisation.

PEOPLE

Services, unlike products, are only created at the point that users and the service providers come together. Providing a great customer experience relies very heavily on the delivery by staff of that experience. Without scripts, training and a deep understanding of the outcome they are ultimately trying to create, staff will never be able to deliver a sustainable and consistent experience for their customers. The other key point is that people leave, get promoted, forget and are fallible. Knowing this ensures that companies design the system taking these aspects into account.

SERVICE PROPOSITIONS

Services are often referred to in service design literature as 'propositions'. It makes sense, as a service is often a collection of different elements and touchpoints that combine to hopefully deliver a compelling service
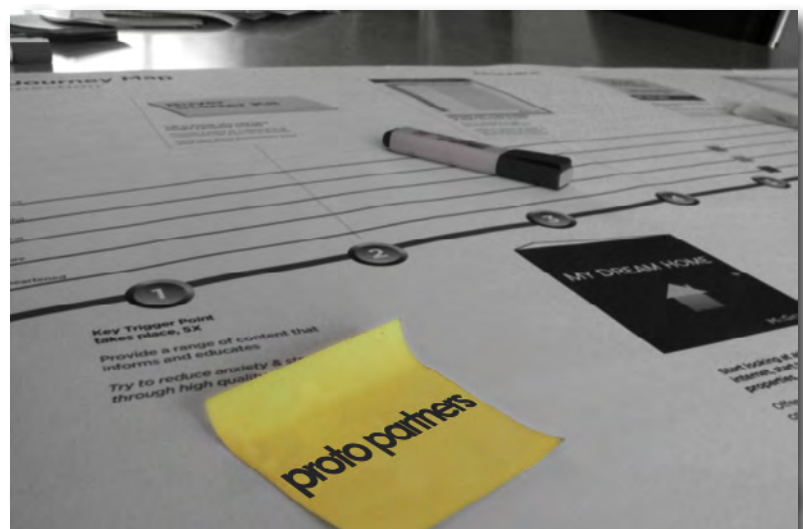
proposition. The reason this takes on such great importance is that unlike manufactured products, services are quite often developed organically, they lack the proactive design and development required to ensure that service providers take all the available opportunities to maximise the desired experience. Companies generally focus on the 'during' phase of the service and spend far less time on what occurs 'before' or 'after' the service exchange. And the economic tragedy of that - these areas are quite often the sweet spot where significantly value can be created for a very small investment.

TOUCHPOINTS

One of the key differentiators of service design is that it looks in great detail at the entire customer journey of any service. As indicated earlier, a service takes place over time and a well-designed service also enables customers to access information, help or customer service the way that they wish to, not just the way that a service provider thinks it should be provided. By starting with the end-user in mind when designing the various touchpoints, it significantly increases the ability of the service provider to determine where and when they wish to inform, engage or influence the behaviour of current or new customers.

SYSTEMS

How many meetings have you attended where multiple ideas are generated to improve the experience for your customers? You know these meetings because they are filled with statements like "wouldn't it be great if we …". And you know what is always missing at these meetings? It's the backend systems or processes to link these 'wouldn't it be great if we" statements to the operational aspects of service delivery. Focus on the development of user-centred (useful, usable and desirable) customer opportunities and understand and appreciate how the operational limitations of the back end systems will impact the successful execution of the idea. This ensures that as an organisation you always keep your promises to your customers.

SHARED VALUE

Finally, service design focuses on creating mutual value for both company and customer and is one of the crucial aspects of delivering the required performance. Innovation, it is often said, is created when someone solves the previous requirement to trade off between two options. And in using the same logic, service design resolves the need to trade off between value created for the company or the customer. The process is about maximising the total mutual value for both parties - a much smarter and far more 21st century approach to growth.

Which brings us back to the opening line of this article, "It's the me-conomy stupid", borrowed from a David Armano presentation.

If last century was about organisation control or led, then this century will be about customer control or led.

The internet has given us the ability to access information and knowledge easily. We no longer need to accept things at face value, we can check to see if there is a better cheaper option. We can look around with a few clicks and see if what brands and companies are promising, they are actually delivering. No longer do customers have to wait to determine if they will be in the 92 per cent of customers who are likely to receive average service; they can look online and choose which companies have proven repeatedly that they will deliver the service and the experience they promise.

With so much at stake for service-based companies, the opportunity exists even in the face of greater complexity to deliver against the constantly changing and increasing expectations of their customers to their great benefit. And if those companies listen hard enough they will have thousands of their customers saying to them, "But enough about me, let's talk about you ... what do you think of me?"

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