Strategic Services Marketing
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Lecture - 48

Eco-friendly service design and operations

Hello everyone. In this session, let's learn and apply the principles of eco-friendly service design and operations in the context of services marketing. What is service design? From the customer's perspective, services are just experiences, whereas from the organization's perspective, services are processes that have to be designed and managed to create the desired customer experience. So what is process then? Processes describe the methods and sequence in which service operating systems work and specify how they link together to create the value proposition promised to the customer. Service design, specifically, is the process of creating and improving services to meet the needs and expectations of customers. This involves designing service experiences, processes, and systems to deliver value to customers and achieve business objectives effectively and efficiently.

What are the objectives of service design then? First objective here is to enhance customer satisfaction and loyalty. Service design aims to create service experiences that meet or even exceed customer expectations, leading to higher satisfaction levels and increase customer loyalty. By understanding customer needs, preferences, and pain points, service designers can tailor services to address specific customer requirements and enhance overall satisfaction. The second objective here is to improve service quality and efficiency.

Service design seeks to optimize service delivery processes to improve quality and efficiency. Through careful planning and design, service providers can streamline operations, reduce service errors and delays, and enhance service consistency and reliability. The third objective here is to increase service innovation and differentiation. Service design fosters innovation by encouraging creativity and experimentation in service development and delivery. By continuously exploring new ideas, technologies, and approaches, service designers can create innovative service offerings that differentiate their brands from competitors and capture market share.

The fourth objective here is reducing costs and optimizing resource utilization. Service design aims to identify opportunities for cost savings and resource optimization without compromising service quality. By analyzing and redesigning service processes, service providers can minimize waste, eliminate inefficiencies, and maximize the use of available resources to achieve cost-effective service delivery. And the final goal or objective of service design is to align service delivery with business goals and market demands. Service design aligns service delivery with strategic business objectives and market demands.

By aligning service offerings with the needs and preferences of target customers, service designers can ensure that service contributes to business growth, profitability, and sustainability. Now let's understand how to design these service processes. First, we'll discuss two tools and then we'll get into the process factor. The first tool here is flowcharting. A flowchart describes an existing process often in a fairly simple form.

Specifically, flowcharting is a technique for displaying the nature and sequence of the different steps involved when a customer flows through the service process. As shown in this particular diagram or figure, it shows the flowchart for accommodation in a resort. So what is the simple process a customer follows while taking an accommodation in a particular resort? He will park a car, he will go for check-in process, wherein at the same time the maid is making the room ready for him or her. Then the person spends a night in a room that is a core service. Next day, wake up, take a breakfast which was prepared in the kitchen and then after breakfast the person checks out from the particular resort.

So it's a very simple, fair process that a person or a customer follows. Another tool here is blueprinting, which is a more complex form of flowcharting and specifies in detail how a service process is constructed. Service blueprints map customers, employees and even service system interactions. They show the full customer journey from service initiation to final delivery of the desired benefit which can include many steps and service employees from different departments. Let's understand what are the different elements of blueprinting exercise.

Blueprint entails several elements. First here is front stage activities, which involves inputs and outputs and the sequence in which the delivery of that output should take place. The second element is physical evidence of front stage activities, which is nothing but what the customer can see and use to assess service quality. Third element is known as line of visibility, which is between the front stage and back stage activities. Back stage activities is another element that support a particular front stage step or activity.

Then there are some support processes and supplies, for example, information systems, objects, etc. And another usefulness of blueprint is that it gives you idea of potential fail points, fail points at which there is a risk of things going wrong and service quality being

diminished or compromised. In Japanese, they call it as pocayokes, the mechanisms used to eliminate errors by effectively making it impossible to make mistakes. And to apply those pocayokes, it's important to identify these fail points first. Then we can also have certain areas in blueprint that identifies customer weights or queues and service standards and target is another element that reflects customers expectations across that particular customer journey.

Let's understand blueprint with an example. Now we have seen in the flow chart that there is a fairly simple process that can be explained using flow chart. But now let's look at the same process and we create a particular blueprint for that particular process, which is nothing but an overnight stay at a hotel. So on the vertical, you can see there are certain support processes, then there are contact persons, customer and physical evidence. So for example, the first step is arriving at a hotel, wherein the customer uses the parking lot.

Here there is no contact person involved. Next stage, the customers hand over the bags to the bell person, wherein the bell person greets and takes the bags from the customer. Then the customer further gets into the next process, that is check-in. At the check-in, he goes for registration, interacts with the receptionist or manager or desk manager, which is again supported by the particular support processes in the form of registration system. Then a customer goes to his room, finally he also gets receives his bags and then the next process continues.

So what we are looking at here is that the customer is interacting with lot of front desk or kind of physical evidence or environment that is available. For example, parking lot, cart, elevators and so on. And at the same time, he is interacting with contact persons, for example at the reception, taking the delivery of the bags, taking the delivery of the food or even at the point of check-out as well. However, this line in the middle denotes line of visibility. Customer can't have a look at support processes exactly and these are mostly invisible for him or her, whereas he mostly visualise and interact with all the activities that are happening above the line of visibility.

So in this way, blueprint can offer us various insights into how customer journey happens or different stages and across the journey, how customer is interacting with different frontline staff, support processes and physical evidence elements. Now let's understand the service blueprinting in more detail through a video prepared by Service Design Academy. Have a look at this video. Service blueprinting is a method for examining how a current service operates or envisioning a future service. The idea was first introduced by Lynn Shostak, former Vice President of Citibank, in an article in the Harvard Business Review in 1984.

Service blueprints are a way of visually mapping out the complexity of services by aligning front-stage consumer experience with back-stage business processes. As such,

they offer a simultaneous user-centred and enterprise-centred focus. According to Andy Pelain, service designer and co-author of Service Design from Insight to Implementation, blueprints are to service design what 3D sketches and wireframes are to product design and UX design. Blueprints can be lo-fi like this one, a quick prototype of how a community website could work. Or they can be more detailed and resolved, in this case detailing a car sharing scheme with Volkswagen.

They can be quite functional in appearance, or more visual in the case of Maria McClellan's redesign for the College of Policing of how research can be better embedded in policing practices. But however the blueprint is designed and presented, the process is one that always invites collaboration, discussion and shared insights. In some cases, journey maps provide a starting point for blueprinting. User interviews conducted using journey maps may suggest and identify problems and shortcomings or opportunities that can feed into the design process. The blueprint template enables the service to be considered from the viewpoint of the service user and provider over time, and highlights areas for innovation or improvement.

With it, we understand how different parts of a service work as a whole. We see opportunities for joining up processes. We can coordinate parallel workstreams and break down barriers between different activities. Consequently, service blueprints are used to design and deliver a better service experience. They allow a better understanding of user interactions with a service over time.

The service blueprint describes the user journey in addition to all the interactions that make that journey possible. In doing so, two concepts are central. The blueprint differentiates between activities and interactions that are front stage, in other words directly seen by the user, and back stage, not seen by the user but absolutely vital to performance. In a restaurant or cafe, it's the front stage that attracts us, that makes us comfortable, that offers us choice of the service we demand. But much of the heavy lifting to allow that service to happen, that cooks the food we'll eat, is done backstage, out of sight.

So let's see how all this actually works. The columns on this template refer to the different stages in the service experience. Aware, join, use, maintain, leave. Now let's look at each row. The first one focuses on the user.

What does the person interacting with the service or process do or experience? Next we consider touch points. Who or what are the people, places and things that the user touches when they come into contact with the service? Continuing with front stage, we're interested here at what staff actually do, how they're interacting with the user. Meanwhile backstage or back office, what are staff doing there? Finally, means and processes. What else is involved? What are the processes and resources needed to deliver the service or

experience? So let's see how this works in the case of how we design the service provided by a hotel. What are all the elements of blueprint must address to provide a great hotel experience? Let's assume that you're looking for a hotel to stay at.

Where does the experience start? Usually starts with a touch point, an advert or a website. The user or customer is attracted to the hotel offer and wants to make a reservation. They can do this via the website or they can call the hotel directly where members of staff would field the inquiry. Backstage staff would make a reservation for the guest, which relies on there being an effective reservation system in place. The day comes when the hotel guest arrives at the hotel and wants to check in.

Touch points determine what kind of experience this is. How easy is it to find the reception area? How crowded is it? How much paperwork is needed? What information is provided? What form does the key take? Staff pay a key role here in greeting the guests and processing the registration. Linked to the reservation system is the registration system, which after check-in has to be checked off by backstage staff. A guest wants to eat. So a whole environment of touch points come together to provide a restaurant experience.

And another team of front stage staff greet the diner, take their order and wait the table. These of course are different from those who cook the food, using the kitchen facilities in the hotel. And so to bed. Yet another environment of touch points provide this experience with the added option of room service. Yet another team of backstage staff clean, prepare and maintain the room, referring as they do to the room management system which tells them whether it's towels, sheets or both that need to be changed.

Finally the guest checks out. They return to the lobby where they may encounter a payment system and taxi ordering facility. Staff process the check out, referring back to the registration system. Finally the closure. An email thanking them for their custom and asking for their views on their stay. Hopefully this short video introduction will have underlined the vital role played by service blueprints in the service design process.

As Professor Birgit Megha of Cologne International School of Design says, service blueprints are a tool for holistic analysis and visualisation. From a customer perspective yet integrating all the providers structure and processes that are relevant for delivering to the customer's delight. After understanding flow charting and blue charting, now let's understand the stepwise approach to design service processes. There are five steps or activities to be taken. The first one here is research and analysis.

The process begins with comprehensive research and analysis to understand customer needs, market trends and competitive landscape. Techniques you can use such as customer surveys, market research and competitor analysis are used to gather insights and identify opportunities for service improvement. The next stage talks about ideation and concept development. Service designers engage in creative brainstorming sessions to generate

ideas and concepts for new or even improved services. Ideation involves exploring different service concepts, features and functionalities to address identified customer needs and preferences.

Third step here is prototyping and testing. Prototyping involves developing prototypes or mock-ups of service concepts to visualise and test their feasibility and usability. Prototypes may include service blueprints, wireframes, mock-ups or pilot programs that allow stakeholders to provide feedback and iterate on design concepts. The next stage involves implementation and delivery. Once a service concept is validated through testing and refinement, it moves to the implementation phase. Implementation involves the development and deployment of service processes, systems and resources necessary to deliver the service to the customers.

And final step here is evaluation and continuous improvement. After service deployment, ongoing evaluation and monitoring are conducted to assess service performance and customer satisfaction. Feedback from customers, employees and other stakeholders is used to identify areas for improvement and make iterative changes to enhance service quality and effectiveness. The service design process is iterative and dynamic, with each phase informing the next. By following a systematic approach, service designers can create services that are not only customer-centric but also align with business objectives and capable of driving value for both customers and service providers.

Now let's move on to the next concept. We understand what is service design, but then what are eco-friendly service designs? Eco-friendly service design involves integrating environmental considerations into the design and delivery of services to minimize negative environmental impacts and promote sustainability throughout the service lifecycle. There are three ways through which eco-friendly service design can be important for a firm. First here is what is the importance for service firm? First, for service firms, it's important to enhance brand reputation, reduce operational cost and attract environmentally conscious customers and fosters innovation. For that aspect, service design which is eco-friendly can be of lot of help. Secondly, for customers, eco-friendly service design provides eco-friendly options that align with personal values, enhances satisfaction and promotes sustainable lifestyles for the customers.

And at a broader level for society, eco-friendly service design can reduce environmental footprint, conserves resources, mitigate climate change and contributes to a more sustainable future. Now let's understand what are the elements of eco-friendly service design. There are six elements. The first one here is sustainable sourcing. That means procuring materials, resources and inputs from environmentally responsible and ethically sound sources.

How to implement this? Select suppliers and partners who adhere to sustainable practices such as certified organic or fair trade products and prioritizing renewable or recyclable materials in service delivery. The second element here is energy efficiency which means minimizing energy consumption and maximizing energy efficiency throughout service operations. Firms can adopt energy efficient technologies, optimize their energy usage in facilities and equipment and can also promote energy conservation behaviors among employees as well as customers. Third element here is waste reduction which means minimizing waste generation and promoting waste reduction, reuse, recycling and disposal practices. How firms can implement waste reduction? They can implement waste reduction through initiatives such as source reduction, material reuse, recycling programs and composting to minimize the environmental impact of service operations.

The fourth element is going for green packaging materials. That means using environmentally friendly and sustainable packaging materials that minimize environmental impact. Firms can utilize recyclable, biodegradable or compostable packaging materials, reducing packaging waste and optimizing packaging designs to minimize resource consumption and environmental footprint. The fifth element is to go for eco-friendly transportation which means adopting sustainable transportation practices to minimize carbon emissions and environmental impact. Firms here can utilize electric or hybrid vehicles, they can promote public transportation, carpooling and even ride sharing options and even optimize the logistics and delivery routes to reduce fuel consumption and emissions.

The sixth and final element talks about environmental education and awareness which involves educating employees, customers and stakeholders about environmental issues and empowering them to make informed choices. Here firms can go for providing environmental training and awareness programs for employees, offering educational materials and resources for customers and promoting sustainability initiatives through marketing and communication channels. By integrating these elements into service design and operations, businesses can minimize their environmental footprint, promote sustainability and contribute to the overall well-being of the planet and society. Let's discuss these elements of eco-friendly service design using a case of Pantagonia. With respect to sustainable sourcing, Pantagonia prioritizes sustainable sourcing of materials including organic cotton, recycled polyester and responsibly sourced wool as well.

The company works closely with suppliers to ensure ethical and environmentally responsible production practices. With respect to second element that is energy efficiency, Pantagonia invests in energy efficient technologies and practices to minimize energy consumption in it's operations. This includes using renewable energy sources, optimizing building designs for energy efficiency and implementing energy saving initiatives in manufacturing processes. With respect to third element of waste reduction, Pantagonia implements waste reduction initiatives throughout it's supply chain and operations. The

company promotes repair and reuse programs for it's products, offers recycling options for old garments through it's one wear program and strives to minimize packaging waste.

With respect to green packaging adoption, Pantagonia utilizes eco-friendly packaging materials such as recycled and recyclable materials in it's product packaging. The company seeks to minimize packaging waste and environmental impact by optimizing packaging designs and materials. Coming to eco-friendly transportation, Pantagonia encourages sustainable transportation practices among it's employees and customers. The company provides incentives for employees to use alternative transportation methods such as biking or carpooling and partners with environmentally conscious shipping carriers for product distribution. So, what is the impact of having these eco-friendly service design elements at Pantagonia? Pantagonia's commitment to eco-friendly service design has earned the company widespread recognition and praise for it's environmental stewardship and sustainability efforts.

The company focus on sustainability has strengthened it's brand reputation, attracted environmentally conscious customers and contributed to long-term business success. So, in this session, we tried to explore and understand and apply the principles of eco-friendly service design and operations with the context of services marketing. Thank you.