Chapter 2
From Service to Service Design

Abstract This chapter explores the origins of service design through an overview of key concepts and theories, starting from the definition of service and the characteristics of the service economy. Service marketing and service management literature are analyzed to describe the difference between products and services and to trace service peculiarities, which brought on the need of a dedicated design discipline and the formulation of the so-called Service-Dominant Logic, shifting the focus from services as goods to services as a perspective on value creation. The growing necessity and importance of designing services not only led to the birth of a new stream of study and practice in the field of design, through the development of specific methods and tools that support the creation of service solutions, but also allowed service design to become a crucial element for service innovation. Designing services that meet people’s and organizations’ needs, as well as the societal ones, is nowadays considered a strategic priority to support growth and prosperity. The final part of the chapter is therefore dedicated to outlining the role of service design in the contemporary socio-economic context as a driver for service, social and user-centered innovation.

Keywords Service · Service economy · Service sector · Service innovation · Service design · Service-Dominant Logic · Service value · Value creation · Design for service

2.1 Service: A Difficult Word

Since the first half of the 20th century scholars started to formulate a theory reflecting on changes in the economy and the division of labor (Clark 1940; Fisher 1939; Fourastié 1954). According to this theory, economies can be divided into three sectors of activity: extraction of raw materials (primary sector), manufacturing (secondary sector), and services (tertiary sector). We are probably aware of this distinction since primary school, but while it is quite clear to our minds what happens in the primary and secondary sectors, activities of the tertiary sector, also called the service sector, are harder to explain and interiorize.
Despite services existing since the civil society and commercial activities were born, the conceptualization of service sector and its meaning, as we intend it nowadays, required a lot of time to be regarded as standard. As Allan Fisher asserted in 1952,

There was the implicit assumption that the classification into primary and secondary industries exhausted all the significant possibilities of employment. Everyone knew, indeed, that many people found employment outside the primary and secondary fields, in transport, in retail trade and other miscellaneous occupations. But these were regarded as rules of subordinate importance, and it was felt that there was no need for public policy, which actively concerned itself with both primary and secondary production, to pay much attention to them. (Fisher 1952: 822)

Service is a difficult word, and starting from the shift from the industrial to the service economy in the second half of the 20th century (Fuchs 1968) lots of definitions arose and are still arising. If we search for the word service in any dictionary, the first definition reads, “the action of helping or doing work for someone” or similar. Three keywords strongly emerge from this definition: action, help and for someone. From these, we can argue that a service is basically an activity done by someone in order to give support, satisfy the need of someone else. If we think of public services, for example, like healthcare or transportation, the concept is easily transferable: they are indeed activities provided by governments and public bodies to support individuals and communities in nursing infirm people and moving in the city.

The need of understanding and managing services brought by the shift toward a service economy, led to the emerging of specific disciplines (Fisk et al. 1993; Grönroos 1994), like service marketing and management, which struggled for a long time with the definition of service in order to enclose in a phrase the complexity and continuous evolution of the term.

In a first stance, many authors started describing services in comparison to products, identifying four properties that clearly distinguish the former from the latter. Based on a literature review conducted by Zeithaml et al. (1985), on a sample of 46 publications by 33 authors in the period 1963–1983, these characteristics, usually referred to as IHIP paradigm, consist of:

- Intangibility, because services are activities or performances rather than physical objects and there is no transfer of possession when they are sold;
- Heterogeneity, because every performance is unique since it depends on the behavior of the provider and the customer, and of other contextual aspects characterizing their interaction;
- Inseparability of consumption and production;
- Perishability or inability to inventory.

This paradigm has later been refused by service marketing scholars (Lovelock and Gummesson 2004), who considered these four characteristics not generalizable to all services, since
Replacement of human inputs by automation and rigorous application of quality improvement procedures have substantially reduced heterogeneity of output in numerous service industries. Outsourcing by companies and delegation by consumers to a specialist provider of tasks that they used to perform for themselves have greatly expanded the incident of separable services. And advances in information technologies and telecommunications, notably development of the Internet and digitalization of texts, graphics, video and audio, have made it possible to separate customers in both time and space from the production of numerous information-based services, thus destroying the twin constraints of both inseparability and perishability. [...] The underlying problems rooted in the extensive and still growing diversity of activities within the service sector. (Lovelock and Gummesson 2004: 32)

This statement well explains our difficulty in describing and treating services, since they are material in continuous transformation and evolution. Hence, with this book, we do not want to give a univocal vision on services and the service sector, seizing them in a definition that will probably change soon. We want instead to provide the knowledge and the instruments that allow people to understand them, as a raw material that can be shaped and governed. In the next section we explore the shift to the service economy in order to be acquainted with the growing role of services and their changing characteristics, and get prepared to design them.

2.2 The Service Economy

The transition from an agricultural to an industrial economy has been characterized as a "revolution". The shift from industrial to service employment, which has advanced furthest in the United States but is evident in all developed economies, has proceeded more quietly, but it too has implications for society, and for economic analysis, of "revolutionary" proportions. (Fuchs 1968: 2)

In his pioneering relation for the US National Bureau of Economic Research called ‘The Service Economy’, Victor Fuchs described for the first time the shift to the service economy, quantifying the reasons for this phenomenon. He asserted that since the end of World War II, the service sector had become the largest and the most dynamic element in the US economy, and most of the industrialized nations of the world started to follow the pattern set by the United States. The emergence of this country as the first service economy created a new round of priorities for economic research.

At the dawn of the 21st century, all highly industrialized countries have become service economies (Schettkat and Yocarini 2003). According to the United Nations Conference on Trade and Development (UNCTAD) the international trade in services was the primary driver of growth in 2014. International service exports accounted for 21% of total global exports in 2014, an increase of almost 5% compared with the previous year; while merchandise exports increased by only 0.3% in the year. Also referring to Gross Domestic Product (GDP) composition of
developed countries,\textsuperscript{1} the service sector contributes in the higher percentage. In 2015, the contribution of services\textsuperscript{2} to the total GDP of the European Union was 71.2\%, 62.4\% at world level. To make some specific examples, for the US it counted 77.6\%, for the UK 79.6\%, for France 79\%, for Germany 73.8\%, for Italy 74.2\%. And it is continuously growing.

The growing importance of the service economy has been justified in several ways since its arousal (Schettkat and Yocarini 2003). One reason could lie in changes in the demand-side of services, as a matter of needs satisfaction according to which services satisfy higher needs than goods. On the opposite, on the supply-side, manufacturing industries started to increasingly outsource their service activities to firms specialized in the provision of such services. Nowadays we can affirm that both components influenced the widespread importance of services in the evolution of the economy, but for long the debate focused on the differences between products and services and, as a consequence between manufacturing and service industries. Concepts like servuction, servitization and Product-Service System (PSS) have been coined to describe their relation, but always considering products to have a prominent role in services or as services to be intangible add-ons to products (De Brentani 1989; George and Marshall 1984; Langeard et al. 1986). It required a long time to services to gain their raison d’être, independently from a connection to goods.

The term servuction is a neologism created by Eiglier and Langeard in 1987, merging the word service and production. The concept represents the combination of material and human elements used to develop activities with the purpose of creating the service performance that an organization wants to propose to the market. According to Eiglier and Langeard’s systemic model, the service results from the interaction of three basic elements: the customer, the product, and the contact personnel, who is coordinated in advance by the internal enterprise organization. Even if closely related to the presence of a product, the servuction concept introduces a major factor of future service design studies: the centrality of service interactions.

In the same period, Vandermerwe and Rada (1988) presented the term servitization in order to represent the shift toward the service economy of manufacturing companies. According to these authors, servitization consists of adding value to core corporate offerings through services. It is customer demand-driven and perceived by corporations as sharpening their competitive edges. A couple of decades later, in 2007, Andy Neely started collecting large-scale datasets on the actual servitization of manufacturing firms (Neely 2009) in order to demonstrate the consistency of the phenomenon in the contemporary panorama. Using publicly

\textsuperscript{1}According to the CIA World Factbook, accessible online at https://www.cia.gov/library/publications/the-world-factbook/.
\textsuperscript{2}Including government activities, communications, transportation, finance, and all other private economic activities that do not produce material goods.
available data drawn from the OSIRIS database, he considered 10,000 companies (with over 100 employees) from around the world. The 2011 dataset revealed that the scale of *servitization* in manufacturing run at more than 30% (Neely et al. 2011), which means that 30% of manufacturing firms added services to their offer to the market.

Another concept that emerged from the shift to the service economy is that of *PSS*. This concept is a particular case of *servitization*, where the inclusion of a service offering into the corporate offering of manufacturing industries derives from the need of a lower environmental impact. The concept of *PSS* was firstly defined by Goedkoop et al. in 1999:

A product service-system is a system of products, services, networks of “players” and supporting infrastructure that continuously strives to be competitive, satisfy customer needs and have a lower environmental impact than traditional business models.

It is interesting to notice that in this definition other key elements characterizing services emerge: the idea of *system* and the attention to *customer needs*. Despite their focus on the relation between products and services, these concepts clearly show the evolution toward a better understanding of services as a complex material to be managed by companies, which requires specific knowledge and specific tools.

To better understand services and how to design them, it must also be considered that the contemporary service economy is different from that of the 1950s when the shift started to be recognized and analyzed. Globalization, the digital revolution and the consequent transition to a knowledge society (Ghemawat 2011; Mulgan 2011) have transformed communication into a real-time communication all over the world, removing geographical boundaries. Further, they have influenced our needs, our ways of producing and consuming products and services, and the skills required to satisfy the quickly changing market (Agarwal and Selen 2011; Agarwal et al. 2015; Gallouj 2002). Moreover, the consequences of the 2008 financial crisis have placed extreme stress on governments and public bodies to maintain the current service offering, but also to introduce new welfare systems (OECD 2011; Mulgan 2015). This has further been exacerbated by complex societal problems that emerged before the recession (e.g. ageing populations, climate change, and spread of chronic illnesses), which still require both public servants and firms to do more with fewer resources available (Gillinson et al. 2010). To face these challenges, a permanent process of innovation needs to be established that continuously detects and adapts to emerging trends and requirements.

Before exploring the concept of service innovation and its connection to service design, it is important to provide some insights about those disciplines entirely dedicated to the management of service peculiarities. In the next section, we get in touch

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3 OSIRIS is a database of financial information, ratings, earnings estimates, stock data and news on global publicly listed companies, banks and insurance firms around the world. With coverage of over 125 countries, OSIRIS contains information on over 37,000 companies.
with these disciplines, which led to the formulation of the so-called *Service-Dominant Logic*, and to the foundation of the service design approach, as we know it today.

### 2.3 Service Marketing and Service Management: The Origins of Service Design

Service firms were among the first to observe the problems created by the old management and marketing structure (Grönroos 1994), but the interest in studying service-specific issues firstly emerged among marketing researchers. Scholars started developing new models, concepts, and tools based on services’ peculiarities and their production and delivery processes during the 1970s. Among others, the doctoral dissertations by Judd (1965), Johnson (1969), and George (1972) offered a thorough description of the nature of services and specific problems in services marketing, while Wilson’s (1972) and Rathmell’s (1974) books on respectively professional services and the service sector were the first ones exploring marketing problems in service firms (Grönroos 1993). Three stages have been identified in the evolution of service marketing as a new academic field, from its embryonic beginnings in 1953 to its maturity in 1993 (Fisk et al. 1993). During the first stage (1953–1979), service marketing scholars struggled to assert the discipline’s right to exist (Fisk et al. 1993; Swartz et al. 1992). This stage culminated in the debate on how and why services were different from goods (Shostack 1977). During the second stage (1980–1985) the *services versus goods* debate began to wane (Fisk et al. 1993). Scholars stopped asking if services are different from products and started reflecting on the implications of this difference, and the need for developing useful insights for marketing practices in the service sector (Lovelock 1983; Schneider 2000; Swartz et al. 1992). This stage also saw the first papers in new areas of investigation, such as service design (Shostack 1984), which flourished in the next period. During the last stage (1986–1993), service marketing became an established field within the marketing discipline (Fisk et al. 1993). Publications on topics like managing service quality given the heterogeneity of the service experience, designing intangible processes, managing supply and demand, and organizational issues merging marketing and operations functions (Fisk et al. 1993; Swartz et al. 1992) matured considerably. Service quality and customer satisfaction were two of the most studied themes also in the following period.

Nevertheless, a radical reformulation of service marketing only happened in 2004, when Vargo and Lusch published the paper ‘Evolving to a New Dominant Logic for Marketing’ for the *Journal of Marketing*. The main conclusions of this article, as better explained in the next section, was that service must be considered more a perspective on value creation than an activity or a category of market offerings (Edvardsson et al. 2005). The work of Vargo and Lusch has framed the results of 30 years of service marketing research into one organized structure (Grönroos and Ravald 2011), which contributed in defining implications of
adopting a service perspective for management and paving the way to a widespread recognition of the service design approach.

The service management perspective has emerged from several disciplines: marketing, operations management, organizational theory and human resources management, management, and service quality management, and established itself as a recognized discipline as well (Grönroos 1993). It is a perspective that supports firms involved in service competition and that have to understand and manage service elements in their customer relationships to achieve a sustainable competitive advantage. A definition of service management by Albrecht (1988: 20) well represents the shift from scientific management principles:

Service management is a total organizational approach that makes quality of service, as perceived by the customer, the number one driving force for the operations of the business.

Before the arousal of the service economy, mass production and economies of scale were considered fundamental parts of management. Pioneering scholars in service management thought instead that the nature of the customer relationships and operations, and the production and delivery processes were different for services (Grönroos 1982; Normann 1982), and that applying a traditional management focus on cost reduction efforts and scale economies may become a management trap for service firms and lead to a vicious circle where the quality of the service is damaged, internal workforce environment deteriorates, customer relationships suffer, and eventually profitability problems occur. (Grönroos 1993: 8)

An entirely new approach to the management of various service organization aspects, and how relationships within the organization and between the organization and the customer or other stakeholders should be viewed and developed, was undertaken, in a way that cannot be separated from marketing findings (Grönroos and Gummesson 1985). The introduction of service marketing and management perspectives contributed to the formulation of concepts such as customer participation in the production and delivery process, co-creation of value, and the idea of a holistic approach, which later brought about the birth of service design.

2.3.1 From Services as Goods to Services as a Perspective on Value Creation

As stated before, the way in which services are viewed, considered and treated has changed over time. The traditional economic worldview before the arousal of the service economy was based on the so-called Goods-Dominant Logic (Vargo and Lusch 2004, 2008, 2014). This paradigm remained unquestioned for a long time, thus, when services began receiving attention from academics and practitioners, they were treated as intangible add-ons to goods or a particular type of immaterial product (Vargo and Lusch 2014). These goods-centered views of services were also evident in the four characteristics used to distinguish services from goods (see IHIP
paradigm in Sect. 2.1) (Parasuraman et al. 1985). These features were generally considered to be disadvantages of services, thus requiring to be adjusted according to principles of marketing and management of goods provision. As previously discussed, problems caused by this view made scholars question the development of a distinct subdiscipline dedicated to services within marketing and management boundaries. This also brought on discussion of the nature of service relationships (Grönroos 2000), and a rethinking of the concept of service quality, how the customer perceives it and how it can be measured. In the words of Vargo and Lusch (2014: 44),

Service quality moved the focus of the firm from engineering specifications of goods production to the perceived evaluations of the customers. Relationship marketing shifted the focus of exchange from discrete transaction to ongoing interactivity.

Together with the adoption of service subdisciplines by marketing and management, other signs of transition toward a full awareness of service peculiarities became evident, such as the move from a commoditized mass production to mass-customization (Pine and Gilmore 1999). Or the shifting of the focus of value creation from the firm to the customer, thus affirming for him/her a new and active role in service provision (Prhalad and Ramaswamy 2004). Or again the transition towards an experience economy that goes even beyond the service one (Pine and Gilmore 1999).

In 2004, all these insights were translated by Vargo and Lusch into a new marketing logic that they called Service-Dominant Logic. This new paradigm inverted the role of services in business and economic exchange: service, defined as the application of resources for the benefit of another actor (Vargo and Lusch 2004), is now considered the basis for economic exchange, where goods become a medium of service provision. Moreover, service value is always co-created by a service provider and a beneficiary, and no more by the sole provider during the production and distribution processes. The customer integrates his/her knowledge and capabilities with those of the firm. This understanding of service changed the conceptual position of the user from being a passive consumer, exclusively involved in the moment of purchase, to an active co-creator of value. Service-Dominant Logic also enhanced the understanding of value created in use and context (Chandler and Vargo 2011; Vargo and Lusch 2008), reinforcing the emphasis on service as a perspective on value creation rather than a replacement of products.

Recently, the interest in the understanding of user involvement in the service development process has emerged (Ostrom et al. 2010), and a critical stream of Service-Dominant Logic has developed bringing forward the position that it is the organization that takes part in the customers’ co-creation of value rather than the other way around (Grönroos 2008; Heinonen et al. 2010). Thanks to this overview on the development of a service culture, we can now explore how it contributed to the formulation of the service design approach, within the traditional product-oriented design boundaries.
2.3.2 Core Concepts in Service-Dominant Logic and Their Relevance for Service Design

Despite their shared ambitions in improving customers’ lives with better products and services, and being both customer-centric, traditionally, marketing and design have had a troubled relationship (Bruce 2011; Holm and Johansson 2005). The first often considered the latter only a tool or method in the marketer’s toolkit (Bruce and Bessant 2002). Nevertheless, as well as for marketing and management, in the last decades, designers and design researchers have approached services as new possible objects of design (Blomkvist et al. 2010; Meroni and Sangiorgi 2011; Pacenti and Sangiorgi 2010; Sangiorgi 2009), enhancing the growth of a new strand of design competencies.

To face the development of new services, service marketing usually focuses on the service delivery and consumption moment. On the contrary, designers focus on user involvement and a thorough understanding of the context in which the service takes place. For this reason, service design is usually described as a holistic approach that recognizes relations and interactions characterizing a system (Mager 2009; Manzini 2009; Sangiorgi 2009; Stickdorn and Schneider 2010). With the development of the Service-Dominant Logic perspective and the description of service as a process in which users actively participate in the creation of value through interactions with the service provider, the role of design has then become to understand how actors relate and act within this system for value creation (Wetter-Edman 2014). Service design practices, previous to the formulation of the Service-Dominant Logic, were often put in relation to other design disciplines such as interaction and industrial design (Wetter-Edman et al. 2014), comparing for example service interactions and interaction design, in order to justify the adoption of tools and concepts from this field (Holmlid 2007). This vision emerged from understanding service as a category of market offerings rather than a perspective on value creation as discussed before. The implications of Service-Dominant Logic on service design have been widely discussed (Hatami 2013; Kimbell 2011; Segelström 2010; Wetter-Edman 2011). The overlap of key concepts in design thinking and Service-Dominant Logic have been explored and found complementary rather than overlapping, such as the understanding of value as value-in-use and value-in-context, experience as individually determined, and networks and actors as relevant players in the value creation process (Vargo and Lusch 2016). A discrepancy was instead found in the role of people in the value creation process, since for design they are seen as active users, while for the Service-Dominant Logic they are passive customers, at least in the first version of 2004. However, as briefly stated in the previous section, more recent interpretations of the Service-Dominant Logic (defined as Service Logic) by scholars like Grönroos and Voima (2013) make the two approaches align also on this point. Grönroos and Voima (2013: 138) argue that, as opposed to traditional descriptions of value creation and co-creation that place the firm in control of value creation (only inviting the customer to join the
process as co-creator), the customer both creates and evaluates value over time, in an *experiential process of usage*. They assert that

In the same way that the firm controls the production process and can invite the customer to join it as a co-producer of resources, the customer controls the experiential value creation process and may invite the service provider to join this process as a co-creator of value. (Grönroos and Voima 2013: 138)

Based on this argument they further suggest that the service provider should consider how to be involved in the customers’ lives instead of getting the customers involved with their business.

Supporting the link between the two approaches, frameworks integrating design and the *Service(-Dominant) Logic* perspective have been recently developed, such as the *design for service* approach by Kimbell (2009), and Meroni and Sangiorgi (2011). Differences between *service design* and *design for service* will be explored later. An interesting contribution from the *design for service* approach, useful to understand the contribution of the *Service-Dominant Logic* to service design, is the focus on the *value-in-use* concept, especially when related to *value-in-context*, where context is defined as “a set of unique actors with unique reciprocal links among them” (Chandler and Vargo 2011: 40). In fact, Chandler and Vargo (2011) argue that for designing and managing services, it is necessary to deepen our understanding of contexts and its heterogeneous and distinctive nature.

Thanks to this exploration of the origins of service design and its connections with other approaches within the service culture, we can now deal with the important concept of service innovation, to then understand the importance of the discipline in the evolving service society.

### 2.4 The Emerging Interest in Service Innovation

Like the service concept, the innovation concept has remained for a long time mainly related to manufacturing-based paradigms (Gallouj and Weinstein 1997), whereas other forms of innovation embedding more intangible elements are still underexplored.

In recent reports, the European Commission underlines the fragmentation of the European market where, although the service sector represents 70% of the economy, knowledge-intensive services are still underdeveloped (European Commission 2010; OECD 2005). However, also in this case, a paradigm shift is peeking out, demonstrated by the strategic document ‘Europe 2020 Flagship Initiative Innovation Union’, where we can read that Europe is investing in service innovation by

pursuing a broad concept of innovation, both research-driven innovation and innovation in business models, design, branding and services that add value for users and where Europe has unique talents. (European Commission 2010: 7)
Many scholars agree that innovation in service firms differs from innovation in manufacturing firms (Johne and Storey 1998; OECD 2000) and that it is often non-technological. The study of technical change in the service sector was largely neglected since services were seen as low-technology products (Cainelli et al. 2004; Lopes and Godinho 2005). In the innovation ecosystem, service companies have since been considered as facilitators, and services described as passive reactors to innovation taking place in the manufacturing sector (OECD 2000). The debate on the distinction between service and manufacturing innovation is still open, and some essential characteristics have emerged (Howells and Tether 2004; Salter and Tether 2015; Tether 2003, 2013).

Service innovation does not require as much R&D, and being immaterial it is simpler to imitate (OECD and Eurostat 2005). For this reason, service firms do not invest in patents or licenses. Innovation in services involves transformation concerning how the service is designed and developed, to how it is delivered and managed (Miles 2010; Trott 2012). It is a mix of product and process innovation and entails new ways in which customers perceive and use the service. Technology is often the servant rather than the core of new service development. Services have a higher degree of customization and changes include soft dimensions (social innovations, organizational innovations, methodological innovations, marketing innovations, innovations involving intangible products or services) beyond traditional hard technological-driven innovation practices (Djellal and Gallouj 2010).

According to Van Ark et al. (2003: 16) service innovation can be defined as

> A new or considerably changed service concept, client interaction channel, service delivery system or technological concept that individually, but most likely in combination, leads to one or more (re)new(ed) service functions that are new to the firm and do change the service/good offered on the market and do require structurally new technological, human or organizational capabilities of the service organization.

Thus, it can be said that innovation in services involves different aspects (Fig. 2.1) concerning the development or improvement of service concepts, interfaces/touchpoints, delivery systems, or adopting a new technology (den Hertog 2000). This means providing a new or a renewed offering to suppliers or customers, producing benefits for the provider organization, defining new business models, and designing new ways of interaction or valuable customer experiences.

But what about service innovation today? In the current networked world, service innovation is highly interactive and systemic in nature, since both public and private service organizations are embedded in wide value networks that include suppliers, intermediaries, customers and partners, and that combine their capabilities in co-creation processes (Agarwal et al. 2015). Entities in these networks connect through human or technical channels, highlighting the importance of both human-centricity and technology in contemporary services. This interactivity offers organizations more opportunities and abilities to deliver valuable services resulting in service innovation (Agarwal and Selen 2011).

Although contemporary economies are undeniably service economies, and services have finally gained the right acknowledgement over products, the debate
around service innovation is still alive. In this context, understanding the role of service design as a driver of innovation becomes critical.

2.5 Why Do Services Need Designing?

Even though service design can be considered a new field of expertise, it founds its roots in a vast spectrum of disciplines and its history can be referred at least to the past 30 years. As shown in Fig. 2.2, scholars are unanimous in considering service design as a multidisciplinary practice (Meroni and Sangiorgi 2011; Miettinen and Valtonen 2012; Moritz 2005; Stickdorn 2010; Stigliani and Fayard 2010) that integrates different approaches and tools derived, among others, from psychology, marketing and management, IT and interaction, user-centered and graphic design. This characteristic makes it possible for service designers to face the service development process, as well as the design of both intangible interactions and physical elements (Moritz 2005).

Fig. 2.1 A representation of service innovation
At the beginning of the 1980s, Lynn Shostack started talking about the design of immaterial components and introduced the service blueprint as a design tool (Shostack 1982, 1984). But the official recognition of service design as a distinct disciplinary field of investigation only occurred in 1991 when Michael Erlhoff and Birgit Mager introduced it at the Köln International School of Design. From that moment forward, service design has been deeply explored both in the academic and professional field. Books and papers on this topic began to be published, discussing definitions, competencies of service designers and service design tools (Mager and Gais 2009; Polaine et al. 2013; Stickdorn and Schneider 2010). Also, the number of service design agencies has increased since then, reinforcing the link between service designers’ specific skills and business. Moreover in 2004, the Service Design Network—an international network of organizations and institutions working in the domain of service design—was created, and many service design university programs have been structured worldwide. As a matter of fact, many
European countries provide service design training programs nowadays (i.e. in UK, Denmark, Finland, Germany, Italy, Switzerland), and there are also interesting experiences in the US (i.e. NY Parsons School, SCAD, Carnegy Mellon).

The current panorama looks promising for service design: research and experimental projects on services, service innovation, and the service design approach are conducted in universities, businesses and the public sector. Furthermore, international service design agencies are increasingly supported by local service design agencies in facing the complexity of the contemporary context where services (for example health services, transports, banking, insurances, communications, education, food services, cultural services, tourism, etc.) have become the crucial ingredients of our daily life. As stated above, services represent a significant segment of the contemporary economic and technological landscape, and they play a vital role in knowledge-based economies. New service companies are growing, and services are becoming more and more important also for manufacturing firms, where the trend is to involve final users in the production processes, thanks to technology-based support services that enhance the user experience. Best practices like Nike and Apple represent clear examples of the service capacity to add value to products, reinforcing the brand and making the client a faithful customer through the offering of immersive experiences made by multichannel systems of product, services and communications.

From this widespread acknowledgment, we can argue that a growing awareness is establishing in the service sector: services need to be designed. Organizational processes, creative activities, interactions, marketing and business strategies, user analysis and user research, use of technologies, and prototypes are all parts of a service system that requires multidisciplinary contributions and needs to be managed holistically by an all-encompassing professional figure (Moritz 2005). Large companies, SMEs, associations and public authorities are recognizing it more and more in service design practitioners and agencies. Service design involves the capability of connecting the needs of customers with those of the organization, improving the quality of experiences, and supporting the organization in creating value, reducing the delivery gap (Allen et al. 2005), and differentiating from competitors (Moritz 2005). This capability does not only concern the development of new services, but also service redesign (Berry and Lampo 2000). A recent study by Sangiorgi et al. (2015: 62–63) confers in three particular contributions of service design to service innovation:

1. Service design as a skilled contribution to address a specific need;
2. Service design as a people-centered, creative and systematic process;
3. Service design as a collaborative and people-centered mindset and approach.

People-centeredness clearly emerges as an essential characteristic of service design (Holmlid 2009; Meroni and Sangiorgi 2011; Stickdorn 2010), since services are co-produced between people and providers, and they result from complex interactions inside and outside the service organization (Polaine et al. 2013). To sum up, thanks to the adoption of a service design approach, service organizations can achieve service innovation by creating or redesigning services that are closer to user
needs, providing tailored experiences that are more easy-to-be-accessed by the
customer, and giving coherence and consistency to all the elements of a service.
This means to increase its desirability and usability, but also efficiency and effec-
tiveness of organizational performances (Polaine et al. 2013).

2.5.1 Service Design and Design for Service

Over the past few years, together with the service design approach, also the concept
of design for service (Kimbell 2011; Kimbell and Seidel 2008; Meroni and
Sangiorgi 2011; Sangiorgi 2012; Wetter-Edman et al. 2014) has emerged. We find
it relevant to spend few words in shedding some light on this subtle distinction.
Design for service is proposed as a context-related approach to service innovation
(Kimbell and Seidel 2008; Meroni and Sangiorgi 2011; Wetter-Edman et al. 2014),
based on the Service-Dominant Logic analytical framework. According to Meroni
and Sangiorgi (2011: 10),

While acknowledging service design as the disciplinary term, we will focus more on
articulating what design is doing and can do for services and how this connects to existing
fields of knowledge and practice.

In their vision, which is also supported by Manzini (2011), the use of the prepo-
sition for implies the idea of transformation, the idea of designing as a transfor-
mative process. They do not consider a service as an object, but as a platform for
action that can enable different actors in collaborating and be actively engaged in
complex systems that involve a multiplicity of interactions. Design for service
accepts

the fundamental inability of design to completely plan and regulate services, while instead
considering its capacity to potentially create the right conditions for certain forms of
interactions and relationships to happen. (Meroni and Sangiorgi 2011: 10)

Kimbell (2011) explores different ways of approaching service design, including
design for service. She compares ways of thinking about design (design as enquiry
and design as problem-solving) with ways of thinking about service (when dis-
tinctions between goods and services are maintained and when service is considered
the core unit of economic exchange). From this comparison, a framework made of
four quadrants emerges. In her vision, design for services resides at the intersection
between design as enquiry and service as the basic unit of economic exchange. By
referring to design for service, rather than service design, she argues “the purpose of
the designers’ enquiry is to create and develop proposals for new kinds of value
relation within a socio-material world” (Kimbell 2011: 49). In practice, this means
that designers do not only work to produce a deliverable for the firm, but they rather
work for creating materials and activities aimed at involving actors from the
organization (managers, customers, personnel, etc.) in the enquiry. In this sense,
design for service can be viewed as a particular kind of service design.
This contribution has been further expanded by Wetter-Edman et al. (2014), through the analysis of the contribution of the Service-Dominant Logic to design for service and vice versa. In agreement with Kimbell, but putting more emphasis on users and value co-creation, she considers design for service as focused on “observing and understanding users, at the time and places where value is co-created” (Wetter-Edman et al. 2014: 5), and designers working for service as facilitators of co-design and co-creation processes. Three propositions (plus one, which is not relevant for our argumentation) are described to frame the design for service approach:

1. Design for service explores existing service systems in order to design new services, through the understanding of different actors’ perspectives and the value co-creation activities in which they are involved;
2. Design for service provides the mindset, together with tools and competencies, to understand how experiences are formed in contexts from different actors’ perspectives;
3. Design for service extends the meaning of value co-creation through the adoption of co-design approaches that enable the creation of new service systems.

According to the exploration of design for service literature, it can thus be argued that, while service design is usually referred to as the overall discipline and practice of designing service, design for service represents the investigative (or research) and preparatory side of service design, focused on the understanding of the context and the design of activities aimed at people involvement. In particular, the term design for service puts emphasis on the complex and relational side of services, considering them as entities that are impossible to predetermine (Meroni and Sangiorgi 2011; Sangiorgi and Prendiville 2017). In the most recent publication on the topic, Sangiorgi and Prendiville (2017) adopt the term designing for service to indicate the importance of a context-aware approach to service design.

Being ‘designing’ an ongoing activity to which designers can engage with and affect during their interventions, the focus necessarily shifts to the context of where these changes can and are happening, which is no longer exclusively just the user’s space, but also the organisations and their value networks. (Sangiorgi and Prendiville 2017: 252)

This vision highlights the necessity for service design to create (and measure) service value both from the user and the provider point of view in a specific context, which is one of the inferences that will also guide the contents of this book.

2.6 The Strategic Use of Service Design in (Public and Private) Organizations

In the last decade, service design has started being considered as a key driver for service innovation, social innovation and user-centered innovation (European Commission 2010). Reinforcing the idea that the service design approach is a
fundamental element for introducing change in business, organizations and the public sector, the necessity to tailor solutions that better fit users’ needs is becoming a central issue. Businesses need to exploit their products/services offering to provide more involving experiences to their clients. Organizations need to create more and more tailored solutions to be able to address different users and communities. Public bodies need to respond to the increasing demand of high-quality solutions, to transform decision-making processes into a participative journey, and to deliver effective activities while optimizing the use of resources.

Service design can support all these entities providing tools and techniques that allow them to creatively introduce new concepts and solutions, focusing in particular on user research, and visualization methods and prototypes that enable to share ideas among different actors. This means making visible intangible elements such as relationships, experiences, as well as soft qualities of the environment. Moreover, the adoption of the service design approach can help people within organizations think like designers, which means supporting their capacity to use creativity, transform tacit knowledge into explicit ideas, and brace oneself in listening to users and collaborate with them. From the user perspective, interaction with services is often characterized by frustration: they feel ignored or misunderstood, they spend a lot of time to receive answers, and they face situations that affect the perception of performances as inefficient. For these reasons, both in public and in private organizations, trust mechanisms and customer satisfaction are key elements to work on. People and society change faster than organizations: this implies that service providers need to adopt quicker ways for understanding people’s perspective and increasing customer satisfaction. What service design can do is helping them shape their offering according to user needs and expectations.

Some challenges can be recognized as drivers for delivering better services: for example, ICT and social media are introducing new ways of collaboration and co-creation of services. Taking the public sector as a reference, an excellent opportunity to renew the service offering is available for managers and citizens activating processes that are more citizen-centric, collaborative and networked. The idea of openness is crucial in the current service design era, where open data and digitization are important issues to be always taken into consideration. Open and participative legislative processes, community-based initiatives and user-oriented performances constitute the core of efficient and effective public and private organizations. Thanks to co-design practices, service design can contribute to developing new solutions, selecting the most promising ones and prototyping them involving citizens, businesses, intermediaries and institutions (Bason 2014).

We conclude this first chapter with a reflection by Thackara (2005) that well represents the role of service design in the contemporary socio-economic context. He states that the secret for innovating is the re-combination of different types of expertise productively, namely adopting a new kind of design able to increase the flow of information within and between people, organizations and communities to stimulate continuous innovation among groups of individuals within continuously changing contexts. Accordingly, service design focuses on the development of solutions that are coherent to users’ satisfaction and well-being, on supporting
organizations and communities to build a shared vision of transformation, on the adoption of tools to co-create and prototype services, proposing new approaches that foster changes in organizations and society.

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