Service Blueprint (Service Delivery Systems)

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New Service Strategy Matrix for Identifying Growth Opportunities

FIGURE 9.2
New Service Strategy Matrix for Identifying Growth Opportunities

Source: Adapted from H. I. Ansoff, *Corporate Strategy* (New York: McGraw-Hill, 1965).

Offerings	Markets	
	Current customers	**New customers**
Existing services	Share building	Market development
New services	Service development	Diversification

New Service Development Process

FIGURE 9.1
Service Innovation and Development Process

Sources: M. J. Bowers, "An Exploration into New Service Development: Organization, Process, and Structure," doctoral dissertation, Texas A&M University, 1985; A. Khurana and S. R. Rosenthal, "Integrating the Fuzzy Front End of New Product Development," *Sloan Management Review* 38 (Winter 1997), pp. 103–120; and R. G. Cooper, *Winning at New Products,* 3rd ed. (Cambridge, MA: Perseus Publishing, 2001).

Front-end planning

- Business strategy development or review

- New service strategy development

- Idea generation
  - *Screen ideas against new service strategy* **STOP**

- Concept development and evaluation
  - *Test concept with customers and employees* **STOP**

- Business analysis
  - *Test for profitability and feasibility* **STOP**

Implementation

- Service development and testing
  - *Conduct service prototype test* **STOP**

- Market testing
  - *Test service and other marketing mix elements* **STOP**

- Commercialization

- Postintroduction evaluation

- A tool for simultaneously depicting the service process, the points of customer contact, and the evidence of service from the customer's point of view.

Service Mapping

Process

Points of Contact

Evidence

Customer Actions

line of interaction

Visible Contact Employee Actions

line of visibility

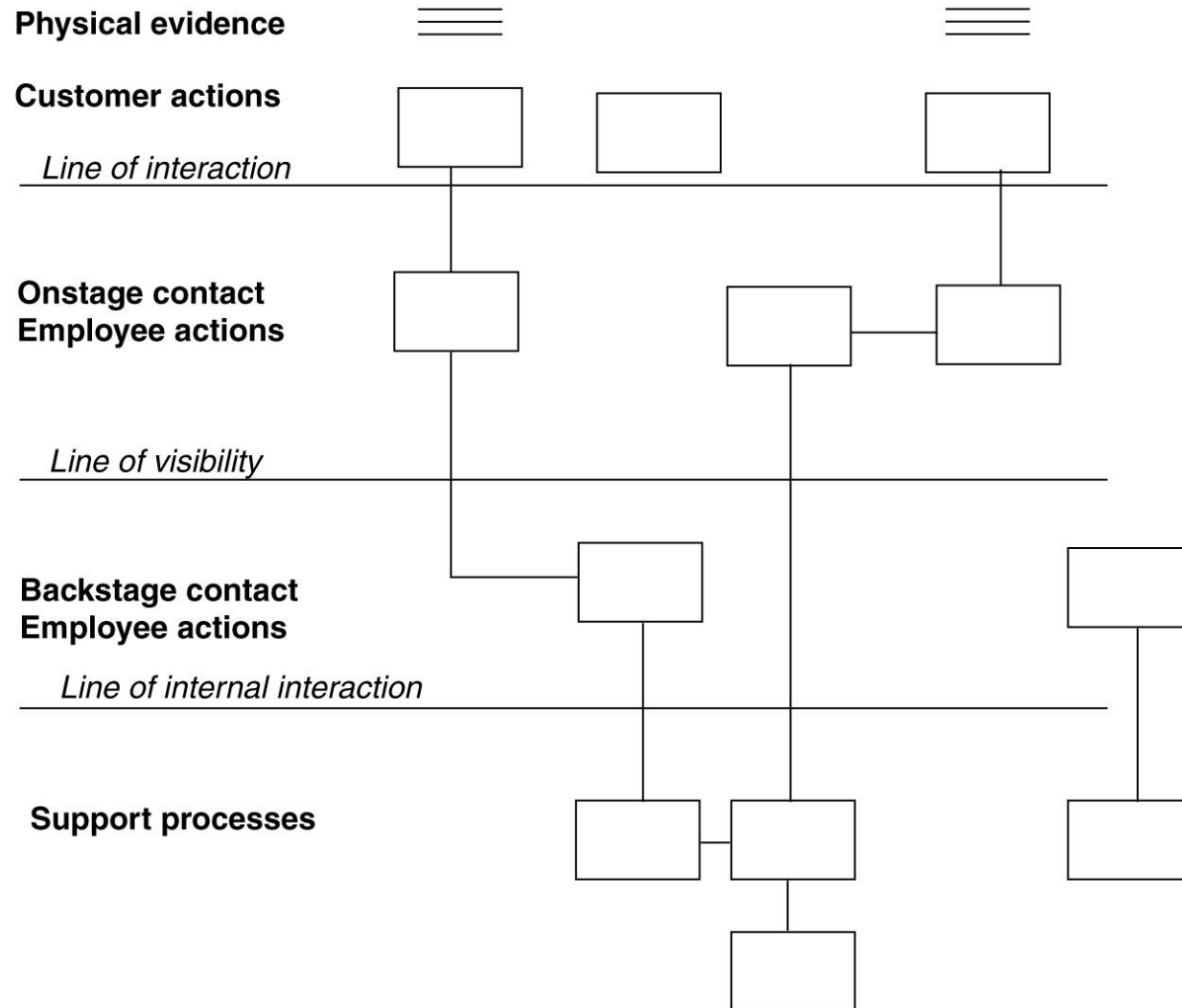**Invisible Contact Employee Actions**

line of internal interaction
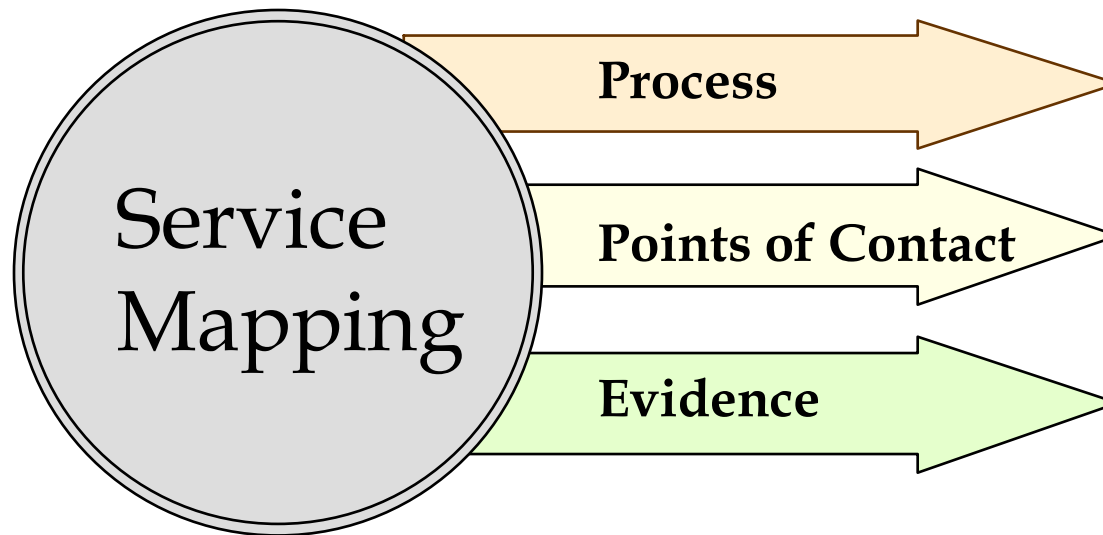
Support Processes

Service Blueprint Components

Physical evidence

Customer actions

Line of interaction

**Onstage contact
Employee actions**

Line of visibility

**Backstage contact
Employee actions**

Line of internal interaction

Support processes

Express Mail Delivery Service

Overnight Hotel Stay

PHYSICAL EVIDENCE	Hotel Exterior Parking	Cart for Bags	Desk Registration Papers Lobby Key	Elevators Hallways Room	Cart for Bags	Room Amenities Bath	Menu	Delivery Tray Food Appearance	Food	Bill Desk Lobby Hotel Exterior Parking
CUSTOMER	Arrive at Hotel	Give Bags to Bellperson	Check in	Go to Room	Receive Bags	Sleep Shower	Call Room Service	Receive Food	Eat	Check out and Leave
CONTACT PERSON (On Stage)		Greet and Take Bags	Process Registration		Deliver Bags			Deliver Food		Process Check Out
CONTACT PERSON (Back Stage)				Take Bags to Room			Take Food Order			
SUPPORT PROCESS			Registration System					Prepare Food		Registration System

Building a Service Blueprint

Step 1

Identify the process to be blue-printed.

Step 2

Identify the customer or customer segment.

Step 3

Map the process from the customer's point of view.

Step 4

Map contact employee actions, onstage and back-stage.

Step 5

Link customer and contact person activities to needed support functions.

Step 6

Add evidence of service at each customer action step.

Application of Service Blueprints

- **New Service Development**
  - concept development
  - market testing
- **Supporting a "Zero Defects" Culture**
  - managing reliability
  - identifying empowerment issues
- **Service Recovery Strategies**
  - identifying service problems
  - conducting root cause analysis
  - modifying processes

Blueprints Can Be Used By:

- **Service Marketers**
  - creating realistic customer expectations:
    - service system design
    - promotion

- **Operations Management**
  - rendering the service as promised:
    - managing fail points
    - training systems
    - quality control

- **Human Resources Management**
  - empowering the human element:
    - job descriptions
    - selection criteria
    - appraisal systems

- **System Technology**
  - providing necessary tools:
    - system specifications
    - personal preference databases

Benefits of Service Blueprinting

- Provides a platform for innovation.
- Recognizes roles and interdependencies among functions, people, and organizations.
- Facilitates both strategic and tactical innovations.
- Transfers and stores innovation and service knowledge.
- Designs moments of truth from the customer's point of view.
- Suggests critical points for measurement and feedback in the service process.
- Clarifies competitive positioning.
- Provides understanding of the ideal customer experience.

Common Issues in Blueprinting

- Clearly defining the process to be blueprinted
- Clearly defining the customer or customer segment that is the focus of the blueprint
- Who should "draw" the blueprint?
- Should the actual or desired service process be blueprinted?
- Should exceptions/recovery processes be incorporated?
- What is the appropriate level of detail?
- Whether to include time on the blueprint

Example blueprint: A restaurant

PHYSICAL EVIDENCE	Parking Exterior Building Waiting Area Outdoor Seating	Interior Design Hostess Stand Appearance of Staff	Drink Station Appearance of Bar and Bartenders		Cleanliness of Table Silverware Napkins Sauces Centerpiece	Menu		Plates Glasses Presentation Food Drinks	Menu

| **CUSTOMER** | Arrive at Restaurant | Approach Hostess Stand | Wait/Order Drinks at Bar | Consume Drinks | Be Seated at Table | Order Drinks/ Appetizers | Specify "Spiciness" of Sauce | Receive Drinks/ Appetizers | Order Entree | Next Slide |

| **CONTACT PERSON (Visible)** | | Greet and Give Buzzer | Greet and Take Drink Order | Deliver Drinks | Escort to Table | Take Drink/ Appetizer Order | Prepare Sauce at Table | Deliver Drinks/ Appetizers |
| | | | Prepare Drinks | | | | | |

| **CONTACT PERSON (Invisible)** | | Process Seating Requests | "Buzz" Customer | | | Input Order at Bar/ Kitchen | | Check Accuracy of Order |

| **SUPPORT PROCESS** | | Computerized Seating System | | | | Receive Order | Prepare Drinks/ Appetizers | |

Service Blueprint — Restaurant

Rows (left labels): PHYSICAL EVIDENCE · CUSTOMER · CONTACT PERSON (Visible) · CONTACT PERSON (Invisible) · SUPPORT PROCESS

PHYSICAL EVIDENCE
- Menu
- Plates / Food / Presentation
- Doggie Bags
- Menu
- New Silverware / Plates / Food / Presentation
- Portfolio with Check Enclosed / Fortune Cookies

CUSTOMER
- Order Entree
- Receive Entree
- Eat Food
- Consume Refills, Extra Sauce
- Finish Meal
- Ask for Doggie Bag
- Order Dessert
- Eat Dessert
- Ask for Bill
- Pay Bill

CONTACT PERSON (Visible)
- Take Entree Order
- Deliver Order
- Offer Refills, Extra Sauce
- Deliver Drinks, Extra Sauce
- Pick-up Empty Plates/ Clean off Table
- Bring Boxes to Customer
- Show Dessert Menu
- Deliver Dessert
- Deliver Bill and Fortune Cookies
- Pack up Food
- Take Order

CONTACT PERSON (Invisible)
- Enter Order into Computer
- Refill Drinks, Extra Sauce
- Take Plates to Kitchen
- Enter Dessert Order Into Computer
- Total Bill at Computer

SUPPORT PROCESS
- Receive Food Order
- Prepare Food
- Wash Dishes
- Receive Order/ Prepare Dessert
- Print Bill

- Exterior and Interior Design
- Presentation of Food/Drinks
- Appearance of Staff
- Cleanliness of Tables, Utensils
- Cleanliness of Restrooms
- Location of Restaurant
- Appearance of Surrounding Customers

Possibility of Standardization

- Hostess Greeting
- Pre-Prepared Sauces (Mild, Medium and Hot)
- Time Standards
- Food and Drink Quality Standards
- Bill Standards

- Food
  - revise food presentation; create quality control checks to ensure order is correct before delivering to customer
- Staff
  - training; set number of times to check-in on customers; behavioral and attitude guidelines; dress code
- Billing
  - standards for when to bring bill, how to deliver, when to pick-up, how quickly to process transaction; ensure one fortune cookie per customer
- Cleanliness
  - standards for amount of time it takes to clear and clean tables; regular restroom checks
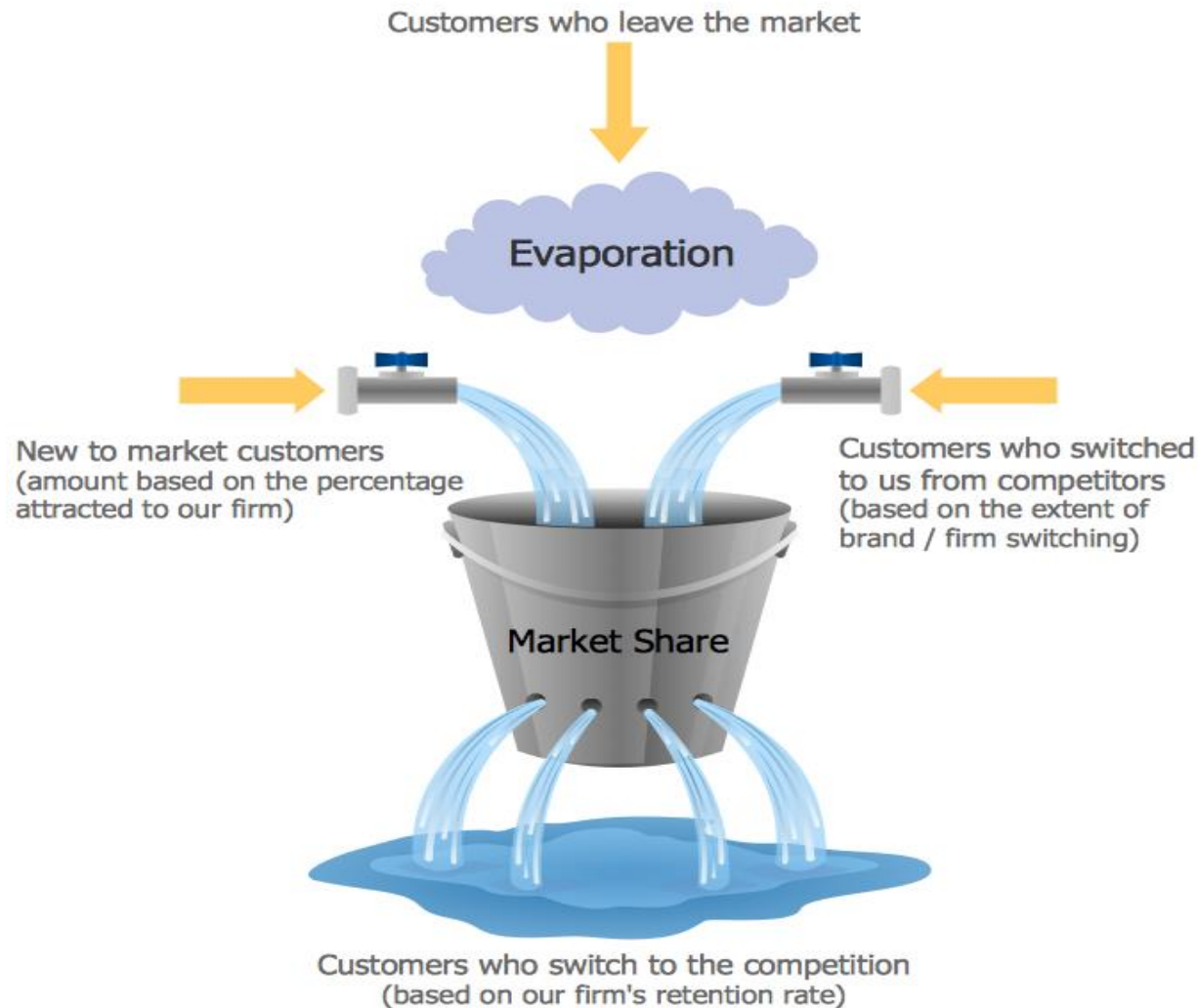
Class Activity# Service Blue-print Development

- Identify any one service industry among a group of 4 and prepare service blue-print of the service delivery process for that service by highlighting:
  - **Lines of interaction, physical evidence, customer activity, service contact personnel and support processes**
  - **Service Fail points and Fixability**

- The **leaky bucket theory** is the model that seeks to describe the process of **customer gain and loss**, otherwise known as customer churn.

- Customer retention is one of the key concepts in relationship marketing.

- The leaky bucket theory is more of an analogy than a theory.

- It is a simple way of understanding the concept of **customer relationship management** and how to increase **customer lifetime value.**

Leaky Bucket Theory

Customers who leave the market

Evaporation

New to market customers (amount based on the percentage attracted to our firm)

Customers who switched to us from competitors (based on the extent of brand / firm switching)

Market Share

Customers who switch to the competition (based on our firm's retention rate)

- Bucket size represents market share of your service firm
- Inflow of water shows share of customers attracted by your service firm among new customers entering market
- Inflow from second tap shows customers switching to your brand
- Out of total inflow, over the time few customers leave the market, (either physically move to other territory or no longer use this service) , this is analogous to evaporation cloud
- Water leaking out of the bucket shows customers of our firm switching to competitor brand of service