



Would you like
service with that?

An Exploration into Service Design
Strategy within Automotive Retailing

Brand Experience Series, Summer 2008

By Chris Bedford and Anson Lee

KARO GROUP

Table of Contents

- 2 Service as a System of Customer Experiences
- 3 Beginning to Solve the Problem
- 4 Case Study: OpenRoad Auto Group
- 6 Innovation and Service Design

Industry

Automotive, Retail

Authors

Chris Bedford, Anson Lee

Keywords

Automotive, service, design, retail, experience economy, Openroad, Toyota

Abstract

Service design is a system of thoughtfully executed customer interactions. Chris Bedford and Anson Lee explain that it is a discipline that has been around for some time, becoming a critical element in what is now referred to as the experience economy. In this context, they analyze a spectrum of design strategies they developed for an auto dealership in Vancouver that, within a year of execution, contributed to a 28 percent increase in sales.

COPYRIGHT PERMISSION

Design Management Institute
Reprint #08191BED38

This article was first published in
Design Management Review Vol. 19 No. 1
All rights reserved.



>> **THE INCREASED COMPETITION FOR** customers and customer loyalty drives organizations and brand managers to constantly revisit the question of what customer service means and how to best deliver “good service” in the variety of venues and contexts in which customers seek product or advice, or interact. Perhaps the strongest evidence that service design is worthy of our renewed attention was Howard Schultz’s letter to customers earlier this year as he announced his return to Starbucks as CEO and his promise to make “the Starbucks experience as good as it has ever been and even better...in the way stores look, in the way people serve you, in the new beverages and products we will offer.”

While service design is obviously not a new concept, it has become increasingly relevant over the past decade. The economy has shifted dramatically toward growing customer demand for a level of personalized service that has been lost to big-box retailers, discounters, and volume merchandisers who sacrificed most, if not all, aspects of customer service in the pursuit of greater profits from low margin products.

Yet, as history has taught us, price is both the lowest common denominator and the worst differentiator, driving companies to move back toward a service model and a more human connection. Thus the need for designing better service and services.

But what exactly is service design? And how is it different from what we currently term experience design? The truth is that one is an extension of the other, as has been described so well in Joseph Pine’s and James Gilmore’s popular book, *The Experience Economy*¹.

Pine and Gilmore argue that everything can be commoditized, and therefore to keep customers loyal there needs to be an emotional connection between the goods and the services companies provide. It’s precisely this connection that we call the “experience.” The Danish Design Centre offers a particularly useful definition of service design:

Service design as a term generally refers to design of systems and process around the idea of rendering a service to the user. The typical medium for presenting the service is through the business of commercial or noncommercial entities (for example, pizza delivery, public healthcare, airlines). Very often, the service element is attached to a physical product or offering, but at times it can be purely an intangible offering: for example, legal consultation².

Most service is deployed through what are commonly referred to as touch points. These could be in the form of virtual interfaces, physical interfaces, and people. For example, in a bank the touch points are the ATM machine, credit card, printed statement, call center representative, branch office, online bank, and so on.

Service as a System of Customer Experiences

If we think of service design as a complete system of considered customer interactions, then all of sudden the role of design and the need for design thinking and design strategy become increasingly important for the market success of service brands. Unlike many products and most packaged goods, services are often intangibles, and the characteristics of good service can be defined quantitatively and qualitatively, tangibly and intangibly.

>> “...to think about service design is to think on a higher plane and not at the level of the design of a specific product, environment, or interaction.”

Consider an airline that lets you book your tickets and print your boarding passes online, provides a flight that leaves and arrives on time, gives you a seat that is comfortable, serves food that is palatable, and provides an experience that feels safe, delivered by helpful and understanding attendants. These are all goals that need to be considered within an overall system that we refer to as service design.

At the same time, companies all too often use specific initiatives to bolster a brand that are tied to only one facet of a customer’s experience. The problem with this approach is that a single element in and of itself will not change the customer’s overall perception of the organization.

For example, airport check-in kiosks and web check-ins are efficient and make good use of

the latest information technologies. However, they are probably the least powerful in changing a passenger’s feelings toward an airline, as the brand equity they build is easily lost when baggage drop lines are excessively long, security is backed up, and their luggage lands in a different city than they do. When you consider the many factors involved, especially in qualitative situations, it becomes harder to control quality and for organizations to manage outcomes.

Service design is therefore a highly relevant concept when thinking about improving an organization’s brand. To think about service design is to think on a higher plane and not at the level of the design of a specific product, environment, or interaction. Instead, think of a customer existing within a system of experiences—and ask how all these things work together and in support of one another.

Staples is a company that has used service design to differentiate itself in the market through its “easy button” program. The easy button started out as an advertising and brand-building campaign centered around the small to medium-size business owner and the “customer pain” involved in the time-consuming task of procuring office supplies and equipment. The advertising campaign, which features a physical red button that when pushed says, “That was easy” (Staples’ brand promise), signifies the exceedingly well implemented and executed service design initiative that has enabled the company to deliver on the “easy” promise. Doing so was no simple task, as it required a strong focus on staff training to design the desired human interactions, as well as the technical ones.

As an example, instead of sales associates asking the proverbial “Can I help you?” when customers enter the store, Staples staff associates are trained to ask “What can I help you find today?” The focus is on

>> “...the greatest opportunity for differentiation comes from designing and delivering a better dealership experience, not from leveraging the automotive brand.”

solving specific customer needs in a personal way. The program has not only symbolized customer needs but also led to innovative new products and outstanding market success. The philosophy of maximizing buying convenience extends into the physical and online shopping experience as well. Staples redesigned its stores to be smaller and less cluttered. Shelving systems were made lower in the front of the store, affording better visibility to the spaces in the rear and periphery. It developed specialized websites to target specific types of corporate buyers. The tedious task of collecting receipts, barcodes, and forms to apply for manufacturer rebates is handled through a service called EasyRebates, which electronically submits all product and purchase information to the manufacturer for processing. The easy button eventually evolved into a mini-desktop application that allows customers to make orders and query Staples.com without having to visit the website. The only customer complaint was that pushing the easy button on the website didn't respond with the audio payoff! After more than 15 years in business, Staples realized that low prices weren't good enough—the key to really differentiating itself was to design an easy shopping experience. But perhaps the real proof that this service is well-designed is the fact that the company now gets twice as many compliments as it does complaints.

While Pine and Gilmore suggest that the experience economy actually evolved from

the service economy, the service or means by which value is rendered for a customer is still a valid driver of an overall experience and deserves consideration. This raises questions: How does one engage in service design? And why is it so challenging? Choosing to look at the subject of service design from the perspective of business processes enables the entire organization to revisit the way it is structured to deliver services to its customers, and to explore which tools, training, and metrics are required to ensure continuous management of the customer experience.

Beginning to Solve the Problem

The larger your organization, number of products, or venues involved in rendering a service, the more complex this system becomes. However, without the broader view of the continuum of customer experiences, your efforts may be patchy and have little effect on your organization and its overall brand success in the market. To begin to develop a picture of your service offering and system, it is useful to explore a variety of interconnected design disciplines.

>> “Second, the design had to support the dealership's new sales vision, which intended to shift the power and control from the sales associates to the customer—something that was almost unheard of in the automotive retailing world.”

The key is to start with a solid definition and a clear understanding of the problem you're trying to solve. Customer experience mapping, or the process of storyboarding and documenting the variety of possible scenarios with detailed interactions and outcomes, is a useful means of probing and uncovering opportunities to design a better service. This technique requires that all aspects of the customer experience be connected by a set of specific services and include all the customer touch points. Visual identity and brand language indicate relationships throughout the organization, reminding employees, as well as customers, of the presence of a larger system.

The experiences customers have are the direct result of their personal interactions with staff, products, services, and technology-based delivery systems, such as websites, kiosks, and voice automation. New research in behavioural science suggests that what matters most in the service equation is customer perception. This reminds us that service design is about attention to detail, as even a staff member's failure to say "thank you" can leave the customer with a perception of inferior service. Looking for opportunities to influence positive perceptions should be part of the service design process.



Figure 1. Karo considered how the service design for OpenRoad, a car dealership, could encourage behaviours and cultural changes that would lead to the creation of excellent customer experiences and drive growth, as well.

Case study: OpenRoad Auto Group

Service design in many ways also involves meeting previously unmet customer needs. Consider the case of OpenRoad Auto Group, in Vancouver, Canada. This is a dealership brand Karo Group helped to create. The real work began with the recognition that the problem OpenRoad was trying to solve lay not in selling more cars but rather in providing better service. Most dealerships fail to recognize that their job is not to create the car brand and the car experience; that's the job of the car manufacturer. (In fact, in many cases the customer has already decided which vehicle he or she wants to buy before setting foot in the dealership.) Thus the greatest opportunity for differentiation comes from designing and delivering a better dealership experience, not from leveraging the automotive brand.

This required a huge shift in thinking that necessitated a total organizational change in the company (Figure 1). What we set out to design was a new kind of dealership, one with strong street appeal that would increase foot traffic. We also needed to integrate the sales and service areas and to take customer service strategy to a new, higher level. To do all this, we had to address a variety of strategic business issues.

First, the dealership wanted to maximize the available floor space in order to generate the highest sales per square foot possible—without sacrificing the customer experience. This meant rethinking all aspects of merchandising, as well as formulating a variety of customer experience scenarios. Second, the design had to support the dealership's new sales vision, which intended to shift the power and control from the sales associates to the customer—something that was almost unheard of in the automotive retailing world. Third, and



Figure 2. Visually interesting displays, including a system of stacking cars outside the showroom, welcome and engage new customers, as well as maximize floor space.

most important, was to create a comfortable experience that encouraged customers to spend more time in the dealership and discover more about OpenRoad.

What we developed was an innovative retail environment never before seen in the market: one that supported informed product decisions at all levels of sales and service. The curb appeal came from a system of stacking cars on the outside of the showroom that served both as innovative merchandising and fulfilled our goal of maximizing available floor space (Figure 2). Long, curved windows created an expansive view of products and options. We posted the OpenRoad Auto Group “experience promise” at the door so that when customers entered, they immediately knew they, not the sales associates, were in control of the buying decision.

We introduced the idea of Internet kiosks that allowed customers access to information that would assist them in their buying decisions (Figure 3). We designed the retail displays to be informative and educational in much the



Figure 3. Internet kiosks give customers access to pertinent information and support the buying habits to which customers are already accustomed.

same way as one would find information in a museum or interpretive center.

As we’ve already stated, service design requires a full consideration of the customer’s needs in a variety of scenarios. In keeping with this idea, we designed a coffee lounge, complete with automotive reading, resource materials, and a 300-gallon aquarium and kids’ play area that ensured children’s entertainment while their parents spent unpressured time considering a purchase decision. (Consider that, from a consumer’s viewpoint, the purchase expense of a car is second only to that of buying a new home). The showroom floor features three vehicle displays with moving-image screens and reflective floor tiles that create a sense of color and motion (Figure 4). In addition to other vehicles on the floor, these displays create a focal point for customers, generate a desire for discovery, and bring the OpenRoad brand experience to life.

It is after the car is bought and paid for that most customers really get to know their dealership—and, ironically, this is when

customers frequently have their worst experiences. The service design strategy for OpenRoad was quick to take this into consideration, relocating the customer from the greasy service bays to the showroom café. Instead of forcing customers to wait in the back of the shop and to drive their vehicles out of the service bay, OpenRoad now encourages customers to settle their accounts in the comfort of the showroom while an attendant brings their car around for them.

The results of this service design strategy have been nothing short of remarkable. They contributed to a 28 percent retail sales increase in the very first year, leading to OpenRoad being named the top-selling Toyota dealership in all of Canada in 2006, and to its validation as the only Toyota dealership in western Canada to receive the President's Recognition Award from Toyota.



Figure 4. Vehicle displays on the showroom floor offer moving-image screens and reflective floor tiles that bring content and context together to encourage exploration and engagement.

approaches to business problem-solving that rarely come into play. Unlike management consultants, who are often hired to help companies formulate new service strategies by analyzing and optimizing what already exists, design can help organizations visualize future possibilities from the customer's point of view. In the process, they can invent entirely new market spaces and opportunities.

As noted earlier, the concept and practice of service design is not new. However, it is possibly a more universal way of bringing together the many facets of design and business under a common framework of thinking. Designers, by their nature, are generally less willing to accept that technological and operational constraints are acceptable reasons for not changing or adapting service delivery to meet customer needs. Design thinking can and does create a healthy tension in the search for better and more innovative ways to create new systems, design new services, and deliver an enhanced customer experience, capable of truly helping service brands succeed in the market.

>> “...design can help organizations visualize future possibilities from the customer's point of view.”

Innovation and Service Design

Clearly, service design offers many opportunities for innovation. When you look at an entire service system with a mind open to making adjustments in multiple dimensions, it helps you make better decisions when integrating new technologies and new approaches. The role of design is therefore unique, because it brings forward creative opportunities and divergent

AUTHORS



Chris Bedford

President and CEO of Karo Group

Chris has helped a roster of blue-chip clients focus and streamline their brand stories over an illustrious 25-year career. Prior to Karo Chris held senior roles in some of North America's most formidable agencies, including MBL/DDBO and McKim Advertising, where he was the youngest ever Vice President in the firm's 100-year history. Chris is a member of the DMI International Advisory Council and is regularly invited to speak at design and marketing events in North America and internationally.



Anson Lee

Director, Customer Experience Strategy

Anson has over 13 years experience in branding and strategic management. With an education in computer science, communications and fine arts, Anson applies a unique combination of technology, business strategy and visual design to the strategic development and execution of creative concepts. Anson has become a leading authority on customer experience strategy and service design, having worked on numerous high profile projects in Canada and North America.

REFERENCES

1. B. Joseph Pine, James H. Gilmore 1999, "The Experience Economy: Work is Theatre and Every Business is a Stage", Harvard Business School Press, Boston, Massachusetts.
2. Danish Design Centre, Copenhagen.