

Service Innovation

Alan Mumby
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In the most advanced service economies such as the USA and the UK, services create up to three-quarters of the wealth and 85% of employment, and yet we know relatively little about managing innovation in this sector.

Tidd & Bessant

The Finnish Funding Agency for Technology and Innovation TEKES,
charged with the task of defining Service Innovation.

TEKES

saw it primarily as a “...significantly improved service concept....that’s then taken into practice....”

It can be for example be;

- a new customer interaction channel,
- a distribution system
- a technological concept
- or a combination of them all.

TEKES

- A service innovation always includes elements that can be identified and systematically reproduced in other cases or situations.

and this is important, as it isn't something 'ad-hoc' it's something that's been created and developed for future use.

- The replicable element can be the service outcome or the service process .

TEKES

- A service innovation benefits both the service producer and customers and it improves its developer's competitive edge.
- A service innovation is a service product or service process that can be based on some technology or a given systematic method.

TEKES

- In services it's not about the novelty of the technology of delivering the innovation which often appears in the non-technological areas – for example

- * new solutions in the customer interface
- * new distribution methods,
- * novel application of technology in the service process
- * new forms of operation with the supply chain
- * or new ways to organise and manage services

This definition covers the notions of technological and non-technological innovation.

Non-technological innovations in services mainly arise from investment in intangible inputs..

Van Ark et al (2003)

Outsourcing and Service Growth

a number of expected gains that companies can derive from outsourcing include:

- the reduction of operational costs;
- the ability to transform fixed costs into variable costs;
- the ability to focus on core competencies;
- access to the industry-leading external competencies and expertise.

John Lewis Waitrose

high street Gods.....?

John Lewis Click & Collect?



Technology Solution?





Brecon, Wales



John Lewis

Click and collect



NERAK
Conveying Quality



S-shape Platform Elevator

The high-throughput solution for single-infeed and single-discharge applications. The S-shape continuous platform elevator, also known as a Box Lifter, is...

[Product info](#) ▶



C-shape Platform Elevator

The high-throughput solution for single-infeed and single-discharge applications. The C-shape continuous platform elevator is the tried and tested solution for...

[Product info](#) ▶



Single-Platform Reciprocating Lift

Fast, efficient and safe movement of totes, boxes and cartons between single or multiple levels Single-platform reciprocating hoists consist of...

[Product info](#) ▶



Multi-Platform Reciprocating Lift

Fast, Efficient And Safe Movement Of Totes And Boxes Between Multiple Levels Ideal solution for servicing multiple mezzanine floors in...

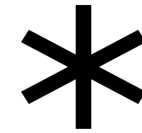
[Product info](#) ▶

technology solution



Waitrose

home delivery ?



ARRIVAL

Customer Service
Technology Solution

Service
Innovation

John Lewis
Waitrose



Differences between manufacturing and service operations ?

Fundamental differences between manufacturing and service operations:

Goods tend to be tangible

Whereas services are mostly intangible, even though you can usually sense the results (see or feel).

Differences between manufacturing and service operations ?

Perceptions of performance and quality are more important in services,

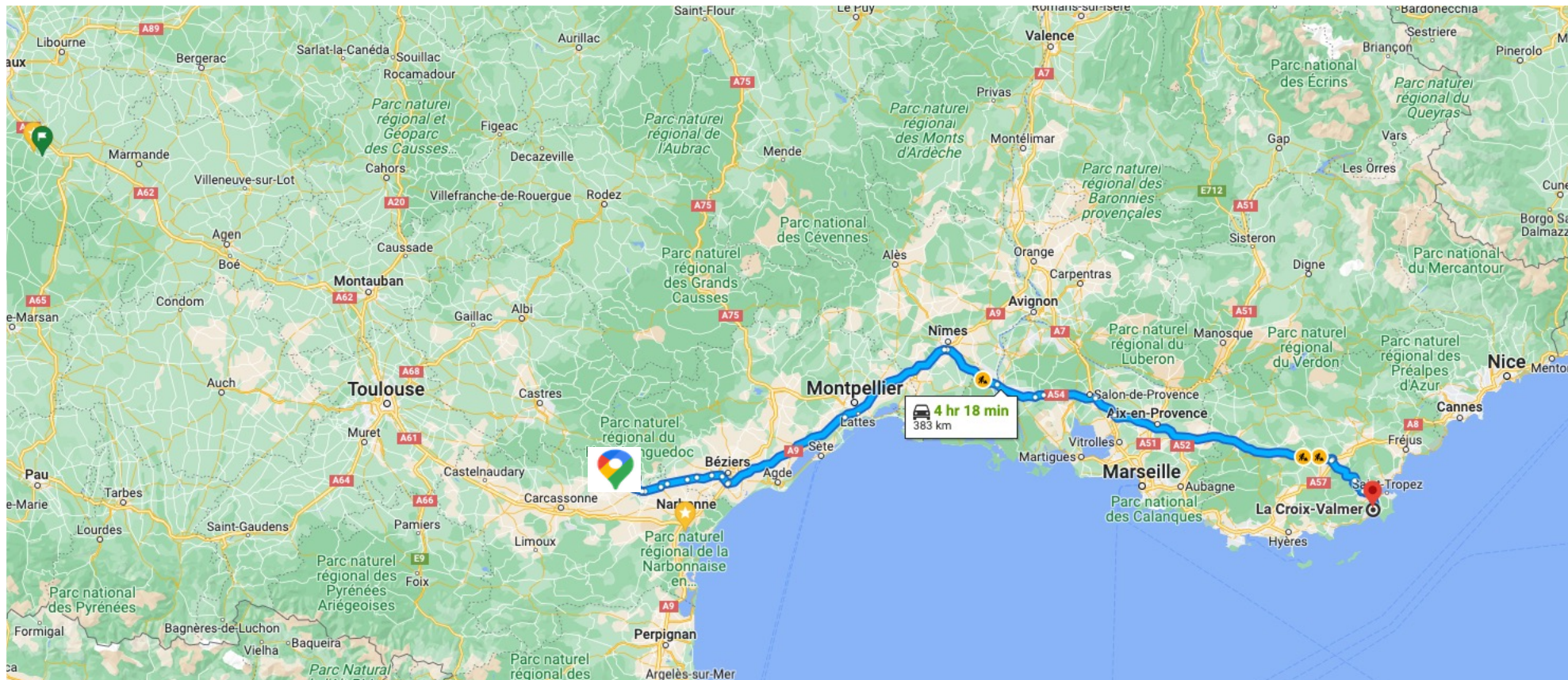
in particular the difference between expectations and perceived performance.

Customers are likely to regard a service as being good if it exceeds their expectations.

Differences between manufacturing and service operations ?

Perceptions of service quality are affected by:

- tangible aspects – appearance of facilities, equipment and staff
- responsiveness – prompt service and willingness to help
- competence – the ability to perform the service dependably
- assurance – knowledge and courtesy of staff and ability to convey trust and confidence
- empathy – provision of caring, individual attention.



Comparison

Service
Innovation













Differences between manufacturing and service operations:

Simultaneity. The lag between production and consumption of goods and services is different.

- Most goods are produced well in advance of consumption, to allow for distribution, storage and sales.
- In contrast, many services are produced and almost immediately consumed.
- This creates problems of quality management and capacity planning. It is harder to identify or correct errors in services, and more difficult to match supply and demand.

Differences between manufacturing and service operations:

- Storage. Services cannot usually be stored, for example a seat on an airline, although some, such as utilities, have some potential for storage.
- The inability to hold stocks of services can create problems matching supply and demand – capacity management.
- Pricing can be used to help smooth fluctuations in demand, for example by providing discounts at off-peak times.
- Where possible, additional capacity can be provided at peak times by employing part-time workers or outsourcing. In the worst cases, customers can simply be forced to wait for the services, by queuing.

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Differences between manufacturing and service operations:

Customer contact. Most customers have very little or no contact with the operations which produce goods.

- Many services demand high levels of contact between the operations and ultimate customer, although the level and timing of such contact varies.
- For example, medical treatment may require constant or frequent contact, but financial services only sporadic contact.

Differences between manufacturing and service operations:

Location. Because of the **physical** contact with customers and near simultaneous production and consumption of services, the location of some service operations is often more important than for operations which produce goods.

Restaurants, retail operations and entertainment services all favour proximity to customers.

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Location. Conversely, manufactured goods are often produced and consumed in very different locations. For these reasons the markets for manufactured goods also tend to be more competitive and global, whereas many personal and business services are local and less competitive.



Our vow is to wow



Search for shoes, clothes, etc.

SEARCH

MY CART

New Women Men Kids Departments Brands Sale

Sign In / Register

The Find

- Weekend Essentials
- New Spring Shoes
- Essentials Under \$100
- Workout & Recovery Shoes
- Chic Matching Sets
- Cute Mommy & Me Looks
- Outfits For Day Trips
- Staycation Must-Haves
- Visit The Find

The Style Room

- Effortless Femininity with Free People
- Outdoor Picnic
- Day-to-Night with Kate Spade
- Summer Collection
- Statement Swimwear
- Mood-Boosting Accessories
- Men's Summer Vibes
- Men's Footwear Essentials
- Men's Joyful Expression

New Brands

- M.Gemi
- M.M.LaFleur
- Madewell
- Helen Jon
- Xero Shoes
- JEN7
- UGG® Universal
- Arizona Love
- SUNDRY
- Barefoot Dreams
- Lee

New Categories

- Dining & Entertainment
- Home Décor
- Bedding



Shop New Summer Styles!



Shop Parks Project



Service
Innovation

Zappos!
.com
POWERED *by* SERVICE®

the company's 10 core values.

1.

Deliver WOW
Through Service

2.

Embrace and Drive
Change

3.

Create Fun and A
Little Weirdness

4.

Be Adventurous,
Creative, and Open-
Minded

5.

Pursue Growth and
Learning

6.

Build Open and
Honest Relationships
With Communication

7.

Build a Positive Team
and Family Spirit

8.

Do More With Less

9.

Be Passionate and
Determined

10.

Be Humble



Zappos!
com
Our vow is to wow



<https://www.zapposinsights.com/>

.....with customer input

Service
Innovation

So do the clients have an input ?

New Service Development Stages

Activities Performed by the Customer

Strategic planning

Thoughts and feedback on long term plans

Idea generation

State needs, problems, criticise existing services; identify gaps in the market; state service requirements; state new service adoption criteria

Idea screening

Suggest desired features, benefits and attributes; show reaction to concepts; show levels of purchase intent for concepts; indication of sales and market size.

Business analysis

Possible feedback on financial data, including profitability of concepts; also pricing levels.

New Service Development Stages

Service design and process system design

Personal training

Service testing and pilot

Commercialisation

Activities Performed by the Customer

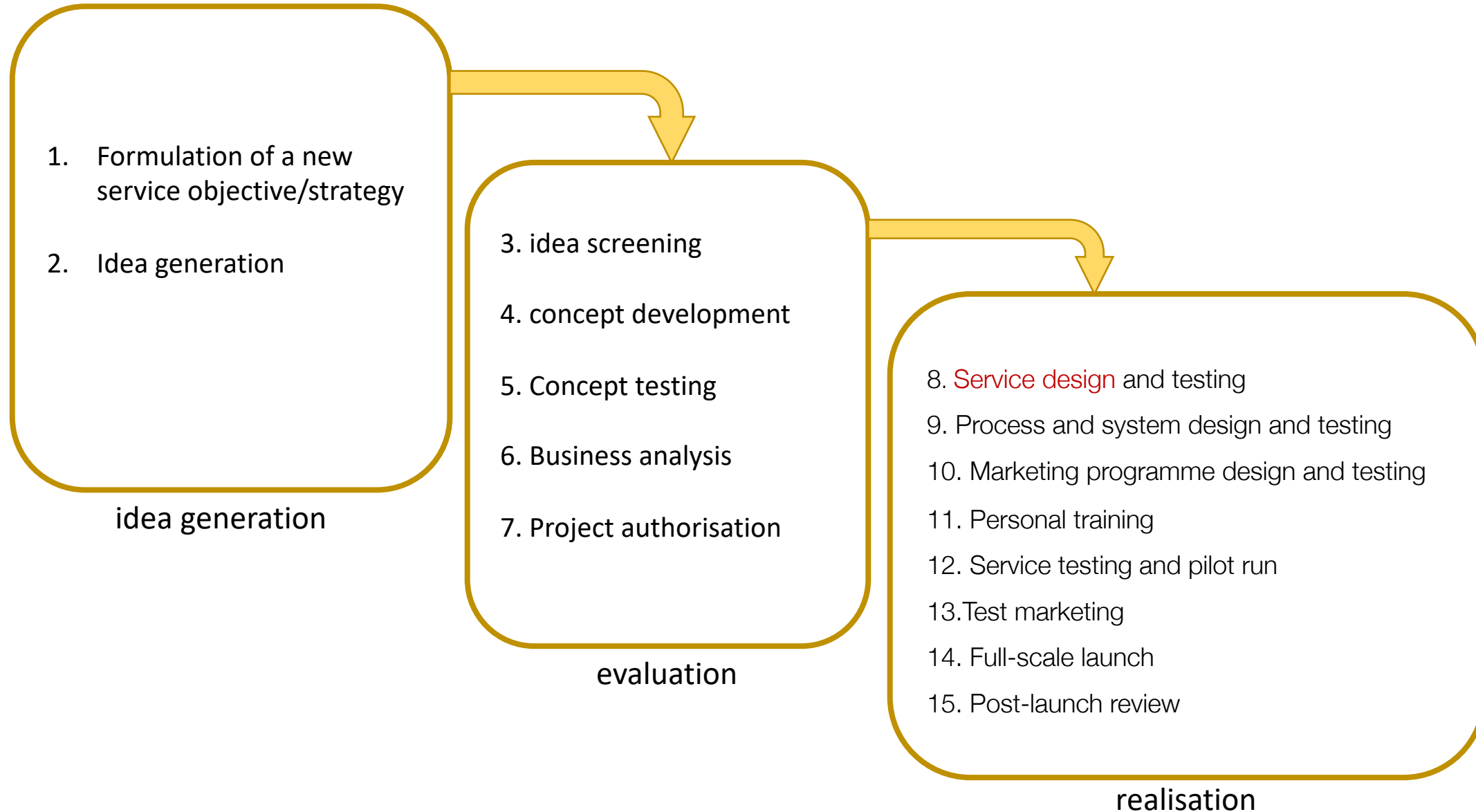
Review and jointly develop 'blue prints'; suggest improvements by identifying weak or fail points; observe service delivery trial by personnel

Observe and participate in simulated service delivery process and suggest improvements

Participate in a simulated service delivery process and suggest final design improvements.

Adopt the service as a trial; feedback regarding overall performance of the service along with improvements; word of mouth communications with other potential clients

Company	Industry sector	New service/ new business model
Napster; iTunes, Spotify	music retailer	a way to buy and download music
Google	internet search engine	a fast way of searching for information on the internet
bwin.party digital entertainment	on line gambling e.g. poker	gambling and gaming from your own home
Facebook	social networking	a community of users online who can chat and share music, images and news from their own home
YouTube	online video and film archive	a community of users sharing home-made video clips, plus professionally made or edited film clips



Service Design

Components of 'Service Design'

In user experience design multiple components must be designed:

- visuals, features and commands,
- copywriting, information architecture etc.

- Service design follows the same basic idea as Product design. There are several components, each one should be designed correctly, and all of them should be integrated
- Each component must be designed and integrated correctly to create a total user experience.

The three main components of service design are:

1. People.

This component includes anyone who creates or uses the service, as well as individuals who may be indirectly affected by the service.

Examples include:

- Employees
- Customers
- Potential customers encountered throughout the service
- Partners

The three main components of service design are:

2. Props

This really refers to the physical or digital artifacts (including products) that are needed to perform the service successfully.

Examples could include:

Physical space: storefront, information desk, reception area, conference room etc

Digital environment through which the service is delivered:

- Webpages
- Blogs
- Social Media

Objects and collateral

- Digital files
- Physical products

The three main components of service design are:

3. Processes

These are any workflows, procedures, or rituals performed by either the employee or the user throughout a service.

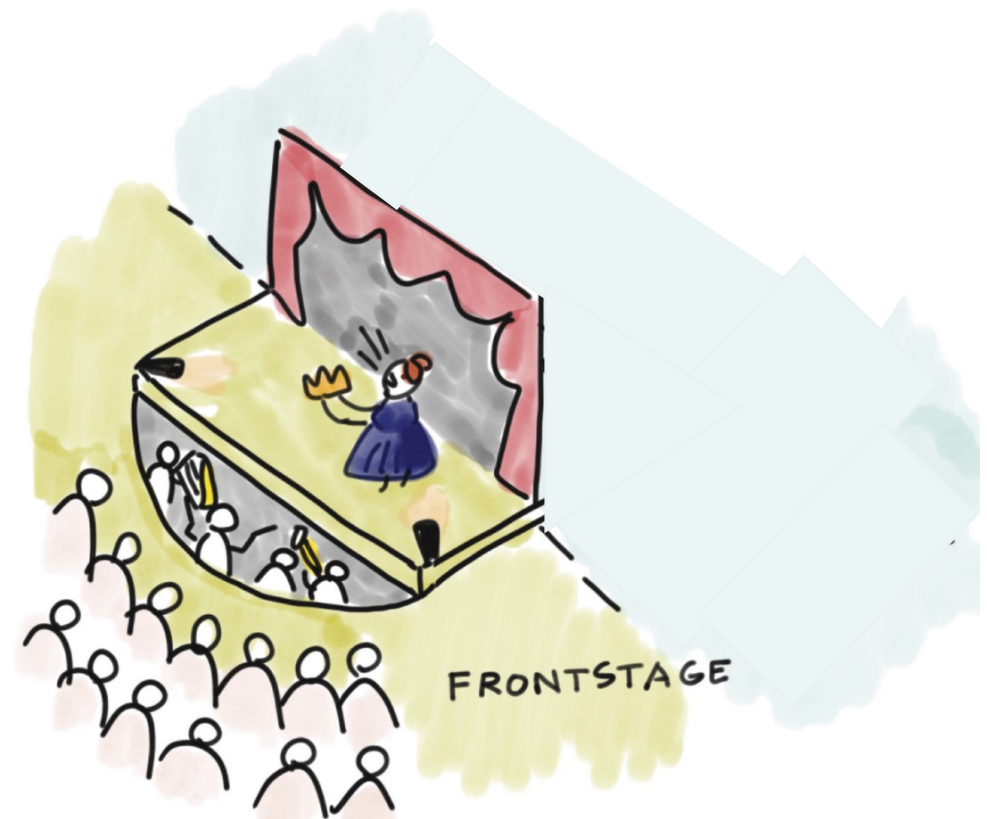
Examples include:

- Drawing down parts from the company warehouse/store
- Getting an issue resolved over support
- Interviewing a new employee
- Sharing a file (digital)

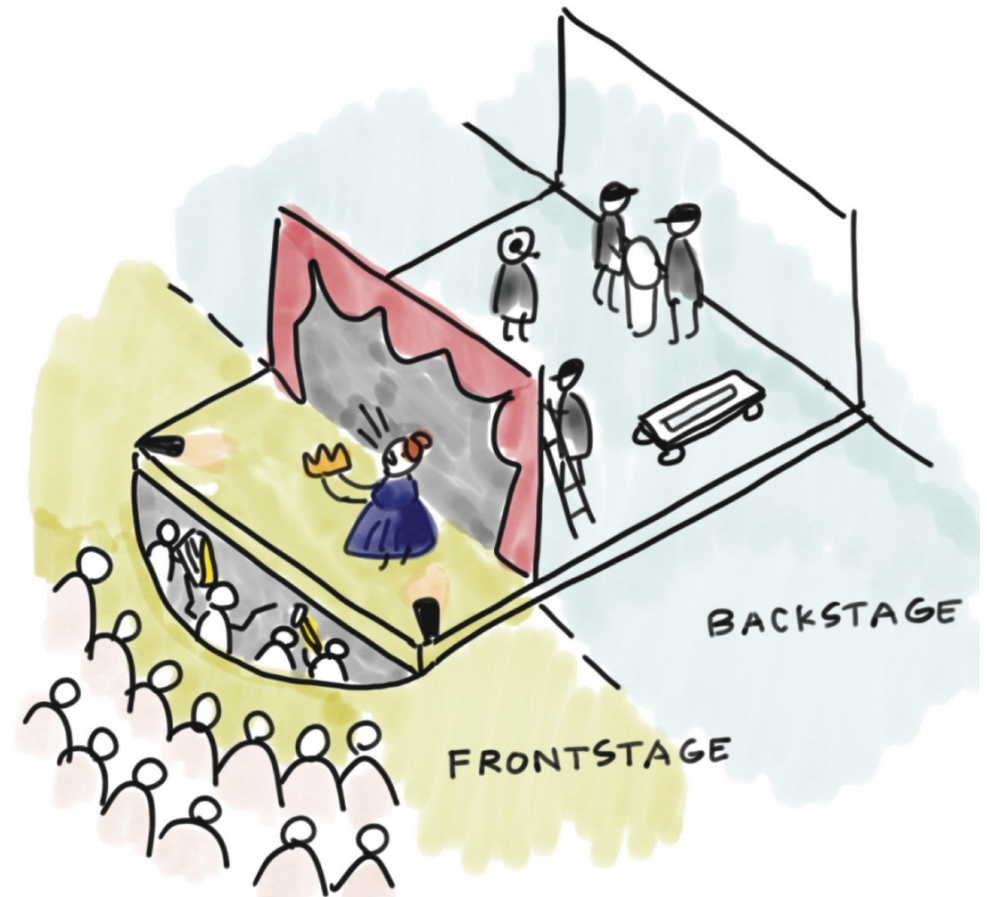
Frontstage vs. Backstage

- Service components are broken down into frontstage and backstage, depending on whether the customers sees them or not. Think of a theatre performance.....

The audience sees everything in front of the curtain: the actors, costumes, orchestra, and set. However, behind the curtain there is a whole ecosystem: the director, stage hands, lighting engineers, and set engineers, logistics management etc

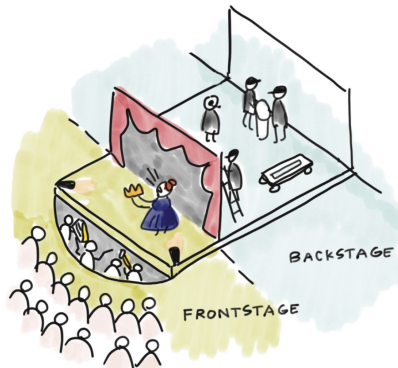


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Though not ever seen by the audience, the backstage plays a critical part in shaping the audience's experience.

In a restaurant, what happens in the kitchen dictates what appears on your table.



Frontstage components include:

- Channels
- Products
- Touchpoints
- Interfaces

Backstage components includes:

- Policies
- Technology
- Infrastructures
- Systems

Conclusion

- When backstage problems exist, they have frontstage consequences: poor service, customer frustration, and inconsistent channels.
- Streamlining backstage processes improves the employees' experience, which, in turn, allows them to create a better user experience.

next week.....

A round up of the module