

## Chapter 12

# Beyond the Paradox of Service Industrialization: Approaches to Design Meaningful Services

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### ABSTRACT

*Highly industrialized services add value to a company, but at the same time they can destroy it, should an almost identical proposal be made to two different clients who are seeking different experiences. The analysis of human subjectivity shows that the interaction with services goes beyond its mere use, as it is related to human beings' search for meaning, and it can potentially become a part of its users' biography and identity. The present chapter compiles some of the models that can contribute to getting over the paradox of service industrialization and which are here divided into two types: those that allow for a deep knowledge of the customer and those that are based upon designing experiences as a value proposition. The present chapter also suggests a research agenda that aims to get over the paradox of service industrialization.*

### THE PARADOX OF SERVICE INDUSTRIALIZATION

If we consider a continuum between one pole in which the service is wholly industrialized and another where it is completely craft work, it seems

clear that if a company is willing to capture the same value along the continuum, in the pole where the service is purely craft work, the cost for the customer will be high. However, this is also the point in which the maximum level of personalization takes place, due to a high interaction between the company and the customer, and also the point

DOI: 10.4018/978-1-4666-4506-6.ch012

in which few customers can acquire the service. On the other hand, if the level of industrialization is high, the service is produced at a very low price and the company captures the same value or even more, being able to sell it to the customer at a low price. Consequently, many more customers can make use of this service, which in turn fosters the potential increase of the company's profits in a considerable way. In most cases, however, the service offered is identical for all the customers, which has a very clear impact on lower levels of personalization.

It is here that the genesis of the paradox of service industrialization is to be found: the interesting issue for discussion is that in this scenario the industrialized service is, by definition, replicable and therefore similar to itself, being thus little personalized: broadly speaking, all the customers have the same experience with the same company. Moreover, due to consultancy processes and benchmarking, competitive advantage is moved from one company to another, which provokes that in the end many companies from the same sector end up offering essentially the same service to millions of customers that perceive the world in a clearly different way and, as a result, try to have different experiences. Just a glance at some services, such as flights, communications or restaurants, shows that, in essence, all the services offered are basically the same.

Even in the certain cases in which service delivery was exclusively offered by one of the companies of a sector at the beginning, after some years all of them have come to offer basically the same as a result of consulting processes and benchmarking. What happens then is that the whole sector essentially provides the same service with slight alterations. It can be deduced from Porter's classic ideas (1996) that if the service is the same (and if it is not the case of a market niche), the companies will be forced to compete in cost since they cannot compete in differentiation. The tourism sector is a good example of this phenomenon: if holidays are reduced to the mere

addition of a flight and a hotel, it is clear that the customer would look for the travel agency offering the best price.

It is easy to find some side effects of an excess of industrialization: let's consider, for instance, the way in which economy class in planes frequently has an almost identical way of providing the catering and entertaining services. The passengers cannot eat when they want, buy when they want and cannot, in some cases, watch a film when they want either, but have to adapt to the rhythm imposed by the cabin crew. In the hotel industry there is a similar phenomenon: millions of passengers come and leave hotels at different times because their flights land and depart at different times. However, the hotel industry insists, quite surprisingly, on the concept of room occupancy from noon till noon the following day. The effect of industrialization can also be seen in call centers: in many cases, the customer is forced to repeat their problem incessantly to different operators as they each cover a very small area in the value chain; there is nobody at the other end who can understand the customer's situation and problems globally. This frequently leads to the common situation where a customer who has placed a complaint is startled when some days later, another department from the same company, unaware of an upset customer, offers him a new product. The most extreme case of call centers are the phone calls that many people get at ungodly hours offering them services they have neither requested nor need. Almost thirty years after Levitt (1976) proposed that the services could benefit from industrialization in terms of efficiency and productivity, critical voices started to raise on the industrialization of sales calls. They stress that in many cases they left no room for initiative and that what was before a conversation between two people, has become a dialogue between one person and a machine simulating a person (Roman, 2004).

Schlesinger and Heskett (1991) described long ago the negative impact of a wrong application of service industrialization, which results in what they

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