8. Service Encounters and Touch Points

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Plan for ISSD Lecture #8

Motivating and Understanding the "Service Encounter"

Concepts and Metaphors for Complex Service Encounters

Design Patterns for Service Encounters

Adapting these Design Concepts for "Information-Intensive" Encounters

"Industrialized Intimacy"
Motivating the "Service Encounter" Concept

If service is "doing the work of your customer" you can't provide high quality service with a "service factory" that "seals off the technical core" from the customer because this prevents the contact, communication, and coordination that customers associate with good service.

Companies make the transition from:

- "product-centric" to "service-centric" offerings
- "inside-out" to "outside-in" design
- "experience by default" to "experience by design"
- "transactions" to "relationships"

... by increasing their focus on the interactions that customers or users have with their:

- employees
- products or services
- externally-visible interfaces

The "Experience Design" Perspective

"Firms can no longer compete solely on creating superior value through their core products"

"They must move into the realm of customer experience management, creating long-term, emotional bonds with their customers through the co-creation of memorable experiences"

...not only in consumer markets, but also in business-to-business contexts where research shows meaningful customer experiences and the resulting emotional bonds between customers and suppliers are more important than rational motivations for creating customer loyalty"
The "Service Triangle" & "Co-production"

The Service Encounter

The "Service Encounter" was originally defined as the interaction between an human employee and a human customer.

The inherent focus on interpersonal and physical dimensions of the encounter in this P2P context spawned a variety of design concepts and techniques that are highly experiential:

- "touch points" (points of interaction)
- "moments of truth" (the most important touch points)
- "tangible evidence" (proof or signal that the encounter has taken place)
Why Service Encounters Matter

Every encounter is an opportunity for the firm to satisfy the customer, to reinforce the value of its offerings, and to sell the customer on the benefits of a long-term relationship.

Service encounters immediately impact customer satisfaction and also shape longer-term factors like intention to return, likelihood of communicating positively about the service, and customer loyalty.

Customers need to have as many as twelve positive experiences with a service provider in order to overcome the negative effects of one bad experience.

The expense of acquiring customers and their potential lifetime value means that losing a customer because of a negative encounter can have staggering cost.

Service == Service Encounter

"Service encounters are critical moments of truth in which customers often develop indelible impressions of a firm... From the customer's point of view, these encounters ARE the service" (Bitner, Brown & Meuter, 2000)

"In most services, quality occurs during service delivery, usually in an interaction between the customer and contact personnel of the service firm" (Zeithaml, Berry, & Parasuraman, 1988)

"Experiences" are a form of drama in which the actors (the service providers) and audience (customers) carry out interconnected and reciprocal roles and actions.
"Putting the Service-Profit Chain to Work" -- Heskett et al

The most successful service organizations recognize that their profitability is largely determined by how their employees interact with their customers during service encounters.

These firms make lots of "intangible investments" in recruiting, training, and compensation of their employees.

They measure many aspects of employee and customer behavior and satisfaction.

Goal is to calibrate the value of products and services delivered so that the firm can increase customer satisfaction and loyalty and assess the impact on profitability and growth.

The Service-Profit Chain
Principles Governing the Service-Profit Chain

Customer Loyalty Drives Profitability and Growth
Customer Satisfaction Drives Customer Loyalty
Value Drives Customer Satisfaction
Employee Productivity Drives Value
Employee Loyalty Drives Productivity
Employee Satisfaction Drives Loyalty
Internal Quality Drives Employee Satisfaction

Design Metaphors for Complex Service Encounters

“dynamic, unfolding over time through a sequence or constellation of events or steps... that produce value for the customer” (Bitner et al 2008)
a “trajectory of interaction” (Benford et al 2009)
the “customer journey” or “experience cycle” (Dubberly and Evenson 2008)
the “brand touchpoint wheel” (Davis and Dunn 2002)
the “customer corridor” (Meyer and Schwager 2007)
the "touchpoint window" (Glushko, 2009)
Scoping the Experience

Experiential services are often conceived and designed from the perspective of the customer rather than from the perspective of the "service provider"

The customer’s view is broader than the provider’s view, and better captures the emotional and intentional components of the experience

But we can never really design the customer’s experience because it depends on personal history and expectations; it might be better to think in terms of "providing artifacts and services that create opportunities for experience" (Dubberly and Evenson)
Service Journey - Airline Travel

When does an "airline travel" experience begin from the customer's point of view?

When does an "airline travel" experience begin from the airline's point of view?

What are the consequences if the customer's starting and ending points for the service journey are earlier and later than the airline's?

The Virgin "Upper Class" Experience
Disney World "Service Journey"

"Experience Cycle" -- Recursive Encounters
The Touchpoint Window

Service providers can also distinguish themselves by extending the scope or duration of the experience; the scope extends before and after the "core" touch points to an extent that is itself an important design decision.

Time is a primary dimension of scope but not the only one

- Time  Front Stage  Back Stage  + Time

Touch Point “Window”

The Touchpoint Window - Gourmet Restaurant

Front Stage  Back Stage

A “customer-oriented” perspective on a gourmet restaurant suggests a narrow service system scope.
The Touchpoint Window - "Locavore" Restaurant

But it might be essential to extend the design scope to ensure the desired experience in the “touchpoint window”

The Touchpoint Window - Massage
The Touchpoint Window - Physical Therapy

The Touchpoint Window - Drop Shipment
Service Intensity and Quality

Chase (1978) proposed a distinction between “low contact” and “high contact” services according to the extent of customer interaction.

The notion of service intensity measured according to the number or duration of service encounters seems intuitive and is taken for granted in service experience design.

Intensity in this sense is correlated with "attentiveness," "responsiveness," and other characteristics of the interactions between the provider and the customer.
Service Intensity as a Design Pattern

The traditional P2P service design philosophy assumes that customers prefer services with high intensity (the number of actions initiated by the service provider, or the number of touch points).

But it is more robust to treat intensity as a design parameter to differentiate service offerings of the same type or industry domain.

We can define a "generic" service offering as a design pattern that can be increased or reduced in intensity by changing the number of touch points.

Hotel "Value Creation Cycle"

![Hotel Value Creation Cycle Diagram]
Designing the "Touch Points" and "Moments of Truth"

In businesses with complex services (hospitals, airlines, hotels...) there may be dozens of touch points or service encounters.

The service provider needs to distinguish between the simple or minor touch points that don't have the potential for creating a "value-creating" bond with the customer and those that do.

Some services and touch points are standardized and never customized to specific customer.

Others can be adapted if the customer requests and participates in the adaptation by providing information or preferences.

And of course, some kinds of services are "information-intensive" and create value in ways that don't require many service encounters.

FLASHBACK: Apte & Mason's Three Dimensions

Some

Business models / occupations can be characterized by their intensity on three dimensions:

- INFORMATION actions that involve symbolic manipulation
- INTERPERSONAL actions that involve dealing with customers and other people
- PHYSICAL actions that involve manipulation of physical objects

In addition, many interpersonal actions are predominately information exchanges

(A fourth dimension is the extent of "non-value adding" activities)
Examples on the Three Dimensions

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Information Intensity</th>
<th>Customer Contact Need</th>
<th>Physical Presence Need</th>
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</thead>
<tbody>
<tr>
<td>Actuary</td>
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<tr>
<td>Marketing Manager</td>
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<td>Civil Engineer</td>
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<td>Comm. Eqpt. Operator</td>
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<tr>
<td>Cleaning</td>
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<td>Food Service Manager</td>
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<tr>
<td>Secretary</td>
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<td>Registered Nurse</td>
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Adapting these "Service Encounter" Concepts for "Information-Intensive" Services

Even though almost all of the concepts so far in this lecture emerged in "high contact" and highly experiential service contexts, they can be (and need to be) adapted to "information-intensive" ones

- If we view service as inherently P2P - in the context of "servitude" - we can only improve service by "working harder" or "working smarter"
- Sometimes information exchange is the essence of the experience, and its content and effectiveness determines the outputs of the service system and their quality
- Information created in or about the encounter (or in/about previous ones) can be used to improve future encounters
An Abstract View of the Service Encounter

There are service providers and service consumers… but these are roles, not intrinsic properties

A service provider (role) has an interface through which the service consumer (role) interacts to request or obtain the service

Value or quality is created/co-created by the interactions and information interchanges between the provider and consumer

Because many of these interactions and information exchanges reflect or result from "back stage" services, the service encounter can't fully determine quality, only preserve or reveal it

"Substituting Information for Interaction" as a Design Pattern

Capturing, managing, integrating and retrieving information allows service providers to substitute information for interaction

You don't need high intensity or many touch points if stored information makes interaction unnecessary

A hotel clerk with a database doesn't need to ask for your room preferences; Amazon doesn't need to ask you about what type of books you like

Design implication: hidden computational services are interchangeable with customer-facing “touch points”
"Industrialized Intimacy"

A service design and delivery strategy that exploits information technology and stored information to efficiently create and deliver "appropriately familiar and customized highly-valued services"

"Intimate" service requires information about the customer's current preferences, requirements and goals, service history, and the service's position in the customer's value chain(s)

"Industrialized" service requires that this information be a resource managed and exploited by the firm or organization providing the service, not as fragmented knowledge held by individual frontline employees

7 Design Principles for "Industrialized Intimacy"

1. Know your customer
2. Strive for once-and-done servicing
3. Promote value-enhancing self-servicing
4. Provide one-stop shopping
5. Let customers design the product
6. Engineer competency into service delivery
7. Build long-term customer relationships
FLASHBACK: The Mandate For Customer Data

You must get more information about what the customer actually does with your product, and then you have to use what you've learned

<table>
<thead>
<tr>
<th>CUSTOMER DATA LIFECYCLE</th>
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<tbody>
<tr>
<td><strong>Stage 1: Collecting data</strong></td>
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<td><strong>Objectives:</strong></td>
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<tr>
<td>• Collect, validate and refresh data in a customer-centric manner</td>
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<td>• Gather this data in real time</td>
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<td><strong>Key Challenges:</strong></td>
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<tr>
<td>• Data warehouse project that becomes too complex and/or too expensive</td>
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<tr>
<td>• Real-time connectivity to customer behavior at the point-of-sale</td>
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Summary: Design Patterns for Service Encounters

The number of touch points and their contribution to value creation
Placement of the "line of visibility"
Substituting information for interaction (debunking the "Service intensity determines quality" assumption)
Varying the size of the "Touchpoint Window" when extending the scope
Readings for 29 September


Don Norman, "Why Doing User Observations First is Wrong", ACM Interactions, July-August 2006

J. Lin et al, Contextual Inquiry "MD: Notes", UC Berkeley School of Information, April 2008