

The Re-engineering of the Service System by Adopting the Service Blueprint - A Case Study of Beijing Yansha Outlets Shopping Center

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1. Background

Beijing Yansha Outlets Shopping Center (Yansha Outlets) is a subsidiary of Beijing Tourism Group. Yansha Outlets has already established three chain stores since 2002. As the founder, and also leading exponent of Chinese outlets, Yansha Outlets has maintained a prime market position. In recent times China's retail industry has mainly relied upon expanding the market to increase its' profits. However, competition between retail enterprises has become increasingly fierce due to market saturation. The increasing convergence of competitive factors such as location, brand of goods, price and promotion, means that many Chinese retail enterprises are beginning to seek competitive advantage through provision of superior service. Currently, most Chinese retail enterprises still offer a poor quality service, so superior service could become one of competitive advantage. As a microcosm of Chinese retail enterprises, Yansha Outlets had the following problems:

- 1) Service quality were poor.
- 2) Sale staff turnover rate were high.
- 3) Scientific service process and service standard were lack.
- 4) Front-line services and related management were predominantly based on experience.
- 5) Almost all such employees and managers were trained using the model of "master instructing an apprentice".

In order to break the above barriers, Yansha Outlets had an in-depth discussion with experts from Beijing Technology and Business University (BTBU). Both parties agreed that Yansha Outlets had to re-build their service system so as to get competitive advantage through provision of superior service, and service blueprint (SB) was the ideal design technique in this case which was invented by Shostack in the 1980s as a tool of service design and innovation. Based on the above agreement, a team from BTBU and Yansha Outlets was formed to carry out a research project named "Yansha Outlets Service Blueprint Development" over a period of two years. The objectives of the project were:

- 1) To establish a service system based upon the SB
- 2) To develop the philosophy of customer-oriented service

- 3) To increase customer satisfaction
- 4) To improve the service consciousness and professional skills of employee
- 5) To raise the level of service normalization and standardization

At the same time, both parties agreed that the outcomes of the project had to meet the criteria of being:

- 1) Effective
- 2) Systematic
- 3) Enforceable
- 4) Replicable (thus laying the foundations for franchising)

2. The establishment of the project team

The research was conducted by both of BTBU and Yansha Outlets. BTBU side included six experts who were either professors or associate professors. The side of Yansha Outlets included ten core members who were from the management level. The team was led by the Professor Jun Feng and the Vice President Linping Zhou. Members of BTBU had rich experience in the study and consultation of service management and retail management. The members of Yansha Outlets had many practice experience in retailing service and retailing management. The wealth of knowledge and experience by both sides made the solid foundation for the research. During the stage of preparation, the team completed two tasks. The first one was to launch a kick-off meeting where the team leader introduced the plan and the SB to the enterprise managers with the aim of attracting their attention and cooperation. The second one was to train all team members of the related skills such as SB design software (Edraw V6.5) so as to unify the philosophy and methods of design.

3. The contents of the research

This project had seven stages. Each stage was listed below:

3.1 Drawing up the SB for the existing service system

The aim of the project was to improve the existing service process of Yansha Outlets, rather than designing a completely new service process. Thus, the first stage of the project was to portray the existing service process. As a result, there were one conceptual SB, which reflects the overall service system of Yansha Outlets; and 21 detailed SB, which identified the current performance for each service process such as customer purchasing, cashing, information consulting, refunding& returning, complaints handling were produced further. With the regard of drawing method, the team used the methods of Walk-Through-Audit, on-site observation, and well communication with employees and managers.

3.2 Improving the SB

One of the research missions was to improve the existing the SB with the aim of

increased customer satisfaction. Thus, the optimization task was based on the SB technique, combined with the concepts of process management, service quality management, lean management and experience economy. The main contents of the optimization task were to analyze consumer demand and behavior, service process optimization, front-back stage decoupling, physical evidence improvement and support processes optimization.

In the task of optimization, the team explored the consumer demand by adopting the methods of customer interview and affinity diagram based on the philosophy of customer-orientation; discussed the problem on-site found when walking through a process from the customers' perspective. For the complex issues, the authors brought them into the discussion back to the meeting room based on the method of brainstorming. They also used the method of benchmarking to deal with the hard problem to solve. After the aforementioned work, the conceptual SB and 21 detailed SBs were further revised.

3.3 Critical points analysis

Critical points mean the most important aspects of service. Thus, the analysis of the critical points is another emphasis of the project.

3.3.1 Theoretical concern

Three concepts were involved in analyzing the critical points in the research. The first one was Critical Control Point (CCP) which came from the concept of internal control. The second one was Hazard Analysis Critical Control Point (HACCP) that was widely considered in the system of food safety. The third one was The Moment of Truth (MOT), which was often mentioned in the study of service marketing. Both CCP and HACCP can be considered from the perspective of internal management and process control. MOT is mainly concerned with the perspective of customer contact and customer perception. The combination of these concepts formed the most important basis for the study of critical points in the SB.

3.3.2 The classification of the critical points

Previous SB studies only mentioned the points of Fail (F), Waiting (W) and Decision (D). This project developed another two points creatively that of Experience (E) and Sale (S) to better match features of retail enterprise.

3.3.3 The identification and labeling of the critical points

Each detailed SBs were identified and marked by the possible critical points. Firstly, the possible critical points were initially identified in the detailed SBs through the means of observation, interview to customer and employee, complaint records, discussion amongst managers. Secondly, the critical points were finally marked on the detailed SBs by using the letters Fail (F), Waiting (W), Decision (D), Experience

(E) and Sale (S) in the different colors.

3.4 The establishment of service standards

Base on the results of optimization mission and the findings of critical point analysis and also combined with the existing information, three handbooks were edited finally:

- 1) SB Handbook which included one conceptual SB and 21 detailed SBs.
- 2) Annotation of SB Handbook which explained the instruction of SB handbook and focused on annotation of purpose, physical evidence, critical points, improving and controlling measures for every detailed SB.
- 3) SOP Handbook (SOP means Standard Operating Procedures) based on the SB which stipulated the role and behavior of the front-line staffs, formulated service operation specification.

3.5 The implementation of the SB

The promotion and implementation of service standards was a cyclical process, which included training, implementation and examination.

3.5.1 Training

In order to increase the effectiveness and efficiency of training, the team produced a series of training videos with narration for each detailed SB.

3.5.2 Implementation

In order to bring all employees and managers on board, the team carried out four activities at the application stage, discover the critical points, eliminate point F, improve the service environment and praise best practice.

3.5.3 Examination

In order to speed up the application of the SB, the research team investigated in secret the performance of the process of purchasing, return and refund, cashier and others for examining the performance of employees last one year.

3.6 The evaluation of implementation

Two questionnaires were designed to evaluate performance after the implementation of the service standards.

3.6.1 Customer satisfaction questionnaire

The questionnaire was for evaluating the overall satisfaction to the Yansha Outlets. The questionnaire included 20 questions based on five dimensions (reliability, timeliness, assurance, empathy, tangibles) of service quality.

3.6.2 Service process satisfaction questionnaire

The questionnaire was designed to evaluate the degree of customer satisfaction in relation to each detailed SB at the time they arrived, purchased and left the process.

3.7 The establishment of the safeguard mechanism

The safety guard system included the jobs of promoting, reporting, evaluating,

repairing, innovation and improving. The establishment of the safety guard system was to ensure the successful implementation and the subsequent healthy development of the service blueprint.

4. Outcomes

4.1 Customer satisfaction

In the questionnaire of customer satisfaction October 2014, the rate of general customer satisfaction had risen by 3.02%, marked 83.18 when compared to 80.74 in October 2012. At the same time, the indicators of reliability, timeliness, assurance and empathy were respectively marked 86.51, 79.17, 89.09, 84.01, which had risen 8.45%, 4.51%, 4.31%, 3.02% relatively. The indicator of tangible was marked 76.51, had dropped by 5.13% because of the relative obsolete facilities in the outlets. On the other hand, in the questionnaire of service process satisfaction 2014, the rate of average customer satisfaction was marked 82.4 when compared to 76.8 in 2012.

4.2 Staff service attitude and capability

Due to the application of the service blueprint, sale staff were well-trained by Yansha Outlets and thus the staff's service capabilities were significantly improved. In fact, most sale staff in Yansha Outlets was hired by each brand suppliers. However, Yansha Outlets separately offered training opportunities for these sale staff to improve their service capability and related professional skills, thus, the sale staff also enhanced their self-recognition and loyalty to Yansha Outlets, and then delivery the best service to the customer. According to Nielsen's secret investigation, the total score of service performance was marked 76 in 2014 which was increased by 28.81% comparing with 59 score in 2012. In the investigation, the indicator of service standards was marked 100 score, service attitude was marked 88, service capability was marked 84, which were respectively increased by 16%, 6%, 47% than 2012.

4.3 Awards

The project had won the first prize in the competition of "2013 Management Innovation" in Beijing Tourism Group and the first prize in the competition of "29th Beijing Enterprise Modern Management Innovation Achievement (2014)".

5. Future plan

In 5th June 2015, the team launched another project named "The design and optimization of site management system by using service blueprint", in order to extend the application of SB into the site management. The project is expected to complete within 8 months. After that, the team is going to apply SB technique into the functional management in the organization in 2016. At that time, all the service system and management system of Yansha Outlets will adopt the technique of SB so that Yansha Outlets will become a service, learning and innovative organization.